

# Annual Report

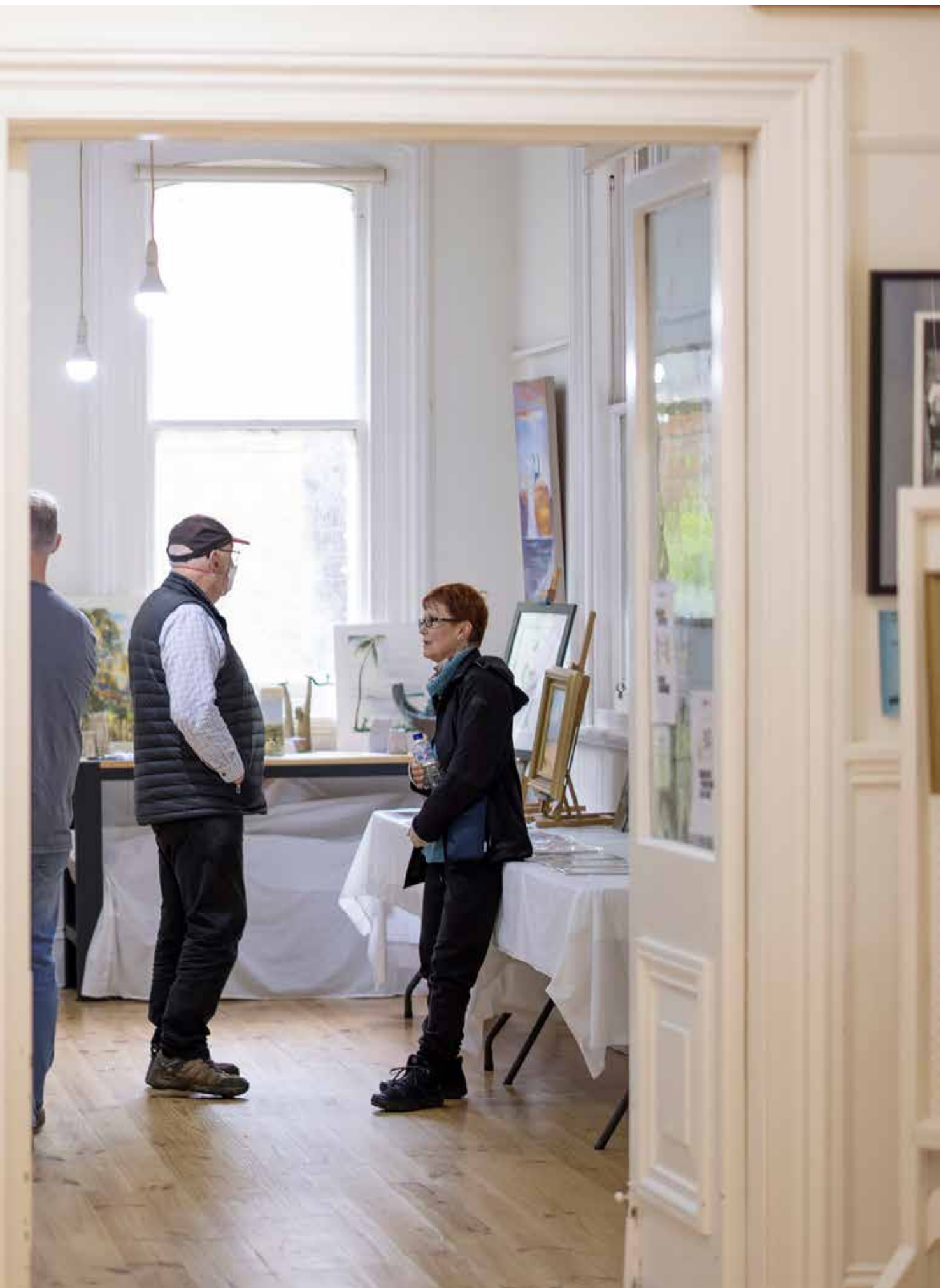
2022–23



**VicTrack**



Cover: VicTrack staff volunteering at Mornington Tourist Railway  
Featured: Art show held in a railway building in Woodend

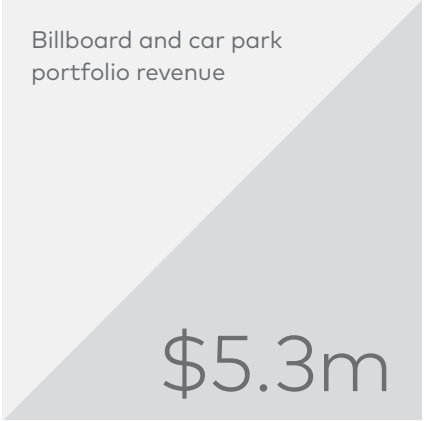
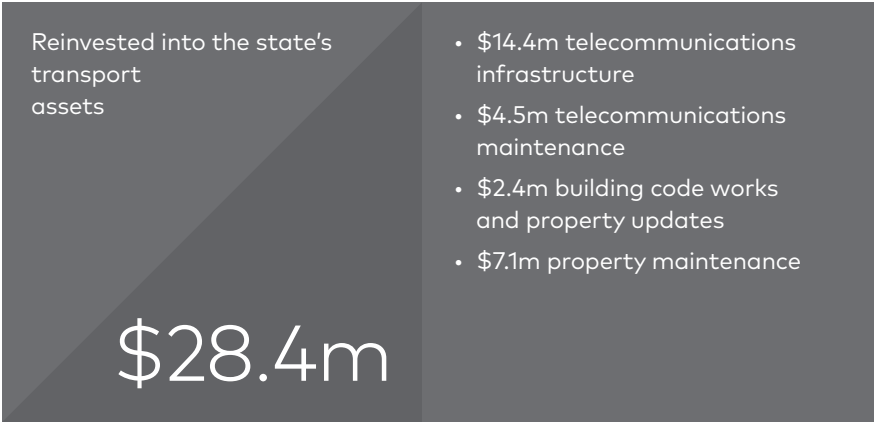




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# 2022–23 performance





# Our asset portfolio



# Highlights 2022-23

In 2022–23 VicTrack continued to modernise our telecommunications network, including progressing the Transport and Government Secure Network (TGSN) project and upgrading the Regional Rail Communications Network. We continued to support and deliver significant rail transport projects and progress the development of previously underused railway land. We also continued to support Victoria's rich rail heritage by refurbishing former rail buildings as well as supporting our Tourist and Heritage (T&H) railway sector.

## Regional Rail Communications Network (RRCN)

The Regional Rail Communications Network (RRCN) is the backbone of the train radio control for regional transport operations. Through the RRCN core automation project, the time taken to switchover between the primary and secondary control sites in the event of a major disruption has been reduced from 4.5 hours to 30 minutes, with a switchover time of five minutes to be achieved by late 2023. Page 41.



## Tourist and Heritage (T&H) rail and tram operator grants

VicTrack and the then Department of Transport provided a total of \$400,000 to sixteen T&H groups for a range of projects to preserve or restore heritage rail assets that they operate. Page 46

## Hampton Quarter

A joint venture property development project next to Hampton Station known as Hampton Quarter is progressing, and will feature 159 one-to-three bedroom apartments, four retail tenancies and 18 social housing units. Construction began in February 2022 and completion is anticipated mid-2024. Page 23







## Bendigo Metro 3

As part of the Bendigo and Echuca Line Upgrade, VicTrack built three new stations in Greater Bendigo on behalf of Rail Projects Victoria. The Bendigo Metro 3 project delivered new stations at Goornong, Huntly and Raywood, giving residents easier access to train services where they live. The project was completed in July 2022. Page 36

## Transport and Government Secure Network

VicTrack is delivering the TGSN project, an end-to-end integrated telecommunications platform that improves the network's capacity, performance and reliability, needed for our transport, government and wholesale customers. As roll out of the network infrastructure is nearing completion, the TGSN project team is working with our customers to migrate telecommunications services to the network. The migration of legacy services was 72 per cent complete as of 30 June 2023. Page 40



## Community Use of Vacant Rail Buildings

Work has continued to refurbish historic disused railway station buildings, which can then be used by local community groups and visitors. Work to restore and refurbish five buildings at Harcourt, Newstead, Korumburra, Patchewollock and Woomelang were completed in 2022–23. A further four restorations will be complete in 2023–24. Page 48

## Car Parks for Commuters

VicTrack delivered over 400 new and upgraded parking spaces at Gisborne, Kyneton, Riddells Creek, North Shore and Beaufort as part of the Car Parks for Commuters Program. VicTrack also delivered an upgrade of the car park at Cobblebank Station in the growing western suburbs.

