

# Annual Report

2021-22



**VicTrack**







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# 2021-22 performance



# Our asset portfolio



# Highlights 2021-22

In 2021-22 VicTrack continued to play an important role in Victoria's major public transport infrastructure projects from supporting the Big Build to managing projects to deliver new train stations, car parks and new homes close to transport. Our vital telecommunications services continue to underpin safe and reliable public transport. While delivering the new, we worked to protect the old, working to support historic railway operators and rejuvenating buildings for the benefit of communities.



## Historic railway buildings restored for community use

Restoration work started on five historic railway buildings under the Victorian Government's Community Use of Vacant Rail Buildings Program. They are the first of 10 vacant rail buildings to be restored following a \$9 million Victorian Government funding injection. This program transforms vacant rail buildings into valuable community assets for local residents and visitors. More buildings will be restored under the program in 2023. Page 75

## Vintage Rolling Stock Strategy recommendations implemented

Working groups established by the Tourist and Heritage Sector Coordinating Board have been getting on with implementing the recommendations of the Vintage Rolling Stock Strategy (VRSS), *Preserving our rail history*

– *A blueprint for the future*. Among the highlights of the last year, approximately \$15,000 was provided from VRSS funding to disperse around 3,200 sleepers removed from the Murray Basin Upgrade across the sector. A project to catalogue assets and parts also got underway. Page 34

## New train station for Goornong delivered

The first train service pulled into the new Goornong Station in December 2021 after this growing Bendigo community had been without a train service for decades. The station was one of three being delivered by VicTrack on behalf of Rail Projects Victoria as part of the Bendigo Metro 3 project. Page 60

## Major milestone reached in TGSN rollout

A significant milestone in VicTrack's \$69 million Transport and Government Secure Network (TGSN), with completion of the Optical Transport Network (OTN) base infrastructure rollout. The OTN provides connectivity across Victorian sites. Work to migrate customers' telecommunications services to the new network is underway. When complete, TGSN will enhance the capacity, performance and reliability required for Victoria's transport, government and wholesale customers. The TGSN rollout started in July 2019 and is due for completion by the end of 2023. Page 49

## VicTrack and Aussie Broadband reach fibre swap agreement

In September 2021, VicTrack and Aussie Broadband Ltd entered a Fibre Build and Lease Agreement to provide each other with access to our respective fibre networks throughout Victoria. This will create several new revenue opportunities around NBN and NBN backhaul and allows VicTrack to expand our telecommunications network far beyond the rail corridor. Page 70

## Jewell Station development complete

VicTrack's development partner Neometro completed 120 new apartments and five new shops next to Jewell Station in Brunswick. The development is providing new homes close to multiple public transport options and is a catalyst for a broader regeneration of the surrounding precinct. The heritage station building underwent extensive restoration works that were finished in late 2021. Page 32

## VicTrack supporting level crossing removals

VicTrack has continued to be an important partner in the Level Crossing Removal Project. In the past financial year, our team has supported decommissioning stations at Bell, Lilydale, Mooroolbark and Hallam with new stations commissioned on these sites as well as at North Williamstown, Hampton Park, Bonbeach, Chelsea and Edithvale. Page 58

## Work kicks off on Belgrave multi-deck car park

Construction started in March 2022 on a 640-space multi-deck car park at Belgrave Station VicTrack is delivering on behalf of DoT. Considerable progress has been made with demolition and all in-ground piling works finished. The car park will open in mid-2023. To offset the closure of the original Belgrave Station car park, a temporary car park was installed next to Upwey High School with 170 spaces. Page 65







# Report of operations



## Acknowledgement of Country

We proudly acknowledge Victoria's First Nations peoples and their ongoing strength in practising the world's oldest living culture. We acknowledge the Traditional Owners of the lands and waters on which we live and work and pay our respect to their Elders past and present.

As we integrate our transport systems with the aim of creating simple, safe, connected journeys, we recognise the traditional trade routes and ceremonial paths which allowed our First Nations people to easily connect their journeys across this land.

We recognise the cultural significance of these paths and routes and acknowledge that some of the transport networks and assets we use today are on those traditional routes.

We are genuinely committed to advancing Aboriginal self-determination and supporting Aboriginal communities. We recognise the importance of strengthening our ongoing relationships with First Peoples and acknowledge that self-determination is driven by the Aboriginal community.





## Year in review

### Responsible body's declaration

In accordance with *The Financial Management Act 1994*, I am pleased to present the Victorian Rail Track (VicTrack) Annual Report for the year ending 30 June 2022.

Geraldine Gray  
Chair, VicTrack Board

Dated: 6 September 2022



# About VicTrack

VicTrack owns Victoria's rail transport land, assets and infrastructure. We work to protect and grow the value of the portfolio, to support a thriving transport system and make travel and living better for all Victorians. With much of our asset portfolio dedicated to rail transport – our land, infrastructure, trams, trains and telecommunications network – our focus is on 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 partnering on major infrastructure projects, our job is to ensure the state's assets continue to serve Victoria now and well into the future.



Jewell Station precinct upgrade



# Purpose, Vision, Mission, Values

## Our vision

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

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

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

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

## Our purpose

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

## Our mission

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

## Our values

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

### Professional

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

### Collaborate

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

### Achieve

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

### Innovate

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



Financial year 2021–22 posed a number of challenges for VicTrack as the impacts of COVID-19 continued to be felt.

As a self-funded agency, we have taken a prudent approach to managing through this uncertainty by focusing our efforts on our core responsibilities as custodians of Victoria's transport-related land, infrastructure and assets, and managing finances.

We progressed our Strategic Asset Management Plan (SAMP) to sustainably optimise and manage our assets and draw maximum value across the whole asset life cycle. With this in mind, we have continued to prioritise the delivery of the Transport and Government Secure Network (TGSN) project. It will ensure our telecommunications network continues to meet the needs of rail operators and other customers and enable us to seek new revenue opportunities with an improved product offering.



VicTrack's strategic fibre swap partnership with Aussie Broadband is an example of maximising the value of our telecommunications assets. The commercial partnership will enable Aussie Broadband to expand its fibre network into more regional areas and position VicTrack well to provide NBN services to our existing customers and expand state-wide NBN connectivity.

As a public sector agency, VicTrack upholds the highest standards of accountability and integrity. We take our responsibilities very seriously and now have a dedicated Fraud and Corruption Officer to emphasise the importance of our expectations of high standards.

## Chair's report

We have seen some changes to the VicTrack Board. I would like to thank Randall Straw, whose second term as a VicTrack Board Director ended in August 2021. Randall's contribution to the Board has been invaluable. We were pleased to welcome Paul White who joined the VicTrack Board in September 2021.

All the work outlined in this annual report takes a dedicated and talented team. After they have worked remotely for much of the past two years, it has been exciting to see more VicTrack employees return to work in the office with a hybrid and flexible approach to all roles. This has empowered our employees to make arrangements that work best for them and their colleagues.

Regarding the matter of the qualified accounts, we believe our position on the classification of leased assets complies with Australian Accounting Standards, as no trigger event has occurred requiring us to revisit our historical (and previously accepted) classification of leases. This has been supported by external expert advice. However, VAGO disagrees, and our accounts remain qualified as a result.

Despite the past year's challenges, VicTrack delivered many highlights as outlined in the following pages. This is thanks to the hard work and commitment of our leadership and employees. Our Deputy and Acting Chief Executive, Chris Olds, has ably led the organisation and I thank Chris for his leadership over the past year as well as the entire VicTrack team.

Geraldine Gray  
Chair

VicTrack remains an important partner in Victoria's transport sector. Our vital telecommunications services continue to support safe and reliable statewide public transport and we supported major infrastructure projects and new developments to better connect people with transport and jobs. We are proud of the incredibly diverse portfolio of work we manage. There have been many highlights in 2021–22.

First and foremost, we continued the rollout of the TGSN to ensure our vital telecommunications network remains reliable and secure. A major milestone this year was completing the rollout of the Optical Transport Network (OTN), the base TGSN infrastructure. The OTN can wrap multiple services along a single fibre and is fast, reliable and secure.

As part of the Bendigo Metro 3 project, we worked with Rail Projects Victoria to deliver a new station at Goornong, and progress stations at Huntly and Raywood. Goornong Station was completed ahead of schedule – a fantastic achievement. We thank the Minister for Transport Infrastructure for the opportunity to deliver this project.

We continued work to deliver new and upgraded car parks on behalf of the Department of Transport under the Victorian Government's Car Parks for Commuters program. We're excited to be delivering the new 640-space multi-level car park at Belgrave Station. When complete, it will give the community more parking spaces, better pedestrian access for people of all abilities, new signage and landscaping and other improvements.

Two important but perhaps lesser-known VicTrack roles are as custodial owners of most of Victoria's tourist and heritage (T&H) assets and as Tourist and Heritage Registrar. After the Minister for Public Transport launched the Vintage Rolling Stock Strategy (VRSS), *Preserving our rail history – A blueprint for the future* and appointed a Sector Coordinating Board (SCB) in the previous financial year, we have continued to support the sector's recovery during 2021–22. The SCB is now established and is working closely with the sector to implement the recommendations of the VRSS. Along with the Department of Transport, we distributed \$1 million in funding to T&H rail operators to help them manage the impacts of COVID-19 related restrictions. We continue to support the sector, this year offering a further \$400,000 to support both T&H operators and museums.

Historic railway buildings were also preserved as work progressed to restore 10 more buildings under the Victorian Government's Community Use of Vacant Rail Buildings Program. It is exciting to see these vacant rail buildings given a new lease on life to provide valuable spaces for local communities. We look forward to seeing the results of restoration work in the coming year at the five sites where construction is underway, and to seeing work get underway on the other buildings.

Finally, I want to thank the Board of Directors, led by Geraldine Gray, for their guidance and direction this year. Thank you also to the entire VicTrack team who have contributed to achieving outstanding results in 2021–22.

Chris Olds  
Acting Chief Executive



## Chief Executive's report



# Manner of establishment and responsible Ministers

## Transport Integration Act 2010

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

These include:

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

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

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



Left: Jewell Station  
Right: Commuters at a CBD tram stop



## Responsible Ministers

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

## Our core functions

Our core functions include:

- delivering telecommunications 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.

## Victoria's integrated transport portfolio

VicTrack is part of Victoria's transport portfolio, led by the Department of Transport, Victoria.

The vision of the transport portfolio is to deliver an integrated and sustainable transport system that contributes to an inclusive, prosperous, and environmentally responsible state.

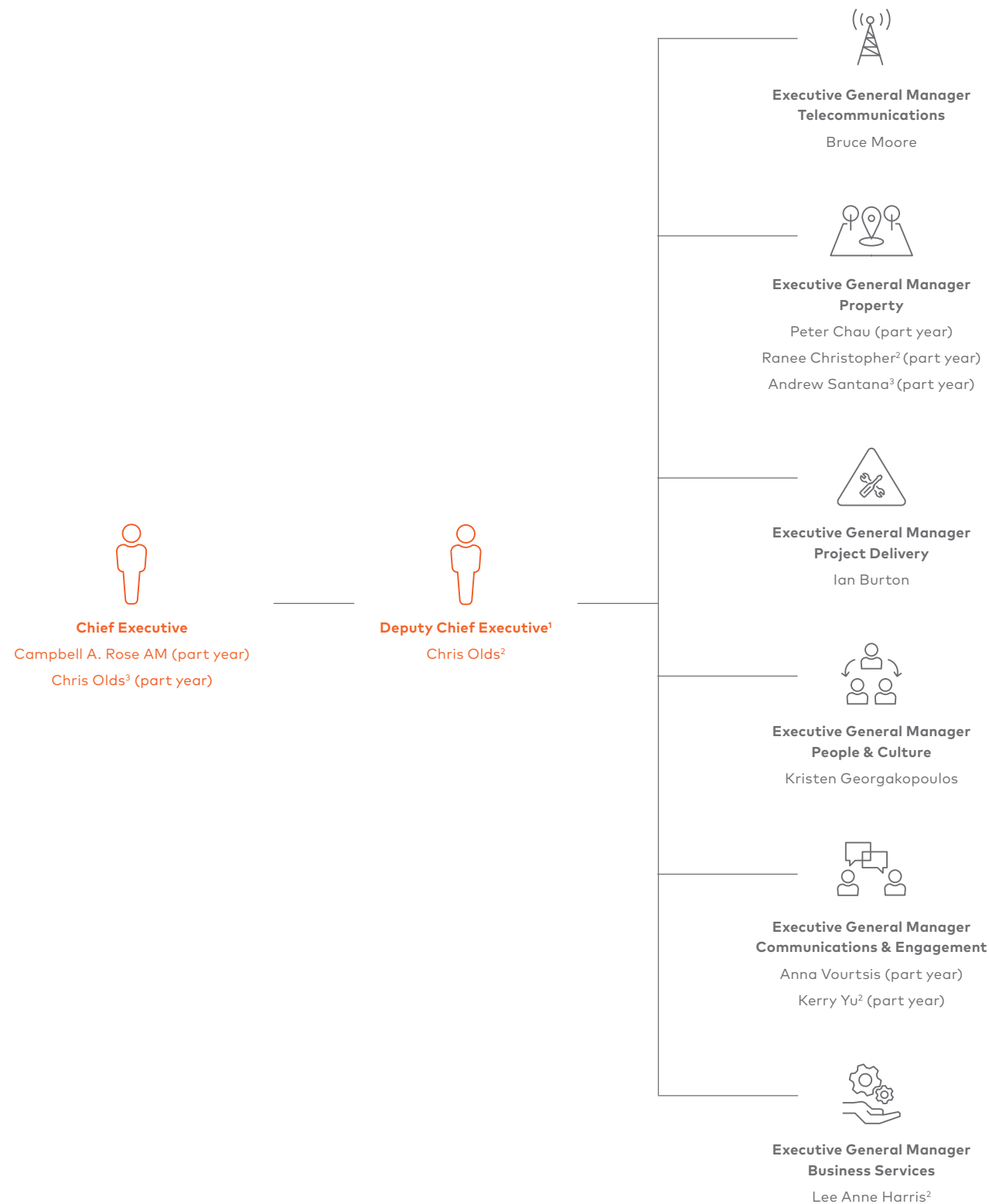
Together, entities in the transport portfolio deliver simple, safe, connected journeys, and are working together to shape the transport system so that it meets the needs of the people that use it now and in the future.

While VicTrack is an independent statutory authority, it is a key contributor of initiatives of the Department of Transport and the transport network, so Victorians can stay connected to jobs, education and each other.





# Organisational structure



<sup>1</sup> Interim role  
<sup>2</sup> Seconded to role  
<sup>3</sup> Acting in role

VicTrack's operational structure supports the roles and functions we fulfil. Our business is made up of three specialist delivery groups – Property, Telecommunications, and Project Delivery – supported by Business Services and the Office of the Chief Executive. Each delivery group contributes to asset management and service delivery.

## Property

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

## Business Services

This group provides the daily support needed to run VicTrack's operations and is responsible for a wide range of specialist functions, including Finance, Health and Safety, Risk and maintaining asset registers that enable our business to be accountable, transparent and operate effectively.

## Telecommunications

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

## Project Delivery

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

## Office of the Chief Executive

Consisting of People & Culture, Communications & Engagement, Legal, the Government & Strategy Director, and the Company Secretary, the group is responsible for ensuring our Board, people, key stakeholders and transport partners are informed and engaged in everything we do across our business.



VicTrack employees in the office



# 2021-22 performance report





## Coronavirus impact on business

Since the onset of the SARS-Cov-2 (COVID-19) pandemic, VicTrack has been impacted both financially and operationally. As a self-funded agency, the economic impacts of COVID-19 have continued to impact VicTrack for much of the past year, creating some financial challenges. Some tenants in our leasing portfolio have been impacted. However, there are signs of improvement with the portfolio revenue up on the prior year by 3.2 per cent.

The safety and wellbeing of our employees has remained paramount. Throughout the pandemic we have taken a resilience-oriented and risk-based approach to ensure VicTrack operations continued safely. Our Pandemic Coordination Group has remained in place in the past financial year. Its role is to monitor, liaise and coordinate all VicTrack activity associated with preparing for, responding to and recovering from the impact of the pandemic. The group links into pandemic planning undertaken by the Department of Health and DoT.

After working remotely for much of the past two years, our employees began returning to some office-based work in the latter part of the financial year. VicTrack has introduced a hybrid and flexible approach to working that enables staff to mix both office and remote work according to what works best for their role and provides sufficient opportunities for team-based collaboration.



# Managing our assets

As custodians of Victoria's rail transport land and assets, we work to optimise the use of our portfolio, to achieve maximum value for the state and the best outcomes for the community.

## Asset Management Accountability Framework (AMAF) maturity assessment

The Asset Management Accountability Framework (AMAF) helps Victorian Public Sector agencies to manage their asset portfolios appropriately to ensure these assets serve Victorians now and well into the future. The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements.

In 2021-22, VicTrack conducted a maturity assessment against the AMAF requirements. Our target rating is 'competence', meaning systems and processes are fully in place, consistently applied and systematically meet the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

VicTrack met its target competence level in the 'Acquisition' and 'Disposal' categories and for most requirements in the 'Leadership and Accountability' and 'Operation' categories. The target maturity level for 'Planning' was not met. Improvement plans are in place to lift VicTrack's maturity rating in areas where it has not yet been achieved.



Left: VicTrack employees at a data centre  
Right: CBD commuters





## Property development program

VicTrack holds a large and diverse property portfolio in metropolitan Melbourne and regional Victoria. To optimise the use and value of our land, we seek to release under-used transport land for redevelopment. Together with our commercial partners, we create liveable and well-connected communities with new homes near public transport and enhance station precincts to improve customer experience and local amenity.

### Jewell Station

Next to Jewell Station in Brunswick, the development of over 120 new apartments and five new shops was completed in late 2021 by VicTrack's development partner, Neometro. Complemented by an enhanced station plaza with planting and landscaping, the properties help provide new homes close to multiple public transport options and the shops and cafes of Sydney Road, while being the catalyst for a broader regeneration of the surrounding precinct. The heritage station building underwent extensive restoration works completed in the last quarter of 2021.

### Hampton Quarter

VicTrack is transforming the area around Hampton Station into a landmark development that enhances this sought-after bayside precinct for both commuters and the community. We have partnered with epc. Pacific, Pace and Homes Victoria to create Hampton Quarter – a mixed-use development consisting of four boutique buildings with 159 apartments, ground-floor shops and 18 new social housing units.

The new development will integrate with Hampton village via a new public plaza next to shops, which together will make the user experience more vibrant and accessible. Enabling works for the project were completed in late 2021, including a new commuter car park, with works now underway and scheduled for completion in 2024.

### Gardiner Station

Construction commenced at the start of 2021 on an integrated development of 118 apartments and five new shops fronting onto a new public plaza at Gardiner Station. Following the removal of the level crossing and the completion of the new station buildings at Burke Road, Glen Iris in 2018, VicTrack has worked with the Level Crossing Removal Project and developer Dealcorp to bring to fruition this eight-storey development.

### Gardiner Nursery

A development of 15 town houses is proposed on a site near Gardiner Station in Glen Iris. The three-level, four-bedroom homes are well located for access to rail, tram, cycle and road networks.

### Treasury Square

VicTrack continues to progress the sale and development of around 140,000sqm of former rail land at the south-east corner of the Melbourne CBD.

VicTrack is also advancing planning for potential future use of former transport land at Oakleigh, Moorabbin, Grange Road Alphington and within the Arden precinct.

### Melbourne Market EOI update

Following a request for proposal in April 2021, VicTrack evaluated responses to transform the old Melbourne Market site in late 2021. A successful proponent was awarded. Lease discussions and site investigations started in early 2022 and are scheduled for completion later this year.

Works to transform the Old Melbourne Market site will not start until the West Gate Tunnel project is finished, expected to be at the end of 2025.

The 29.5ha site is opposite the Melbourne Port on Footscray Road. It has been identified in the Victorian Freight Plan 2018 as a site to be used for port and freight-related activities. Areas in the site will be allocated to truck marshalling, container storage, empty container parking and a consolidation centre.







### Retired Trams Strategy

VicTrack's 2018 expression of interest (EOI) process sought new homes in the community for 134 retired trams under our Retired Trams Strategy. Work to relocate trams has continued.

During 2021–22, 12 more trams were delivered to EOI applicants. As of June 2022, 63 of the trams have gone to their new homes. A further nine have been returned to private owners or gone to museums.

Some of these trams have been successfully refurbished and given new lives in the community, repurposed for activities from coffee shops to community centres. One has been converted into a Yarra Valley B&B accommodation, with two bedrooms, kitchen and bathroom.

Trams will continue to be rehomed in the coming year to destinations within Victoria and beyond. We have produced a map on the VicTrack website to showcase refurbished trams and track the continued relocation of trams from Newport.

### Vintage rolling stock update and blueprint

Following the launch of the Vintage Rolling Stock Strategy (VRSS), *Preserving our rail history – A blueprint for the future* in March 2021, VicTrack appointed the Tourist and Heritage Sector Coordinating Board (SCB). Co-chaired by John Crofts and Tim North QC, the board formed a number of working groups to implement the recommendations of the VRSS. One of the first outcomes of these working groups was drafting and adopting a charter for the SCB.

The Materials Reuse Working Group has engaged with VicTrack and transport agencies to maximise reuse of redundant materials from major projects, with several successful allocations of track materials being shared across both heritage tram and railway operators. Approximately \$15,000 was provided from VRSS funding to support the dispersal of around 3,200 sleepers removed from the Murray Basin Upgrade across the sector.

With COVID-19 restrictions lifting and the tourist and heritage (T&H) sector reactivating, the Asset and Parts Cataloguing project restarted with VicTrack providing access to the Fulcrum application to all T&H Operators. Fulcrum is a database used by VicTrack for asset management

and can be used for cataloguing assets within the T&H sector. Four operators have actively participated in the project.

The SCB Collections Policy Working Group developed a comprehensive Rolling Stock Retention Policy that has been approved by the SCB to be put to the sector for adoption.

The Deakin University-led T&H Operator Business Plan project wound up in late 2021. It produced a high-level, strategic business plan for each T&H Operator that participated.

The T&H Land and T&H Asset Lease working group set out to review a draft of both land and asset leases. The T&H Railway Land Lease provides accredited T&H railways with a secure long-term tenure. Many railways had been operating under Orders in Council or their original leases had expired. The Tourist and Heritage Railway Asset Lease will formalise the agreement between a T&H railway operator or organisation that is allocated state-owned rolling stock or other transport assets.

The process was delayed due to the impacts of COVID-19 restrictions. The SCB is reviewing final draft versions of both leases and VicTrack is reviewing the GIS plans for each of the operators. It is intended that the first T&H Land and Asset leases will be executed in the first quarter of 2022–23.

At the end of the 2021–22 financial year, the SCB became incorporated and transitioned to Railway and Tramway Heritage Victoria Inc (RTHV), which will become an independent and sector-determined entity.



Left: W Class trams leaving Newport  
Right: Steam train at Queenscliff Station



# Environmental management

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

VicTrack transitioned to the new *Environment Protection Act 2017*, effective from 1 July 2021.

Transition activities included training staff, updating policies, procedures and systems and rolling out information and contractual addenda to tenants.



## Contaminated land program

VicTrack completed 54 contaminated land investigations in 2021–22 including:

- preliminary site investigations
- environmental site assessments
- groundwater monitoring
- soil vapour assessments
- stockpile assessments
- environmental management plans
- risk assessments.

These assess the potential for environmental and health risks resulting from historical land use or poor environmental management practices. Contaminated sites are investigated further, monitored and remediated according to VicTrack's Contaminated Land Management Plan.

## Contaminated Land Hazard Assessment and Mapping Program

One of the key activities to assist transition to the new environmental legislation was the creation of a new contaminated land risk ranking tool, the Contaminated Land Hazard Assessment and Mapping Program (CHAMP).

The new tool enables contamination risks on VicTrack sites to be assessed in today's legislative environment and helps prioritise, risk rank, spatially map, and manage contaminated land. The CHAMP program/dashboard was developed and tested in 2020–21. In 2021–22, existing precinct summary and risk ranking information for all precincts was transferred into CHAMP. Detailed report summaries for five high-risk and 29 medium-risk precincts were also prepared.



Left: Geelong water testing  
Right: Site inspection being undertaken by the VicTrack Environmental team







## Sensitive Sites Program

VicTrack continued implementing the Sensitive Sites Program, which assesses sites used for a sensitive purpose, such as residential, childcare, or playground, to provide an understanding of whether the land is impacted from former potentially contaminating activities, and whether it is suitable for that sensitive use. The proactive program is now largely complete, and an ongoing program to inspect and ensure tenants understand and implement requirements of their site-specific environmental management plans (EMP) continues. In 2021–22, VicTrack worked with expert contaminated land consultants to complete soil assessment at three residential sites, site use confirmation inspection at one site, and EMP compliance inspections of 23 previously assessed sites.

## High Risk Sites Program

VicTrack continued to implement its Environmental Assurance and Compliance Assessment Program (EACA) for high-risk leased sites. The program includes inspecting and reviewing environmental management practices of high-risk tenants who have potential to pollute VicTrack land and determining their compliance with contractual and legislative environmental obligations. A total of 35 sites had EACAs completed in 2021–22, which identified 31 sites with non-compliances ranging from low to extreme. Non-compliance notices were issued to tenants. Since the program began, a total of 143 EACAs have been completed. Tenants with identified non-conformances are issued with a non-compliance notice. They must provide an action plan to rectify non-compliances. Action plans and relevant documentation submitted by tenants in response to non-conformance letters issued in previous financial years continue to be reviewed to ensure non-compliances are rectified. This work will continue to ensure risks and non-compliances are closed out.

## EPA Compliance and Statutory Notices

In accordance with the new *EPA Act 2017*, VicTrack is required to notify EPA of sites with contamination meeting the thresholds outlined in the regulations. VicTrack has currently notified EPA of four sites meeting the notification threshold.

Each of these sites has a management plan to manage risks of contamination. It is not known whether EPA will issue notices after receiving VicTrack's notification. In 2021–22, VicTrack also worked with expert contaminated land consultants to prepare notifications for a further 10 medium-risk sites.

VicTrack had two Clean Up Notices from the Environment Protection Authority Victoria (EPA); one ongoing for the Horsham precinct, and one to address clean-up of waste stockpiles at the Brooklyn site, which was revoked by the EPA. Clean-up works at the Horsham site started in 2022.



Left: Dynon water testing  
Right : Environmental team undertaking a site inspection at Newport



## Asbestos program

### Survey and removal programs

Asbestos risk is managed according to current Occupational Health and Safety (OHS) regulations. VicTrack maintains asbestos registers 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. Low-risk asbestos issues continue to be monitored and noted in the register.

In 2021–22, asbestos surveys were completed on 31 buildings as part of VicTrack's five-year rolling asbestos survey program to manage asbestos risk. An additional nine asbestos and hazmat audits were conducted at four locations in preparation for asbestos removal or demolition works. VicTrack completed asbestos removal and remediation works on 12 assets at eight sites across Victoria in 2021–22. Key projects included asbestos roof removals at Dynon, West Richmond, Ararat, Golden Square and multiple assets at Newport Workshops. The most significant project was the complete removal of all asbestos-containing materials and contamination from within the former Science Lab building at Newport, eliminating the risk of asbestos exposure to potential future building occupants. Additional asbestos removal undertaken in conjunction with the roof removal project resulted in six assets – two of which were previously inaccessible due to asbestos contamination – now being asbestos-free.