VicTrack also progressed the delivery of the new 640-space car park at Belgrave Station, which is scheduled for completion in the second half of 2023. Page 39







Fibre optic cables being installed at Bendigo

# Acknowledgement of Country

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We acknowledge Victoria's First 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. We pay our respects to their Elders past and present.

Together, as a Portfolio we're integrating our transport, land use and planning systems. We do this with the aim of creating thriving places and connected communities.

We acknowledge the use of songlines as an integral part of First Peoples' culture. Songlines assisted First Peoples to connect their journeys across the land. We recognise the cultural significance of songlines as trade routes and ceremonial paths. Today, much of the networks and assets we use are on those traditional songline routes.





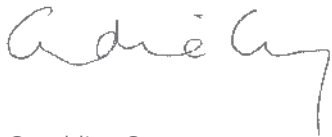
Elizabeth Street tram line and Flinders Street Station

# Year in review

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## 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 ended 30 June 2023.



Geraldine Gray  
Chair, VicTrack Board

Dated: 15 September 2023





Environmental team on site



VicTrack owns Victoria's  
rail land, buildings and  
infrastructure.

We protect and enhance  
the value of these assets  
and reinvest into the  
public transport system  
to benefit all Victorians.

# Vision, purpose, mission and 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.





Tram heading towards Richmond

# Chair's report

## Geraldine Gray Chair, VicTrack Board

The beginning of financial year 2022–23 marked the twenty-fifth anniversary of VicTrack's establishment on 1 July 1997. The organisation was founded to act as the custodial owner of the state's transport-related land, infrastructure, and assets, and manage those assets consistent with the state's transport objectives.

With these foundational objectives in mind, VicTrack has continued to progress its Strategic Asset Management Plan (SAMP). The Board has supported an uplift in the asset management system that has removed work silos and delivered a harmonised system in which assets are managed more effectively.

Another important objective for VicTrack, which is a self-funded organisation, is to generate revenue from commercial operations to reinvest into the transport system and the community. We have continued our prudent approach to financial management, and it is pleasing to see the business in a strong financial position.

Regarding the matter of the qualified accounts, we maintain our position that the current classification of leased assets complies with Australian Accounting Standards, as there has been no trigger event that has occurred requiring us to revisit our historical (and previously accepted) classification of leases. This position has been supported by external expert advice. Nevertheless, VAGO disagrees, and our accounts remain qualified as a result, as they did in the previous financial years.

At the end of July, the Board farewelled Dan O'Brien, whose term as a Director came to an end after five years of service. His extensive knowledge of government operations and processes provided valuable insight and stewardship to VicTrack as we achieved several milestones. These included components of the TGSN – VicTrack's largest ever telecommunications project, the maturity of the environmental management programs and, recently, the development of the asset



management and compliance management programs.

I thank all the Board's Directors and the entire VicTrack team, ably led again by Acting Chief Executive Chris Olds, for their efforts over the past year.

For just over a quarter of a century, VicTrack has proudly been working, largely behind the scenes, to support a thriving transport system for all Victorians. I am pleased to see the organisation in a strong position to continue its vital role into the next 25 years and beyond.



Geraldine Gray  
Chair, VicTrack Board



# Chief Executive's report

## Chris Olds Acting Chief Executive

Over the past financial year, we have continued to focus on our core obligations of asset management and commercial activities to help ensure the state's rail assets benefit all Victorians.

In particular, we have self-funded improvements to our statewide telecommunications network, which is vital to the safe and reliable operation of Victoria's public transport network.

A key initiative continues to be the TGSN, which has forged ahead and is scheduled for completion in early 2024. In addition to delivering a more modern and reliable transport telecommunications network, the extra capacity created by the TGSN will also enable VicTrack to offer a range of commercial telecommunications products for the transport and government sectors.

We have also invested heavily in the Regional Rail Communications Network (RRCN), to further improve the safety and reliability of regional rail services. This investment will reduce the time to change between the primary and secondary data centres in the event of a disaster disruption from 4.5 hours to five minutes. This time was already reduced to 30 minutes in March 2023, and we anticipate hitting the five-minute objective by the end of 2023.

VicTrack has again been an important partner on the state's major transport infrastructure projects. We have supported level crossing removals and commissioning of new stations on the Level Crossing Removal Project (LXRP) and contributed backbone telecommunications to the city-shaping Metro Tunnel and the modernisation of regional rail lines.

A major project to deliver regional car parks under the Victorian Government's Car Parks for Commuters Program was successfully completed, giving regional Victorians easier access to public transport.

Our exciting joint venture property development project at Hampton Quarter has progressed. When completed,



the development will have 159 one-to-three-bedroom apartments, seven retail tenancies including a café, and 18 social housing units. The project is a good example of how the private sector and government can work together to deliver benefits to Victorians.

Hampton Quarter is also revitalising previously underused railway land. Developing or selling land no longer needed for transport purposes enables us to generate revenue to reinvest back into Victoria's transport system or support community programs, including our 400-strong community leases portfolio and the Community Use of Vacant Rail Buildings Program.

These are just some of the highlights of the past financial year. I am proud of what the business has achieved, both operationally and culturally. The successful year would not have been possible without a highly engaged workforce.

While VicTrack continues to operate with a hybrid workforce, we have seen an increase in the number of employees opting to work from the office more often to capitalise on valuable opportunities for teamwork and collaboration.

Our recent staff surveys demonstrate that efforts to strengthen our values-based work culture have been successful, with increased employee engagement recorded. The cultural health of the organisation is strong. To ensure it remains sound, we will continue to support our team, including efforts to promote good mental health and wellbeing and addressing unacceptable behaviour.

I look forward to another successful year ahead.

Chris Olds  
Acting Chief Executive



Construction of Belgrave Station car park

# Manner of establishment and responsible Ministers

## Transport Integration Act 2010

The *Transport Integration Act* provides the vision for an integrated and sustainable transport system in Victoria. The Act outlines objectives and decision-making principles the transport portfolio must consider when planning, developing and operating Victoria's transport system. These include:

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

VicTrack's objectives, as set out in the Act, include:

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

## Responsible Ministers

VicTrack reports to the:

- Minister for Transport and Infrastructure
- Minister for Public Transport
- Treasurer.

## VicTrack's core functions

Our core functions include:

- delivering telecommunications services and network infrastructure that support 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
- carrying out environmental preservation, and managing transport facilities and assets, including the open access Dynon Rail Freight Terminal and heritage buildings.

## Victoria's integrated transport portfolio

VicTrack is part of Victoria's transport and planning portfolio, led by the Department of Transport and Planning (DTP).

DTP delivers an integrated approach to Victoria's transport and planning system to support inclusive, prosperous, and sustainable community outcomes. DTP enables more liveable communities across Victoria through the realisation of local economic and community opportunities.

DTP serves five Ministers and a Parliamentary Secretary and unites transport, planning, precincts, land use, property, building and heritage to support our vision of thriving places, and connected communities for all Victorians.

VicTrack and its initiatives are key contributors to the transport and planning portfolio.



# Organisational structure

VicTrack's operational structure supports our roles and functions. 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 business group contributes to asset management and service delivery.

## Office of the Chief Executive

This office consists of People & Culture, Communications & Engagement, Legal, the Government & Strategy Director and the Company Secretary. It keeps our people, stakeholders and transport partners informed and engaged in everything we do.

## Business Services

This group provides the daily support needed to run VicTrack's operations and is responsible for a wide range of specialist functions that keep us accountable, transparent and operating effectively.

## Property

VicTrack generates revenue through property sales, leasing, development and freight operations to reinvest into the transport network. We maintain our land and buildings and use them to support local communities.

As landowners, we must ensure our transport land best serves the sector and Victorian communities. With vast land parcels spanning the state and air rights throughout the public transport corridor, we work across all land use matters impacting transport land.

These include land sales and acquisitions, property development, commercial leasing, land use and access, infrastructure and facilities management, heritage and environmental preservation.

## Telecommunications

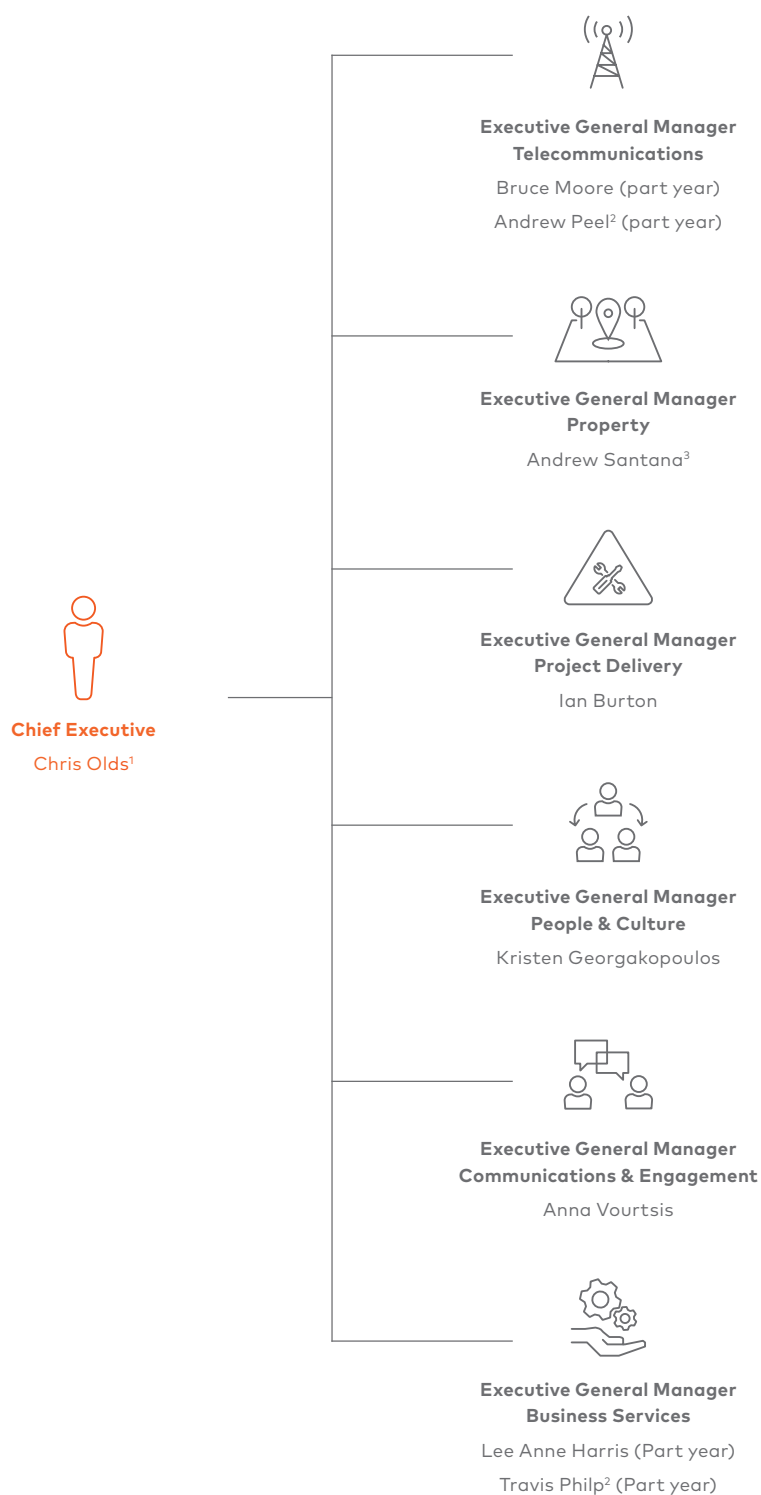
VicTrack owns and manages an extensive telecommunications network that delivers high capacity, secure and cost-effective data and technology services to government and transport partners.

We are a licensed telecommunications provider with statewide network infrastructure providing the transport sector with a full suite of telecommunications services. Our networks form the backbone of public transport customer information, myki ticketing, driver communications and other network critical systems, like signalling. Additionally, our 24-hour network monitoring, and planned and emergency maintenance repair services ensure the highest standards of reliability and safety for both the system and its users.

## Project Delivery

VicTrack supports and delivers rail transport projects and provides expertise on improvements and upgrades to rail land, infrastructure and telecommunications networks.

Whether we're actively upgrading infrastructure or working to support Victoria's major transport projects, VicTrack provides expertise across all disciplines that impact rail land, infrastructure and telecommunications networks. Our services include project management and project delivery in both civil engineering and telecommunications projects, as well as safety and technical services.



<sup>1</sup> Acting in role

<sup>2</sup> Seconded to role

<sup>3</sup> Acting in role for part year and then appointed to role





# Optimising our rail assets

As the custodian of Victoria's rail land, buildings and infrastructure, managing and optimising our rail assets is at the heart of what we do.

## Asset Management Accountability Framework

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

VicTrack's Audit and Risk Management Committee is satisfied that VicTrack is complying with the requirements of the Standing Direction on asset management and is applying the mandatory requirements of the AMAF consistent with its asset threshold.

In 2022–23, VicTrack facilitated an independent review of its asset management maturity against the 39 subject areas of asset management defined by the Global Forum on Maintenance and Asset Management (GFMAM.org), published in "Asset Management Landscape". This supports requirement 3.1.4 that requires Responsible Bodies to conduct self-assessments of their asset management maturity at least every three years.

The independent review placed VicTrack at the boundary between 'developing' and 'competent' on the asset management maturity scale developed by the Institute for Asset Management (theIAM.org). VicTrack has an aspirational target to be competent across all 39 subject areas within five years. A roadmap has been developed to achieve this outcome, demonstrating our on-going commitment to applying the mandatory requirements of the AMAF and maturing our asset management practice.



Telecommunications Group field staff

## Property development program

VicTrack holds a large and diverse property portfolio in metropolitan Melbourne and regional Victoria. Developing land not needed for transport is one of the ways VicTrack generates revenue to reinvest back into Victoria's transport system. We work with commercial partners to create vibrant communities and enhanced station precincts.

### Gardiner integrated development opportunity (IDO) completion

In December 2022, an integrated eight-storey development at Bourke Road, Glen Iris of 115 apartments and five commercial tenancies fronting Gardiner Station was completed. This development was a collaboration between VicTrack, Level Crossing Removal Project (LXRP), Hamilton Marino and DealCorp. It began in 2020 on a level crossing removed as part of the LXRP in 2018. Eleven of the apartments were developed and designed for not-for-profit organisation Summer Housing for people with disability and complex care needs. Its commercial tenants include a yoga studio and café.

### Gardiner Nursery

VicTrack received a planning permit in December 2022 to develop one two-bedroom and 14 four-bedroom town houses near Gardiner Station in Glen Iris. The town houses will be well located for easy access to train, tram, cycle and road networks. We are developing a scope of works and intend to conduct an expression of interest (EOI) campaign to find a development partner over the coming financial year.

### Hampton Quarter

A joint venture property development project at Hampton Quarter is well underway. VicTrack, Homes Victoria, epc.Pacific and Pace Development Group are collaborating on this mixed-use development at 1-25 Koolkuna Lane, Hampton, next to Hampton Station. Construction began in February 2022 and completion is anticipated mid-2024.

The development will include 159 one-to-three-bedroom apartments, four retail tenancies including a café, and 18 social housing units.

Preconstruction work started in late 2021 with expanding the commuter car park and a new digital train radio system (DTRS) tower. DTRS is vital technology for train communications, and the existing DTRS tower fell within the project's footprint and had to be relocated.