A previously leased site at Glenbervie was returned to VicTrack management and found to contain asbestos contamination in the soil. The site was subjected to asbestos-removal works and remains fenced off to ensure public safety is maintained.

### Asbestos data management

VicTrack continues to use and refine a web-based mobile application to capture and monitor asbestos and hazardous material information in assets. A Fulcrum mobile application is used in the field to collect asbestos survey information about our assets. The Conquest asset management system – VicTrack's central asset management system for property assets – is used as the central database to hold VicTrack's asbestos and hazardous material information. Data handling between the Fulcrum mobile application and the Conquest asset management system is continuously monitored and assessed to identify opportunities for improved accuracy of data held within Conquest.

### Implementation of site-specific management measures

In 2021–22, VicTrack implemented site-specific asbestos management plan requirements at Newport Workshops, Albion, Bendigo and Maryborough. The site-specific asbestos management plan for Newport Workshops was updated to reflect the significant removal works undertaken across the site. A new site-specific asbestos management plan was developed for the site at Glenbervie.

Implementing site-specific asbestos management plans predominantly involves periodic asbestos inspections, updating site-specific registers, and if necessary, undertaking air monitoring.



Asbestos removal works being carried out at Newport





## Land management — Natural resource management

### Biodiversity and Cultural Heritage management

VicTrack continued to invest resources to understand biodiversity on VicTrack land. A biodiversity assessment was completed across the length of the Bellarine railway line, where significant vegetation is located, to map values on VicTrack land and put in place measures for ongoing management.

VicTrack continues to use and maintain its biodiversity mapping tool and cultural heritage sensitivity tool. The tool maps known and modelled biodiversity and cultural heritage values on VicTrack land and depicts these on an in-house mapping system. It helps identify biodiversity and cultural heritage and manage risks to significant value on sites where works are planned. Two updates were completed in 2021–22, including updating datasets and collating information from 67 reports.

At the Caroline Springs Biodiversity Protection Area, we continued to manage Commonwealth-protected biodiversity values listed under the *Environment Protection and Biodiversity Conservation Act* (EPBC Act) – including the Striped Legless Lizard and Spiny Rice-flower. The works are conducted on behalf of DoT, in accordance with Conservation Management Plan and Offset Management Plan and Trust for Nature conservation covenant. Fence repairs, controlled burning, biomass control, rabbit control, litter removal, biodiversity surveys and monitoring, and annual reporting were completed in 2021–22. A fall in Spiny Rice-flower population was observed. To help increase numbers, 22 germinated Spiny Rice-flower seedlings were transplanted.

South Morang Biodiversity Protection Area supports matters of Commonwealth-protected vegetation listed under the EPBC Act, including the Matted Flax-lily and Grassy Eucalypt Woodland. VicTrack continued to manage significant vegetation values in 2021–22 through weed control, litter removal and rabbit control.

Sunshine (Tottenham) Biodiversity Protection Area supports matters of National Environmental Significance (listed under the EPBC Act), including the Natural Temperate Grassland of the Victorian Volcanic Plain community, Western Basalt Plains Grassland, Matted Flax-lily, Spiny Rice Flower and habitat for the Golden Sun Moth and Striped Legless Lizard. VicTrack continued to work closely with land management consultants, Brimbank City Council and the Department of Environment, Land, Water and Planning (DELWP) to ensure the protection and management of significant vegetation. Land management works completed in 2021–22 included a controlled burn, monitoring of significant vegetation, fence repairs, removal of invasive trees, weed control, litter removal and rabbit control.



# Telecommunications

VicTrack's telecommunications infrastructure forms the backbone of Victoria's rail transport services including the myki ticketing system, driver communications, public information displays and signalling. The telecommunications network is classified as 'vital critical infrastructure' in Victoria, essential to keeping the state's transport system moving safely and reliably.

VicTrack employee in the field working on telecommunication equipment





## Telecommunications network performance

For the second year running, our telecommunications infrastructure was managed remotely due to COVID-19 challenges. Despite ongoing COVID-19 operational challenges, the network continues to perform successfully.

Network availability exceeded expectation and achieved 99.93 per cent in the past financial year against a KPI target of 99.5 per cent, up 0.05 per cent from the previous year for our transport operators, with the stretched target for this financial year achieved.

VicTrack's Telecommunications Operations team managed incidents and service restorations to minimise and mitigate any adverse effects to public transport operations related to our network. Service restoration was a key driver. The KPI to meet 95 per cent of agreed service level targets was once again exceeded with 96.81 per cent achieved, up 1.51 per cent on the previous year.

A total of 4,400 incidents were logged and resolved. All network changes within the live telecommunications network were planned and executed to facilitate network continuity and minimise service disruption. There were 3,027 changes with a success rate of 98.80 per cent against a KPI target of 95 per cent.

VicTrack's Network Management Centre (NMC) operates 24 hours a day, seven days a week, to ensure that our network is reliable, continuous and safe.

The NMC handled 76,633 calls from our customers and the public. Our focus is on preventative maintenance to ensure the network delivers optimum efficiency and minimal unplanned network outages.

This financial year the team achieved 95.72 per cent of the forecast preventative maintenance program against a target of 85 per cent.

## RRCN security enhancements and redundancy testing program

The Regional Rail Communications Network (RRCN) provides train-to-base (TTB) radio communications between train controllers and drivers. To enhance the reliability of the RRCN system and reduce risks, VicTrack established the RRCN Security Uplift project.

The project is reducing high residual risk to the RRCN system with changes to the back-end IT infrastructure networks, and implementation of information security controls that comply with VicTrack policies and requirements set by the Victorian Protective Data Security Standards and other relevant legislation. Improved processes to maintain security, supportability and operability of the network are in place, including operational support and backup functionality.

In scoping the project, VicTrack worked closely with V/Line and Metro Trains to minimise potential interruption of RRCN system operations during the retrofit of security and IT changes.



Employees working in a VicTrack data centre



## Transport and Government Secure Network

VicTrack is investing \$69 million to deliver the Transport and Government Secure Network (TGSN), a robust and end-to-end integrated telecommunications platform that enhances the capacity, performance and reliability required for Victoria's transport, government and wholesale customers.

The TGSN rollout started in July 2019 and is due for completion by the end of 2023.

The network has two aspects – the delivery of a new base transmission (Optical Transport Network) and the addition of a smart routing layer (IP/MPLS Network).

The Optical Transport Network (OTN) is the base infrastructure network providing connectivity across Victorian sites. The OTN rollout is now 100 per cent complete.

The IP/MPLS Network is the smart communication layer that will provide a host of connectivity for VicTrack's telecommunications services. The IP/MPLS rollout was 73 per cent complete at the end of June 2022.

The TGSN project team is also working with VicTrack customers to migrate their telecommunications services over to the new network. There are approximately 13,000 customer services to migrate, including services such as customer help points, myki services, public announcement systems and telephony systems. The legacy services migration was 50 per cent complete at the end of June 2022.

There are also 1,400 services to be decommissioned, including legacy telephony systems and legacy transmission systems.

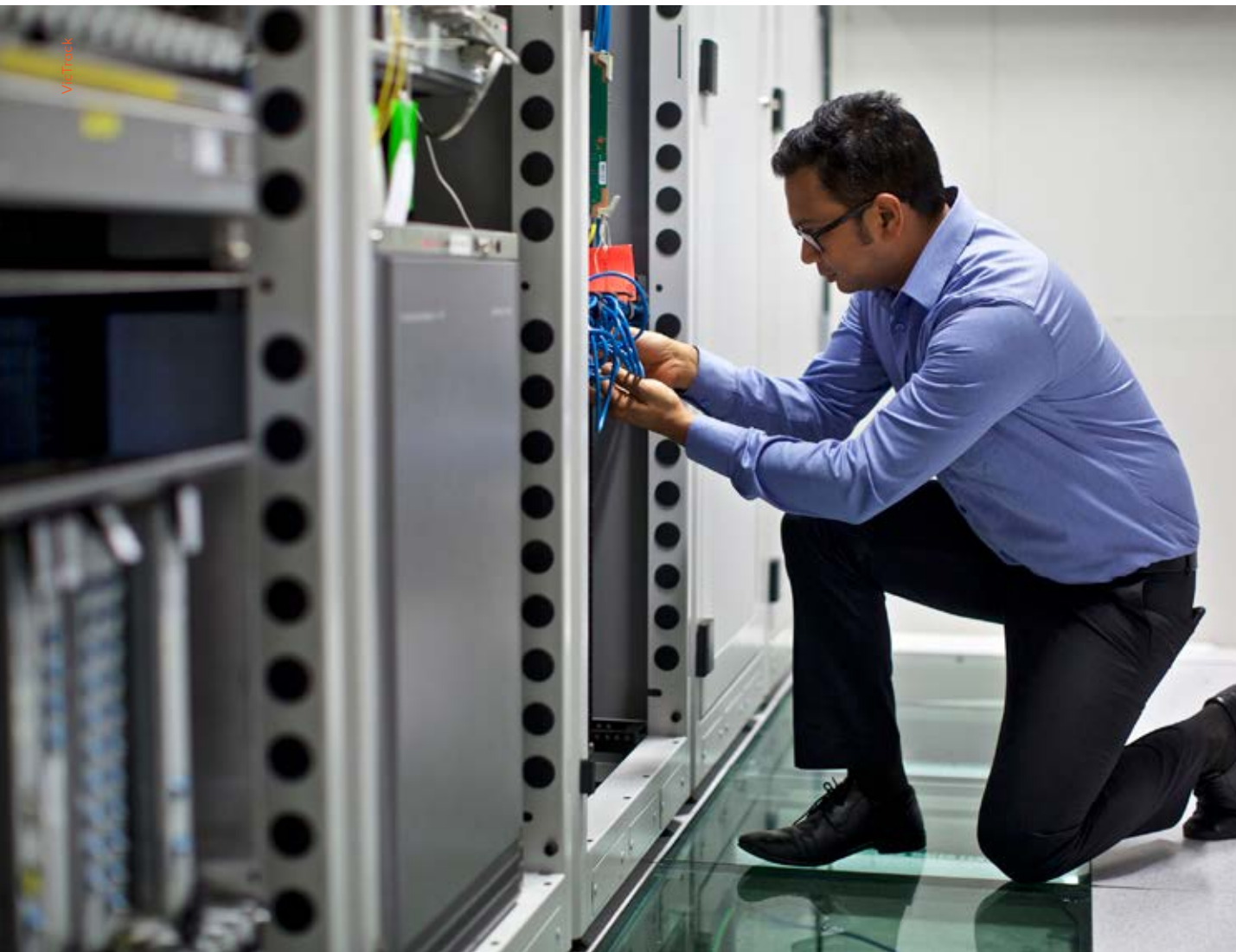
VicTrack started engaging with its transport, government and wholesale customers about the TGSN rollout from mid-2021.

Most of the TGSN service migration is back-end activity which has involved moving VicTrack's infrastructure with no or minimal change to customer equipment. While this means customers may sometimes not even notice the migration, briefing sessions and technical workshops have still been held with customers before service migration to limit post-migration issues.

Previously, VicTrack had over 70 different telecommunications products available for customers. With the rollout of the TGSN, the product suite has been streamlined to a selection of 26 products that better suit the needs and requirements of VicTrack's customers. The TGSN rollout has also provided the opportunity for customers to upgrade their VicTrack telecommunications services as the new network enables the delivery of improved products and services such as Wavelength, Internet, Ethernet and IPWAN.







## Third party withdrawal project

With the establishment of the NBN network, third-party carriers' traditional copper-based services must be progressively migrated to an NBN-based network prior to disconnection of the copper service.

This mainly applies to Telstra copper-based services and does not affect any services on the VicTrack copper network. With Telstra withdrawing legacy technology at various dates in 2022 and 2023, VicTrack has been working to analyse and migrate around 1,000 third-party services to a suitable alternative to ensure continuity of customer services and transport operations. In the past financial year:

- 75 sites were audited for identification of legacy services, record updates and migration planning
- 129 sites had their telecommunication records updated
- 45 sites (90 services) were migrated from the Telstra copper network to an NBN solution
- 2,000 number blocks were migrated from the Copper ISDN to the Session Initiation Protocol (SIP) network
- 30 services were identified as no longer required and cancelled with Telstra.

Work is continuing into the next financial year. We expect all legacy services to be migrated by late 2023.

## Supporting high-capacity signalling

VicTrack has supported new signalling technology that will enable High Capacity Metro Trains (HCMT) to run through the Metro Tunnel and along the Sunbury to Cranbourne-Pakenham Line.

Our telecommunications infrastructure is providing vital connectivity for dispatch and control of the HCMTs that will be controlled from the new purpose-built Sunshine Signal Control Centre. Train services running closer together and more frequently requires a new signalling system that gives real-time data on train movements. To make that happen, communication between the train and the side of the track and back to dispatch centres is needed.

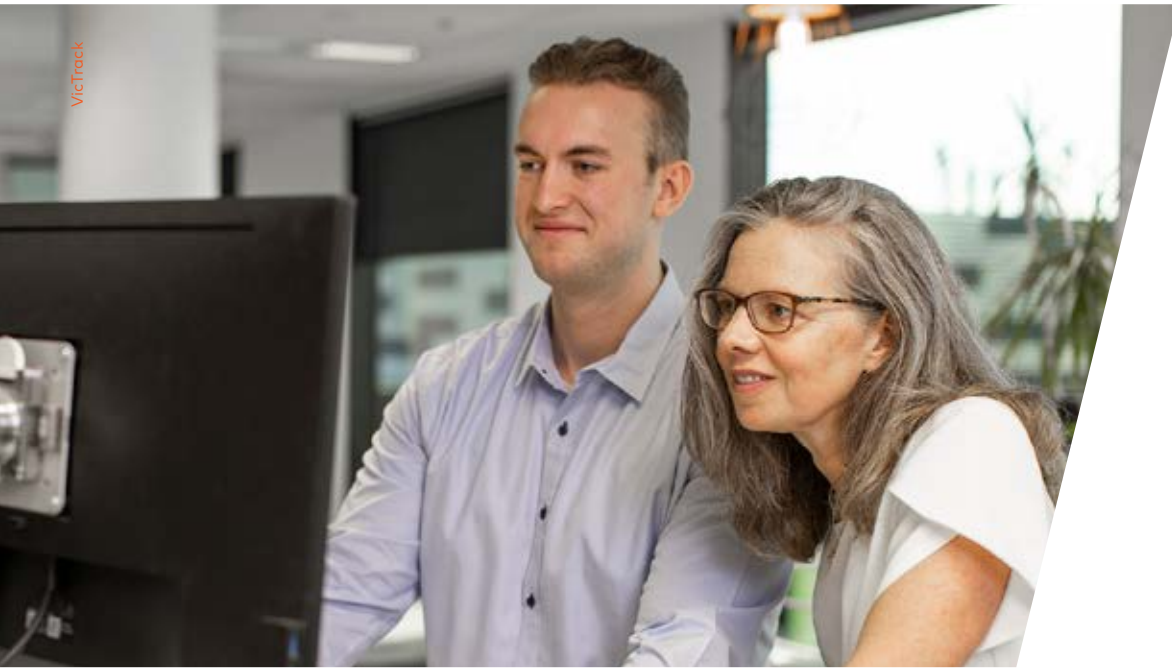
The VicTrack network is an important part of the Wi-Fi along the track that will push information about train movements back to the control centres. We have provided a high-capacity network for data centres to talk to each other, both from track to the data centres and between data centres.

Using the real-time signalling data, signal controllers will monitor train movements to ensure safe and smooth services. Data links have been tested, working with Siemens, Metro Trains and Nokia, to ensure connections are in place, performing to standards, and ready to go when high-capacity trains enter service.



Above: Employees working in a VicTrack data centre  
Right: Commuters at Flinders Street Station





## Digitisation strategy

VicTrack's three-year strategy for IT and digital services has been finalised and endorsed. The strategy aims to provide integrated, simple-to-use, reliable and secure information and technology to support VicTrack's operations and business objectives.

The strategy outlines our planned approach for IT and digital services across operating and governance models, engagement, portfolio and projects, architecture, IT security, applications, information management, data and IT operations.

Work to roll out key elements of the strategy that got underway in the last financial year included:

- introducing new IT operating and governance models
- establishing a Digital Program Steering Committee
- developing a complete information management framework
- producing an IT operations improvement plan to provide continuous improvement in the areas of automation, support and reporting for the next three years.

## Critical spares management – inventory management

VicTrack's Inventory Management System Uplift Project is on track to deliver enhanced inventory management capabilities for the Telecommunications and Project Delivery groups, which will ensure management of inventory and critical spares. In the past financial year, we reviewed and established inventory management practices, reviewed inventory management software applications and requirements to upgrade the software to meet business needs and completed an audit of all inventories and centralised management of spare parts into an inventory management system application.

The improvement to critical spares management will enable VicTrack to better respond to faults on the network and ensure better forward planning can occur in relation to the purchasing of equipment which leads to more efficient projects.

## Customer satisfaction increases

VicTrack introduced a Telecommunications Group Customer Experience Framework in 2020. Customer satisfaction levels have been measured quarterly since that time through feedback received.

Between March 2021 and March 2022, the Telecommunications Group has achieved a 30 per cent increase on average scores in customer satisfaction results. This equates to a 76 per cent increase since the survey's inception.

## Cyber security uplift

This financial year, VicTrack conducted a cyber security maturity assessment against government standards and guidelines (Victoria Protective Data Security Standards [VPDSS] & Australian Signal Directorate [ASD] Essential 8).

Identified gaps have been collated and prioritised into a cyber security uplift program starting in the 2022–23 financial year and running over the next two to three years.

A formal security uplift program will focus on key priority items.

Items completed during this financial year were:

- externally validated maturity assessments against Victorian Government standards and guidelines (VPDSS & ASD Essential 8) leveraging previous internal assessments and internal audits where possible
- a review with a trusted third-party of our enterprise and business security risk registers
- Office 365 security capability and recommendation assessment.





# Supporting Victoria's Big Build and transport infrastructure

Victoria's Big Build is delivering \$90 billion in rail and road transport projects. VicTrack is an important partner in delivering this pipeline.







## Level Crossing Removal Project

The Level Crossing Removal Project (LXRP) will remove 85 dangerous and congested level crossings across Melbourne by 2025. A total of 65 level crossings have been removed so far.

VicTrack is an important partner in the project, providing essential telecommunications services at each site that enable the crossing to be removed. We then reinstall Operational Control System (OCS) equipment, often as part of a new station build once the level crossing has been removed. All our telecommunications work is compatible with the network architecture and standards in TGSN. We work closely to coordinate works and minimise disruption to the telecommunications network.

When level crossing removal works are completed, VicTrack also works closely with the LXRP to bring newly created land and assets to life, whether it be new open spaces, retail, community or residential projects.

VicTrack's services on LXRP sites include:

- telecommunications backbone relocation — VicTrack copper and fibre network equipment is moved out of the way of other structural and civil engineering work at the site
- signalling telecommunications services that enable all field equipment to communicate and allow control centres to monitor and control the new signalling
- OCS services – providing telecommunications services to stations that power Public Information Displays (PIDs), customer help points, security services, CCTV, and myki ticketing
- phone and Metro Trains Melbourne Wide Area Network (WAN) services, that allow communication with control centres and other stations through our network.

In the past financial year, our team has supported decommissioning stations at Bell, Lilydale, Mooroolbark and Hallam with new stations commissioned on these sites as well as at North Williamstown, Hampton Park, Bonbeach, Chelsea and Edithvale.

A recent milestone in the project saw four level crossings removed at Oakover Road, Bell Street, Cramer Street and Murray Road in Preston as part of works on the Mernda line to create an elevated track between Thornbury and Regent stations.

## Rail Projects Victoria

VicTrack works with Rail Projects Victoria (RPV) on major infrastructure projects including the Metro Tunnel, Regional Rail Revival and Melbourne Airport Rail.

An important part of our work on these projects involves ensuring our vital telecommunications assets are protected, upgraded, extended or relocated according to the needs of the project.

### Metro Tunnel

The Metro Tunnel is a major infrastructure project that will see the construction of twin nine-kilometre rail tunnels and five new underground stations. When completed, the Metro Tunnel will allow more trains to run more often.

As the project progresses, VicTrack's role includes extending and upgrading the VicTrack telecommunications network. New VicTrack telecommunications infrastructure has been set up at Sunshine Signal Control Centre (SCC), Eastern Portal Communications Equipment Room (CER) with signalling and OCS services delivered along the Sunshine to Footscray corridor and Dandenong to Caulfield corridor during the 2021–22 financial year to support the upcoming tunnel infrastructure to meet Metro Tunnel Day 1 operating requirements.

VicTrack has also supported the project with its communications design and specifications throughout the tunnel and underground stations. VicTrack has made its expertise available to the project to assist with train radio, emergency services radio, mobile network operators, two-way radio for operations and maintenance and other critical communications functions.

### Melbourne Airport Rail

Melbourne Airport Rail will connect Melbourne Airport to Melbourne's CBD and enable easy connections with the metropolitan and regional rail network.

In early 2022, a preferred contractor was nominated to prepare for delivery of an early works package that will involve relocating and protecting key utilities along the route to clear the way for major construction.

To date, VicTrack has assisted with scope development on the project and supporting the initial work packages.

### Sunbury Line upgrade

The Sunbury Line Upgrade will see the rail corridor upgraded from Sunbury to Footscray to take full advantage of the extra capacity created by the Metro Tunnel and allow more modern trains to run on the Sunbury Line.

VicTrack has supported works to enable critical construction including works at Watergardens and Calder Park to relocate VicTrack's fibre backbone and signalling infrastructure, which was completed in 2021. In addition, VicTrack has supported enabling construction of critical infrastructure at Gap Road in June 2022 with final works scheduled to be completed in August 2022.



## Regional Rail Revival

The Australian and Victorian governments have invested more than \$4 billion in the Regional Rail Revival (RRR) program, which is upgrading every regional passenger rail line in Victoria. VicTrack typically supports the delivery partners leading each project within the RRR program by delivering the telecommunications scope in line with VicTrack's network architecture and standards.

### Bendigo Metro 3

Construction was completed on three new stations built in the Bendigo region on behalf of RPV by VicTrack.

VicTrack appointed Symal Infrastructure as the contractor to deliver design and construction works on the stations, at Goornong, Huntly and Raywood.

Each new station includes a single-sided platform and car parking, with lighting, seating and shelter.

Construction at Goornong and Huntly stations began in August 2021, taking place at the same time as track upgrade works along the Echuca Line being delivered by V/Line.

During initial construction, strict COVID-19 health advice was also in place, restricting the size of the workforce that could be on site at any time and preventing face-to-face community engagement about the project.

Goornong Station was successfully delivered on schedule, with the first train pulling into the station on 12 December 2021.

Huntly Station, which was fast-tracked by nearly a year, reached completion at the end of June 2022.

On the Swan Hill Line, construction of Raywood Station commenced in January 2022. Construction was on track for completion in July 2022.

During construction, there have been multiple opportunities for community involvement, including local planting days for Goornong and Raywood primary school students, and the Northern Bendigo Landcare group at Huntly.

### North East Line Upgrade – level crossing upgrades

VicTrack has been engaged by Rail Projects Victoria (RPV) to design and construct two level crossings at Wibrahams Road and Bennetts Lane to enable improved VLocity services on the North East Line. The scope includes introducing new technologies to the network in Victoria for the first time. The projects are scheduled to be completed in August–September 2022.







### Geelong Line upgrade

VicTrack's work on this project to date has involved developing a scope for future operational control systems and signalling requirements, and supporting the commissioning of a new platform at Waurin Ponds Station as part of the station upgrade.

### Shepparton Line upgrade

The Shepparton Line Upgrade is in full swing. In the past financial year, we have prepared to roll out radio and networking services along the corridor including Operational Control Systems, CCTV and Train Control Systems.

Pretesting of services installed at Murchison East and Shepparton is scheduled to begin in July 2022. Murchison East is expected to be commissioned in October 2022 with Shepparton following in December 2022.

### Warrnambool Line upgrade

After assisting with the installation and commissioning of Optical Transport Network (OTN) equipment in 2020–21, in the last financial year we supported the commissioning of signalling services between Marshall Station and Warncoort.

In addition, local train radio and safe working radio systems have been commissioned at two sites at Waurin Ponds and Warncoort. Radio coverage needed to be extended as the signalling was upgraded and extended. Radio is required for trains to communicate back to train control.

### Cobblebank Station car park

VicTrack is delivering a new 80-space car park at Cobblebank Station, in Melbourne's growing outer west. The project is funded by the Growth Areas Infrastructure Contribution Fund, administered by the Victorian Government's Department of Environment, Land, Water and Planning (DELWP).

The new car park will be built to the north of the existing car park. It will have lighting and CCTV for the safety of car park users, as well as wayfinding signage and landscaping.

A design and construct contract was awarded following a competitive tender process in late 2021. Construction on the new car park is scheduled to be finished by late 2022.

### Statewide level crossing upgrades

The Statewide Level Crossing Upgrade Program is a rolling annual program of level crossing control upgrades overseen by the Victorian Railway Crossing Safety Steering Committee (VRCSSC) via its Railway Crossing Safety Delivery Group (RCSDG) subcommittee. Sites being upgraded have been assessed as high risk based on risk modelling and incident history. They are rail–road level crossings and rail–pedestrian level crossings, which are often close to stations where train movements are complex and mixed between express and stopping trains, or on high-speed sections with passive controls.

VicTrack carries out upgrade works at crossings under contract to DoT with the aim of improving safety for pedestrians and vehicles. Under the Statewide Level Crossing Upgrade program for 2021–22, VicTrack successfully delivered safety upgrades to the pedestrian crossing at the Old Calder Highway at Diggers Rest and the up end of the platform at Beaconsfield Station. At both sites VicTrack completed *Disability Discrimination Act* (DDA) compliant upgrades and installed electromagnetic emergency escape gates at the existing pedestrian crossings. These gates prevent pedestrians entering the crossing while a train is approaching, increasing safety.

### Electronic train orders

As part of the Bendigo and Echuca Line Upgrade being overseen by RPV, VicTrack is assisting V/Line to deliver a modernised electronic train order (ETO) system from Bendigo to Swan Hill and Echuca. The ETO system will help to enable additional services on the line.

Current train operation from North Bendigo Junction to Eaglehawk and Epsom is controlled using paper-based manual train orders. The need to issue manual train orders delays trains in the Bendigo, Epsom and Eaglehawk platforms and restricts any increase in service on these lines. Train service levels cannot be increased due to the safety implications of the paper-based system, which has been deemed as a risk by the Office of the National Rail Safety Regulator (ONRSR).

Specifically, VicTrack is managing the interface between the proposed ETO system and VicTrack's Regional Rail Communication Network, which facilitates communication between train controllers and train drivers. It is envisaged that once the ETO system is successfully deployed on the Bendigo to Echuca and Swan Hill lines, it can potentially be deployed on other regional lines in future.



## Car Parks for Commuters program

VicTrack is leading the delivery of more than 400 new and upgraded parking spaces across five regional train stations under the Victorian Government's Car Parks for Commuters program. Since 2014, the program has delivered almost 14,000 new and upgraded spaces at metropolitan and regional stations. VicTrack has delivered more than 3,800 spaces across programs including Car Parks for Commuters, Road and Rail Minor Works and Gippsland corridor upgrades.