### Treasury Square

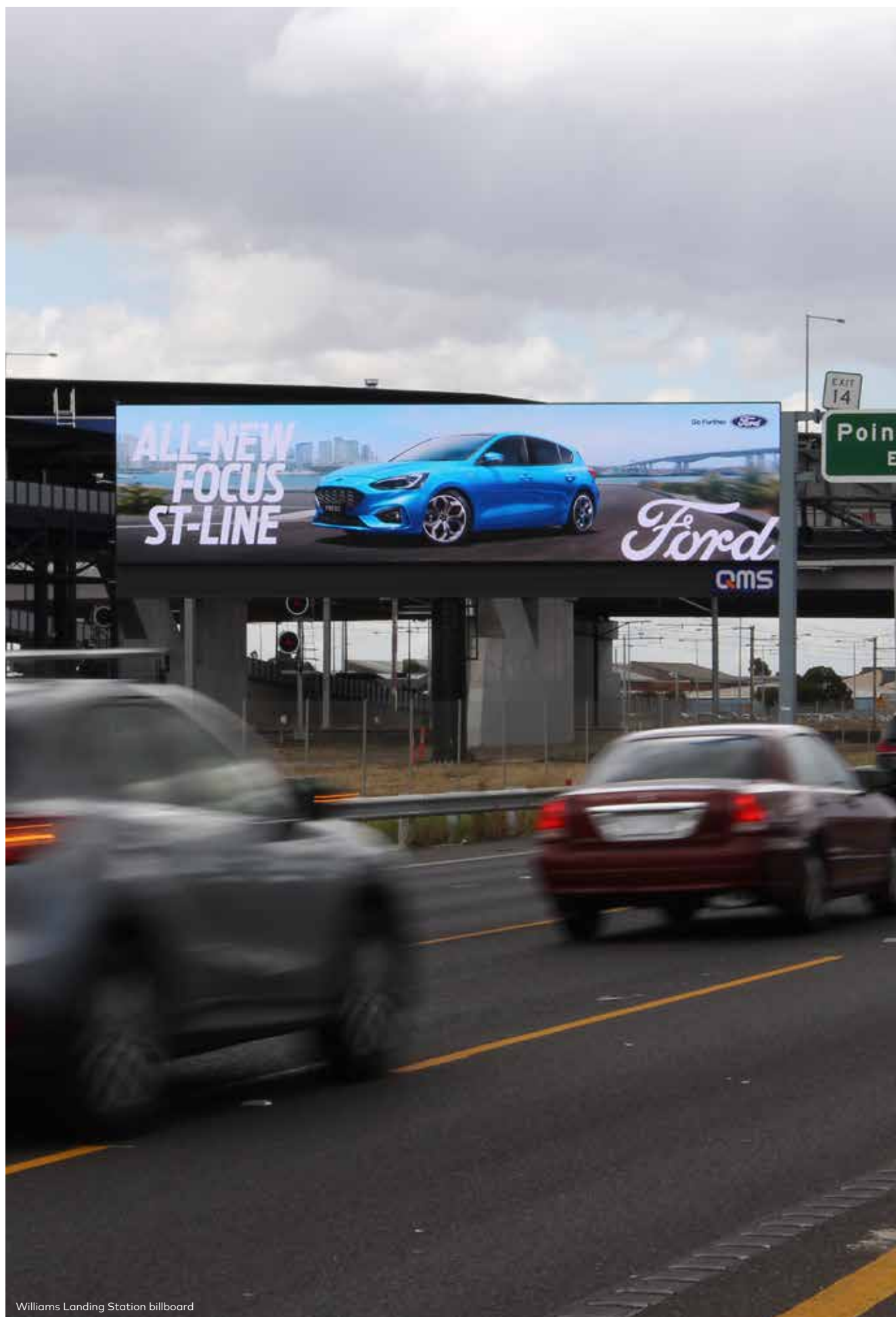
VicTrack continues to progress the sale and development of around one hectare of former rail land at the south-east corner of the Melbourne central business district, known as Treasury Square.

### Alphington Spur

During the past financial year, VicTrack has continued to explore opportunities for the future use of former transport land at Grange Road, Alphington, known as Alphington Spur. We conducted community engagement in September and October 2022 through a survey of the local community to better understand what was important to them in future plans for the site.



Construction of Hampton Quarter



Williams Landing Station billboard

*VicTrack manages hundreds of retail, commercial and industrial properties at stations and in transport precincts, including shops, car parks and billboards.*

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## Commercial property

Our commercial assets include land and air rights throughout the transport corridor, which we use to add value to communities and the transport portfolio. Making our commercial assets stronger is one of our corporate outcomes.

### Billboards and car parks

Both the billboard and car park outsourced contract revenue reported strong results in 2022–23 despite impacts from major transport projects, which saw the removal of sites within both portfolios for transport purposes. The billboard portfolio reported a 7.4 per cent uplift over the previous financial year's result. Car park revenue achieved an uplift of 12.7 per cent on the previous financial year.

### 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 policies and initiatives.

During 2022–23 the land sales team achieved its budget by transacting 12 properties totalling \$23.8 million. This result included selling Richmond Lot 21 and Bylands Lots 15, 16 and 17.

### Commercial leases

Within challenging market conditions, several terminations and surrenders of leases occurred during the past financial year. This included the termination of leases at Dynon Lots 11, 53 and 73 and Shepparton Lots 80, 176 and 182. These Lots, among others, are currently being marketed for potential tenants with new uses and offerings to boost our commercial leasing portfolio.

However, revenue was 0.49 per cent above the budget estimate figure for the financial year and a 3.7 per cent increase on the previous year.

During the year our team continued to focus on strengthening relationships with tenants, working with them to retain their tenure and establish payment plans to clear debts that accumulated during the pandemic. This has resulted in our commercial rental arrears dropping by 59 per cent, from \$1.5 million in June 2022 to \$639,000 in June 2023.

We implement maintenance programs, concentrating on preventive measures to improve operational efficiency and minimise repair cost to VicTrack-owned buildings. This has seen restoration and repairs of assets such as residential properties in Seymour; shopfronts in Glenferrie Road and a historic building on Neerim Road, Murrumbidgee, which we plan to lease during 2023–24.



# Environmental management

Over the year we continued our transition to the new *Environment Protection Act 2017* (EPA Act), effective from 1 July 2021. Key activities included:

- ongoing staff training
- updating procedures
- completing 'Duty to Notify' to the Environment Protection Authority (EPA) for contaminated sites.

## Contaminated land program

VicTrack's 34 completed contaminated land investigations included:

- preliminary site investigations
- environmental site assessments
- groundwater monitoring
- soil vapour assessments
- stockpile assessments
- environmental management plans
- 2022–23 risk assessments.

These investigations assess the potential for environmental or health-related risks based upon historical land use or poor environmental management practices. Sites that are deemed 'contaminated' are investigated further, monitored and remediated where necessary as per VicTrack's Contaminated Land Management Plan.

In 2022–23, VicTrack completed contaminated land remediation investigations including soil remediation, a stockpile removal and remediation options assessments at two investigated sites.

## Contaminated Land Hazard Assessment and Mapping Program

One of the key activities to help transition to the new environmental legislation is VicTrack's contaminated land risk ranking, the Contaminated Land Hazard Assessment and Mapping Program (CHAMP).

This tool enables contamination risks on VicTrack sites to be assessed in today's legislative environment and helps VicTrack to prioritise, risk rank, spatially map and manage its contaminated land.

In 2022–23, VicTrack continued its program to enter contaminated land information into the system, with detailed report summaries prepared for 43 precincts, as well as sites with site specific management plans. The program includes the prefilling of key contaminated land information from reports into fit-for-purpose templates, which are uploaded into the CHAMP tool, along with spatial information.



## Sensitive sites program

VicTrack continued implementing its sensitive sites program, which assesses sites used for a sensitive purpose like residential, childcare or playground. This helps to clarify if the land is impacted from prior potentially contaminating activities, and if the land is suitable for that sensitive use. With the program largely complete, VicTrack is continuing with its ongoing program to inspect and ensure tenants understand and implement requirements of their site-specific environmental management plans (EMPs).

During 2022–23 VicTrack worked with expert contaminated land consultants to complete:

- soil assessment at four sites
- a site use confirmation inspection at one site
- EMP compliance inspections of 26 previously assessed sites.

Where areas of improvement, non-compliance or additional maintenance requirements were identified, these actions were communicated to tenants to ensure risks were managed and EMPs were implemented.

## High-risk sites program

VicTrack continued with our Environmental Assurance and Compliance Assessment Program (EACA) for high-risk leased sites, completing four additional sites in 2022–23. The program includes the inspection and review of environmental management practices of high-risk tenants with potential to pollute VicTrack land to determine their compliance with contractual and legislative environmental obligations. Since the program started, 147 EACAs have been completed and 122 sites with concerns of non-compliances have been identified. Tenants with identified non-conformances are issued with a notice to provide them with an action plan to rectify any non-compliance situations.

*As the owner of one of Victoria's largest titled land holdings, environmental management is important to VicTrack's operations and a main non-commercial activity.*



Water testing at North Geelong Station



## Tourist and heritage (T&H) rail sector environmental program

This year we developed several initiatives and completed proactive assessments to help the T&H rail sector understand environmental obligations.

We created an Operational Environmental Management Plan (OEMP) guidance template for the T&H sector. It includes generic environmental management processes to follow, environmental risk registers, as well as templates for tenants to fill out and then implement on site. This helps tenants comply with their lease obligations and the T&H sector understand legislative duties to comply with contamination and environmental management requirements.

We developed a proactive assessment program to undertake targeted sampling of operational areas used by T&H rail tenants. Targeted areas have the potential to or are suspected to have caused contamination. 2022–23 saw seven T&H rail sites have environmental assessments completed. The assessments support these tenants in understanding the status of both contamination in the land and managing that contamination.

A proactive biodiversity assessment program will identify the biodiversity values present and site-specific recommendations for biodiversity management including what activities may require approval from an authority, like a planning permit. Selected sites have the potential to contain biodiversity. During 2022–23 we saw four biodiversity assessments made for T&H tenants and one weed management plan began.

## EPA compliance and statutory notices

In accordance with the *EPA Act*, VicTrack is required to notify the EPA of sites with contamination meeting the thresholds outlined in the regulations. During 2022–23, VicTrack had notified the EPA of 23 sites (excluding those notified by our tenants).

Each site had an EMP established to manage contamination risks.

In 2022–23 VicTrack had two 'Clean Up Notices' from the EPA; one was ongoing for the Horsham precinct, and one was to address clean-up of waste stockpiles at a VicTrack site in Brooklyn. The EPA revoked the Brooklyn notice in late 2022.

Clean up works at the Horsham site started in 2022. An auditor verified a Clean Up Plan implementation report that was provided to the EPA in April 2023. The Horsham notice was revoked in late 2022, when the EPA was satisfied that clean up was on track and determined that residual contamination would be managed by VicTrack under our General Environmental Duty.

## Assurance program

VicTrack developed a compliance and assurance program for its internal projects to ensure project works comply with obligations according to environmental legislation and VicTrack's environmental management system.

In March 2023, we developed and successfully trialled a Project Environmental Assurance and Compliance Review (PEACR) tool and a PEACR works instruction. Two project reviews were subsequently completed.



Environmental team on site



## Asbestos program

### Survey and removal programs

Asbestos risk is managed in accordance with current Occupational Health and Safety (OHS) regulations. VicTrack maintains asbestos registers and uses a risk matrix to assess potential harm or risk to occupants in buildings and on our land. Asbestos is immediately removed from high-risk sites. For a site deemed at moderate risk, asbestos is removed within six months and low-risk asbestos issues continue to be monitored and noted in the register.

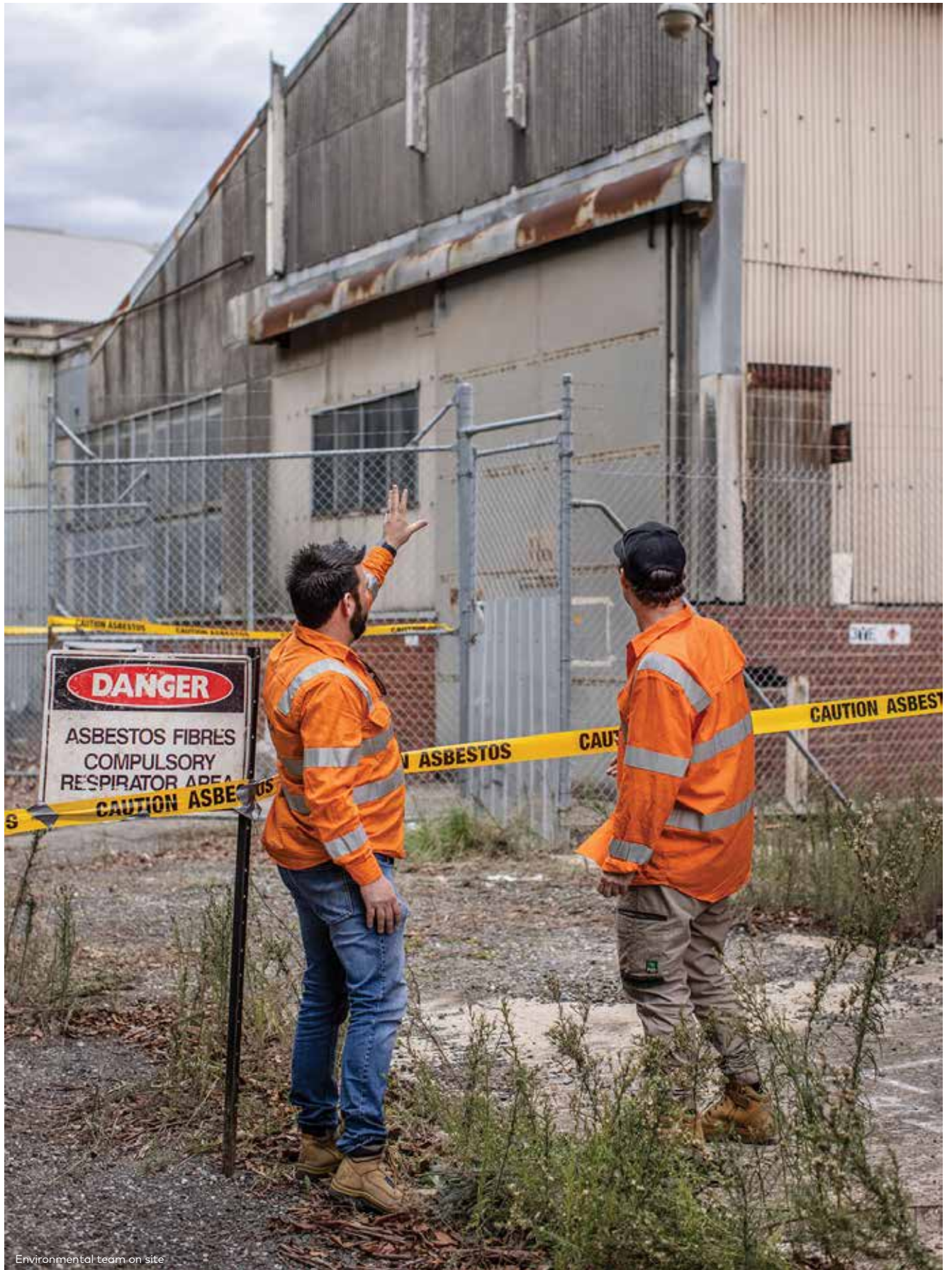
In 2022–23, asbestos surveys were completed on 39 buildings as part of VicTrack's five-year rolling asbestos survey program to manage asbestos risk. Twenty-one additional Division 5 registers were updated in conjunction with proactive asbestos removal works. An additional four asbestos and hazmat audits were conducted at six sites in preparation for asbestos and hazmat removal before either refurbishment or demolition works.