In the latest package of works:

- 200 new and upgraded spaces will be built at North Shore Station, increasing the capacity of the car park by 140 spaces
- Beaufort Station will gain a new car park with 40 spaces, including two accessible spaces and 15 new bicycle hoops
- 100 spaces will be upgraded at Gisborne Station including four accessible spaces. The car park will be expanded to 270 spaces in total
- 50 new spaces, including one accessible space, will be added at Kyneton, increasing the station's capacity to 204
- parking at Riddells Creek Station will be increased by 50 spaces to 289 spaces, including three accessible spaces.

Over the past financial year, design works continued on each site. Planning works are underway including consultation with DELWP, Pyrenees Shire Council and Macedon Ranges Shire Council. Final designs were informed from community feedback on car park concept designs over 2021.

Following a competitive tender process, a contract to design and construct the five car parks was awarded. Construction on all car parks is expected to begin in the first quarter of 2022–23, with new car parks scheduled for completion by the end of 2022.



Piling works at Belgrave Station

## Belgrave Station car park

Construction is underway on a 640-space multi-deck car park at Belgrave Station VicTrack is delivering on behalf of DoT. The car park is VicTrack's biggest construction project to date. It will deliver more parking spaces, better pedestrian access for people of all abilities within the car park and bus interchange, new signage and landscaping as well as improvements to the bus interchange, car park entrance and roundabout.

Significant progress has been made on the project in the past financial year. A temporary car park was established next to Upwey High School with 170 spaces in March 2022, ahead of the closure of the original car park for construction works. The temporary car park fully offsets the closure of the original Belgrave car park and bus interchange. There is safe pedestrian access to Upwey Station with lighting and CCTV. Four bus bays have been installed on Belgrave–Gembrook Road with solar powered lighting.

Yarra Ranges Shire issued a planning permit for the car park and a contract for the design and construction was awarded in October 2021. Works commenced in March 2022. At the end of the financial year, demolition and all in-ground piling works were complete. The car park will open in mid-2023.

## Craigieburn Station car park

A new car park with 747 spaces opened at Craigieburn Station in July 2021, making train travel easier for commuters in Melbourne's rapidly growing outer northern suburbs.

VicTrack delivered this project through the Victorian Government's Car Parks for Commuters program with support by the Australian Government's Urban Congestion Fund.

The new car park was built along the eastern edge of the Hume Highway, east of the station, and is linked to the station via a new footpath. It features lighting, CCTV, and multiple entry and exit points. A signalised pedestrian crossing over Potter Street and an upgraded pedestrian crossing over the railway line provide safe station access.

## Ballarat Bus Station precinct

VicTrack successfully delivered Ballarat Station's new bus interchange as part of the redevelopment of the Ballarat Station precinct. The precinct works included a multi-storey car park, hotel, Goods Shed conference centre, access road and plaza. The first bus service arrived at the interchange in December 2021, following eight months of construction.

The interchange brings local buses closer to the station, making it easier and safer for commuters to access the station precinct and change between transport services. Car parking has also been provided for V/Line staff.

Bus parking has been removed from local streets and 12 new bus bays are now contained within the Ballarat Station precinct. There is also improved comfort and safety for station users with pedestrian crossings, CCTV, lighting, shelters and seating.

Under the new timetable introduced by the Department of Transport, Ballarat bus passengers benefit from dozens of extra services, extended hours and better connections to trains.



## Rail Crossing Technical services

The Rail Crossing Technical Group (RCTG) is made up of representatives from the rail industry who consider new technical-based initiatives and developments related to safety at level and pedestrian rail crossings.

The group delivers projects and services according to instructions from the Rail Crossing Safety Delivery Group (RCSDG). Project funding, including staff resources, is provided by DoT. VicTrack chaired the RCTG before the role was transferred to DoT in April 2022. VicTrack continues to play a key role in delivery of its projects and services.

At the start of the 2021–22 financial year, there were seven project streams in the plan, a balance of ongoing legacy projects and new initiatives to be identified and endorsed by the RCTG membership. During the year several new projects were proposed and endorsed by the RCTG. Three of them were included in upgrades to be executed in the 2022–23 financial year.

COVID-19 impacted the early stages of the program of works by preventing the start of site surveys, and road and pedestrian counts due to movement restrictions. These projects were prioritised and expedited once the restrictions were withdrawn and are on track for completion. Successful projects undertaken in 2021–22 included:

- trialling wireless wildlife cameras to study the use of occupational crossings
- surveys and counts completed for an Australian Level Crossing Assessment Model (ALCAM) data refresh, despite difficult COVID-19 movement restrictions
- trialling of new marking, new signage and new solutions to improve visibility of pedestrian crossing infrastructure at active pedestrian crossings
- a proof-of-concept trial to investigate the potential of a 3D-model created using drone photography for supplementing ALCAM surveys
- a Traffic Light Coordination project at New Street, Hampton, a legacy project which is now moving towards Phase 2 of the trial
- conducting a desktop study to identify synergies and differences in type-approval process followed by heavy rail operators in Victoria
- a road count data study validation project, which verifies whether road data from DoT Roads can be used for the ALCAM database and creating a tool to identify and upload data directly to ALCAM.

## Bendigo Tramways expansion

VicTrack is working with Regional Development Victoria and the City of Greater Bendigo to expand Bendigo Tramways' workshops and depot to:

- expand the Bendigo Tramways storage capacity for 30 more W-Class trams and other heritage rolling stock from both VicTrack's Newport Workshops and the former Bendigo Gasworks site
- upgrade the Bendigo Tramways workshop to meet current and future demand for heritage tram and vehicle restoration
- enhance the visitor experience at Bendigo Tramways and embed it as a key part of Central Victoria's tourism, heritage and cultural offerings, spurring local economy and employment.

On completion, the expanded facilities will support the growth of local manufacturing jobs as part of the resurgence of heavy manufacturing in Bendigo, and opportunities for skills development in the sector.

VicTrack's role has been to manage the project to the completion of the design phase – including conducting community consultation and obtaining planning and heritage permits – before a handover to the City of Greater Bendigo to manage the project locally through procurement and construction.

Community feedback on an initial concept design led to the design being further refined, with locals then given another chance to provide their input. The feedback received was taken into account when putting together the detailed development plan and informed the planning approvals process.

City of Greater Bendigo issued a tender in May 2022 for a construction contractor with construction expected to start later in 2022.



Dja Dja Wurrung tram at the Bendigo Tramways Depot





## Commercial activities

VicTrack employees overseeing operations at Dynon freight terminal



## Billboards and car parks

COVID-19's ongoing effects impacted the VicTrack commercial portfolio, including both billboards and car parks. Easing COVID-19 restrictions have seen better performance and we expect this to continue.

## Land sales program

VicTrack's annual land sales program sells land no longer needed for transport. These land releases make an important contribution to economic development, housing availability and various infrastructure projects, while supporting state government policy and initiatives.

During 2021–22 the land sales team achieved its budget by transacting five properties totalling \$3.57 million. This result includes selling Geelong North Lot 77 for \$2.5 million and Ringwood Easement for \$0.71 million.

## Commercial leases

The 2021–22 financial year has been another challenging year for real estate. VicTrack has some 1,500 commercial lease agreements across a range of business sectors. The ongoing impacts of COVID-19 are still heavily impacting tenant trading conditions, particularly those in retail or reliant on commuter, tourist, or CBD workers for business. Despite this, our commercial lease portfolio came in 3.2 per cent above budget.

With downward pressures on commercial rents combined with the potential for increased lease terminations and re-leasing challenges, we anticipate another difficult year for commercial leases in 2022–23.

## Aussie Broadband partnership

In September 2021, VicTrack and Aussie Broadband Ltd entered a Fibre Build and Lease Agreement to provide each other with access to our respective fibre networks throughout Victoria. This was the culmination of nearly 12 months' work by both parties and gives VicTrack access to most of the Victorian NBN Points of Interconnect. This will create several new revenue opportunities around NBN and NBN backhaul and allows VicTrack to expand our telecommunications network far beyond the rail corridor.

The partnership also benefits regional Victorians, as Aussie Broadband access to VicTrack's network allows it to further expand its fibre network. Given VicTrack is now also an NBN retail service provider, we are well placed to provide NBN to our existing customers as well as support the Victorian Government with its work to expand NBN connectivity into more communities across the state.

## Telecommunications commercial products

VicTrack provides a range of discretionary telecommunications products and services to transport partners, state government agencies and to other telecommunications agencies.

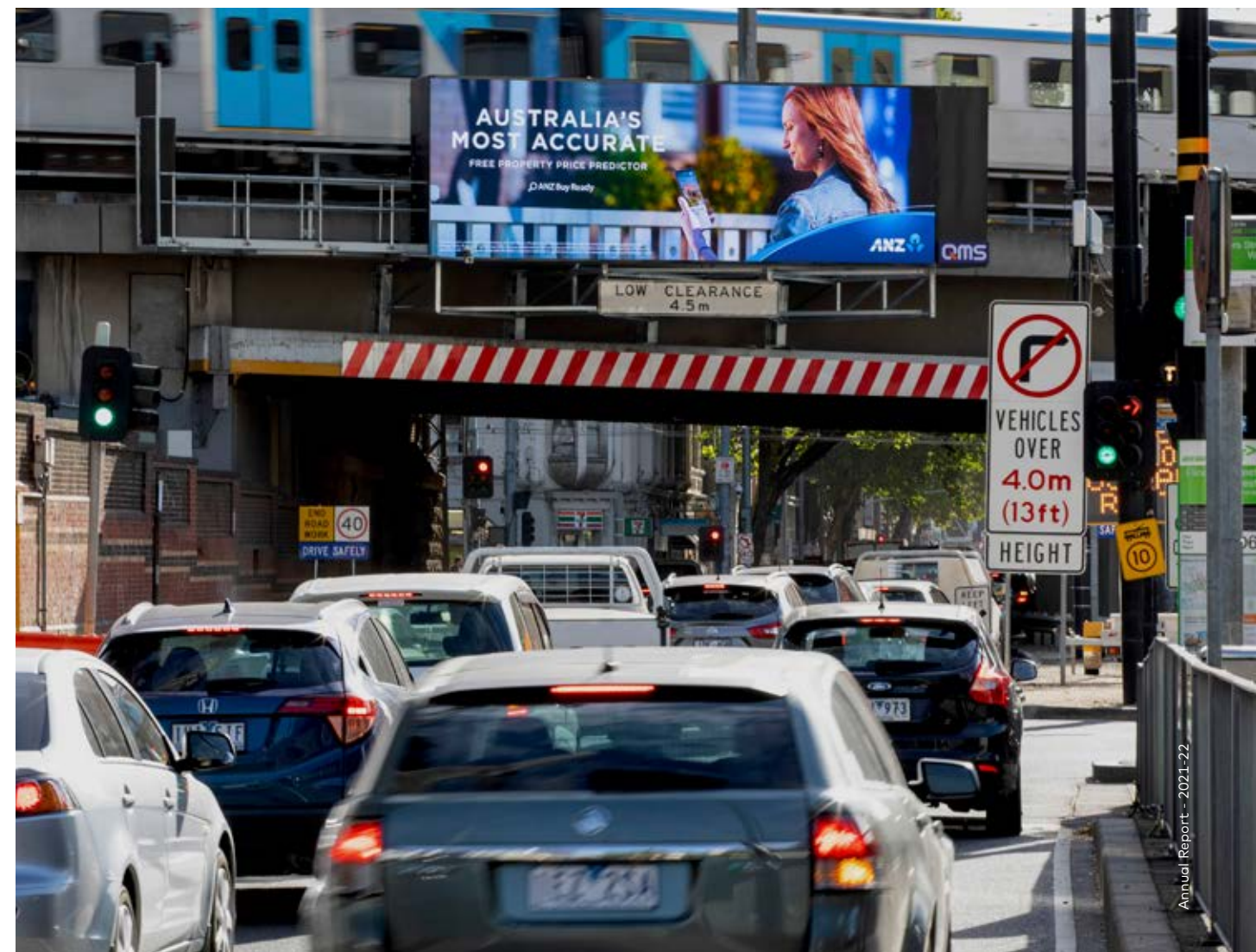
Over the past financial year, we have streamlined our product catalogue and developed standard products, features and pricing that meets the needs of our customers, leveraging the rollout of the TGSN.

Our Telflow configure, price and quote tool now supports a product catalogue across transport, government and wholesale sector customers.

Our developed and defined standard data products for the new TGSN platform will benefit customers and enhance our operational efficiencies. Using our product management framework, we have developed a comprehensive product strategy including a prioritised list of new products and features across all our customer segments.

A review of our data product pricing has led to a new competitive, pricing strategy.

Our new service level agreement (SLA) model for our telecommunications products will better cater to the needs of all our customer segments. Work on implementing the new SLA model is in progress.



Flinders Street billboard





# Reinvesting in communities

VicTrack reinvests revenue back into the community by contributing sponsorship to community environmental initiatives and making property or land available to benefit communities.

## Arts group thrives in restored rail buildings

The Yarragon and Trafalgar station buildings were refurbished in 2014 and 2015 as part of the first parcel of restorations in the Community Use of Vacant Rail Buildings Program. They are now headquarters for the 300-strong Baw Baw Arts Alliance (BBAA).

A rotating art display fills the rooms of The Station Gallery, Yarragon providing local artists with a comfortable space to work, display and sell their art. Trafalgar ArtSpace meanwhile is a thriving home for painting, mosaics, clay, printmaking, fibre activities as well as drawing and writing groups.

The BBAA's work extends across the broader Gippsland region, meaning the benefits of these conversions are spread far and wide.

Arts group in VicTrack's restored rail buildings





## Community leases

VicTrack's community lease program makes buildings and land available to a range of local government and community groups, helping to boost recreational space and supporting community initiatives. We provide leases at a fraction of commercial rental rates – one of the ways we invest back into communities.

In the 2021–22 financial year we had 407 leases in our community lease portfolio, including 24 new or extended leases. The community leases have enabled the establishment of rail trails, children's playgrounds and bowling greens as well as providing homes for art and youth groups.

## Community Use of Vacant Rail Buildings

Under the Victorian Government's Community Use of Vacant Rail Buildings Program, restoration works started in early 2022 on the:

- historic Harcourt Railway Station
- Newstead Goods Shed
- Woomelang Station
- heritage-listed Patchewollock Station and Goods Shed
- Korumburra Station.

The five projects were the first of 10 vacant rail buildings to be restored following a \$9 million Victorian Government funding injection.

The program transforms vacant rail buildings into valuable community assets for local communities and visitors. Activities that take place in previously restored buildings include community meetings, arts workshops, exhibitions and events, heritage displays and tourist information.

Construction works on Harcourt Station have been completed. Newstead, Woomelang and Patchewollock are expected to be completed in the coming months. Work has also commenced on the heritage-listed Korumburra Station and is due for completion in late 2022.

As part of a second parcel of works, five more priority sites have been identified with a tender for works to commence in early 2023 for Lal Lal, Lethbridge and Little River bluestone station buildings. The heritage-listed Casterton Station is also in the pipeline, together with the Nyora rail precinct, as part of the current funding commitment.



## Keep Australia Beautiful (Victoria) Stationeers

The Keep Australia Beautiful (Victoria) Stationeers program improves the look and feel of railway stations across Victoria. VicTrack has been a proud partner to this program since it was formed in 1994. The program enables community volunteers to undertake beautification works around railway station precincts across metropolitan Melbourne and regional Victoria. There are 41 active groups across Victoria, including 24 at Metro stations and 17 at V/Line stations.

In June 2022, the Stationeers sponsorship was extended for 12 months by VicTrack and partners Metro Trains Melbourne, V/Line and DoT.

## Environmental program (Landcare)

VicTrack's partnership with Landcare Australia continues to fund the protection and enhancement of areas of native vegetation on railway and other land by local Landcare volunteer groups. The five groups funded in 2021–22 have worked across the project sites on weed control, revegetation, habitat restoration, and protecting native flora and fauna species.

See Landcare Australia ([landcareaustralia.org.au/our-partners/corporate-partners/victrack](https://landcareaustralia.org.au/our-partners/corporate-partners/victrack)) for more on projects the partnership has funded this financial year.





## 2021–22 Audited financial statements



## Declaration by Chair and the Accountable Officer 30 June 2022

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position as at 30 June 2022 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 6 September 2022



**Geraldine Gray**

Chair

Dated: 6 September 2022



**Chris Olds**

Acting Chief Executive

Dated: 6 September 2022



## Comprehensive operating statement for the year ended 30 June 2022

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Continuing operations					
Revenue & income from transactions					
Telecommunication services	2.1	66,652	62,610	66,652	62,610
Property related income	2.2	39,175	28,400	39,175	28,400
Government contributions towards capital & related work	2.3	36,912	40,207	29,273	21,473
Other income	2.4	80,052	65,891	79,428	55,127
Capital asset charge	2.5	-	2,567,023	-	2,567,023
Total income from transactions		222,791	2,764,131	214,528	2,734,633
Expenses from transactions					
Employee benefits	3.2	49,804	51,044	49,804	51,044
Depreciation & amortisation	4.1.1	986,685	937,689	777,755	751,324
Finance costs		2,169	3,322	181	74
Capital asset charge	2.5	-	2,567,023	-	2,567,023
Supplies & services	3.3	31,805	35,949	31,805	35,949
Other expenses from ordinary activities	3.4	665,992	776,852	288,553	907,481
Total expenses from transactions		1,736,455	4,371,879	1,148,098	4,312,895
Net result from transactions (net operating balance)		(1,513,664)	(1,607,748)	(933,570)	(1,578,262)
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	8.4	2,421	11,173	2,421	11,173
Other gains/(losses) from other economic flows	8.4	45	(449)	45	(449)
Total other economic flows included in net result		2,466	10,724	2,466	10,724
Net result from continuing operations before tax		(1,511,198)	(1,597,024)	(931,104)	(1,567,538)
Tax equivalent benefit	3.5.1	(841,704)	100,198	(1,056,119)	477,617
Net result		(2,352,902)	(1,496,826)	(1,987,223)	(1,089,921)
Other economic flows - other comprehensive income					
Items that will not be reclassified to net results					
Changes in physical asset revaluation surplus		1,395,718	481,489	1,018,681	858,525
Income tax on physical asset revaluation surplus	3.5.1	1,366	2,106	1,367	2,106
Total other economic flows - other comprehensive income		1,397,084	483,595	1,020,048	860,631
Comprehensive result		(955,818)	(1,013,231)	(967,175)	(229,290)

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

## Balance sheet as at 30 June 2022

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Assets					
Financial assets					
Cash & deposits	5.5	39,222	49,635	37,983	48,581
Other financial assets		-	100	-	-
Trade & other receivables	6.1	27,994	45,426	27,902	45,060
Total financial assets		67,216	95,161	65,885	93,641
Non-financial assets					
Prepayments		3,700	4,523	3,700	4,523
Property, infrastructure, plant & equipment	4.1	41,750,480	39,074,306	37,200,119	34,969,409
Non-financial assets classified as held for sale	8.5	1,005	454	1,005	454
Total non-financial assets		41,755,185	39,079,283	37,204,824	34,974,386
Total assets		41,822,401	39,174,443	37,270,709	35,068,026
Liabilities					
Trade & other payables	6.2	90,606	103,752	89,935	103,031
Employee related provisions	3.2.1	12,856	12,777	12,856	12,777
Other provisions	6.3	6,762	5,483	6,762	5,483
Borrowings	5.1	43,504	48,447	12,577	11,510
Deferred tax liability	3.5.2	2,835,360	1,995,023	2,642,929	1,588,177
Total liabilities		2,989,088	2,165,482	2,765,059	1,720,978
Net assets		38,833,313	37,008,961	34,505,650	33,347,048
Equity					
Contributed capital	5.4	31,538,013	28,757,842	26,670,703	24,544,927
Physical asset revaluation surplus		15,803,760	14,406,676	15,359,757	14,339,709
Accumulated surplus/(deficit)		(8,508,460)	(6,155,557)	(7,524,810)	(5,537,588)
Net worth		38,833,313	37,008,961	34,505,650	33,347,048
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 2022

	Contributed capital	Physical asset revaluation surplus	Accumulated surplus/ (deficit)	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2021</b>				
Balance as 1 July 2020	31,694,121	13,923,081	(4,658,731)	40,958,471
Net result for the year	-	-	(1,496,826)	(1,496,826)
Other comprehensive income/(expense) for the year	-	483,595	-	483,595
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>483,595</b>	<b>(1,496,826)</b>	<b>(1,013,231)</b>
<b>Transactions with owners in their capacity as owners</b>				
Contributions returned to owners	(3,522,123)	-	-	(3,522,123)
Contributions by owners during the year	585,844	-	-	585,844
<b>Balance at 30 June 2021</b>	<b>28,757,842</b>	<b>14,406,676</b>	<b>(6,155,557)</b>	<b>37,008,961</b>
<b>Consolidated 2022</b>				
Balance as 1 July 2021	28,757,842	14,406,676	(6,155,557)	37,008,961
Net result for the year	-	-	(2,352,902)	(2,352,902)
Other comprehensive income/(expense) for the year	-	1,397,084	-	1,397,084
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>1,397,084</b>	<b>(2,352,902)</b>	<b>(955,818)</b>
<b>Transactions with owners in their capacity as owners</b>				
Contributions returned to owners	-	-	-	-
Contributions by owners during the year	2,780,171	-	-	2,780,171
<b>Balance at 30 June 2022</b>	<b>31,538,013</b>	<b>15,803,760</b>	<b>(8,508,460)</b>	<b>38,833,313</b>

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

	Contributed capital	Physical asset revaluation surplus	Accumulated surplus/ (deficit)	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Parent 2021</b>				
Balance as 1 July 2020	27,727,343	13,479,077	(4,447,666)	36,758,754
Net result for the year	-	-	(1,089,922)	(1,089,922)
Other comprehensive income/(expense) for the year	-	860,631	-	860,631
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>860,631</b>	<b>(1,089,922)</b>	<b>(229,291)</b>
<b>Transactions with owners in their capacity as owners</b>				
Transfer to fully owned subsidiaries	(246,137)	-	-	(246,137)
Contributions returned to owners	(3,522,123)	-	-	(3,522,123)
Contributions by owners during the year	585,844	-	-	585,844
<b>Balance at 30 June 2021</b>	<b>24,544,927</b>	<b>14,339,709</b>	<b>(5,537,588)</b>	<b>33,347,048</b>
<b>Parent 2022</b>				
Balance as 1 July 2021	24,544,927	14,339,709	(5,537,588)	33,347,048
Net result for the year	-	-	(1,987,223)	(1,987,223)
Other comprehensive income/(expense) for the year	-	1,020,048	-	1,020,048
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>1,020,048</b>	<b>(1,987,223)</b>	<b>(967,175)</b>
<b>Transactions with owners in their capacity as owners</b>				
Transfer to fully owned subsidiaries	-	-	-	-
Contributions returned to owners	-	-	-	-
Contributions by owners during the year	2,125,776	-	-	2,125,776
<b>Balance at 30 June 2022</b>	<b>26,670,703</b>	<b>15,359,757</b>	<b>(7,524,811)</b>	<b>34,505,649</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 2022

		Consolidated		Parent	
	Note	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash flows from operating activities					
Receipts					
Receipts from government & other entities		226,496	192,640	215,802	146,370
Interest received		90	76	89	75
Receipts from the Victorian Government for:					
– capital assets charge (*)		-	2,567,023	-	2,567,023
– capital & related works (inclusive of GST) & termination payments		31,222	23,518	31,222	23,518
Total receipts		257,808	2,783,257	247,113	2,736,986
Payments					
Suppliers (inclusive of GST) & employees		(200,312)	(140,264)	(199,476)	(132,870)
Interest & other costs of finance paid		(3,300)	(9,465)	(181)	(74)
Capital assets charge (*)		-	(2,567,023)	-	(2,567,023)
Goods & services tax paid to the ATO (**)		3,119	(4,179)	3,708	(2,080)
Total Payments		(200,493)	(2,720,931)	(195,949)	(2,702,047)
Net cash flows from/(used in) operating activities	5.5	57,315	62,326	51,164	34,939
Cash flows from investing activities					
Acquisition of property, plant & equipment		(65,581)	(54,883)	(65,581)	(54,883)
Proceeds from sale of property, plant & equipment		3,820	5,566	3,820	5,566
Net cash from/(used in) investing activities		(61,761)	(49,317)	(61,761)	(49,317)
Cash flows from financing activities					
Loan drawdown		-	10,000	-	10,000
Repayment of borrowings & principal portion leases liabilities		(5,966)	(27,459)	-	-
Net cash flows from/(used in) financing activities		(5,966)	(17,459)	-	10,000
Net increase/(decrease) in cash & cash equivalents		(10,412)	(4,450)	(10,597)	(4,378)
Cash & cash equivalents at the beginning of the financial year					
		49,635	54,086	48,581	52,959
Cash & cash equivalents at the end of the financial year	5.5	39,222	49,635	37,983	48,581

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

(\*) The receipt and payment of the capital assets charge and government capital contributions do not represent physical movements of cash between the Consolidated Entity and the Victorian Government.

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

## 1. About this report

This report represents the audited general-purpose financial statements for VicTrack and its controlled entities ("The Consolidated Entity") for the year ended 30 June 2022. The Consolidated Entity is a public statutory body established under section 8 of the *Rail Management Act 1996* and continued in existence under section 116 of the *Transport Integration Act 2010*. The purpose of the report is to provide users with information about the Consolidated Entity's stewardship of resources entrusted to it. The nature of the operations and principal activities of the Consolidated Entity are described in the Report of Operations, which does not form part of these financial statements.

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

### Basis of preparation

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

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

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

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

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

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

AASB 16 Leases is effective for annual reporting periods commencing on or after 1 January 2019. The Consolidated Entity adopted the AASB 16 for the reporting period beginning 1 July 2019 using the full retrospective method of transition. Consequently, the impact of the new standard has been calculated as if the standard had always applied, subject to the practical expedients permitted on transition.

Previously, the Consolidated Entity accounted for leases in accordance with AASB 117 Leases and AASB Interpretation 4 determining whether an arrangement contains a lease. The Consolidated Entity has elected to apply the grandfathering practical expedient on transition to AASB 16. This means that for arrangements entered into before 1 July 2019, the Consolidated Entity has not reassessed whether it is, or contains, a lease in accordance with the new AASB 16 lease definition. Consequently, existing contracts as at 1 July 2019 continued to be assessed per the previous accounting policy described below in accordance with AASB 117 and AASB Interpretation 4. Given this, the transition to and new requirements of AASB 16 Leases only apply to arrangements entered into, or modified after, 1 July 2019. For the year ending 30 June 2022 there have been no modifications to the existing leases and therefore the accounting treatment remains unchanged.



Basis of consolidation

In accordance with *AASB 10: 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 2022, and their income and expenses for that part of the reporting period in which control existed.

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

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business operations and the realisation of assets and settlement of liabilities in accordance with the normal course of business. The ability of the Consolidated Entity to continue paying its debts as and when they fall due is dependent on existing contractual arrangements for the provision of services to customers, acquisition of new rolling stock and payments to financiers with respect to rolling stock previously acquired under lease or finance, continuing to operate as originally intended. In respect of rolling stock previously acquired under lease or finance, the arrangements whereby the Department of Transport ("DoT") makes all payments to the lessors or financiers on behalf of the Consolidated Entity is confirmed by the Letter of Support provided by the DoT dated 28 July 2022 covering the period until September 2023. The funding of support is based on approved budget targets and applies while the Consolidated Entity remains in full state ownership.

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 of amounts

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"). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

The entity is a not-for-profit entity for reporting purposes under Australian Accounting Standards and *FRD 108 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 revenue and income that funds the delivery of our services

Continuing operations	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Income from transactions					
Telecommunication services	2.1	66,652	62,610	66,652	62,610
Property related income	2.2	39,175	28,400	39,175	28,400
Government contributions towards capital & related work	2.3	36,912	40,207	29,273	21,473
Other income	2.4	80,052	65,891	79,428	55,127
Capital asset charge	2.5	-	2,567,023	-	2,567,023
Total income from transactions		222,791	2,764,131	214,528	2,734,634

Revenue and income that fund delivery of the Consolidated Entity services are transactions that have been determined as revenue from contracts with customers in accordance with AASB 15 *Revenue from Contracts with Customers*.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Consolidated Entity recognises revenue when it transfers control of a good or service to the customer, i.e. when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Revenue from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises.
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.



## 2.1 Telecommunication services

Income from telecommunications services is recognised when the contractual performance obligations have been satisfied by the Consolidated Entity. Revenue from contracts with customers are recognised in accordance with AASB 15.

## 2.2 Property related income

Income from property services, advertising, and the property leasing portfolio is recognised when the contractual performance obligations have been satisfied by the Consolidated Entity. Revenue from contracts with customers are recognised in accordance with AASB 15.

## 2.3 Government contributions towards capital and related work

Income from grants and government contributions towards capital projects and related works are recognised progressively as the asset is constructed, based on percentage completion as specified in the contract or the funding agreement. Percentage of completion is determined by the costs incurred to date as a proportion of total project costs, as this most closely reflects the progress of construction works on site.

Income from grants and government contributions are accounted for as revenue from contracts with customers under AASB 15.

## 2.4 Other Income

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Interest income	90	76	89	75
Rolling stock lease income	244	10,667	-	-
Infrastructure management revenue	63,796	42,960	63,796	42,960
Other	15,923	12,188	15,543	12,093
<b>Total other income</b>	<b>80,053</b>	<b>65,891</b>	<b>79,428</b>	<b>55,128</b>

### 2.4.1 Interest income

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

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

## 2.4.2 Rolling Stock Lease Income

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

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

	2022 \$'000	2021 \$'000
<b>Non-cancellable operating lease receivables</b>		
Not longer than one year	-	361
Longer than one year but not longer than five years	-	-
<b>Total non-cancellable operating lease receivables</b>	<b>-</b>	<b>361</b>

## 2.4.3 Infrastructure management revenue

Infrastructure management revenue is income for operating construction works on public transport sites where VicTrack is best placed to deliver these works. They often form part of larger government funded projects that may ultimately be transferred to VicTrack through an equity transfer e.g. level crossing removals. The revenue is recognised progressively as the performance obligations of the contracts or funding agreements are satisfied. Infrastructure management revenue is accounted for as revenue from contracts with customers under AASB 15.

## 2.5 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. 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.

In 2021-22 DTF discontinued the Capital Asset Charge policy. There is no operational impact of this policy change as the income and expense are notional charges only, not transfers of cash that would need to be otherwise found by the Consolidated Entity to fund operations or reinvest. The net impact on the consolidated operating statement and consolidated cash flow statement is minimal given the income and expense net out to zero. There is no impact to the balance sheet.

	Consolidated		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Capital asset charge - income	-	2,567,023	-	2,567,023
Capital asset charge - expense	-	(2,567,023)	-	(2,567,023)
<b>Total capital asset charge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



### 3. The cost of delivering services

#### Introduction

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

#### 3.1 Expenses incurred in delivery of services

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Employee benefits	3.2	49,804	51,044	49,804	51,044
Supplies of services	3.3	31,805	35,949	31,805	35,949
Other expenses from ordinary activities	3.4	665,992	776,853	288,553	907,481
Capital asset charge	2.5	-	2,567,023	-	2,567,023
		<b>747,601</b>	<b>3,430,869</b>	<b>370,162</b>	<b>3,561,497</b>

#### 3.2 Employee benefits in the comprehensive operating statement

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Employee benefits				
Salaries & wages, annual leave & long service leave	37,822	37,568	37,822	37,568
Associated labour on-costs	3,720	3,412	3,720	3,412
Increase in provision for employee entitlements	2,475	2,579	2,475	2,579
Post employment benefits				
Superannuation contributions	5,563	5,106	5,563	5,106
Termination benefits	224	2,380	224	2,380
Total employee benefits	49,804	51,045	49,804	51,045

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

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

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

#### 3.2.1 Employee benefits in the Balance Sheet

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

Employee benefits	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current provisions</b>				
<b>Annual leave</b>				
Unconditional & expected to settle within 12 months	4,730	4,433	4,730	4,433
Unconditional & expected to settle after 12 months	193	157	193	157
<b>Long service leave</b>				
Unconditional & expected to settle within 12 months	477	446	477	446
Unconditional & expected to settle after 12 months	4,421	4,512	4,421	4,512
<b>Other employee benefits</b>				
Unconditional & expected to settle within 12 months	494	566	494	566
<b>Total current employee benefits</b>	<b>10,315</b>	<b>10,114</b>	<b>10,315</b>	<b>10,114</b>
<b>Provision for on-costs</b>				
Unconditional & expected to settle within 12 months	875	834	875	834
Unconditional & expected to settle after 12 months	706	715	706	715
<b>Total current on-costs</b>	<b>1,581</b>	<b>1,549</b>	<b>1,581</b>	<b>1,549</b>
<b>Total current provisions</b>	<b>11,896</b>	<b>11,663</b>	<b>11,896</b>	<b>11,663</b>
<b>Non-Current provisions</b>				
Employee benefits	833	967	833	967
On-costs	128	148	128	148
<b>Total non-current provisions</b>	<b>961</b>	<b>1,115</b>	<b>961</b>	<b>1,115</b>
<b>Total employee benefits provisions</b>	<b>12,856</b>	<b>12,777</b>	<b>12,856</b>	<b>12,777</b>



Employee benefits - wages, salaries, annual leave and sick 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, and annual 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.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Employee benefits - long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

On-costs on employee benefits

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

3.2.2 Superannuation contributions

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

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

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

Superannuation Fund <sup>a</sup>	30 June 2022 Contributions paid \$'000	Contributions outstanding as at 30 June 2022 \$'000	30 June 2021 Contributions paid \$'000	Contributions outstanding as at 30 June 2021 \$'000
Defined benefit plans <sup>b</sup>				
Transport Superannuation Scheme	255	29	290	31
State Superannuation Scheme	49	5	122	13
Defined contribution plans				
VicSuper	1,721	194	1,794	189
Other	3,515	396	2,928	309
Total superannuation contributions	5,540	624	5,134	542

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

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

3.3 Supplies and services

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Property services (including land tax)	9,922	10,104	9,922	10,104
Telecommunications expenses	7,998	7,984	7,998	7,984
Contract & other payments	13,885	17,861	13,885	17,861
Total supplies & services	31,805	35,949	31,805	35,949

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



### 3.4 Other expenses from ordinary activities

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Bad debts		32	396	32	131,139
Insurance premiums		829	802	829	802
Legal fees		1,225	2,239	1,225	2,239
Occupancy costs		2,430	2,332	2,430	2,332
Customer construction expense		71,589	45,277	71,589	45,277
Error in recognition of fixed assets	8.6.1	577,770	715,104	200,734	715,104
Other expenses		12,117	10,702	11,714	10,588
<b>Total other operating expenses</b>		<b>665,992</b>	<b>776,851</b>	<b>288,553</b>	<b>907,481</b>

Other operating expenses generally represent the day to day running costs incurred in normal operations and also includes customer construction expense. There were no loans written off from VicTrack with its consolidated entities in 2022 (2021: \$130.0m).

#### Customer construction expenses

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

### 3.5 National tax equivalent regime

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

#### 3.5.1 Tax equivalent expense

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Income tax</b>				
Current income tax (expense)/benefit	-	150,145	-	120,312
Derecognition of tax losses	(1,132,806)	-	(1,218,816)	-
Adjustment in respect of current income tax of previous years	-	(386,832)	-	-
Deferred income tax	291,102	336,885	162,697	357,304
<b>Total income tax (expense)/benefit</b>	<b>(841,704)</b>	<b>100,198</b>	<b>(1,056,119)</b>	<b>477,617</b>

#### Income tax reconciliation

Accounting profit/(loss) before tax	(1,511,198)	(1,597,024)	(931,104)	(1,567,538)
Income tax (expense)/benefit at company tax rate of 30%	453,360	480,062	279,331	431,039
Derecognition of prior periods tax losses	(1,132,806)	-	(1,218,815)	-
Current period unbooked tax losses	(162,093)	-	(116,760)	-
Prior year's income tax adjustments & non-allowable items	(165)	(379,864)	125	46,578
<b>Total income tax (expense)/benefit</b>	<b>(841,704)</b>	<b>100,198</b>	<b>(1,056,119)</b>	<b>477,617</b>

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

(Increase)/decrease in deferred tax liabilities	(321)	191	(320)	191
Increase/(decrease) in deferred tax assets	(841,383)	336,694	(1,055,799)	357,113
<b>Total income tax (expense)/benefit</b>	<b>(841,704)</b>	<b>336,885</b>	<b>(1,056,119)</b>	<b>357,304</b>

#### Amounts charged directly to equity

<b>Revaluation reserves</b>				
Revaluation of plant & equipment	1,367	2,106	1,367	2,106

#### 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.

During the year it was assessed that it is not probable that taxable profit will be available against which the unused tax losses can be utilised. On this basis, the deferred tax asset for carried forward losses has not been recognised. This is detailed in note 8.7.1.

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deferred tax assets					
The balance comprises temporary differences attributable to:					
Finance lease liability		773	-	773	655
Accrued leave		3,857	3,833	3,857	3,833
Provisions		2,029	1,645	2,029	1,645
Doubtful debts		493	338	492	338
Accelerated depreciation		829,612	539,535	820,352	658,015
Losses available for offset	8.7.1	-	1,132,806	-	1,218,815
Total deferred tax assets		836,764	1,678,157	827,503	1,883,302
Deferred tax liabilities					
The balance comprises temporary differences attributable to:					
Revaluation of plant & equipment		(3,671,350)	(3,672,720)	(3,469,658)	(3,471,026)
Finance lease assets		(774)	(453)	(774)	(453)
Fair value of loan		-	(9)	-	-
Total deferred tax liabilities		(3,672,124)	(3,673,181)	(3,470,432)	(3,471,478)
Net deferred tax assets/(liabilities)		(2,835,360)	(1,995,023)	(2,642,929)	(1,588,177)
Movement in deferred tax assets/(liabilities)					
Opening balance		(1,995,023)	(2,097,327)	(1,588,177)	(2,067,900)
Charged to income tax expense		291,102	336,885	162,697	357,304
Charged to equity		1,367	2,106	1,367	2,106
Derecognition of tax losses		(1,132,806)	(236,687)	(1,218,816)	120,312
Closing balance		(2,835,360)	(1,995,023)	(2,642,929)	(1,588,177)



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.

Significant Judgement

In contracts where the Consolidated Entity is a lessor, it determines whether the lease is an operating lease or finance lease at the inception of the lease. The Consolidated Entity has entered into leases on its infrastructure. The Consolidated Entity has determined that it retains substantially all the significant risks and rewards of ownership of the infrastructure. Thus, at inception the Consolidated Entity has classified the leases as operating leases. Lessor accounting in accordance with AASB 16 is substantially unchanged from the requirements pursuant to the previous standard. Lessors continue to classify all leases using the same classification principles pursuant to the previous standard (refer to Note 1 Basis of Presentation).

4.1 Total property, infrastructure, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying value	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated						
Land	9,408,106	8,385,148	-	-	9,408,106	8,385,148
Buildings & structures	11,127,638	10,491,072	(377,125)	(186,965)	10,750,513	10,304,107
Track	6,055,623	5,903,116	(382,003)	(190,047)	5,673,620	5,713,069
Earthworks	5,637,966	5,017,414	-	-	5,637,966	5,017,414
Signals & communications	4,166,466	3,894,917	(496,700)	(257,021)	3,669,766	3,637,896
Plant & equipment	6,870,317	5,992,960	(576,235)	(277,558)	6,294,082	5,715,402
Intangible - software & licences	294,160	275,175	(262,444)	(228,113)	31,716	47,062
WIP	284,712	254,207	-	-	284,712	254,207
Net carrying amount	43,844,988	40,214,009	(2,094,507)	(1,139,704)	41,750,481	39,074,305

Parent						
Land	9,408,107	8,385,148	-	-	9,408,107	8,385,148
Buildings & structures	11,127,638	10,491,072	(377,125)	(186,965)	10,750,513	10,304,107
Track	6,055,623	5,903,116	(382,003)	(190,047)	5,673,620	5,713,069
Earthworks	5,637,966	5,017,414	-	-	5,637,966	5,017,414
Signals & communications	4,166,466	3,894,917	(496,700)	(257,021)	3,669,766	3,637,896
Plant & equipment	1,924,660	1,701,692	(180,939)	(91,192)	1,743,721	1,610,500
Intangible - software & licences	294,160	275,175	(262,444)	(228,113)	31,716	47,062
WIP	284,712	254,207	-	-	284,712	254,207
Net carrying amount	38,899,332	35,922,741	(1,699,211)	(953,338)	37,200,121	34,969,403



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

	Land	Buildings & structures	Track	Earthworks	Signals & communications	Plant & equipment	Intangible - software & licences	WIP	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2022									
Carrying amount at 1 July 2021	8,385,149	10,304,107	5,713,069	5,017,414	3,637,896	5,715,402	47,062	254,207	39,074,308
Additions	575	-	-	-	-	-	-	2,845,198	2,845,773
Disposals	(2,732)	(7,600)	(77)	-	(197,619)	-	-	-	(208,028)
Asset held for sale	-	-	-	-	-	-	-	-	-
Revaluation movement	1,025,114	-	-	-	-	-	-	-	1,025,114
Depreciation charge for the year	-	(192,223)	(191,958)	-	(268,204)	(299,969)	(34,331)	-	(986,685)
Transfers	-	646,228	152,586	620,552	497,693	878,649	18,985	(2,814,693)	-
Carrying value at 30 June 2022	9,408,106	10,750,512	5,673,620	5,637,966	3,669,766	6,294,082	31,716	284,712	41,750,480
Consolidated 2021									
Carrying amount at 1 July 2020	7,508,182	8,814,920	4,522,269	4,512,078	2,686,148	4,866,348	73,581	10,138,632	43,122,160
Additions	3,447	-	-	-	-	255	-	630,500	634,202
Disposals	(2,431)	(6,035)	-	-	-	(503)	-	(709,069)	(718,038)
Assets held for sale	-	-	-	-	-	-	-	-	-
Revaluation movement	872,832	-	-	-	-	(377,036)	-	-	495,796
Depreciation charge for the year	-	(186,965)	(190,047)	-	(257,021)	(277,138)	(26,519)	-	(937,690)
Transfers	3,119	1,682,187	1,380,847	505,336	1,208,769	1,503,476	-	(9,805,856)	(3,522,122)
Carrying value at 30 June 2021	8,385,149	10,304,107	5,713,069	5,017,414	3,637,896	5,715,402	47,062	254,207	39,074,306



	Land	Buildings & structures	Track	Earthworks	Signals & communications	Plant & equipment	Intangible - software & licences	WIP	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent 2022									
Carrying amount at 1 July 2021	8,385,149	10,304,107	5,713,069	5,017,414	3,637,896	1,610,505	47,062	254,207	34,969,410
Additions	575	-	-	-	-	-	-	2,190,804	2,191,379
Disposals	(2,732)	(7,600)	(77)	-	(197,619)	-	-	-	(208,028)
Asset held for sale	-	-	-	-	-	-	-	-	-
Revaluation movement	1,025,114	-	-	-	-	-	-	-	1,025,114
Depreciation charge for the year	-	(192,223)	(191,958)	-	(268,204)	(91,039)	(34,331)	-	(777,755)
Transfers	-	646,228	152,586	620,552	497,693	224,255	18,985	(2,160,299)	-
Carrying value at 30 June 2022	9,408,106	10,750,512	5,673,620	5,637,966	3,669,766	1,743,721	31,716	284,712	37,200,119

Parent 2021									
Carrying amount at 1 July 2020	7,508,182	8,814,920	4,522,269	4,512,078	2,686,148	1,343,911	73,581	9,238,908	38,699,998
Additions	3,447	-	-	-	-	255	-	281,437	285,139
Disposals	(2,431)	(6,035)	-	-	-	(503)	-	(709,069)	(718,038)
Assets held for sale	-	-	-	-	-	-	-	-	-
Revaluation movement	872,832	-	-	-	-	-	-	-	872,832
Depreciation charge for the year	-	(186,965)	(190,047)	-	(257,021)	(90,773)	(26,519)	-	(751,325)
Transfers	3,119	1,682,187	1,380,847	505,336	1,208,769	357,615	-	(8,557,069)	(3,419,196)
Carrying value at 30 June 2021	8,385,149	10,304,107	5,713,069	5,017,414	3,637,896	1,610,505	47,062	254,207	34,969,409



### Initial recognition

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

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

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

### Right-of-use asset acquired by lessees – Initial measurement

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

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

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

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

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

### Intangible - Software & licences

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

### Subsequent measurement

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

Where an independent valuation has not been undertaken at balance date, VicTrack perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices. An adjustment is recognised if the assessment concludes that the fair value has changed by 10% or more since the last revaluation. Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. If the assessment indicates a change equal to or in excess of 40%, VicTrack would obtain an interim independent valuation prior to the next scheduled independent valuation.

The last independent valuation of non-financial physical assets was at 30 June 2020 by the VGV. The managerial assessment performed at 30 June 2022 indicated an overall increase in fair value of land of 12% \$1,025m. The assessment of the indices on buildings indicated a movement of less than the 10% threshold and did not require a managerial revaluation.

### Specialised land

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

Rail corridor land is based on the assessed market value of the land and is discounted in accordance with the VGV's Community Service Obligations. 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, earthworks, and plant and equipment

Specialised buildings, infrastructure assets and plant and equipment assets are valued using the current 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 certain rolling stocks and motor vehicles that are subject to financing.

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

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

### High Capacity Metro Trains (HCMT) Project

Operator: Evolution Rail Consortium (Evolution Rail)

Concession period: 30 years

Operational funding: Partial Service Payment (PSP), QSP

In November 2016, the State entered into a project agreement with Evolution Rail. Under the contract, the operator will design, build, commission and finance a fleet of 65 high capacity trains, a depot at Pakenham East (including a train maintenance facility (TMF) and a stabling yard), a light service facility (LSF) at Calder Park and two simulators. The stabling yard will be returned to the State once constructed for on-going maintenance, while Evolution Rail will be responsible for the maintenance of other constructed assets for a period of 30 years, until 2053.

The State is contracted to make PSP payments (represents pro-rata payments to Project Co during the phased delivery of the HCMT) commencing from the 5th HCMT to enter service until commencement of the QSP at provisional acceptance of all 65 HCMT sets.

Upon completion of the construction of the assets the Department of Transport on behalf of the State will transfer the assets to the Consolidated Entity.



4.1.1 Depreciation and amortisation charge for the period

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Buildings & structures	192,223	186,965	192,223	186,965
Track	191,958	190,047	191,958	190,047
Signals & communications	268,204	257,021	268,204	257,021
Plant & equipment	299,969	277,138	91,039	90,773
Intangibles software & licences	34,331	26,519	34,331	26,519
Total depreciation & amortisation	986,685	937,690	777,755	751,325

Estimation of useful lives

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

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

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 2.0%	100 to 50 years
Track	1.0% to 3.3%	100 to 30 years
Signals & communications	2.0% to 14.3%	50 to 7 years
Plant & equipment and leased plant & equipment	1.25% to 2.0%	80 to 50 years
Software & licences	3.0% to 14.3%	33 to 7 years
Rolling stock	2.5% to 3.3%	40 to 30 years

Indefinite life assets

Land and earthworks, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

4.1.2 Impairment of non-financial physical assets

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

5. How we financed our operations

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

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

5.1 Borrowings

	Note	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Secured loan		40,927	46,937	10,000	10,000
Lease liability	5.2	2,577	1,510	2,577	1,510
Total borrowings		43,504	48,447	12,577	11,510

Reconciled by

Current

Secured loan	4,522	7,943	-	-
Lease liabilities	1,263	854	1,263	854
Total current borrowings	5,785	8,797	1,263	854

Non-current

Secured loan	36,405	38,994	10,000	10,000
Lease liabilities	1,314	656	1,314	656
Total non-current borrowings	37,719	39,650	11,314	10,656
Total borrowings	43,504	48,447	12,577	11,510

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

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

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

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

Fair value, maturity and risks

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

Defaults and breaches

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



5.2 Lease liabilities

Information about leases impacting the Consolidated Entity is presented below.

The Consolidated Entity leasing activities

The Consolidated entity leases IT equipment and a building with contract term less than 3 years. These are short-term and/or leases of low value items. The Consolidated Entity has elected not to recognise the right-of-use assets and lease liabilities for these leases.

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

Consolidated Entity as lessee - motor vehicles

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Interest expense on lease liabilities	48	37	48	37
Payment of liabilities	499	395	499	395
Total amount recognised in the Comprehensive income statement & Statement of cashflows	547	432	547	432

Total commitments payable				
Within one year	1,263	854	1,263	854
One year or later & not later than five years	1,378	698	1,378	698
Later than five years	-	-	-	-
Minimum lease payments	2,641	1,552	2,641	1,552
Less				
Recoverable GST	-	-	-	-
Future lease charges	(64)	(42)	(64)	(42)
Present value of minimum lease payments	2,577	1,510	2,577	1,510

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

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

Separation of lease and non-lease components

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

Recognition and measurement of leases as a lessee

Lease liability – Initial measurement

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

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

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

Lease liability – Subsequent measurement

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

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

Short-term leases and leases of low value assets

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

Presentation of right-of-use assets and lease liabilities

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

Recognition and measurement of leases

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

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

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

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

Leases relating to the introduction of new rolling stock have an average lease term of 15 years (2021: 15 years).

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

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

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

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

### 5.4 Equity and movements in equity

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

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

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

#### Consolidated Entity contributed capital

	Capital 1 July 2021 \$'000	Transfer In capital \$'000	Transfer out capital \$'000	Capital 30 June 2022 \$'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 <sup>a</sup>	24,740,323	2,780,171	-	27,520,494
<b>Total assets</b>	<b>28,764,802</b>	<b>2,780,171</b>	<b>-</b>	<b>31,544,973</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>28,757,842</b>	<b>2,780,171</b>	<b>-</b>	<b>31,538,013</b>

	Capital 1 July 2020 \$'000	Transfer In capital \$'000	Transfer out capital \$'000	Capital 30 June 2021 \$'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 <sup>a</sup>	27,676,602	585,844	(3,522,123)	24,740,323
<b>Total assets</b>	<b>31,701,081</b>	<b>585,844</b>	<b>(3,522,123)</b>	<b>28,764,802</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>31,694,121</b>	<b>585,844</b>	<b>(3,522,123)</b>	<b>28,757,842</b>

(a) As part of the asset transfer process from the Department of Transport, the Works in Progress balances were transferred to the Consolidated Entity, as well as any completed assets. In FY2021, the Works in Progress balances were transferred back to the Department, and now only completed assets are transferred to the Consolidated Entity.

As a result, the Consolidated Entity no longer holds or receives any Works in Progress from the Department. This category will remain "Works in Progress / Other Assets" for the purposes of disclosing the FY2021 capital transfers out. Moving forward, the reference to Works in Progress will be removed.



## Parent Entity contributed capital

	Capital 1 July 2021 \$'000	Transfer In capital \$'000	Transfer out capital \$'000	Capital 30 June 2022 \$'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	116,114	-	-	116,114
Works in progress/other assets <sup>a</sup>	20,533,437	2,125,776	-	22,659,213
<b>Total assets</b>	<b>24,551,885</b>	<b>2,125,776</b>	<b>-</b>	<b>26,677,661</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>24,544,927</b>	<b>2,125,776</b>	<b>-</b>	<b>26,670,703</b>

	Capital 1 July 2020 \$'000	Transfer In capital \$'000	Transfer out capital \$'000	Capital 30 June 2021 \$'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	116,114	-	-	116,114
Works in progress/other assets <sup>a</sup>	23,715,853	585,844	(3,768,260)	20,533,437
<b>Total assets</b>	<b>27,734,301</b>	<b>585,844</b>	<b>(3,768,260)</b>	<b>24,551,885</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>27,727,343</b>	<b>585,844</b>	<b>(3,768,260)</b>	<b>24,544,927</b>

(a) As part of the asset transfer process from the Department of Transport, the Works in Progress balances were transferred to the Consolidated Entity, as well as any completed assets. In FY2021, the Works in Progress balances were transferred back to the Department, and now only completed assets are transferred to the Consolidated Entity.

As a result, the Consolidated Entity no longer holds or receives any Works in Progress from the Department. This category will remain "Works in Progress / Other Assets" for the purposes of disclosing the FY2021 capital transfers out. Moving forward, the reference to Works in Progress will be removed.

## 5.5 Cash flow information and balances

### Cash and deposits

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
General fund	37,222	6,157	36,974	6,093
Investments Treasury Corporation of Victoria (TCV)	2,000	43,479	1,009	42,489
<b>Total cash &amp; deposits</b>	<b>39,222</b>	<b>49,635</b>	<b>37,983</b>	<b>48,581</b>

General fund account and Investments in TCV are carried at cost. These funds are ear marked for use on future infrastructure improvement projects. Cash in the general fund account is interest bearing equivalent to the 11.00am cash rate less a fixed premium agreed by the Consolidated Entity and the bank 0.00% (2021: 0.00%). Investment with TCV bears interest at 0.68% (2021: 0.05%).

### 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.

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net result for the period after tax	(2,352,902)	(1,496,826)	(1,987,223)	(1,089,922)
<b>Adjustments for non-cash movements</b>				
Depreciation & amortisation of non-current assets	986,685	937,689	777,755	751,324
Fair value adjustments	2	(9)	-	-
Impairment of Property, infrastructure, plant & equipment	-	-	-	-
Error in recognition of fixed assets	577,770	715,104	200,734	715,104
(Gain)/loss on disposal of non-current assets	(2,466)	(11,173)	(2,466)	(11,173)
Changes in assets/liabilities				
- Increase/(decrease) in tax liability	841,759	(103,139)	1,054,796	(479,723)
- Increase/(decrease) in provisions	1,358	(978)	1,358	(978)
- (Increase)/decrease in prepayments	823	338	823	338
- (Increase)/decrease in receivables	17,432	(10,404)	17,158	118,317
- Increase/(decrease) in other payables	(13,146)	31,724	(11,772)	31,652
<b>Net cash flow from/(used in) operating activities</b>	<b>57,315</b>	<b>62,326</b>	<b>51,164</b>	<b>34,939</b>



## 5.6 Commitments

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

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

### Capital commitments

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Capital commitments</b>				
Within one year	73,775	15,262	73,775	15,262
One year or later & not later than five years	2,548	-	2,548	-
Later than five years	-	-	-	-
<b>Total capital commitments</b>	<b>76,323</b>	<b>15,262</b>	<b>76,323</b>	<b>15,262</b>

### Service Concession Arrangements

For arrangements within the scope of AASB 1059, at initial recognition the Consolidated Entity records a Service Concession Asset (SCA) at current replacement cost in accordance with the cost approach to fair value under AASB 13 Fair Value Measurement, with a related liability, which could be a financial liability, an accrued revenue liability (referred to as the 'Grant Of A Right To The Operator' or GORTO liability) or a combination of both.