This year we completed asbestos removal and remediation works at 34 sites, which included removal works within 35 assets across Victoria. There are now 20 assets asbestos-free. Key projects included:

- a proactive asbestos removal from 21 assets
- remediation of asbestos contaminated soil at:
  - Glenbervie Lot 7
  - Serviceton Lot 63
  - Wangaratta Lot 44
- complete removal of eight moderate risk asbestos-containing materials from within Lots 44, 70, 81 and 100 at Newport Workshops, including replacement of an asbestos roof and restoration of a significant piece of heritage listed equipment, which eliminated the ongoing need for management costs associated with these items and the asbestos risk to occupants.

### Implementation of site-specific management measures

In 2022–23, VicTrack implemented site-specific asbestos management plan requirements at Queenscliff, Newport Workshops, North Bendigo and Maryborough. The plan for Glenbervie was updated to reflect the newly installed safety signage on the site post-removal works. Implementation of these plans predominantly involved periodic asbestos inspections, updating of site-specific registers, if necessary, and asbestos fibre air monitoring.



Environmental team on site

## Natural resource management

### Biodiversity and cultural heritage management

VicTrack continued to invest its resources into understanding biodiversity on our land. We completed biodiversity assessments at Brooklyn, Donnybrook, Rosedale, Flynn and Lindenow, to map values of high biodiversity significance on VicTrack land and identify recommendations for ongoing management.

We continue to use and maintain our biodiversity mapping and cultural heritage sensitivity tool. The tool mapped known and modelled biodiversity and cultural heritage values on VicTrack land and depicted these areas on our mapping system. The tool helped us identify and track biodiversity and cultural heritage and manage risks to significant values on sites where works are planned. The datasets were updated in 2022–23 including the collation of information from 132 reports.

VicTrack continued to manage its Caroline Springs site, an area of significant biodiversity value. The site has Commonwealth-protected biodiversity values, listed under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), including the Striped Legless Lizard and Spiny Rice-flower. The works were conducted on behalf of DTP, in accordance with the Conservation Management Plan, Offset Management Plan and Trust for Nature conservation covenant. This year we completed:

- a controlled burn off
- biomass and rabbit control
- litter removal
- native seed planting
- biodiversity surveys and monitoring
- annual reporting.

South Morang Biodiversity Protection Area supported 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 2022–23 through weed control, litter removal and rabbit control works.

Sunshine (Tottenham) Biodiversity Protection Area supported matters of National Environmental Significance (listed under the EPBC Act), including:

- the Natural Temperate Grassland of the Victorian Volcanic Plains community
- Western Basalt Plains Grassland
- Matted Flax-lily
- Spiny Rice-flower
- habitats 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 Energy, Environment and Climate Action to protect and manage significant vegetation. Land management works completed in 2022–23 included:

- a controlled burn off
- monitoring significant vegetation
- weed and rabbit control
- litter removal.





Environmental team on site

# Supporting the Big Build and transport infrastructure

VicTrack supports and delivers rail transport projects and provides expertise on improvements and upgrades to rail land, infrastructure and telecommunications networks.

## Level Crossing Removal Project

The Level Crossing Removal Project (LXRP) will remove 110 dangerous and congested level crossings across Melbourne by 2030. So far 75 crossings have been removed.

VicTrack is an important partner in the project, providing essential telecommunications services at each site to assist with crossing removals. Once the level crossing is removed, we reinstall Operational Control System (OCS) equipment, often as part of a new station build. We work closely with project alliances and Metro Trains Melbourne to coordinate works and minimise disruption to the rail network and telecommunications services.

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 works at the site.
- design, procurement, installation, testing and commissioning of:
  - telecommunications services dedicated to signalling that enable all field equipment to communicate and allow control centres to monitor and control the new signalling
  - Operational Control Systems (OCS) services. VicTrack provides telecommunications services to stations that power Public Information Displays (PIDs), customer help points, security services, closed-circuit television (CCTV) and myki ticketing
  - phone and Metro Trains Melbourne (MTM) Wide Area Network (WAN) services, that allow communication with control centres and other stations through our network
  - train radio and other wireless services.

In the past financial year, our team has supported the LXRP by decommissioning stations at Glen Huntly, Surrey Hills, Mont Albert, Deer Park, Greensborough and Montmorency. We have also supported commissioning the new Union, Greensborough, Montmorency and Deer Park stations.

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

## Rail Projects Victoria

### Metro Tunnel

The Metro Tunnel Project is a major infrastructure project consisting of twin nine-kilometre rail tunnels and five new underground stations. The busy Sunbury, Cranbourne and Pakenham lines will run through the tunnel, creating more capacity for the network overall. Significant works have also taken place on the Sunbury and Dandenong rail corridors to connect the tunnel to the existing network.

VicTrack is a key partner in testing trains running through the tunnel, scheduled for the second half of 2023. A period of meticulous testing will ensure the Metro Tunnel is safe and ready for passengers from day one.

The Metro Tunnel will hit a major milestone in July 2023 as test trains run through the tunnel for the first time.

To support the dynamic testing phase, VicTrack is providing Digital Train Radio System (DTRS) communication links from Parkville and State Library to the data centres in East Burwood and Mount Helen as well as the Distributed Antenna System (DAS).

DTRS links and OCS are both required to provide connectivity back to the train control centre, which is an essential element of the testing process.

VicTrack is continuing to deliver support services to the Metro Tunnel Project to ready it for an early 2024 trial with Day 1 operations targeted for 2025.





## Regional Rail Revival

The Regional Rail Revival (RRR) program is upgrading every regional passenger rail line in Victoria.

### Warrnambool Line Upgrade

The Warrnambool Line Upgrade is improving both safety and reliability, with Stage 1 – completed in December 2022 – enabling a fifth weekday return service to and from Warrnambool, and Stage 2 – which is underway – to enable modern VLocity trains to run on the line.

VicTrack has been involved in supporting both vital signalling communications and level crossing upgrades.

During Stage 1, VicTrack was engaged to perform signalling communication (fibre network), train radio communication systems and OCS works to help boost reliability and deliver a fifth weekday return service between Warrnambool and Melbourne, for the benefit of passengers in Victoria's south-west.

VicTrack's support helped deliver four train radio communication towers, signalling and train OCS services, and additional OCS services at Warrnambool, Warrnambool, Boorcan and Warrnambool stations.

Stage 2 of the Warrnambool Line Upgrade includes upgrades to more than 50 level crossings (eight of which will be delivered by VicTrack) to allow VLocity trains to run on the line for the first time.

As part of Stage 2, VicTrack will also provide fibre infrastructure for signalling communication for 18 more crossing upgrades at Warrnambool, Camperdown, Terang and Warrnambool.

### South Geelong to Warrnambool Duplication Project

The South Geelong to Warrnambool Duplication, part of the staged upgrade of the Geelong Line, is delivering critical upgrades to allow more frequent and reliable services from Warrnambool and Warrnambool stations. The project will build on the benefits delivered by the completed upgrades to Warrnambool Station and the new stabling and maintenance facility in Warrnambool.

VicTrack is providing supporting works as an expansion of the Warrnambool Line Upgrade. We are providing signalling, train radio communication systems and OCS.

We have completed early works to allow temporary cable and signalling relocations and will perform further works on operational control and train radio communication systems in late 2023.

### Shepparton Line Upgrade

VicTrack is supporting the second stage of the Shepparton Line Upgrade with communications systems covering signalling, train control and train radio. This has allowed VLocity trains to run to and from Shepparton since October 2022.

As part of the critical infrastructure upgrades, VicTrack has delivered OCS services to Mooroolbark, Murchison East, Nagambie, Shepparton and Shepparton Stabling Yard.

VicTrack will support Stage 3 – which involves signalling, track and stabling upgrades – into the 2023–24 financial year.

### North East Line Upgrade

The North East Line Upgrade has allowed VLocity trains to run to Albury/Wodonga for the first time.

As part of the project, VicTrack delivered the level crossing upgrades at Lilliput and Balmattum.

### Bendigo Metro 3

As part of the Bendigo and Echuca Line Upgrade, VicTrack built three new stations in Greater Bendigo on behalf of Rail Projects Victoria. The project delivered new Victorian Government-funded stations at Goornong, Huntly and Raywood, giving residents easier access to train services where they live.