The Consolidated Entity has reviewed all of its arrangements and determined that it has no service concession arrangement commitments as at 30 June 2022 (2021: nil). The Consolidated Entity has no associated liability as at 30 June 2022 (2021: nil).

## 6. Other assets and liabilities

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

### 6.1 Trade and other receivables

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Contractual</b>				
Receivables	29,640	46,552	29,548	46,186
Allowance for impairment losses of contractual receivables	(1,646)	(1,126)	(1,646)	(1,126)
<b>Total receivables</b>	<b>27,994</b>	<b>45,426</b>	<b>27,902</b>	<b>45,060</b>
<b>Reconciled by</b>				
<b>Current</b>				
Receivables	29,640	46,462	29,548	46,096
Allowance for impairment losses of contractual receivables	(1,646)	(1,126)	(1,646)	(1,126)
<b>Total current receivables</b>	<b>27,994</b>	<b>45,336</b>	<b>27,902</b>	<b>44,970</b>
<b>Non-current</b>				
Receivables	-	90	-	90
Allowance for impairment losses of contractual receivables	-	-	-	-
<b>Total non-current receivables</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>90</b>
<b>Total receivables</b>	<b>27,994</b>	<b>45,426</b>	<b>27,902</b>	<b>45,060</b>

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

### Impairment of receivables

Trade receivables are non-interest bearing and are generally on 30 day terms from the date of invoicing. Where debts become past due, an assessment is made of collectability. When there is objective evidence that an individual trade receivable is impaired, a provision for impairment is recognised. A provision of \$1,646,000 (2021: \$1,126,000) has been recognised by the Consolidated Entity and \$1,646,000 (2021: \$1,126,000) 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 \$7,873,286 (2021: \$11,476,000); Parent \$7,873,286 (2021: \$11,476,000).

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

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 July	1,126	210	1,126	210
Increase in provision for impairment recognised during the year	552	1,312	552	1,312
Receivables written down during the year	(32)	(396)	(32)	(396)
Amounts reversed during the year	-	-	-	-
<b>Total</b>	<b>1,646</b>	<b>1,126</b>	<b>1,646</b>	<b>1,126</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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade & other payables	90,606	103,752	89,935	103,031
Total trade & other payables	90,606	103,752	89,935	103,031
Reconciled by				
Current trade & other payables				
Contractual				
Supplies and services	30,689	28,025	30,098	28,025
Amounts payable to government & agencies	23,537	37,360	23,537	36,638
Other contractual payables	3,230	3,152	3,196	3,152
Total current contractual payables	57,456	68,537	56,831	67,816
Statutory				
FBT payable	261	65	261	65
GST payable	1,113	2,342	1,067	2,342
Other statutory payables	29,556	30,408	29,556	30,408
Total current statutory payables	30,930	32,815	30,884	32,815
Total current trade & other payables	88,386	101,352	87,715	100,631
Non current trade & other payables				
Contractual				
Supplies & services	2,220	2,400	2,220	2,400
Other contractual payables	-	-	-	-
Total non-current contractual payables	2,220	2,400	2,220	2,400
Total trade & other payables	90,606	103,752	89,935	103,031

Payables consist of:

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

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

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

Risk exposure and maturity analysis

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

6.3 Other provisions

Other provisions amount to \$6.8m (2021: \$5.5m). Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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



7. Risks, contingencies and valuations

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

7.1 Fair value determinations

Significant judgement

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

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

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

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

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

Fair value hierarchy

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

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

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

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

How this section is structured

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

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

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

7.1.1 Fair value of non-financial assets

	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2022 Consolidated					
Land	9,408,106	-	656,801	8,751,305	9,408,106
Buildings & structures	10,750,512	-	-	10,750,512	10,750,512
Track	5,673,620	-	-	5,673,620	5,673,620
Earthworks	5,637,966	-	-	5,637,966	5,637,966
Signals & communications	3,669,766	-	-	3,669,766	3,669,766
Property & equipment	6,294,082	-	-	6,294,082	6,294,082
Total non-financial assets	41,434,052	-	656,801	40,777,251	41,434,052

2022 Parent					
Land	9,408,106	-	656,801	8,751,305	9,408,106
Buildings & structures	10,750,512	-	-	10,750,512	10,750,512
Track	5,673,620	-	-	5,673,620	5,673,620
Earthworks	5,637,966	-	-	5,637,966	5,637,966
Signals & communications	3,669,766	-	-	3,669,766	3,669,766
Property & equipment	1,743,721	-	-	1,743,721	1,743,721
Total non-financial assets	36,883,691	-	656,801	36,226,890	36,883,690

2021 Consolidated					
Land	8,385,149	-	656,801	7,728,348	8,385,149
Buildings & structures	10,304,107	-	-	10,304,107	10,304,107
Track	5,713,069	-	-	5,713,069	5,713,069
Earthworks	5,017,414	-	-	5,017,414	5,017,414
Signals & communications	3,637,896	-	-	3,637,896	3,637,896
Property & equipment	5,715,402	-	-	5,715,402	5,715,402
Total non-financial assets	38,773,036	-	656,801	38,116,236	38,773,037

2021 Parent					
Land	8,385,149	-	656,801	7,728,348	8,385,149
Buildings & structures	10,304,107	-	-	10,304,107	10,304,107
Track	5,713,069	-	-	5,713,069	5,713,069
Earthworks	5,017,414	-	-	5,017,414	5,017,414
Signals & communications	3,637,896	-	-	3,637,896	3,637,896
Property & equipment	1,610,505	-	-	1,610,505	1,610,505
Total non-financial assets	34,668,140	-	656,801	34,011,339	34,668,140

The Consolidated Entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 (except for land) for recurring fair value measurements during the year. There were no transfers in and out of level 3 (except for land) measurements during the year.



Valuation techniques used to determine fair values

Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the Community Service Obligation (CSO) where applicable to reflect the specialised nature of the land being valued.

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

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

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

A managerial revaluation is required when management’s assessment of land and building values has moved greater than 10% but less than 40%. The managerial assessment performed at 30 June 2022, based on VGV indices, indicated an overall increase in fair value of land of 12% (\$1,025m). The assessment of the indices on buildings indicated a movement of less than the 10% threshold and did not require a managerial revaluation.

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 the VGV. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2020.

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2022.

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 and level 2 items for the period ended 30 June 2022 for recurring fair value measurements:

	Parent & Consolidated				
	Land	Buildings & structures	Track	Earthworks	Signals & communications
	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000
Opening balance 1 July 2021	8,385,149	10,304,107	5,713,069	5,017,414	3,637,896
Additions	575	-	-	-	-
Disposals	(2,732)	(7,600)	(77)	-	(197,619)
Asset held for sale	-	-	-	-	-
Revaluation movement	1,025,114	-	-	-	-
Depreciation	-	(192,223)	(191,958)	-	(268,204)
Transfers	-	646,228	152,586	620,552	497,693
Total	9,408,106	10,750,512	5,673,620	5,637,966	3,669,766

	Parent	Consolidated
	Plant & equipment	Plant & equipment
	2022 \$'000	2022 \$'000
Opening balance 1 July 2021	1,610,505	5,715,402
Additions	-	-
Disposals	-	-
Revaluation movement	-	-
Depreciation	(91,039)	(299,969)
Transfers	224,255	878,649
Total	1,743,721	6,294,082



Parent & Consolidated					
	Land	Buildings & structures	Track	Earthworks	Signals & communications
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
Opening balance 1 July 2020	7,508,182	8,814,920	4,522,269	4,512,078	2,686,148
Additions	3,447	-	-	-	-
Disposals	(2,431)	(6,035)	-	-	-
Assets held for sale	-	-	-	-	-
Revaluation movement	872,832	-	-	-	-
Depreciation	-	(186,965)	(190,047)	-	(257,021)
Transfers	3,119	1,682,187	1,380,847	505,336	1,208,769
Total	8,385,149	10,304,107	5,713,069	5,017,414	3,637,896

	Parent	Consolidated
	Plant & equipment	Plant & equipment
	2021 \$'000	2021 \$'000
Opening balance 1 July 2020	1,343,911	4,866,348
Additions	255	255
Disposals	(503)	(503)
Revaluation movement	-	(377,036)
Depreciation	(90,773)	(277,138)
Transfers	357,615	1,503,476
Total	1,610,505	5,715,402

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



## 7.1.2 Fair value determination of financial assets and liabilities

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

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- 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 2021-22 reporting period.

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

### Fair value of financial instruments measured at amortised cost

	2022		2021	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>Consolidated</b>				
<b>Financial assets</b>				
Cash assets	39,222	39,222	49,635	49,635
Other financial assets	-	-	100	100
Trade & other receivables	27,994	27,994	45,426	45,426
<b>Total financial assets</b>	<b>67,216</b>	<b>67,216</b>	<b>95,161</b>	<b>95,161</b>
<b>Financial liabilities</b>				
Trade & other payables	(59,676)	(59,676)	(70,937)	(70,937)
Borrowings	(43,504)	(43,408)	(48,447)	(59,114)
<b>Total financial liabilities</b>	<b>(103,180)</b>	<b>(103,084)</b>	<b>(119,384)</b>	<b>(130,051)</b>
<b>Net financial assets</b>	<b>(35,964)</b>	<b>(35,868)</b>	<b>(24,223)</b>	<b>(34,890)</b>

	2022		2021	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>Parent</b>				
<b>Financial assets</b>				
Cash assets	37,983	37,983	48,581	48,581
Trade & other receivables	27,902	27,902	45,060	45,060
<b>Total financial assets</b>	<b>65,885</b>	<b>65,885</b>	<b>93,641</b>	<b>93,641</b>
<b>Financial liabilities</b>				
Trade & other payables	(59,051)	(59,051)	(70,215)	(70,215)
Borrowings	(12,577)	(12,577)	(11,510)	(11,510)
<b>Total financial liabilities</b>	<b>(71,628)</b>	<b>(71,628)</b>	<b>(81,725)</b>	<b>(81,725)</b>
<b>Net financial assets</b>	<b>(5,743)</b>	<b>(5,743)</b>	<b>11,916</b>	<b>11,916</b>

## 7.2 Contingent assets and contingent liabilities

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

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

### Contingent assets

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

The Consolidated Entity has no contingent assets as at 30 June 2022 and 30 June 2021.

### Contingent liabilities

Contingent liabilities are:

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

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

### Non-quantifiable contingent liabilities

A number of potential obligations are non-quantifiable at this time arising from:

- indemnities provided in relation to transactions, including financial arrangements and consultancy services, as well as for directors and administrators;
- performance guarantees, warranties, letters of comfort and the like; and
- deeds in respect of certain obligations

There are no known material contingent liabilities currently non quantifiable.



### Environmental and property contingent liabilities

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

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

### Indemnities

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

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

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

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

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

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

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

## 7.3 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Consolidated Entity's activities, certain financial assets and financial liabilities arise under statute rather than a contract e.g. taxes. Such assets and liabilities do not meet the definition of financial instruments in *AASB 132: Financial Instruments: Presentation*.

### Categories of financial assets

#### Financial assets at amortised cost

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

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

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

The Consolidated Entity recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

#### Financial assets at fair value through other comprehensive income

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

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

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

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

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

#### Financial assets at fair value through net result

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

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

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



Categories of financial liabilities

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

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

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

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

Offsetting financial instruments

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

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

Derecognition of financial assets

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

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

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

Reclassification of financial instruments

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

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



### 7.3.1 Categorisation of financial instruments:

	Cash & deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2022</b>				
<b>Contractual financial assets</b>				
Cash & deposits	39,222	-	-	39,222
Other financial assets	-	-	-	-
Trade & other receivables	-	27,994	-	27,994
<b>Total contractual financial assets</b>	<b>39,222</b>	<b>27,994</b>	<b>-</b>	<b>67,216</b>
<b>Contractual financial liabilities</b>				
Trade & other payables	-	-	59,676	59,676
Secured loan	-	-	40,927	40,927
Lease liabilities	-	-	2,577	2,577
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>	<b>103,180</b>	<b>103,180</b>
<b>Consolidated 2021</b>				
<b>Contractual financial assets</b>				
Cash & deposits	49,635	-	-	49,635
Other financial assets	-	100	-	100
Trade & other receivables	-	45,426	-	45,426
<b>Total contractual financial assets</b>	<b>49,635</b>	<b>45,526</b>	<b>-</b>	<b>95,161</b>
<b>Contractual financial liabilities</b>				
Trade & other payables	-	-	70,937	70,937
Secured loan	-	-	46,937	46,937
Lease liability	-	-	1,510	1,510
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>	<b>119,384</b>	<b>119,384</b>

	Cash & deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
	\$'000	\$'000	\$'000	\$'000
<b>Parent 2022</b>				
<b>Contractual financial assets</b>				
Cash & deposits	37,983	-	-	37,983
Other financial assets	-	-	-	-
Trade & other receivables	-	27,902	-	27,902
<b>Total contractual financial assets</b>	<b>37,983</b>	<b>27,902</b>	<b>-</b>	<b>65,885</b>
<b>Contractual financial liabilities</b>				
Trade & other payables	-	-	59,051	59,051
Secured loan	-	-	10,000	10,000
Lease liabilities	-	-	2,577	2,577
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>	<b>71,628</b>	<b>71,628</b>
<b>Parent 2021</b>				
<b>Contractual financial assets</b>				
Cash & deposits	48,581	-	-	48,581
Other financial assets	-	-	-	-
Trade & other receivables	-	45,060	-	45,060
<b>Total contractual financial assets</b>	<b>48,581</b>	<b>45,060</b>	<b>-</b>	<b>93,641</b>
<b>Contractual financial liabilities</b>				
Trade & other payables	-	-	70,215	70,215
Secured loan	-	-	10,000	10,000
Lease liability	-	-	1,510	1,510
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>	<b>81,725</b>	<b>81,725</b>



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

	Net holding gain/(loss)	Total interest income/ expense	Fee income/ (expense)	Impairment loss	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2022</b>					
<b>Contractual financial assets</b>					
Equity investments designated at fair value through other comprehensive income – recognised in other comprehensive income	-	-	-	-	-
Financial assets at amortised cost – other than on derecognition	-	90	-	(1,646)	(1,556)
<b>Total contractual financial assets</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>(1,646)</b>	<b>(1,556)</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	2,169	-	-	2,169
Financial liabilities designated at fair value through profit/loss	-	-	-	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>2,169</b>	<b>-</b>	<b>-</b>	<b>2,169</b>
<b>Consolidated 2021</b>					
<b>Contractual financial assets</b>					
Equity investments designated at fair value through other comprehensive income – recognised in other comprehensive income	-	-	-	-	-
Financial assets at amortised cost – other than on derecognition	-	76	-	(1,126)	(1,050)
<b>Total contractual financial assets</b>	<b>-</b>	<b>76</b>	<b>-</b>	<b>(1,126)</b>	<b>(1,050)</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	3,322	-	-	3,322
Financial liabilities designated at fair value through profit/loss	-	-	-	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>3,322</b>	<b>-</b>	<b>-</b>	<b>3,322</b>

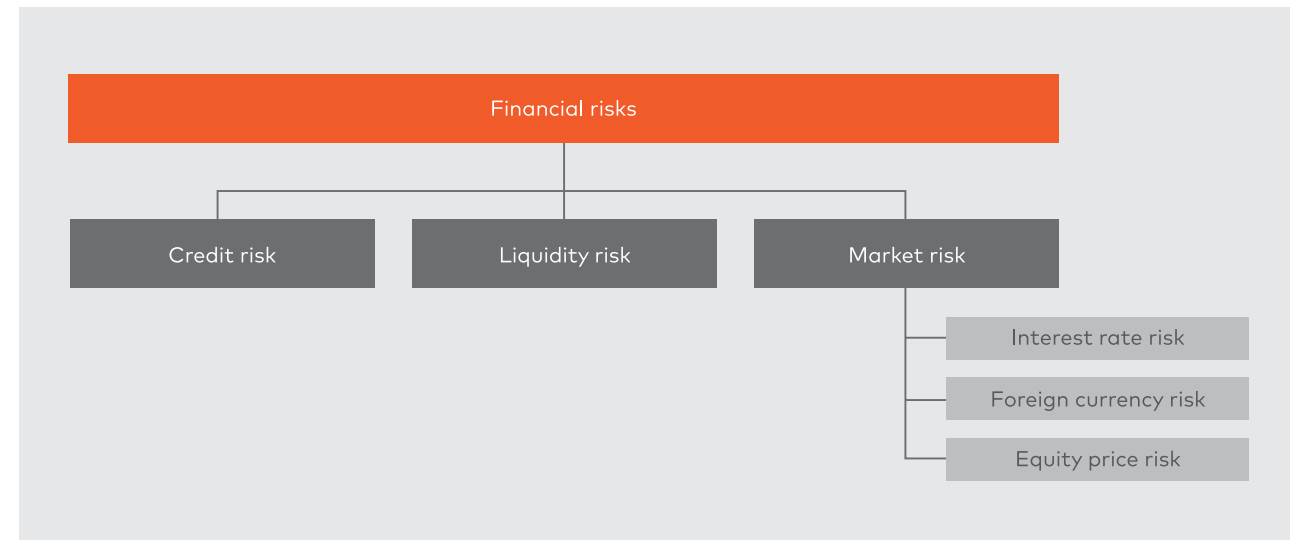
	Net holding gain/(loss)	Total interest income/ expense	Fee income/ (expense)	Impairment loss	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Parent 2022</b>					
<b>Contractual financial assets</b>					
Equity investments designated at fair value through other comprehensive income – recognised in other comprehensive income	-	-	-	-	-
Financial assets at amortised cost – other than on derecognition	-	89	-	(1,646)	(1,557)
<b>Total contractual financial assets</b>	<b>-</b>	<b>89</b>	<b>-</b>	<b>(1,646)</b>	<b>(1,557)</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	181	-	-	181
Financial liabilities designated at fair value through profit/loss	-	-	-	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>181</b>	<b>-</b>	<b>-</b>	<b>181</b>
<b>Parent 2021</b>					
<b>Contractual financial assets</b>					
Equity investments designated at fair value through other comprehensive income – recognised in other comprehensive income	-	-	-	-	-
Financial assets at amortised cost – other than on derecognition	-	75	-	(1,126)	(1,051)
<b>Total contractual financial assets</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>(1,126)</b>	<b>(1,051)</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	74	-	-	74
Financial liabilities designated at fair value through profit/loss	-	-	-	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>74</b>



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

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

### 7.3.3 Financial risk management



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

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

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

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

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

### Market risk

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

### Interest rate risk

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

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

Interest earned on cash assets is equivalent to the 11.00am cash rate less a fixed premium agreed by the Consolidated Entity and the bank. The weighted average interest rate for the year ended 30 June 2022 was 0.683% (2021: 0.5%). Earnings from interest vary according to movements in the 11.00am cash rate.

There are no funds on deposit in 2022. Interest income from funds on deposit in 2021 was fixed at 5.15%.

	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non Interest bearing
	%	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2022</b>					
<b>Financial assets</b>					
Cash & deposits	0.683	39,222	-	39,222	-
Other financial assets	n/a	-	-	-	-
Trade & other receivables	n/a	27,994	-	-	27,994
<b>Total financial assets</b>		<b>67,216</b>	<b>-</b>	<b>39,222</b>	<b>27,994</b>
<b>Financial liabilities</b>					
Trade & other payables	n/a	59,676	-	-	59,676
Secured loan	0.20 - 1.10	40,927	40,927	-	-
Lease liabilities	3.15	2,577	2,577	-	-
<b>Total financial liabilities</b>		<b>103,180</b>	<b>43,504</b>	<b>-</b>	<b>59,676</b>
<b>Consolidated 2021</b>					
<b>Financial assets</b>					
Cash & deposits	0.46	49,635	-	49,635	-
Other financial assets	5.15	100	100	-	-
Trade & other receivables	n/a	45,426	-	-	45,426
<b>Total financial assets</b>		<b>95,161</b>	<b>100</b>	<b>49,635</b>	<b>45,426</b>
<b>Financial liabilities</b>					
Trade & other payables	n/a	70,937	-	-	70,937
Secured loan	5.37 - 6.59	46,937	46,937	-	-
Lease liabilities	3.15	1,510	1,510	-	-
<b>Total financial liabilities</b>		<b>119,384</b>	<b>48,447</b>	<b>-</b>	<b>70,937</b>



### Interest rate exposure of financial instruments

	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non Interest bearing
	%	\$'000	\$'000	\$'000	\$'000
<b>Parent 2022</b>					
<b>Financial assets</b>					
Cash & deposits	0.05	37,983	-	37,983	-
Trade & other receivables	n/a	27,902	-	-	27,902
<b>Total financial assets</b>		<b>65,885</b>	<b>-</b>	<b>37,983</b>	<b>27,902</b>
<b>Financial liabilities</b>					
Trade & other payables	n/a	59,051	-	-	59,051
Secured loan	0.265	10,000	10,000	-	-
Lease liabilities	3.15	2,577	2,577	-	-
<b>Total financial liabilities</b>		<b>71,628</b>	<b>12,577</b>	<b>-</b>	<b>59,051</b>
<b>Parent 2021</b>					
<b>Financial assets</b>					
Cash & deposits	0.47	48,581	-	48,581	-
Other financial assets	-	-	-	-	-
Trade & other receivables	n/a	45,060	-	-	45,060
<b>Total financial assets</b>		<b>93,640</b>	<b>-</b>	<b>48,581</b>	<b>45,060</b>
<b>Financial liabilities</b>					
Trade & other payables	n/a	70,216	-	-	70,215
Secured loan	0.265	10,000	10,000	-	-
Lease liabilities	3.15	1,510	1,510	-	-
<b>Total financial liabilities</b>		<b>81,725</b>	<b>11,510</b>	<b>-</b>	<b>70,215</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 (2021: 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	Interest rate risk	
		-1%	1%
		Net result \$'000	Net result \$'000
	\$'000		
<b>Consolidated 2022</b>			
<b>Financial assets</b>			
Cash assets	39,222	(392)	392
<b>Total increase/(decrease)</b>		<b>(392)</b>	<b>392</b>
<b>Consolidated 2021</b>			
<b>Financial assets</b>			
Cash assets	49,635	(496)	496
<b>Total increase/(decrease)</b>		<b>(496)</b>	<b>496</b>
<b>Parent 2022</b>			
<b>Financial assets</b>			
Cash assets	37,983	(380)	380
<b>Total increase/(decrease)</b>		<b>(380)</b>	<b>380</b>
<b>Parent 2021</b>			
<b>Financial assets</b>			
Cash assets	48,581	(486)	486
<b>Total increase/(decrease)</b>		<b>(486)</b>	<b>486</b>

### Credit risk

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

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

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

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

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

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

There has been no material change to the Consolidated Entity's credit risk profile in 2021-22.

### 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 (AA credit rating)	Other (unrated)	Total
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2022</b>				
Cash & deposits	37,222	2,000	-	39,222
Trade & other receivables	-	-	27,994	27,994
Other financial assets	-	-	-	-
<b>Total financial assets</b>	<b>37,222</b>	<b>2,000</b>	<b>27,994</b>	<b>67,216</b>
<b>Parent 2022</b>				
Cash & deposits	36,974	1,009	-	37,983
Trade & other receivables	-	-	27,902	27,902
Other financial assets	-	-	-	-
<b>Total financial assets</b>	<b>36,974</b>	<b>1,009</b>	<b>27,902</b>	<b>65,885</b>
<b>Consolidated 2021</b>				
<b>Contractual financial assets</b>				
Cash & deposits	6,157	43,479	-	49,635
Trade & other receivables	-	-	45,426	45,426
Other financial assets	100	-	-	100
<b>Total financial assets</b>	<b>6,257</b>	<b>43,479</b>	<b>45,426</b>	<b>95,161</b>
<b>Parent 2021</b>				
Cash & deposits	6,093	42,826	-	48,581
Trade & other receivables	-	-	45,060	45,060
Other financial assets	-	-	-	-
<b>Total financial assets</b>	<b>6,093</b>	<b>42,826</b>	<b>45,060</b>	<b>93,641</b>

### Impairment of financial assets under AASB 9

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

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

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

### Ageing analysis of contractual financial assets

	Carrying amount	Not past due and not impaired	Past due but not impaired			Impaired financial assets
			1-90 days	91-180 days	Over 180 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2022</b>						
<b>Financial assets</b>						
Cash & deposits	39,222	39,222	-	-	-	-
Other financial assets	-	-	-	-	-	-
Trade & other receivables	27,994	19,998	7,682	1,544	293	(1,645)
<b>Total financial assets</b>	<b>67,216</b>	<b>59,220</b>	<b>7,682</b>	<b>1,544</b>	<b>293</b>	<b>(1,645)</b>
<b>Parent 2022</b>						
<b>Financial assets</b>						
Cash & deposits	37,983	37,983	-	-	-	-
Other financial assets	-	-	-	-	-	-
Trade & other receivables	27,902	19,905	7,682	1,544	293	(1,645)
<b>Total financial assets</b>	<b>65,885</b>	<b>57,888</b>	<b>7,682</b>	<b>1,544</b>	<b>293</b>	<b>(1,645)</b>
<b>Consolidated 2021</b>						
<b>Financial assets</b>						
Cash & deposits	49,635	49,635	-	-	-	-
Other financial assets	100	100	-	-	-	-
Trade & other receivables	45,426	33,950	9,826	796	854	(1,126)
<b>Total financial assets</b>	<b>95,161</b>	<b>83,685</b>	<b>9,826</b>	<b>796</b>	<b>854</b>	<b>(1,126)</b>
<b>Parent 2021</b>						
<b>Financial assets</b>						
Cash & deposits	48,581	48,581	-	-	-	-
Other financial assets	-	-	-	-	-	-
Trade & other receivables	45,060	33,584	9,826	796	854	(1,126)
<b>Total financial assets</b>	<b>93,641</b>	<b>82,164</b>	<b>9,826</b>	<b>796</b>	<b>854</b>	<b>(1,126)</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 \$23 million (2021: \$27 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 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2022</b>					
<b>Liquid financial assets</b>					
Cash assets	39,222	-	-	39,222	39,222
Trade & other receivables	27,994	-	-	27,994	27,994
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>67,216</b>	<b>-</b>	<b>-</b>	<b>67,216</b>	<b>67,216</b>
<b>Financial liabilities</b>					
Trade & other payables	57,456	2,220	-	59,676	59,676
Secured loan	4,522	36,405	-	40,927	40,927
Finance lease	1,263	1,314	-	2,577	2,577
<b>Total financial liabilities</b>	<b>63,241</b>	<b>39,939</b>	<b>-</b>	<b>103,180</b>	<b>103,180</b>
<b>Net inflow/(outflow)</b>	<b>3,975</b>	<b>(39,939)</b>	<b>-</b>	<b>(35,964)</b>	<b>(35,964)</b>
<b>Consolidated 2021</b>					
<b>Liquid financial assets</b>					
Cash assets	49,635	-	-	49,635	49,635
Trade & other receivables	45,426	-	-	45,426	45,426
Other financial assets	-	100	-	100	100
<b>Total financial assets</b>	<b>95,061</b>	<b>100</b>	<b>-</b>	<b>95,161</b>	<b>95,161</b>
<b>Financial liabilities</b>					
Trade & other payables	70,937	-	-	70,937	70,937
Secured loan	7,943	38,994	-	46,937	46,937
Finance lease	854	656	-	1,510	1,510
<b>Total financial liabilities</b>	<b>79,734</b>	<b>39,650</b>	<b>-</b>	<b>119,384</b>	<b>119,384</b>
<b>Net inflow/(outflow)</b>	<b>15,327</b>	<b>(39,550)</b>	<b>-</b>	<b>(24,223)</b>	<b>(24,223)</b>

Contractual maturities of financial instruments	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Parent 2022</b>					
<b>Liquid financial assets</b>					
Cash assets	37,983	-	-	37,983	37,983
Trade & other receivables	27,902	-	-	27,902	27,902
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>65,885</b>	<b>-</b>	<b>-</b>	<b>65,885</b>	<b>65,885</b>
<b>Financial liabilities</b>					
Trade & other payables	56,831	2,220	-	59,051	59,051
Secured loan	-	10,000	-	10,000	10,000
Finance lease	1,263	1,314	-	2,577	2,577
<b>Total financial liabilities</b>	<b>58,094</b>	<b>13,534</b>	<b>-</b>	<b>71,628</b>	<b>71,628</b>
<b>Net inflow/(outflow)</b>	<b>7,791</b>	<b>(13,534)</b>	<b>-</b>	<b>(5,743)</b>	<b>(5,743)</b>
<b>Parent 2021</b>					
<b>Liquid financial assets</b>					
Cash assets	48,581	-	-	48,581	48,581
Trade & other receivables	45,060	-	-	45,060	45,060
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>93,641</b>	<b>-</b>	<b>-</b>	<b>93,641</b>	<b>93,641</b>
<b>Financial liabilities</b>					
Trade & other payables	70,215	-	-	70,215	70,215
Secured loan	-	10,000	-	10,000	10,000
Finance lease	854	656	-	1,510	1,510
<b>Total financial liabilities</b>	<b>71,069</b>	<b>10,656</b>	<b>-</b>	<b>81,725</b>	<b>81,725</b>
<b>Net inflow/(outflow)</b>	<b>22,572</b>	<b>(10,656)</b>	<b>-</b>	<b>11,916</b>	<b>11,916</b>

8. Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

8.1 Responsible Persons

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

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

Responsible Ministers

The Hon Jacinta Allan MP, Minister for Transport Infrastructure

The Hon Ben Carroll 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	
Dr Collette Burke	1 July 2015 – Director	
Jenny Dawson	1 October 2020 - Director	
Daniel O'Brien	1 August 2018 – Director	
Paul White	1 September 2021 - Director	
Randall Straw	1 September 2017 – Director	31 August 2021

Accountable Officer

The position of Chief Executive is the Accountable Officer.

During the period of the report, Campbell A. Rose AM, the appointed Chief Executive, was the Accountable Officer prior to going on extended leave. Chris Olds was appointed as Acting Chief Executive and is currently the Accountable Officer while Mr Rose is on leave.

Remuneration of Responsible Persons:

Remuneration paid or payable to Responsible Persons during the year was

Income band	Consolidated		Parent	
	2022 No.	2021 No.	2022 No.	2021 No.
Less than \$10,000	-	1	-	1
\$10,000 to \$19,999	1	1	1	1
\$40,000 to \$49,999	1	1	1	1
\$50,000 to \$59,999	3	3	3	3
\$90,000 to \$99,999	-	1	-	1
\$100,000 to \$109,999	1	-	1	-
\$550,000 to \$559,999	1	-	1	-
\$600,000 to \$609,999	-	1	-	1

Total remuneration of responsible persons: \$884,714 (2021: \$939,910)

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 2022 year included the total salary package received during the year and a performance bonus relating to the 30 June 2021 year.

8.2 Executive Officers' remuneration

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

Remuneration comprises employee benefits (as defined in AASB 119 *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.

**Termination benefits** include termination of employment payments, such as severance packages.

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

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

Remuneration of executive officers	Total remuneration	
	2022 \$'000	2021 \$'000
Short term employee benefits	5,467	6,431
Post-employment benefits	491	529
Other long-term benefits	76	213
Termination benefits	32	272
<b>Total remuneration</b>	<b>6,066</b>	<b>7,445</b>
Total number of executives	25.0	31.0
Total annualised employee equivalents	22.1	26.4



## 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	
		2022	2021
Rolling Stock Holdings (Victoria) Pty Limited	Australia	100%	100%
– Rolling Stock (Victoria - VL) Pty Limited	Australia	100%	100%
– Rolling Stock (VL-1) Pty Limited	Australia	100%	100%
– Rolling Stock (VL-2) Pty Limited	Australia	100%	100%
– Rolling Stock (VL-3) Pty Limited	Australia	100%	100%

Related parties of the Consolidated Entity include:

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

### VicTrack and Eloque LLC, Eloque Pty Ltd, Eloque USA, Eloque Ltd

Eloque is a joint venture between the Victorian State government and PARC, through PARC's parent company, Xerox who are tasked with commercialising FiBridge - an innovative technology that seeks to revolutionise the management and maintenance of bridge assets. VicTrack is not a shareholder of any of the Eloque entities, nor is there any common directorship. However, Campbell Rose holds dual roles of Chief Executive of VicTrack and Chief Executive Eloque. Mr Rose is a Key Management Personnel of VicTrack and is in a position of significantly influence at Eloque, therefore resulting in the Eloque Entities being a related party of VicTrack. During 2021-22 transactions totalling \$9,849,033 relating to installation of FiBridge technology on 30 locations was expensed by VicTrack under a Memorandum of Understanding with the Head, Transport for Victoria. No revenues had been paid to VicTrack by Eloque.

## Significant transactions with government-related entities

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

Descriptions	2022 \$'000	2021 \$'000
<b>Department of Transport (DoT)</b>		
Contributions received for repayment of borrowings in relation to acquisition of rolling stocks	7,640	18,734
Net equity contributions received / (returned)	2,780,172	(2,936,279)
Infrastructure management, construction & other services provided	55,055	21,473
Receivables for infrastructure management, construction & other services provided	5,115	10,816
<b>Treasury Corporation of Victoria (TCV)</b>		
Interest expense paid during the financial for loans in relation to acquisition of rolling stocks	1,983	2,833
Cash & deposits with TCV as at 30 June	2,000	43,479
Loan balances owed to TCV as at 30 June	40,927	46,581
<b>V/Line Corporation</b>		
Leasing of rolling stock to V/Line Corporation through the State of Victoria	244	10,667
Telecommunication & other services provided	16,977	16,422
Receivables for telecommunication & other services provided	1,635	1,836
<b>Department of Treasury and Finance (DTF)</b>		
Capital asset charge	-	2,567,023

## Key management personnel

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

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

Name	Position
Campbell A. Rose AM	Chief Executive (part year)
Chris Olds	Deputy Chief Executive Acting Chief Executive (part year)
Anna Vourtsis	Executive General Manager Communications & Engagement (part year)
Kerry Yu	Executive General Manager Communications & Engagement (part year)
Lee Anne Harris	Executive General Manager Business Services
Kristen Georgakopoulos	Executive General Manager People & Culture
Peter Chau	Executive General Manager Property Group (part year)
Ranee Christopher	Executive General Manager Property (part year)
Andrew Santana	Acting Executive General Manager Property (part year)
Bruce Moore	Executive General Manager Telecommunications Group
Ian Burton	Executive General Manager Project Delivery Group

### Key management personnel compensation

Compensation of KMPs	2022 \$'000	2021 \$'000
Short term employee benefits	3,025	3,172
Post-employment benefits	222	200
Termination benefits	32	-
Other long-term benefits	48	41
<b>Total compensation of KMPs</b>	<b>3,327</b>	<b>3,413</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 existing at 30 June 2022 (2021: nil).

## 8.4 Other economic flows included in net result

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

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Net gain/(loss) on non-financial assets</b>				
Impairment of property, plant & equipment	-	-	-	-
Net gain on disposal or property, plant & equipment	2,421	11,173	2,421	11,173
<b>Total net gain/(loss) on non-financial assets</b>	<b>2,421</b>	<b>11,173</b>	<b>2,421</b>	<b>11,173</b>
<b>Other gains/(losses) from other economic flows</b>				
Other gains/(losses) from revaluation of long service liability	564	468	564	468
Allowance for impairment losses of contractual receivables	(520)	(917)	(520)	(917)
<b>Total other gains/(losses) from other economic flows</b>	<b>45</b>	<b>(449)</b>	<b>45</b>	<b>(449)</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

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Non-current assets</b>				
Land held for sale	1,005	454	1,005	454
<b>Total non-financial assets classified as held for sale</b>	<b>1,005</b>	<b>454</b>	<b>1,005</b>	<b>454</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; and
- the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

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

## 8.6 Correction of a prior period error

### 8.6.1 Error in treatment of asset write offs

The 2020-21 revaluation of fixed assets identified that VicTrack were transferred assets with insufficient attribute information with a net book value of \$200,733,952 (2021: \$715,103,665). As these assets were capitalised over the past decade, the ability to subsequently obtain attribute information was unachievable, and management determined these assets were to be written off. In 2020-21, the adjustment was recognised through 'Other economic flows included in net result' as an asset impairment.

Upon further consideration, management believe that the assets were in fact received in error and should never have been capitalised. As such, the write off should have been a cost incurred in normal operations and not an asset impairment. This requires the assets to be written off in error in 2021-22, and the comparative period to be adjusted. The impact on the consolidated operating statement is displayed below, with no impact on the comprehensive result. There is no impact to the balance sheet or cash flow statement.



Impact of adjustment on the consolidated operating statement	For the period ended 30 June 2022	For the period ended 30 June 2021 (restated)	Adjustment	For the period ended 30 June 2021 as previously stated
	\$'000	\$'000	\$'000	\$'000
<b>Continuing operations</b>				
<b>Revenue &amp; income from transactions</b>				
Telecommunication services	66,652	62,610	-	62,610
Property related income	39,175	28,400	-	28,400
Government contributions towards capital & related work	38,043	40,207	-	40,207
Other income	80,052	65,891	-	65,891
Capital asset charge	-	2,567,023	-	2,567,023
<b>Total income from transactions</b>	<b>223,922</b>	<b>2,764,131</b>	<b>-</b>	<b>2,764,131</b>
<b>Expenses from transactions</b>				
Employee benefits	49,804	51,044	-	51,044
Depreciation & amortisation	986,685	937,689	-	937,689
Finance costs	3,300	3,322	-	3,322
Capital asset charge	-	2,567,023	-	2,567,023
Supplies & services	31,805	35,949	-	35,949
Other expenses from ordinary activities	665,992	776,852	715,104	61,748
<b>Total expenses from transactions</b>	<b>1,736,455</b>	<b>4,371,879</b>	<b>715,104</b>	<b>3,656,776</b>
<b>Net result from transactions (net operating balance)</b>	<b>(1,513,664)</b>	<b>(1,607,748)</b>	<b>715,104</b>	<b>(892,645)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	2,421	11,173	(715,104)	(703,931)
Other gains/(losses) from other economic flows	45	(449)	-	(449)
<b>Total other economic flows included in net result</b>	<b>2,466</b>	<b>10,724</b>	<b>(715,104)</b>	<b>(704,379)</b>
<b>Net result from continuing operations before tax</b>	<b>(1,511,198)</b>	<b>(1,597,024)</b>	<b>-</b>	<b>(1,597,024)</b>
Tax equivalent benefit	(841,704)	100,198	-	100,198
<b>Net result</b>	<b>(2,352,902)</b>	<b>(1,496,826)</b>	<b>-</b>	<b>(1,496,826)</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	1,395,718	481,489	-	481,489
Income tax on physical asset revaluation surplus	1,368	2,106	-	2,106
<b>Total other economic flows - other comprehensive income</b>	<b>1,397,084</b>	<b>483,595</b>	<b>-</b>	<b>483,595</b>
<b>Comprehensive result</b>	<b>(955,818)</b>	<b>(1,013,231)</b>	<b>-</b>	<b>(1,013,231)</b>

## 8.7 Change in accounting policies

### 8.7.1 Derecognition of tax losses on the balance sheet

In 2021-22, Management reviewed the underlying assumptions to which unused tax losses could be utilised in the future. Given that the consolidated entity holds over \$40 billion in assets, it was assessed that the associated annual depreciation charge far outweighed the annual budgeted comprehensive result (net profit), both for the budgeted 5-year planning period and beyond. As such, it was deemed that it was unrealistic to recognise the deferred tax asset for carried forward loss, and \$1.336 billion was to be derecognised in the current period. This will result in an increase of the deferred tax liability on the balance sheet, and an increase in the income tax expense in the consolidated operating statement. There is no change to the consolidated cash flow statement. It should be noted that this is a current period adjustment only, and there is no impact to the published 2020-21 comparative balances.

### 8.7.2 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"). In 2021-22, DTF discontinued the Capital Asset Charge policy and as such the capital assets charge has not been recorded in the year. Refer to note 2.5 for the full disclosure.

## 8.8 Functional and presentation currency

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

### 8.9 Audit fees

Audit fees paid or payable to the Victorian Auditor-General's Office for the audit of the financial statements were \$261,500 (2021: \$257,750) for the Consolidated Entity and \$184,000 (2021: \$184,000) for the parent entity.

### 8.10 Subsequent Events

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.

## 8.11 Other accounting policies

### Contributions by owners

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

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

### Goods and Services Tax (GST)

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

Receivables and payables are recognised inclusive of GST.

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

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

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

### Dividends

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

No determination was received from the Treasurer requiring the Consolidated Entity to make a dividend payment in respect to the years ended 30 June 2021 and 30 June 2022.

### 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 in 2021 was subject to a fixed interest rate of 5.15% with quarterly payments of interest. There are no funds on deposit in 2022.

### 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.

## 8.12 New accounting standards and interpretations issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2021-22 reporting period. These accounting standards have not been applied to the Financial Statements. The Consolidated Entity is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

### **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current**

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023. The Consolidated Entity will not early adopt the Standard.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Department's reporting.

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.*
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.*
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.*



## 8.13 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

Changes in the present value of the superannuation defined benefit liability resulting from:

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

### Amortisation

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

Operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

### Comprehensive result

The amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

### Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

### Depreciation

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

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

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

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.
- (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

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial liability

Any liability that is:

- (a) a contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.
- (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

Financial statements comprise of:

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

**Grant expenses and other transfers**

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**

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

**Net financial liabilities**

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**

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**

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**

Calculated as assets less liabilities, which is an economic measure of wealth.

**Non-financial assets**

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**

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**

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**

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**

Short and long-term trade debt and accounts payable, grants, taxes and interest payable.

**Produced assets**

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

**Receivables**

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

**Sales of goods and services**

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

**Supplies and services**

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

**Transactions**

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



## Independent Auditor's Report

### To the Board of Victorian Rail Track



<b>Adverse Opinion</b>	<p>I have audited the consolidated financial report of Victorian Rail Track (the entity) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> <li>consolidated entity and entity balance sheet as at 30 June 2022</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 and Accountable Officer.</li> </ul> <p>In my opinion, because of the significance of matters discussed in the Basis for Adverse Opinion section of my report, the financial report does not present fairly in all material respects in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards the:</p> <ul style="list-style-type: none"> <li>financial positions of the consolidated entity and the entity as at 30 June 2022, and</li> <li>financial performance and cash flows of the consolidated entity and the entity for the year then ended.</li> </ul>
<b>Basis for Adverse Opinion</b>	<p>The entity is the custodial holder of the State of Victoria's operational transport assets including land, stations, track, rolling stock and signalling systems. The entity leases all operational transport assets to the Department of Transport, which uses these assets to run the State's transport network. The lease arrangements are significantly below market terms and conditions to enable the Department of Transport to meet its objectives.</p> <p>As explained in Note 4 and Note 1, the entity has classified the arrangements as operating leases under AASB 16 <i>Leases</i> for 30 June 2022. Consistent with the prior year, I have assessed these leases as finance leases under AASB 16 because the Department of Transport has substantially all the risks and rewards of ownership of these assets.</p> <p>If the finance lease requirements of AASB 16 had been applied, the entity would be required to:</p> <ul style="list-style-type: none"> <li>de-recognise the operational transport assets leased to the Department of Transport and all related transactions and balances from its comprehensive income statement and balance sheet, and</li> <li>recognise a receivable at an amount equal to the net investment of the lease, which is insignificant at 30 June 2022 because the arrangement is below market terms and conditions.</li> </ul>

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

<b>Auditor’s responsibilities for the audit of the financial report</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"><li>• identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.</li><li>• obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity and the consolidated entity’s internal control</li><li>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board</li><li>• conclude on the appropriateness of the Board’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity and the consolidated entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the entity and the consolidated entity to cease to continue as a going concern.</li><li>• evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation</li><li>• obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the entity and the consolidated entity. I remain solely responsible for my audit opinion.</li></ul> <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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MELBOURNE  
8 September 2022



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





Governance  
and organisation

**VicTrack**



Board role and responsibilities

The VicTrack Board of Directors is responsible for the strategic oversight of VicTrack's affairs, including corporate governance practices and overall business performance. The Directors are appointed by the Governor-in-Council and are accountable to the Minister for Transport Infrastructure, 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 as the VicTrack Board, with responsibility for the relevant company.

Board composition

As of 30 June 2022, the Board comprised six independent, non-executive Directors: Geraldine Gray (Chair), Alan Hall (Deputy Chair), Dr Collette Burke, Jenny Dawson, Dan O'Brien, and Paul White. Each Director has wide experience across a broad range of business sectors and organisations. They bring a diverse range of knowledge and business expertise to VicTrack.

There were two changes to the VicTrack Board in 2021–22. Randall Straw's term as a VicTrack Director concluded on 31 August 2021. Paul White was appointed as a VicTrack Director with effect from 1 September 2021.

Board meetings

VicTrack held 20 Board meetings during the 2021–22 financial year.

Corporate plan

VicTrack is required, under the *Transport Integration Act 2010* (TIA) and the *State Owned Enterprises Act 1992*, to prepare a corporate plan for Ministerial approval. The purpose of the plan is to give effect to VicTrack's objectives, while supporting the vision of the TIA and Department of Transport's corporate plan.

VicTrack's Corporate Plan 2022–26 outlines VicTrack's role in delivering its objectives, functions and Ministerial expectations. The plan outlines VicTrack's current operating environment including key challenges for the transport sector, as well as internal challenges we face.

The Corporate Plan 2022–26 provides a strategic framework for VicTrack to deliver on its strategies and initiatives. A risk management approach sets out how VicTrack will address challenges, supported by a robust governance framework.

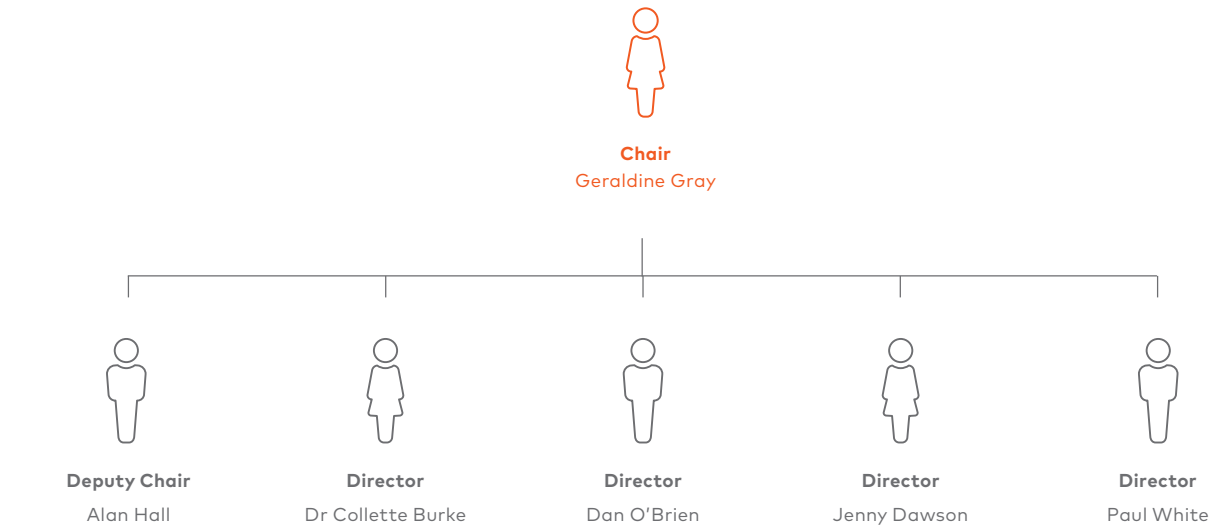
Board performance

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

Delegation to management

Day-to-day management of VicTrack is delegated to the Chief Executive and other senior managers pursuant to a formal delegations policy 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 organisational chart



Board committees and advisory groups

Five Board committees and two advisory groups assisted the Board to perform its role during the past financial year. Each is chaired by a director and has a formal Charter or Terms of Reference setting out its roles and responsibilities.

As of 30 June 2022, the members of the five Board sub-committees were:

Audit and Risk Management Committee (ARMC)

Membership

Jenny Dawson (Chair) Geraldine Gray, Dan O'Brien (ceased 21 October 2021) and Paul White

Role

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

Remuneration and Human Resources and Integrity Committee (RHRIC)

Membership

Geraldine Gray (Chair) and Alan Hall.

Role

The Remuneration, Human Resources and Integrity Committee assists the Board by overseeing VicTrack's strategic workforce management and the remuneration, bonus and incentive frameworks for VicTrack's Chief Executive and employees as well as promoting integrity and accountability within VicTrack. The committee oversees management's response to incidents of, or investigations into, corrupt, inappropriate or unethical activities.



Property, Environment and Heritage Committee (PEHC)

Membership

Alan Hall (Chair), Jenny Dawson, Non-Director Specialist Member Michael Trumble and Non-Director Government Member Stuart Moseley.

Role

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

Telecommunications Committee (TLC)

Membership

Dan O’Brien (Chair) (appointed 21 October 2021), Dr Collette Burke and Randall Straw (Chair) (ceased 31 August 2021), Non-Director Specialist Members Dr Frank Heibel and Richard Tait (ceased 5 March 2022) and Non-Director Government Member Mark Switkowski (appointed 9 June 2022).

Role

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

Projects Committee (PROJC)

Membership

Dr Collette Burke (Chair), Geraldine Gray, Alan Hall (ceased 21 October 2021) and Paul White (appointed 21 October 2021).

Role

The Projects Committee assists the Board by monitoring VicTrack’s project portfolio and major projects delivery strategy, performance and investments. The committee also reviews project risks and VicTrack’s major projects pipeline.

Two Advisory Groups advised the Board during 2021–22. The groups no longer existed on 30 June 2022.

Freight & Logistics Advisory Group (FLAG)

Role

The Freight and Logistics Advisory Group was established to assist the Board and management by advising on VicTrack’s strategic management of freight operations and planning.

The FLAG was disbanded in November 2021 due to VicTrack’s limited direct involvement in freight. Freight-related matters are addressed by DoT’s Freight Executive Forum, in which VicTrack participates.

Strategic Innovation Advisory Group (SIAG)

Role

The Strategic Innovation Advisory Group was established to assist the Board and management by advising on championing innovation to reduce cost and open new opportunities to generate revenue streams.

The SIAG was disbanded in February 2022. The SIAG was disbanded in February 2022 due to VicTrack already having a number of strategic innovation projects underway and a need to focus resourcing on other key strategic priorities. While formally disbanded, this working group may be re-established in the future if required.

Board and committee meetings report

Member	Note	Board	ARMC	PEHC	TLC	RHRIC	PROJC	FLAG <sup>(1)</sup>	SIAG <sup>(2)</sup>
Meetings Held		20	5	6	4	7	4	2	1
Directors									
Geraldine Gray (Chair)		20	4	-	-	7	4	-	1
Alan Hall (Deputy Chair)	(5)	20	-	6	-	7	1	2	1
Dr Collette Burke	(4)	20	-	-	3	-	4	-	-
Jenny Dawson		20	5	6	-	-	-	-	-
Dan O’Brien	(3)	20	2	-	3	-	-	-	-
Randall Straw	(8)	3	-	-	-	-	-	-	-
Paul White	(6), (7)	17	5	-	-	-	3	-	-
Non-directors									
Amanda Caples	(2)	n/a	-	-	-	-	-	-	-
John Crofts	(1)	n/a	-	-	-	-	-	2	-
Ingilby Dickson	(1)	n/a	-	-	-	-	-	2	-
Dr Frank Heibel		n/a	-	-	4	-	-	-	-
Stuart Moseley		n/a	-	6	-	-	-	-	-
Prof. Hermione Parsons	(1), (2), (9)	n/a	-	-	-	-	-	2	-
Richard Tait	(10)	n/a	-	-	3	-	-	-	-
Michael Trumble		n/a	-	5	-	-	-	1	-
Cressida Wall	(2)	n/a	-	-	-	-	-	-	1
Kee Wong	(2)	n/a	-	-	-	-	-	-	1
Mark Switkowski	(11)	n/a		-	-	1	-	-	-

1 FLAG was disbanded in November 2021.

2 SIAG was disbanded in February 2022.

3 Appointed as a member and Chair of TLC and resigned from ARMC on 21 October 2021.

4 Dr Collette Burke chaired for the 9 September 2021 TLC meeting.

5 Resigned as PROJC member on 21 October 2021.

6 Appointed VicTrack Director on 1 September 2021.

7 Appointed PROJC member on 21 October 2021.

8 Term as a VicTrack Director and Chair of TLC concluded 31 August 2021.

9 Appointed SIAG member on 21 October 2021.

10 Term as a member of TLC concluded 5 March 2022.

11 Appointed TLC member 9 June 2022.

Ministerial declaration and orders in council statement

Two notices were received relating to the reappointment of the Chair of the Board and the appointment of a new Director.



## Occupational Health and Safety Report

VicTrack's core values include the commitment to continuously improve all aspects of our health and safety program to ensure that all legal obligations are complied with and that a safe workplace is provided to all employees. The continuing management of COVID-19 has presented a range of ongoing challenges and opportunities to the business as a progressive return to working in the office was implemented.

To ensure that the business achieved its health and safety related continuous improvement objectives, we began aligning activities to the international safety management standard (ISO:45001) in preparation for future certification. Setting a recognised benchmark will enable the business to continue to deliver best practice outcomes in the management of health and safety requirements.