The project was completed in July 2022 with the earlier than scheduled opening of Raywood Station. Each new station has a single-sided platform and car parking, with lighting, seating and shelter.

The project has delivered dozens of new train services a week from three new stations following decades of no train services for these Greater Bendigo communities.

### Cobblebank Station car park

VicTrack delivered a new 80-space car park at Cobblebank Station, in Melbourne's growing outer west. The project was funded by the Growth Areas Infrastructure Contribution Fund, administered by DTP.

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

Cobblebank Station was built as part of the Regional Rail Revival's Ballarat Line Upgrade. The car park opened in October 2022.

## Statewide Level Crossing Upgrade Program

VicTrack has been delivering crossing upgrades under the Statewide Level Crossing Upgrade Program since 1997. The Victorian Railway Crossing Safety Steering Committee (VRCSSC) oversees this rolling annual program via its Railway Crossing Safety Delivery Group (RCSDG) subcommittee. Every rail-road level crossing and rail-pedestrian level crossing upgraded under the program was deemed as 'high risk' based on risk modelling and incident history. Such sites were often close to stations with a complex mix of express and stopping trains, or on sections of high-speed track with passive controls.

VicTrack's upgrade works at crossings – under contract to DTP – improve safety for pedestrians, vehicles and rail users. Works include fitting electromagnetic latches so people caught on the tracks can escape if they find themselves stuck between closed automatic gates.

In 2022–23, VicTrack successfully completed safety upgrades on two Australian Rail Track Corporation (ARTC) vehicle level crossing sites in regional west Victoria at Rules West Road, Pimpinio, approximately 16 kilometres north of Horsham, and Pura Pura Vite Vite Road, Vite Vite, approximately 109 kilometres north-west of Geelong. The passive crossings were prioritised for upgrading after being identified as potential hazards on the Australian Level Crossing Assessment Model (ALCAM) survey. Upgrading them from passive crossings to active lights and bells with half-booms crossing the roads made it safer for everyone.



Works underway on Bendigo Metro 3





Works underway on the Belgrave Station car park



## Car Parks for Commuters Program

Since 2014, the Victorian Government has delivered more than 16,000 new and upgraded parking spaces at metropolitan and regional stations across the state, with around 5,000 more new and upgraded spaces to come.

VicTrack managed the delivery of over 400 new and upgraded parking spaces across five regional train stations and is delivering the 640-space new car park at Belgrave Station, under the Car Parks for Commuters Program.

### Belgrave Station car park

The 640-space multi-level car park at Belgrave Station has been rapidly taking shape this financial year. The car park structure is nearing completion and works to install the façade and fit out the building services, including the new lifts, are underway.

Construction on the project started in 2022 after VicTrack awarded a design and construct contract following a tender process.

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.

The four-level Belgrave Station car park sits in a busy transport hub and close to shops and homes. The confined and challenging nature of the site has called for complex construction sequencing, including use of pre-cast structural components and innovative lightweight façade elements. The structure is being completed progressively in zones working from bottom to top from the far end of the car park to the entrance. In some zones all levels are complete, with the construction of the upper levels in the zones near the car park entrance remaining. The façade's rusted metal style finish is inspired by the local area and aligns with community feedback on the design.

Other improvements being delivered include:

- an undercover pick-up and drop-off area
- road widening for better car park access
- a new bus priority exit lane
- bus priority signals at the roundabout.

Once complete, the car park will give people living around Belgrave easier access to public transport. It will include lifts to make it accessible to people of all abilities, and there will be 16 accessible car spaces. The car park will also feature CCTV, lighting and a public announcement system for safety and real-time parking availability signage.

Construction work began in March 2022. The car park is scheduled for completion in the second half of 2023.

### Regional car parks

Construction on all five regional station car parks got underway in 2022–23, with works completed by the end of the financial year. This included:

- 200 new and upgraded spaces at North Shore Station, adding 140 spaces, including six accessible spaces. The new and upgraded car parking opened in March 2023.
- 100 spaces were upgraded at Gisborne Station, including four accessible spaces. The upgraded spaces opened in January 2023.
- 50 new spaces, including one accessible space, were added at Kyneton Station. The new car park opened in February 2023.
- Beaufort Station has a new car park with 40 spaces, including two accessible spaces. It opened in May 2023.
- 50 new car spaces were added at Riddells Creek Station, including three accessible spaces. The car park was completed in the first half of 2023 and is planned to open in July 2023 following the completion of works by Macedon Ranges Shire Council to upgrade Hamilton Street.

Each of the car parks has lighting and CCTV for passenger safety as well as bicycle parking.

# Delivering statewide telecommunications services

VicTrack owns and manages an extensive telecommunications network that delivers high capacity, secure and cost-effective data and technology services to government and transport partners.

## Transport and Government Secure Network

VicTrack is delivering the Transport and Government Secure Network (TGSN), a robust and end-to-end integrated telecommunications platform that improves our network's capacity, performance and reliability, needed for Victoria's transport, government and wholesale customers.

The TGSN rollout started in July 2019 with completion expected in the first quarter of 2024. The network has two aspects:

1. A new base transmission called the Optical Transport Network. This base infrastructure network connects sites across Victoria and has been fully rolled out.
2. A smart routing layer using Internet Protocol Multi-Protocol Label Switching (IP/MPLS). This smart communication layer connects VicTrack's telecommunications services and was 92 per cent rolled out at the end of the financial year.

The TGSN project team is also working with VicTrack customers to migrate approximately 13,000 telecommunications services to the new network. They include:

- customer help points
- myki services
- public announcement systems
- telephony systems.

The migration of legacy services was 72 per cent complete as at 30 June 2023. Lines completed are:

- Upfield
- Frankston
- Craigieburn
- Wangaratta/Seymour
- Shepparton.

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

## Regional Rail Communications Network (RRCN)

VicTrack is undertaking the Regional Rail Communications Network (RRCN) core automation project to improve service outcomes, safety and reliability on the regional network.

This VicTrack funded project aims to reduce switchover time between the primary and secondary sites in a disaster from 4.5 hours to five minutes by:

- automating disaster recovery
- removing legacy connections and hardware
- migrating services to a modern transmission using the new TGSN.

Phase 1 reduced the data centre switchover time from 4.5 hours to 30 minutes and was completed in March 2023. Phase 2 is well underway and will reduce switchover time down to five minutes. Completion is expected in late 2023.

## Supporting the Spirit of Tasmania

VicTrack has delivered data connectivity to the new state-of-the-art Spirit of Tasmania terminal in Geelong. The completed works provide telecommunications support for the ferry terminal and connect it to our TGSN.

Infrastructure works began in August 2022. This included installing an underground cable to the new facility. Following delivery of the new fibre infrastructure, VicTrack is providing an ethernet-managed service to support onsite data connectivity. The Spirit of Tasmania now has a high-speed and reliable ethernet connection to support facility operations, including backhaul, internet and redundancy.





## Internet gateways

As part of our commercial telecommunications products, VicTrack offers high performance internet services delivered over our carrier grade network to the transport, government and wholesale sectors.

In 2023, VicTrack upgraded its internet access products to deliver improvements to customers' internet speed, bandwidth, resilience, and reliability.

The product upgrade was made possible by introducing two new internet gateways – routers that connect our customers to internet service providers. Their larger capacity allows us to offer internet access with higher bandwidths and compatibility with our TGSN architecture.

Higher bandwidth options can cater to a customer's existing needs and allow for future growth. Changes can be made to service bandwidths with minimal disruption. The internet access also has greater protection through gateway diversity.

## Sunbury fibre maintenance

VicTrack upgraded fibre optic cable to remove instability in the fibre path between Bendigo and Sunbury, following the commissioning of Optical Transport Network (OTN) equipment as part of the TGSN.

Testing and analysis identified key degradation areas of the cable that needed upgrading.

The high data rates loaded onto the OTN means the operational performance guarantee margin is more sensitive than earlier generation equipment. VicTrack's upgrade program to the fibre optic cable will progressively improve performance and prevent failure in critical transport service delivery.