VicTrack OHS performance

A summary of VicTrack OHS performance is as follows:

Measure	Notes	2021-22	2020-21	2019-20	2018-19
Incidents	Number of incidents	118	88	84	99
	Rate per 100 FTE	30.73*	23.22*	21.59	25.85
	Number of incidents requiring first aid and/or further medical treatment	5	10	11	11
Claims	Number of standard claims	0	1	2	2
	Rate per 100 FTE	0.0*	0.26*	0.51	0.52
	Number of lost time claims	0	1	1	1
	Rate per 100 FTE	0.0*	0.26*	0.26	0.26
	Number of claims exceeding 13 weeks	0	0	2	1
	Rate per 100 FTE	0.0*	0.0*	0.51	0.26
Fatalities	Fatalities claims	0	0	0	0
Claim costs	Average cost per standard claim	\$0	\$741	\$1,119	\$4,129
Return to work	Percentage of claims with return to work plan >30 days	0%	0% 1 RTW <30 days	0% 2 RTW <30 days	50% 1 RTW <30 days
Management commitment	Evidence of OHS policy, OHS objectives, regular reporting to senior management on OHS, and OHS plans (signed by CEO or equivalent).	23 HSE procedures were reviewed and updated following consultation with stakeholders.	11 HSE procedures were reviewed and updated following consultation with stakeholders.	3 policies have been reviewed and approved by the ELT/Board  18 HSE procedures were reviewed and updated following consultation with stakeholders.	3 policies have been reviewed and approved by the ELT/Board.  First company-wide HSE Strategy was approved by the ELT/Board.
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel).	309 total contractors (80 high risk) were pre-qualified in the Avetta system and approved for use by the business.	329 total contractors were pre-qualified in the Avetta system and approved for use by the business.	Implementation of Avetta Pre-qualification System to verify that contractors have the necessary qualifications prior to being approved to perform work.	Procurement & purchasing process include OHS criteria.

Measure	Notes	2021-22	2020-21	2019-20	2018-19
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), Health and Safety Representatives (HSRs), and issue resolution procedures	6 Designated Work Groups	6 Designated Work Groups	6 Designated Work Groups	10 Designated Work Groups
		7 HSRs	7 HSRs	8 HSRs	10 HSRs
		The HSR Consultative Forum has been shifted to a monthly meeting format.	HSR training is scheduled to be refreshed during the 2021-22 financial year.  A HSR Consultative Forum is conducted bi-monthly.	1 Deputy HSR  All HSRs have received accredited HSR Training with refresher training delivered in September 2019.  A HSR Consultative Forum is conducted bi-monthly.	2 Deputy HSRs  All HSRs have received accredited HSR training.  A HSR Consultative Forum is conducted bi-monthly.  The Consultative Forum has an approved Terms of Reference.
	Compliance with agreed structure on DWGs, HSRs, and IRPs	92% (12 meetings scheduled, and 11 meetings held).	100% (6 meetings scheduled, and 6 meetings held).	100% (6 meetings scheduled, and 6 meetings held).	100% (6 meetings scheduled, and 6 meetings held).
		4	3 (1 meeting postponed due to Melbourne lockdown).	4	4
		No. of Quarterly H&S Steering Committee Meetings			

\*384 FTE (2022)

Reporting of noteworthy incidents

A summary of noteworthy incidents that occurred during the financial year includes 15 notifiable incidents to the Office of the National Rail Safety Regulator and zero lost time injuries.

Year	2021-22	2020-21	2019-20	2018-19	2017-18
Rail safety notifiable occurrence	14	9	15	13	15
Lost time injuries	0	1*	1	0	2

\* Classified as minor with under 10 days lost due to injury

## Health and Safety Strategy initiatives

Initiatives implemented throughout the year in support of the Health and Safety Strategy included:

### Future Ways of Working

The business transitioned to a COVID-normal work environment based on advice from the Victorian Department of Health and the Victorian Public Sector. We established the Future Ways of Working (FWOW) Committee to review current business requirements and align them with a new hybrid structure where employees can perform their role in a combination of remote and office-based working. The Health and Safety team contributed to this committee, providing advice and guidance about office-based work in a COVIDSafe manner.

### Health and Safety Management System (ISO:45001 Standard Alignment Activities)

VicTrack has commenced a program to align the business's Health and Safety (H&S) management system to the internationally recognised ISO:45001 Standard. This process provides a recognised framework for the best practice management of all H&S requirements, while also providing the business with several extra business critical benefits, including:

- ensuring that H&S continuous improvement objectives are achieved in line with the VicTrack Corporate Plan
- ensuring that legal obligations, arising from both WorkSafe Victoria (VWA) and Office of the National Rail Safety Regulator (ONRSR), are achieved through a structured and systematic approach
- providing a robust first/second/third line of defence risk management program that is validated by a recognised external body.

### Leadership engagement program

To align the VicTrack H&S management system to the ISO:45001 standard, we developed a new Leadership Engagement Program to enable managers across the business to become more actively involved in the direct oversight of operational H&S activities. This program included:

- development of a H&S Playbook to provide a clear overview of the primary H&S processes and the roles and responsibilities of managers and employees in successfully managing these activities
- development of a new mobile app for the completion of field-based leadership engagements – a structured program where managers engage with staff in relation to the safety aspects of potentially high-risk work being performed.
- delivery of training to over 50 managers in how to perform an effective field-based leadership engagement.

Successfully implementing this program has helped to lower both the Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR) to 0.0 for the first time in documented VicTrack history.

### Dynon Rail Freight Terminal Uplift Strategy

As part of activities to improve the management of rail operations, we developed a H&S engagement and uplift strategy for the Dynon Rail Freight Terminal (DRFT). Key initiatives of the strategy include:

- allocating a dedicated H&S resource based at the DRFT to support rail operations
- designating a H&S team member to chair a monthly safety meeting with DRFT VicTrack operators
- introducing a new quarterly meeting with Rolling Stock Operators (RTOs) to focus on key safety requirements
- developing a new isolation procedure, with associated training, to effectively manage safety requirements associated with rolling stock operations
- introducing a new program of weekly terminal inspections.

This strategy has led to some noticeable improvements, reflected in a significant reduction in the severity of reported incidents at the terminal.





# Workforce Data

Employment and conduct principles

- VicTrack expects employees are engaged and promoted according to the following principles:
- Merit: a person should be selected because they most closely fit the technical skills, soft skills/behaviours, experience, abilities or characteristics required to undertake the role, and have a healthy motivation for wanting the role. A person should not be measured against any unlawful or unethical criteria.
  - Equity: all candidates should be measured against the same selection criteria, in a similar process and have a fair chance.
  - Evidence-based: selection decisions should be based on the information available through resumes, interview responses, referee answers and other data such as aptitude tests. It should not be based on assumptions or personal bias.
  - Candidate care: any recruitment process is an opportunity to build our connection with the community. Most applicants will be unsuccessful, but still tell others about their perceptions of VicTrack. Candidates should be treated with respect and care in the process.

In applying equity principles when recruiting and selecting staff, VicTrack is committed to implementing the obligations of the *Gender Equality Act 2020*. Rigorous selection processes and probity checks ensure that we assess and evaluate applicants fairly and on the basis of key selection criteria and other accountabilities without discrimination.

Employees have been correctly classified in the workforce data collection. VicTrack has implemented the Victorian Public Sector Commission’s model policy on executive employment including misconduct checks.

Highly capable, resilient and engaged workforce

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

Enterprise Agreement

We successfully negotiated and certified the VicTrack Enterprise Agreement 2021–25 in accordance with the Victorian Government Wages Policy and the *Fair Work Act 2009*. Implementation is well underway across VicTrack.

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

We continue to implement the initiatives and actions outlined in our Diversity and Inclusion Strategy, which encompasses our Gender Equality Action Plan.

As most action items are led by purpose-specific focus groups, participation in these committees assists with raising awareness to the organisation and lifting our understanding around creating a culturally safe environment for these underrepresented groups.

Public administration values and employment principles

VicTrack adheres to and upholds the values, principles and conduct of the Victorian Public Sector Commission (VPSC). VicTrack employment practices are underpinned by the VPSC Code of Conduct which articulates the values and principles of Responsiveness, Integrity, Impartiality, Accessibility, Respect, Leadership and Human Rights. VicTrack’s policies are underpinned by the six VPSC standards defining employment principles.

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

We work continuously to support and implement these principles and practices.

Comparative workforce data

Table 1 Full time equivalents (FTE) staffing trends from 2018–22<sup>1,2,3</sup>

2022	2021	2020	2019	2018
384	373	391	383	382

Table 2 Summary of employment levels in June of 2022 and 2021<sup>3</sup>

	Ongoing employees					Fixed-term and casual employees
	Employees (headcount)	Full time (headcount)	Part time (headcount)	Casual (headcount)	FTE	FTE
June 2022	393	278	14	2	286.69	97.8
June 2021	380	260	11	5	267.45	105.55

1 All figures reflect employment levels during the last full pay period in June of each year.

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

3 Ongoing employees includes people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.



Table 3 Details of employment levels in June of 2022 and 2021

	2022			2021		
	Ongoing		Fixed-term and casual employees	Ongoing		Fixed-term and casual employees
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender						
Male	200	197.91	74.4	186	185.4	75.9
Female	92	88.78	23.4	86	82.05	29.65
Self-described	n	n	n	n	n	n
Age						
15–24	2	1.4	1.6	2	2	3
25–34	44	42.6	9	27	26.8	16
35–44	98	96.09	33.9	100	96.45	29.75
45–54	98	97.2	27.1	98	97.4	29
55–64	48	47.4	22.4	42	41.8	25
65+	2	2	3.8	3	3	2.8
Classification						
VPS1						
VPS2						
VPS 3	7	6	0.6	7	6.6	3
VPS4	29	29	10	17	16.2	5.65
VPS5	77	75.51	16.9	133	130.61	27
VPS6	143	140.58	30.2	115	114.04	22.9
VPS7	33	33	4.1	-	-	-
STS	3	2.6	17	-	-	21
Executive	-	-	19	-	-	26

Executive officer data

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

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

Income band (salary)	Executives	STS
<\$160,000	-	-
\$160,000–\$179,999	-	1
\$180,000–\$199,999	3	8
\$200,000–\$219,999	5	2
\$220,000–\$239,999	5	8
\$240,000–\$259,999	-	1
\$260,000–\$279,999	1	-
\$280,000–\$299,999	1	-
\$300,000–\$319,000	1	-
\$320,000–\$339,999	2	-
\$340,000–\$359,999	-	-
\$360,000–\$379,999	-	-
\$380,000–\$399,999	-	-
\$400,000–\$419,999	-	-
\$420,000–\$439,999	-	-
\$440,000–\$459,999	-	-
\$460,000–\$479,999	-	-
\$480,000–\$499,999	1	-
\$500,000–\$519,999	-	-
\$520,000–\$539,999	-	-
Total	19	20

4. The salaries reported above reflect the full financial year and exclude superannuation.



## Other disclosures



Government advertising expenditure

In 2021–22, VicTrack conducted no government advertising campaigns with a total media spend of \$100,000 or greater and therefore has nil to disclose.

Engagement of consultants report

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

In 2021–22, there were 21 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021–22 in relation to these consultancies was \$5,390,756 (excluding GST).

View details of individual consultancies at [www.victrack.com.au/annualreports](http://www.victrack.com.au/annualreports)

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

In 2021–22, we engaged 22 consultancies, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2021–22 in relation to these consultancies was \$124,865 (excl. GST).

Local Jobs First - VIPP

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

During 2021–22, VicTrack engaged in eight projects with Local Jobs First, with a combined value of \$100.4 million. These projects include one strategic Major Project Skills Guarantee (MPSG) – applied to all strategic projects over \$50 million – activity based in South-East Melbourne which commenced this year.

Region	Commenced	Ongoing	Completed	Total projects	Project value (EX GST)
Metro	2	1	1	4	\$58,575,892
Regional	2		2	4	\$41,824,848
Total	4	1	3	8	\$100,400,740

Table 1 Total Contract value by region

The projects are located across Melbourne and Western Victorian regional areas, with a commitment of 97 per cent of local content overall. The outcomes expected from the implementation of the Local Jobs First – VIPP to the projects, where information was provided, are:

- an average of 96 per cent of local content commitment
- a commitment to create a total of 29 jobs (annualised employee equivalent [AEE]), and to retain 88 existing jobs (AEE)
- data for new Apprenticeships and Traineeships is expected during the next financial year. The commitments to the Victorian economy in terms of skills and technology transfer include training and skills development of apprentices and R&D programs.

Region	Local Content	VIC Created AEE	VIC Retained AEEs
Metro	96%	11	76
Regional	95%	18	12
Total	96%	29	88

Table 2 Local Content and Employment Values by Region - New & Ongoing

During 2021–22, VicTrack completed four Local Jobs First – VIPP applicable projects. From these projects:

- an average of 98 per cent of local content was advised as provided
- a total of two jobs annualised employee equivalent (AEE)) were reported as created, with 17 existing jobs (AEE) retained – all within regional Victoria
- a total of one apprenticeship and three traineeships were retained from last financial year.

Region	Local Content	VIC Created AEE	VIC Retained AEEs
Metro	98%	1	3
Regional	98%	2	17
Total	98%	3	20

Table 3 Local Content and Employment Values by Region – Completed

Further to the above, VicTrack received one grant during 2021–22 for a Regional Local Jobs First project, at \$3.7 million for a regional project with estimated value of \$10.7 million.

Disclosure of major contracts

During 2021–22 VicTrack entered into three contracts greater than \$10 million in value. In accordance with the requirements of government policy and accompanying guidelines, VicTrack discloses all contracts greater than \$10 million in value. Details of these contracts have been disclosed in the Victorian Government Contracts Publishing System and can be viewed at [www.tenders.vic.gov.au](http://www.tenders.vic.gov.au).

Social procurement

During 2021–22, VicTrack prepared and endorsed its first Social Procurement Strategy in line with the Victorian Social Procurement Framework (SPF), and its Social Procurement Policy, which was implemented last year. VicTrack prioritised the following for its first two-year strategy period:

- opportunities for Victorian Aboriginal people
- women's equality and safety
- sustainable Victorian social enterprise and Aboriginal business sectors
- sustainable Victorian regions.

As part of this year's strategy activities, VicTrack's Procurement team developed a suite of SPF templates for use in all procurement activities and contracts and launched an intranet page dedicated to Social Procurement resources and guides, including contact points for accessing Social Benefit suppliers and a live social benefit supplier listing. The core Procurement team had ongoing training and assistance in adopting the SPF objectives into procurement activities, and key stakeholders were provided with training in the use of Industry Capability Network's Victorian Management Centre (ICN-VMC) for reporting of SPF activities against contracts.

VicTrack's Procurement team expanded engagement within the business to further current involvement with the DoT Aboriginal procurement working group, with additional representation through the Supporting Aboriginal Self-Determination and Culture & Inclusion Focus groups as part of our Diversity & Inclusion Steering Committee.

During the 2021–22 financial year, VicTrack directly engaged 11 individual social enterprises for a total value of \$942,435.74. In addition, VicTrack commenced four new projects with Social Procurement targets (including one strategic project) and progressed the Bendigo Metro 3 project with Rail Projects Victoria, which commenced last year.

Project	SPF Objective commitment made	SPF Performance (As reported)
Bendigo Metro 3 (progressed 2022)	Supporting Safe & Fair Workplaces	<ul style="list-style-type: none"><li>Proportion of Suppliers Compliant with Supplier Code of Conduct – 60%</li><li>Suppliers Compliant with Code of Conduct – 4</li></ul>
Belgrave Multi Level Car park Design and Construct	Opportunities for Victorian Aboriginal People	<ul style="list-style-type: none"><li>Aboriginal Employment = 2.5% Target (not reported 2022)</li></ul>
	Opportunities for disadvantaged Victorians	<ul style="list-style-type: none"><li>Employers of Victorian Aboriginal People – 1</li></ul>
	Opportunities for Victorians with disability	<ul style="list-style-type: none"><li>Employers of Disadvantaged Victorians – 1</li></ul>
	Sustainable Victorian social enterprise and Aboriginal business sectors	<ul style="list-style-type: none"><li>Disadvantaged Victorians with Job Readiness Opportunities employed – 0</li></ul>
	Supporting Safe & Fair Workplaces	<ul style="list-style-type: none"><li>Hours Dedicated to Victorians with Job Readiness Opportunities – 0</li></ul>
	Women’s Equality & Safety	<ul style="list-style-type: none"><li>Employers of Victorians with a Disability – 0</li></ul>
	Environmentally Sustainable Outputs	<ul style="list-style-type: none"><li>Expenditure with Victorian Social Enterprises – \$N/A</li></ul>
	Environmentally Sustainable Business Practice	<ul style="list-style-type: none"><li>Expenditure with Victorian Social Enterprises &amp; Australian Disability Enterprise – 0</li></ul>
	Implementation of the Climate Change Policy Objectives	<ul style="list-style-type: none"><li>Proportion of Suppliers Compliant with Supplier Code of Conduct</li><li>Suppliers Compliant with Supplier Code of Conduct – 1</li><li>Suppliers with Family Violence Leave Policy – 1</li><li>Proportion of Suppliers with Family Violence Leave Policy – 100%</li><li>Suppliers w/ Family Violence Leave Policy – 1</li><li>Proportion of Suppliers with Gender Equality Policy – 100%</li><li>Suppliers Recycled content in construction clauses – 1</li><li>Suppliers with Env Sustainable Bus. Practices – 1</li><li>Suppliers – Clauses for outputs resilient against climate Change – 1</li><li>Suppliers Recycled content in construction clauses – 1</li><li>Suppliers with Env Sustainable Bus. Practices – 1</li><li>Suppliers – Clauses for outputs resilient against climate Change – 1</li></ul>
Carpark Upgrades Gisborne, North Shore, Beaufort, Riddells Creek, Kyneton (Commenced May 2022 – no performance results for 2021-22)	Opportunities for Disadvantaged Victorians	<ul style="list-style-type: none"><li>Businesses engaged within regions experiencing entrenched disadvantage</li></ul>
	Opportunities for Victorian Aboriginal People	<ul style="list-style-type: none"><li>Employers of Victorian Aboriginal People</li></ul>
	Supporting Safe & Fair Workplaces	<ul style="list-style-type: none"><li>Proportion of Suppliers Compliant with Supplier Code of Conduct</li><li>Suppliers Compliant with Code of Conduct</li><li>Suppliers with Family Violence Leave Policy</li></ul>
Women’s Equality & Safety		
Cobblebank Car Park Extension Project*	Supporting Safe & Fair Workplaces	<ul style="list-style-type: none"><li>Proportion of Suppliers Compliant with Supplier Code of Conduct</li><li>Suppliers Compliant with Code of Conduct</li></ul>
North East Line Level Crossing Upgrades	Supporting Safe & Fair Workplaces	<ul style="list-style-type: none"><li>Proportion of Suppliers Compliant with Supplier Code of Conduct – 60%</li><li>Suppliers Compliant with Code of Conduct – 4</li></ul>

\* While the Cobblebank project commenced in the 2021-22 reporting year, the majority of the social procurement reporting became due post 30 June 2022. Full detail of social procurement performance against this contract will be included in next year’s financial report.

Information and communication technology expenditure

For the 2021–22 reporting period, VicTrack had a total ICT expenditure of \$167 million with the details shown below.

Expenditure	\$'000
Business as usual ICT expenditure	138,840
Non-business as usual ICT expenditure	27,790
Operational expenditure	-
Capital expenditure	27,790

Freedom of Information Report

The Freedom of Information Act 1982 (FOI Act) allows the public a right of access to documents held by VicTrack. VicTrack’s Freedom of Information (FOI) Part II Information Statement outlines VicTrack’s role and makes it easy to find information about VicTrack’s key services and functions. It sets out what information is available to the public and reduces the need to submit requests under the FOI Act.

Further information regarding VicTrack’s accountabilities and procedures is available on the VicTrack website at [victrack.com.au/about/policies-and-disclosures](http://victrack.com.au/about/policies-and-disclosures)

FOI Requests – Year ending 30 June 2022	
Requests received in 2020–21 & finalised in 2021–22	3
Requests received and finalised in 2021–22	3
Requests received in 2021–22 but not yet finalised	2

Decisions on FOI requests in 2021–22	
Access granted in full	1
Access granted in part	1
Access refused	2
Requests transferred to another department (pursuant to s18 of the FOI Act)	-
Invalid requests	-

Processing time	
Decisions made within the 30-day time frame requirements of section 21 of the FOI Act	0
Decisions made outside the 30-day time frame requirements of section 21 of the FOI Act	3
Reviews and Complaints Information Commissioner	2
VCAT	1



Additional information available on request disclosure

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained and are available to relevant Ministers, Members of Parliament and the public on request, subject to the provisions of the *Freedom of Information Act 1982*:

- a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- b) details of shares held by a senior officer as nominee or held beneficially in VicTrack or a subsidiary
- c) details of publications produced by VicTrack itself and how these can be obtained
- d) details of changes in price, fees, charges, rates and levies charged by VicTrack
- e) details of any major external reviews carried out on VicTrack
- f) details of major research and development activities undertaken by VicTrack
- g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- h) details of major promotional, public relations and marketing activities undertaken by VicTrack to develop community awareness of VicTrack and its services
- i) details of assessments and measures undertaken to improve the occupational health and safety of employees
- j) a general statement on industrial relations within VicTrack and details of time lost through industrial accidents and disputes
- k) a list of major committees sponsored by VicTrack, the purposes of each committee and the extent to which the purposes have been achieved
- l) details of all consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed to for each engagement.

The information is available on request from the Company Secretary.

Compliance with Building Act 1993

VicTrack is continuously managing its buildings and assets in accordance with the *Building Act 1993*. VicTrack's asset management system includes a robust compliance program in order to meet these requirements and relevant guidelines.

National Competition Policy

Under the National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that the benefits of the restriction to the community as a whole outweigh the costs, or alternatively, 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 services as if they were privately owned and thus be fully cost reflective.

VicTrack's own Competitive Neutrality Policy explicitly sets out VicTrack's approach to the implementation of the Victorian Government's principles on Competitive Neutrality. VicTrack also periodically reviews its other policies and processes to ensure alignment with the Victorian Competitive Neutrality Policy.

Examples of VicTrack's commitment to Competitive Neutrality

The infrastructure leases with Head, Transport for Victoria (previously Public Transport Victoria) provide for open access to Victoria's rail infrastructure. Head, Transport for Victoria subleases the rail infrastructure to national, regional and suburban train and tram operators to facilitate the state's open access regime, which fosters competition among intrastate and interstate transport companies. VicTrack has approached its other non-transport related opportunities within the framework of maintaining an open track access regime. This means that no one party is given exclusive rights to the rail corridor to the detriment of competition.

Compliance with the Public Interest Disclosure Act 2012

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

VicTrack's policy and procedure details the framework for receiving, investigating and addressing allegations of criminal, dishonest or unethical behaviour where that behaviour concerns the activities of VicTrack or current and former officers, agents, employees and contractors of VicTrack.

VicTrack is committed to creating, promoting and maintaining a culture of compliance and ethical behaviour in which VicTrack employees are responsible and accountable, behave with the highest standards of integrity and are able to raise concerns about unlawful, unethical or inappropriate conduct without fear of reprisal.

VicTrack encourages all VicTrack employees to report any instances of suspected unethical, illegal, fraudulent or improper conduct involving VicTrack's operations. VicTrack will ensure that those persons who make a report can do so without fear of intimidation, disadvantage or reprisal.

Depending on the nature of the disclosure, disclosures of improper conduct or detrimental action by VicTrack or any of its employees and/or officers can be made to a number of regulatory bodies. Following amendments made to the *Corporations Act 2001* (Cth) (Corporations Act) in 2019, a disclosure by an eligible whistleblower of misconduct or an improper state of affairs or circumstances about VicTrack that is made to an eligible recipient, may trigger the whistleblower protections under the Corporations Act. The Public Interest Disclosure Coordinator (who is VicTrack's Group Manager Legal) is authorised by VicTrack to receive Protected Disclosures under the Corporations Act.

The Group Manager Legal can be contacted:

- by email: [generalcounsel@victrack.com.au](mailto:generalcounsel@victrack.com.au)
- by telephone: 03 9619 0255

Alternatively, disclosures about VicTrack or one of its employees in respect of misconduct and/or an improper state of affairs, can be made directly to the Australian Securities and Investment Commission or the Australian Prudential Regulation Authority.

All other public interest disclosures must be made directly to the Independent Broad-based Anti-Corruption Commission (IBAC) in accordance with its procedures and guidelines. IBAC's details are as follows:

The Independent Broad-based Anti-Corruption Commission

Level 1 North Tower  
459 Collins Street  
Melbourne VIC 3000  
Telephone: 1300 735 135

Further information

VicTrack's procedure for the disclosing of improper conduct or detrimental action by VicTrack or any of its employees and/or officers, is detailed on VicTrack's website at [victrack.com.au/about/policies-and-disclosures](http://victrack.com.au/about/policies-and-disclosures)

Disclosures under the Protected Disclosure Act 2012

During the year, VicTrack received two protected disclosures and made one referral to IBAC.

## Compliance with Carers Recognition Act

VicTrack is compliant with all obligations that affect people in care relationships.

## Compliance with Disability Act

VicTrack is committed to providing a workplace and employment opportunities that are inclusive of all people, including those with a disability. VicTrack has prepared a draft Disability Action Plan and has progressed some initiatives in 2021–22. These include:

- conducting training sessions on managing disability in the workplace
- establishing a dedicated Disability Focus Group as part of our overarching Diversity & Inclusion Strategy 2020 – 2022 to bring awareness to the organisation on disability issues and to better support employees living with a disability
- identifying a disability champion to lead initiatives outside the Disability Focus Group and implement in the organisation.

VicTrack remains cognisant of Inclusive Victoria: State Disability Plan 2022–2026 and will work to ensure we meet its commitments and objectives.

## Office-based environmental impacts report

VicTrack continued to monitor the environmental impacts of its operations during the 2021–22 reporting period.

VicTrack implemented its Environmental Sustainability Strategy for 2021–25. The strategy reflects our commitment to protecting the environment and meeting legislative obligations, while also broadening the focus to consider the positive opportunities that more sustainable practices can unlock. The four strategic objectives are:

1. protect, conserve and enhance our natural assets
2. manage environmental risks and obligations
3. embed sustainability in the way we work
4. future proof VicTrack.

VicTrack continues to maintain an Environmental Management System (EMS) in line with international standard ISO:14001. The EMS is used to incorporate environment and sustainability considerations into VicTrack's processes, ensure that where reasonable and practicable, our impact to the environment is minimised, and to influence external stakeholders.

The VicTrack Sustainability Working Group continues to be an effective component of embedding sustainability into VicTrack's culture. This working group comprises staff members from across the organisation. The group meets on a quarterly basis and is an important mechanism to progress the EMS and related actions.

The Environmental Sustainability Strategy 2021–25 includes targets and key performance indicators to reduce VicTrack's environmental footprint. The report covers:

- energy use
- waste and recycling
- paper use and printing
- water consumption
- transportation
- greenhouse gas emissions
- procurement.

The data mainly represents VicTrack's office-based activities at 1010 La Trobe Street. Operational sites have also been considered for energy consumption, emissions and waste. However, the consumption of resources and associated 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 August 2021. For the 2021–22 year, VicTrack's external travel booking organisation provided VicTrack's Greenhouse Gas (GHG) emissions estimates per flight. These estimates follow the United Kingdom's Department for Business, Energy and Industrial Strategy's Greenhouse gas reporting: conversion factors, including radiative forcing – a factor used to compensate for the increased effect of aviation emissions at altitude.

VicTrack offices were closed approximately 33 per cent of the reporting year due to COVID-19. Following easing of COVID restrictions, VicTrack implemented a Future Ways of Working Strategy in 2022, allowing the workforce to transition to a flexible hybrid model. This office closure and transition to a hybrid working model meant employees mostly worked from home for the reporting period, leading to ongoing reductions across all environmental office-based data.

### Highlights for 2021–22 include:

- adopting circular economy principles in our ways of working
- reusing and repurposing of telecommunications and rail equipment and materials
- reusing construction materials including clean soil and ballast at multiple sites
- incorporating recycled content in construction materials at multiple sites
- recycling of batteries, metals, e-waste and other materials to reduce landfill
- donating equipment, rail and construction materials to tourist and heritage groups, community groups and zoos for reuse
- upgrading telecommunications cooling units to energy efficient systems
- upgrading LED lighting at the North Dynon Freight Facility
- using digital signatures to significantly reduce the need for printing
- participating in the 2022 Clean Up Australia Day – VicTrack Clean Up Day held at the Newport Rail Precinct.



Energy

VicTrack consumed energy at several corporate and operational facilities including: 1010 La Trobe Street Docklands, 595 Collins Street Melbourne, the Sunshine Warehouse and North Dynon Terminal. There were no changes to VicTrack's office and operational facilities during the reporting period.

Since 2019–20, data has been included for some miscellaneous infrastructure that remains in VicTrack's control, including Batman Bridge, a railway platform in Norlane and a property in Armadale.

Energy data was collected from the energy retailer's billing information. The 1010 La Trobe Street 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 use report since 2015–16.

VicTrack owned and operated several data centres (DC). These facilities are used to operate VicTrack's telecommunications and infrastructure network which include internet protocol (IP), fibre and copper transmission, data warehousing and transmission and unified communications (UC) system to support the state's transport operators and other government agencies, including ticketing systems, transport security operators and associated communication systems.

VicTrack's energy use is presented in Table 1. This data represents all of VicTrack's offices, operational facilities, data centres and other operational sites.

Table 1 Energy use

Indicator	2021–22	2020–21	2019–20	2018–19	2017–18
Office-based					
Total energy use (office based) (electricity - MJ)	2,969,270	3,070,946	3,510,755	3,674,601	3,791,880
Greenhouse gas emission associated with total energy use (t CO <sub>2-e</sub> ) (office based)	752	794	945	1,038	1,081
Percentage of electricity purchased as green power	5	5	5	5	51
Units of energy used per FTE (MJ/FTE)	7,723	8,233	9,005	9,586	9,919
Units of energy used per unit of office area (MJ/m <sup>2</sup> )	543	521	595	639	660
Operational facilities, data centres and miscellaneous infrastructure					
Total energy use (operational facilities) <sup>2</sup> (MJ)	641,954	487,368	367,030	429,166	490,855
Total energy use (data centres) <sup>3</sup> (MJ)	6,039,521	7,228,600	7,700,538	7,719,684	8,537,706
Total energy use (miscellaneous infrastructure) <sup>4</sup> (MJ)	244,943	284,436	312,337	-	-
Greenhouse gas emission associated with total energy use (t CO <sub>2-e</sub> ) (operational facilities)	163	126	99	128	140
Greenhouse gas emission associated with total energy use (data centres) (T CO <sub>2-e</sub> )	1,530	1,840	2,073	2,294	2,561
Greenhouse gas emission associated with total energy use (miscellaneous infrastructure) (T CO <sub>2-e</sub> )	62	154	84	-	-

1 Commencing in January 2018, green power was purchased for 1010 La Trobe Street and 595 Collins Street.  
2 Electricity consumption for August 2017 and June 2018 has been estimated by the energy supplier.  
3 Total energy use for data centres is reported separately to the total office-based energy usage calculation.  
4 Miscellaneous sites refer to infrastructure that remains in VicTrack's control, including Batman Bridge, a railway platform in Norlane and a property in Armadale.

Results and trends in performance

Energy use at VicTrack corporate offices in 2021–22 remained similar to the previous year with a slight reduction of three per cent in 2021–22. This result is likely due to ongoing working from home arrangements due to COVID-19 restrictions and the new hybrid way of working.

Energy consumption at operational facilities increased by approximately 32 per cent when compared with 2020–21, primarily due to replacing previously faulty and inoperable lights at the North Dynon Freight Terminal and increased refrigerated freight container storage onsite, leading to greater electricity consumption.

Energy consumption at data centres decreased by approximately 16 per cent compared to 2021–21. This reduction is likely due to cooler weather reducing demand for cooling, installing energy efficient cooling systems and applying solar reflective paint at one facility.

In 2021–22 VicTrack purchased five per cent of its total electricity from green energy sources.

Actions

In 2021–22 VicTrack undertook the following actions to reduce its energy use:

- Replaced halogen lights at North Dynon freight facility with energy efficient LEDs.
- Applied solar reflective paint at the North Melbourne telecommunication equipment facility to reduce demand for cooling.
- Upgraded air conditioning units at telecommunications facilities at North Melbourne, Clifton Hill, Caulfield and Ebox (between Flinders Street Station and Richmond Station) to energy efficient units.
- Undertook a review of site electricity connections to identify a number of sites that no longer require electrical connections.
- While not associated with office activities, VicTrack also incorporated energy efficient LEDs into its electrical designs for projects delivered for third parties in 2021–22 at Ballarat Bus Interchange and Bendigo Metro 3.
- Installed solar lighting with battery contingency in bus bay lighting and temporary train driver car park at Belgrave.

Targets

Energy reduction targets from the sustainability strategy are summarised in Table 2. In 2021–22 VicTrack met the targets for energy used per FTE and energy used per square metre of office space.

Table 2 Energy targets

KPI	2021–22 Performance	2020–21 Performance	2019–20 Performance	Target for 2021–22*
Megajoules of corporate office energy used per FTE (MJ/FTE).	7,723	8,233	9,005	9,586
Megajoules of energy used per m <sup>2</sup> of office space (MJ/m <sup>2</sup> ).	543	521	595	623
Percentage of energy for office-based facilities purchased as green power (%)	5	5	5	5

\* 2021–22 targets were identified in the VicTrack Environmental Sustainability Strategy 2021–25.

Paper and printing

VicTrack’s paper use and printing incorporates business-wide activities for all sites where VicTrack has operational control. VicTrack’s paper use is presented in Table 3.

Table 3 Paper use<sup>5</sup>

Indicator <sup>6</sup>	2021–22	2020–21	2019–20	2018–19	2017–18
Reams of A4 equivalent copy paper used	288	543	1,129	1,972	2,143
Reams of A4 equivalent copy paper used per FTE (reams/ FTE)	0.75	1.5	2.9	5.1	5.6
Percentage of >80% recycled content copy paper purchased <sup>7</sup>	64.9	75.7	17	30	4
Percentage of 50–79% recycled content copy paper purchased	1.74	0	8	4	0
Percentage of 0–49% recycled content copy paper purchased	33.33	3.7	14	4	0
Percentage of sustainably certified copy paper purchased <sup>8</sup>	100	22.6	61	63	96
Percentage of recycled content	65.80	73.7	32	30	4
Percentage of non-recycled	34.2	26.3	8	8	0

5 Paper data reported is sourced from corporate supplier, June 2018–June 2021.

6 One Ream equals 500 sheets of A4 equivalent paper.

7 The 100 per cent recycled paper procured by VicTrack is also certified as PEFC.

8 Sustainably certified copy paper includes: Carbon Neutral certified paper (adds no further greenhouse gas emissions to the environment); PEFC (programme for the endorsement of forest certification) where product is from sustainably managed forests and controlled resources; FSC (Forest Stewardship Council) where product is from forests where responsible management is undertaken. The 100 per cent recycled paper that is also PEFC certified is excluded from the figures prior to 2021–22.

VicTrack has collected printing data since 2019–20. This data is presented in Table 4. It must be noted that each ‘print’ or ‘impression’ is a single side of printing. The default setting on VicTrack’s computers is double-sided printing. The number of printing impressions being almost double the volume of paper being used demonstrates that double-sided printing is being used.

Table 4 Printing<sup>9</sup>

Indicator <sup>6</sup>	2021–22	2020–21	2019–20	2018–19	2017–18
Total prints/Impressions	201,254	179,372	1,012,621	1,351,208	1,834,125
Black and white prints/impressions per FTE	235	234	1,180	1,683	2,147
Colour prints/impressions per FTE	289	246	1,417	1,842	2,650

9 Printing data is sourced from printer supplier.

Result and trends in performance

In 2021–22, total paper use decreased by 255 reams from 2020–21, representing a 47 per cent reduction in reams purchased. All paper purchased by VicTrack in 2021–22 was sustainably certified, while recycled copy paper content comprised 190 reams (66 per cent). Non-recycled content made up 99 reams (approximately 34 per cent). In 2021–22 the percentage of recycled content decreased compared with 2020–21.

In 2021–22, VicTrack’s printing increased by 12 per cent compared with 2020–21, however, remained significantly reduced from pre-COVID-19 levels.

Actions undertaken

VicTrack continued to operate a ‘Follow me Print’ program as the default printer setting on all office-based computers. Print settings are also defaulted to print in black and white and double-sided printing.

VicTrack continued to implement the use of electronic signatures and DocuSign for the signing of documents. Due to the majority of staff working from home, the implementation of electronic signatures has been successful.

Targets

Paper reduction targets that were established in the sustainability action plan are summarised in Table 5. VicTrack has met both the targets identified in the Environmental Sustainability Strategy 2021–25.

Table 5 Paper targets

KPI	2021–22 Performance	2020–21 Performance	2019–20 Performance	Target for 2021–22*
Reams of A4 paper used per full-time equivalent (reams/FTE).	0.75	1.5	2.9	4.26
Percentage of recycled, or carbon neutral, content in copy paper purchased (%).	100	100	92	91

\* 2021–22 targets were identified in the VicTrack Environmental Sustainability Strategy 2021–25.



Transportation

VicTrack uses a fleet of vehicles for operational requirements. VicTrack’s fleet comprised a mix of diesel fuelled six-cylinder and four-cylinder vehicles including four-wheel drives (4WDs), and petrol-fuelled standard and hybrid vehicles. The total vehicle numbers were similar to 2020–21, only increasing by three across the fleet. VicTrack’s fleet energy use and greenhouse gas emissions are presented in Table 6. This data represents all of VicTrack’s staff. Table 7 identifies how much VicTrack staff travelled by air and how staff get to and from work.

Table 6 Operational vehicle transport<sup>10</sup>

Indicator	2021–22	2020–21
Total energy consumption (MJ)		
Diesel 4WD	3,815,808	2,917,581
Diesel	1,286,188	1,016,222
Petrol	56,303	130,165
Hybrid	376,719	262,913
Total	5,535,017	4,328,882
Total vehicle travel associated with entity operations (km)		
Diesel 4WD	984,780	739,909
Diesel	343,344	274,483
Petrol	191,537	41,391
Hybrid	191,537	107,737
Total	1,541,367	1,163,521
Total greenhouses gas emissions from vehicle fleet (t CO <sub>2</sub> -e)		
Diesel 4WD	269	205
Diesel	91	72
Petrol	4	9
Hybrid	26	18
Total	389	304
Greenhouse gas emissions from vehicle fleet per 1,000 km travelled (t CO <sup>2</sup> -e)		
Diesel 4WD	0.27	0.28
Diesel	0.26	0.26
Petrol	0.18	0.22
Hybrid	0.14	0.17
Total	0.25	0.26

10 Vehicle energy consumption, kilometres travelled and greenhouse gas emissions data for years prior to 2020–21 are for the 12-month period June 2019 to May 2020 to coincide with the availability of data for reporting. The 2020–21 data onwards is for July to June.

Table 7 Other travel

Indicator <sup>6</sup>	2021–22	2020–21	2019–20	2018–19	2017–18
Air Travel: Total distance travelled by air (km)	18,976	59,172	468,118	111,663	119,998
Percentage of employees using sustainable transport (public transport, cycling, walking or carpooling) to get to and from work, by locality type. <sup>11, 12</sup>	92	89	8812	93	84

11 Work from home category collected in 2020–21 and 2021–22 and counted as a sustainable travel option.

12 The data for employee mode of transport represents data from approximately 18 per cent of employees in 2021–22.

Result

Total kilometres travelled by operational vehicles increased by approximately 32 per cent between 2020–21 and 2021–22. The number of operational vehicles increased by four per cent. The total greenhouse gas emissions for vehicle use in 2021–22 increased 28 per cent on 2020–21. This is likely the result of an increase in site works since COVID-19 restrictions were lifted.

Distance travelled by air decreased by 68 per cent from 2020–21. This decrease is due to ongoing COVID-19 restrictions limiting both interstate and international business travel and further opportunities to use video conferencing tools.

While most of the VicTrack workforce continued to work from home due to COVID-19 restrictions, 92 per cent of staff adopted some form of sustainable transport when they did commute to the offices, maintaining a high level of sustainable transport use.

Actions

Most staff remained working from home for the majority of 2021–22. Staff minimised travel by using telephone, video conferencing tools and GIS mapping software in lieu of travelling for face-to-face meetings and site inspections whenever possible.

Targets

VicTrack has not yet met either of the targets outlined in the Environmental Sustainability Strategy 2017–21. VicTrack intended to change over a number of its fleet vehicles to hybrid in 2020–21, however, shortages in market supply meant this could not be achieved. Also, many of VicTrack’s vehicles are used for operational purposes and there are currently no electric or hybrid options.

Table 8 EMS transport target

KPI	2021–22 Performance	2020–21 Performance	2019–20 Performance	Target for 2021–22*
Percentage of VicTrack fleet with hybrid, electric or low-emission fuel technology (%)	11	12	8 (7 fleet hybrids)	48
Percentage of staff surveyed that use sustainable transport methods to/from work (includes walking, cycling, carpooling or public transport) (%)	92	89	88	94

Waste

VicTrack continues to focus on reducing the amount of waste that is going to landfill and uses a number of recycling processes to divert waste from landfill across the business. In 2021–22, VicTrack continued to improve its waste and recycling data. Waste data is provided from both onsite weighing of waste and recycling volumes, and from external recycling providers.

At 1010 La Trobe Street, the building managed waste separation system is used, which allows for the segregation of waste into the following four streams:

- cardboard and paper recycling
- co-mingled recycling
- green waste/organics
- landfill.

VicTrack continued to implement the following voluntary recycling programs in addition to those provided in the building:

- secure document recycling
- e-waste
- batteries
- printing toner and toner cartridge packaging
- soft plastics, office materials, and mail packaging
- single-use coffee cup recycling.

With the introduction of VicTrack's Operational Telco site into the reporting since 2019–20, metals, copper, pallets, polystyrene and plastic foam materials are included in the recycling data.

VicTrack's waste and recycling data is outlined in Tables 9 and 10.

Table 9 Waste<sup>13</sup>

Indicator	2021–22	2020–21
Total waste disposed of (kg/yr)		
Cardboard /paper recycling	1,938	3,425
Co-mingled recycling	767	180.3
Secure document recycling <sup>13</sup>	_13	_13
Green waste	332	35
Landfill - office	1,657	2,089
Other recycling - office <sup>14</sup>	89	5,760
E-waste returned to use	21.9	17
Operational Telco - landfill	2,800	1,800
Operational Telco -recycling <sup>15</sup>	13,574	8,445
Total waste	21,178	21,751

Total waste disposed of per FTE (kg/FTE)		
Cardboard /paper recycling	5.0	9.18
Co-mingled recycling	2.0	0.5
Secure document recycling <sup>13</sup>	_13	_13
Green waste	0.9	0.1
Landfill - office	4.3	5.6
Other recycling - office <sup>14</sup>	0.2	15.44
E-waste returned to use	0.1	0.1
Operational Telco - landfill	7.3	4.86
Operational Telco -recycling <sup>15</sup>	35.3	22.6
Total waste	55.1	30.9

13 Secure Document Destruction Data for 2020–21 onwards is now reported under recycled paper and e-waste streams.

14 Other Recycling – Office – refers to VicTrack's recycling of coffee cups, office e-waste, batteries, mobile phones, toner cartridges and waste toner.

15 Operational Telco – Recycling – refers to all recycling from Sunshine Warehouse including cardboard, wooden and plastic pallets, polystyrene and plastic foam, metals, batteries and soft plastics.



**Table 10 Waste diversions and emissions**

Indicator	2021-22	2020-21	2019-20	2018-19
Waste diverted from landfill rate (% of total waste by weight)	77	82	80	80
Greenhouse gas emissions associated with waste disposal (t CO <sub>2-e</sub> )	6.32	6.00	8.75	6.08

**Result**

With most employees working from home, VicTrack's office and operational waste remained similar to 2020-21 with a slight decrease in 2021-22 of three per cent.

Waste disposed to landfill by office staff in 2021-22 increased slightly when compared to 2020-21, and a 77 per cent diversion from landfill was achieved in 2021-22.

Telco operations recycled a large volume of batteries in 2021-22, similar to 2020-21, leading to a high telco operations recycling rate.

VicTrack also recycled 1,850 disposable coffee cups in 2021-22, a 19 per cent increase on the previous year, attributed to staff returning to the office in a hybrid model.

In 2021-22, VicTrack removed and disposed of approximately 89 tonnes of illegally dumped waste. This waste was mainly domestic waste or containing asbestos (non-recyclable) and was disposed to landfill.

**Actions**

VicTrack raised awareness of recycling and material reuse by publishing an internal recycling awareness video and a number of communications on recycling and reuse to employees.

Material reuse awareness has been successful with the following reuse opportunities realised in 2021-22:

- reuse of concrete sleepers at the North Dynon Freight facility
- reuse of telco equipment and recycling of spare equipment
- recovery of redundant telco racks and internal equipment from the TGSN project and placement into storage for future resale or reuse
- reuse of office furniture and fit out materials, reducing waste from office fit out projects
- reuse of materials on infrastructure projects delivered for third parties:
  - recovery and reuse of rail and sleepers at Ballarat Bus Interchange
  - reuse of bluestone for garden bed retaining wall at Ballarat Bus Interchange
  - reuse of brickwork for footpath at Bendigo Metro 3
  - reuse of clean and safe excavated soil at Bendigo Metro 3 and the Ballarat Bus Interchange
- implementation of an Asset Disposal Procedure, executed with LXRP, to ensure redundant materials generated by projects are repurposed where possible
- donation and reuse of rail materials to the tourist and heritage sector, community groups and zoos:
  - track jewellery from LXRP delivered to Yarra Valley Tourist and Heritage Railway for reuse
  - rail and timber sleepers donated to Bayview Fishing Club in Williamstown to upgrade a slipway
  - multiple lengths of rail donated to the Werribee Zoo for reuse as fencing
  - timber sleepers from the Bendigo Echuca Line Upgrade to the tourist railways for reuse in sleeper replacement projects
  - concrete sleepers donated to tourist railways for sleeper replacement
  - 10 kilometres of rail from the Murray Basin Rail Project allocated to Daylesford Spa Country Railway for use in railway extension
  - allocation of road vehicles including track cleaning vehicle and overhead maintenance vehicles from Yarra Trams to the Tourist and Heritage Sector for reuse.

Material recycling has also been successful in 2021-22 and has included:

- recycling and repurposing of over 10 tonnes of telco batteries
- recycling of over 2.5 tonnes of metal at the Sunshine warehouse
- recycled 1,850 disposable coffee cups
- recycling of approximately 22 kilograms of phones, laptops and other e-waste.

**Targets**

In 2021-22 VicTrack exceeded the targets identified in the Environmental Sustainability Strategy 2021-25.

**Table 11 Waste targets**

KPI	2021-22 Performance	2020-21 Performance	2019-20 Performance	Target for 2021-22*
Kilograms of office waste disposed of to landfill per FTE by from offices (kg/FTE).	4.31	0.78	10.9	10.21
Recycling rate (percentage of total waste volume that is recycled). (%)	77	82	80	85

\* 2021-22 targets were identified in the VicTrack Environmental Sustainability Strategy 2021-25.

Water

VicTrack’s head office houses over 95 per cent of VicTrack employees and is located in a 5-Star rating building at 1010 La Trobe Street. 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 is treated by the unit and recycled back into the system. Only a small amount of reticulated water is used for showers, hand basins and kitchen areas.

Water consumption is not metered separately and is charged to building management, subsequently apportioned to each occupier within the building based on the occupied floor space. The amount of water consumed by VicTrack cannot be accurately obtained and has not been reported.

Actions

While not related to office impacts, VicTrack implemented beneficial water initiatives at the Bendigo Metro 3 project including:

- Water Sensitive Urban Design (WSUD) in the form of a retarding basin to capture and filter surface water run-off from car park prior to discharge into the stormwater system
- provision of water from VicTrack’s car park into an offsite Council retention dam for treatment and reuse for agricultural purposes.

Greenhouse gas emissions

The emissions disclosed in Table 12 provide a summary of VicTrack’s greenhouse footprint. The data presented here has been taken from previous sections and summarised.

Table 12 Total emissions

Indicator	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Total greenhouse gas emissions associated with energy use (t CO <sub>2-e</sub> ) (office)	752	794	945	1,038	1,081 <sup>17</sup>	1,003
Total greenhouse gas emissions associated with energy use (t CO <sub>2-e</sub> ) (operational facilities)	163	126	99	128	140	184
Total greenhouse gas emissions associated with energy use (t CO <sub>2-e</sub> ) (miscellaneous facilities)	62	154	84	-	-	-
Total greenhouse gas emissions associated with energy use (t CO <sub>2-e</sub> ) (data centres)	1,530	1840	2,073	2,294	2,561	2,629
Total greenhouse gas emissions associated with vehicle fleet (t CO <sub>2-e</sub> )	269	311	305	375	316	314
Total greenhouse gas emissions associated with air travel (t CO <sub>2-e</sub> )	16	50	88	10	11	12
Total greenhouse gas emissions associated with waste production (t CO <sub>2-e</sub> )	6	6	9	6	7	<sup>-18</sup>
Total greenhouse gas emissions (t CO <sub>2-e</sub> )	2,798	3,281	3,602	3,851	4,117	4,142

17 Electricity consumption for August 2017 and June 2018 has been estimated by the energy supplier.

18 No waste audit data collected for 2016–17.

Result

Total reported greenhouse gas emissions for 2021–22 reduced by 15 per cent compared to the previous year. This is predominantly due to a reduction in electricity use at data centres, offices and the miscellaneous facilities.

When compared to the 2018–19 baseline adopted, VicTrack has reduced its annual greenhouse gas emissions by 27 per cent.



Procurement

In 2021–22 VicTrack procured goods for office- and field-based activities as well as services from contractors and consultants. VicTrack incorporated environmental requirements into procurement decision making by:

- updating environmental and sustainability requirements for procurement process templates
- including environmental and sustainability requirements in tender specifications, tender schedules, and tender evaluation criteria
- setting sustainable options as the default when purchasing office consumables
- purchasing paper with a recycled content or carbon neutrality
- developing contractor sustainability reporting metrics
- reviewing contractor management processes
- encouraging the reuse of materials and use of recycled content in selected operational works and construction projects.

In 2021–22, VicTrack finalised its first Social Procurement Strategy to meet the requirements of the Victorian Social Procurement Framework (SPF), in alignment with the policy finalised last year. As part of the strategy:

- direct Social Procurement opportunities are actively including assistance to Green and Social Benefit providers in onboarding
- social procurement objectives are being reviewed in new and existing Contract Management Plans, including Panel Arrangements, in alignment with the environmentally sustainable objectives set under the SPF
- environmental objectives and target KPIs set in high value and strategic construction and non-construction procurement activities are now registered via the Industry Capability Network, ensuring standardised, consistent reporting of social procurement activity.

Compliance with Data Vic 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 Attestation Statement

I, Geraldine Gray, on behalf of the Responsible Body, certify that VicTrack has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Geraldine Gray

Chair  
Victorian Rail Track (VicTrack)

Dated 6 September 2022

## Appendix



# Appendix A

## Disclosure index

VicTrack’s Annual Report 2021–22 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

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# Appendix B

## Board members



### Geraldine Gray

BA, LLB, LLM

#### Chair

Geraldine has spent more than 30 years in the legal industry, practising as a solicitor then a barrister in NSW, Hong Kong and Victoria. She has been at the Victorian Bar since 2004 and brings with her broad and invaluable legal experience in the commercial, contractual and construction sectors.

Geraldine is a Director of the Australasian Leukaemia and Lymphoma Group Ltd. She was appointed to the VicTrack Board in July 2015.



### Alan Hall

BA, LLB (Hons)

#### Deputy Chair

Alan is an experienced former legal practitioner with demonstrated ability and success in leading and managing the delivery of legal services relating to commercial and property-based transactions, with particular emphasis on planning and environmental considerations. He has more than 23 years' experience as a partner in legal firm Corrs Chambers Westgarth and for more than five years practised law in the Kingdom of Saudi Arabia at Al Tamimi & Company – an Arab law firm with the biggest legal presence in the Middle East.

Alan has also provided legal advice to some of the largest Victorian and Australian corporations and government departments including Major Projects Victoria, Department of Treasury and Finance, Foster's Group Limited, Coles Myer Limited, ING Real Estate and the Linfox Group. Alan was appointed to the Board effective 1 April 2018.



### Dr Collette Burke

BE (Civil), M.Eng.Sci, PhD, FIEAust, GAICD – Director

#### Director

Collette has spent more than 25 years in the design and construction sector with major infrastructure construction organisations, as well as being a co-founder of engineering consultancy companies Exner Group and Karsta Middle East and is a non-executive Director of the Australian Road Research Board.

Collette has a passion for project delivery, infrastructure development, the application of technology in asset management, and the future needs of our cities. Collette joined VicTrack's Board in July 2015 and relishes working with VicTrack to see its continued evolution.



### Jenny Dawson

B Bus (Acc), FCA, FAICD

#### Director

Jenny has significant corporate governance experience, having been a non-executive director for 20 years and is currently a Victorian Divisional Councillor of the Australian Institute of Company Directors (AICD). Jenny's prior experience includes 15 years as a Director with ASX-listed Bendigo and Adelaide Bank, where she chaired the Audit Committee, 12 years as Chair of the Bank's wealth management subsidiary Sandhurst Trustees, and three years as Chair of V/Line Corporation in addition to other government and NFP roles.

Prior to her non-executive director career, Jenny spent 10 years with Arthur Andersen in its audit and IT controls division and has experience in the areas of financial reporting and audit, IT internal control reviews, internal audit and risk management. Jenny was appointed to the VicTrack Board effective 1 October 2020.



### Dan O'Brien

BEc, GradDipEc, GAICD

#### Director

Dan has a wealth of experience in senior executive roles in the private and public sectors. Dan was the Chief Executive of Incolink from 2014 to 2019. Before that he was the General Manager of Corporate Affairs for Medibank Private. Prior to that he was the Deputy Secretary for the Department of Regional Australia, Local Government, Arts and Sport. He served as the Chief of Staff to the Premier of Victoria, the Honourable John Brumby and was also the Chief Executive of Regional Development Victoria.

He is currently the Chief Executive Officer of Cladding Safety Victoria.



### Paul White

BBus (Acc), FCA, GAICD, FGIA, CIA

#### Director

Paul has almost 30 years' experience in audit, assurance, compliance and risk management. He has worked with Big 4 Chartered Accounting Firms KPMG and EY and in a variety of other organisations across multiple industries.

Paul currently operates his own risk consultancy business, supporting small- to medium-size businesses on their risk management maturity journey.

He is also a current independent Audit Committee member for the Victorian Office of Public Prosecutions, a Board Member for Melanoma Research Victoria and Melanoma and Skin Cancer Trials Ltd and an accredited Sports Chaplain.

Paul has been a member of the VicTrack Audit and Risk Management Committee since June 2018 and joined the Board on 1 September 2021.





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**VicTrack**