The project involved installing new pits and replacing cable in three sections totalling approximately 17 kilometres. Contractors began work on all three sections in mid-May 2023. As at 30 June 2023, the new cable sections have been hauled and tested in preparation for splicing into existing joints, bypassing sections of degraded cable. Three outages are required to cutover to the new cable. Two were scheduled for July 2023, with the third scheduled for early August 2023.

New cable monitoring equipment also installed at Bendigo will continually monitor unused fibres on the cable to highlight issues in advance.

## Telecommunications network performance

Despite ongoing operational challenges, the network continues to perform successfully.

Network availability exceeded expectation and achieved 99.95 per cent for the financial year – up 0.02 per cent from the last financial year.

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 90 per cent of agreed service level targets was again exceeded with 97.85 per cent, 1.04 per cent up on the last financial year.

A total of 3,590 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 7,092 changes and Permits to Work closed during 2022–23, with a success rate of 98.76 per cent against a KPI of 95 per cent.

VicTrack's 24/7 Network Management Centre (NMC) ensures that the network is reliable, continuous, and safe.

The NMC handled 122,868 calls from customers and the public this financial year – 84,294 inbound and 38,574 outbound. VicTrack's focus is on preventative maintenance to ensure optimum network efficiency and minimal unplanned outages.

During this financial year the team achieved 100 per cent of the forecast preventative maintenance program – the target was 85 per cent.



Fibre works underway at Bendigo



# Supporting communities and protecting our heritage

VicTrack is dedicated to protecting Victoria's rich rail heritage and supporting thriving communities through careful planning, asset management and investment.

## Retired Trams Strategy

As part of our Retired Trams Strategy, in 2018, VicTrack offered 134 retired trams to the community via an EOI.

This financial year 10 more trams were relocated from Newport to begin new lives in the community. So far 78 trams have been rehomed.

Future uses for trams relocated in the past year include a café, play area for school children, garden centre, meeting space and tourist accommodation.

Trams will continue to be rehomed in the coming year to destinations in Victoria and beyond.

We have an interactive map charting where each tram is now, and the work done to bring them back to life. Some have been fully refurbished, like 'Doris' that is now boutique accommodation in Victoria's Yarra Valley. Others remain works in progress.





W-Class tram about to leave Newport



Rolling stock at Mornington Tourist Railway

## Tourist and Heritage update

### Railway and Tramway Heritage Victoria Inc (RTHV)

VicTrack works closely with Railway and Tramway Heritage Victoria Inc (RTHV), which became incorporated as an independent and sector-determined entity in July 2022. The group continues to advise on heritage rolling stock and its management.

In the past financial year, the Tourist and Heritage (T&H) Land and T&H Asset Lease working groups progressed efforts to conclude land and asset leases providing accredited T&H railways with a secure long-term tenure.

### Tourist and Heritage (T&H) rail and tram operator grants

VicTrack provided \$400,000 to the T&H sector. The then Department of Transport contributed further funding through its Flexible Local Transport Solutions. Sixteen T&H groups made applications, with each receiving funding for at least one proposed project.

Funding has already been used to preserve or restore heritage rail assets. For example, the Melbourne Tramcar Preservation Association used a \$19,000 grant to purchase wiring to restore a rare tram believed to be one of only three of its kind left in Victoria. Heritage rail operator 707 Operations refreshed a lounge car with its funding, to be enjoyed by passengers on its popular rail tours.

### Reallocation of assets and materials

We work with the T&H sector to offer and allocate disused rail assets to heritage rail groups, so that they can be preserved, restored, or used for their operations. In the past financial year, we supported groups with grants for small restoration projects and allocated groups disused assets, diverting andfill by helping them secure unwanted major infrastructure project material.

### Surplus rolling stock

VicTrack called for expressions of interest from T&H groups for surplus rolling stock held at Newport. The EOI offered 58 items, including a culturally significant guard's van – believed to be the oldest surviving van of its type in Victoria. The van was allocated to the Mornington Railway to be restored and put into service on the tourist railway.

Each of the eight T&H groups expressing interest in the rolling stock was allocated an item.

### V/Line N Cars

After V/Line replaced locomotive-hauled services on the Albury Line with new VLocity trains, the railway operator requested VicTrack's assistance to offer redundant Standard Gauge N Cars to the T&H sector.

Three T&H railways operating on the standard gauge mainline – Seymour Heritage Railway Centre, 707 Operations and Steamrail Victoria – each received a set of N Cars. A further three sets of broad gauge cars are earmarked for isolated railways not connected to the mainline, including Daylesford Spa Country Railway, Yarra Valley Railway and Mornington Railway.

### Korumburra turntable relocated

A rare but disused railway turntable was reallocated to the Yarra Valley Railway from Korumburra in June 2023. It had been decommissioned from the South Gippsland Tourist Railway in 2015.

The turntable is one of very few in Victoria that can accommodate Yarra Valley Railway's larger locomotives and will support the railway's reactivation to Yarra Glen.

It was reallocated as part of our ongoing work to offer disused rail assets to T&H rail operators and museums to be preserved or put back into use.

### Reuse of railway materials

Over the past financial year, T&H railways have received recycled materials for their operations. The RTHV Material Re-Use Working Group worked with the LXP to save old railway sleepers and ballast from landfill. LXP delivered the old timber sleepers donated to Walhalla Goldfields Railway, removed during a Pakenham line level crossing removal.

During level crossing removals at Union Road, Surrey Hills and Mont Albert, LXP donated unwanted ballast to the T&H sector. Ballast from the project was screened. This process separates usable rock from waste material to greatly reduced waste materials sent to landfill. Out of 8,650 tonnes of screened ballast, 7,350 tonnes of ballast and 997 tonnes of 20mm aggregate material were saved.

### Bendigo Tramways expansion

VicTrack is working with Bendigo Tramways, the City of Greater Bendigo and Regional Development Victoria on this \$10.7 million expansion.

The additional storage space created for Bendigo Tramways includes upgraded workshop equipment for restoring heritage rolling stock.

The project will increase the number of trams that Bendigo Tramways can restore, creating more jobs and generating economic activity in central Victoria.

Construction began in October 2022 and is scheduled to be completed in 2024.





## Community leases

VicTrack makes underused land and buildings available to community organisations through our community leases program.

VicTrack has 411 leases in our community lease portfolio. In 2022–23 we have processed 19 new leases including five lease renewals. The leases have supported a diverse range of social and cultural programs, as well as beautification and recreational purposes.

A highlight in 2022–23 has been work done by members of the Hobsons Bay Men's Shed to restore the historic clock tower at Newport Workshops and tend a garden under an access agreement, as part of a community lease with Steamrail Victoria.

Volunteer working bees at the site have removed non-heritage modifications, painted walls and ceilings, fixed hazards and tidied the surrounding garden. Quality second-hand material such as panel doors and flooring were sourced where possible. VicTrack supported the work with a \$7,500 grant. Work to restore the clock tower continues.

## Community use of Vacant Rail Buildings

Work has continued to refurbish Victoria's historic railway station buildings through the Victorian Government's Community Use of Vacant Rail Buildings Program. The program involves restoring disused station buildings in regional towns, some of which have been vacant for decades. They can then be used by local community groups and visitors, providing local and regional community benefit.

Restoration and refurbishment works on the Newstead Goods Shed, Woomelang Station, Patchewollock Station and Goods Shed, and Korumburra Station were completed in 2022–23, and Mount Alexander Shire Council took over management of the Harcourt Station building as the head tenant. The building was subleased to the Harcourt Progress Association.

A highlight is the historic Woomelang Railway Station. After being abandoned for many years, it has been transformed into a community asset operating as the Mallee Makers Gallery. It provides a community meeting space and a workshop and exhibition space to benefit the local community. It also acts as a gateway for visitors to the Silo Arts Trail and the general region. The building's lease was handed to the Woomelang and District Historical Society in January 2023.

A second parcel of projects in 2022–23 began with the tender for works on the historic bluestone stations at Lal Lal, Lethbridge and Little River. The heritage-listed Casterton Station moved into the design stage.

## Stationers

VicTrack continued its partnership with DTP, V/Line and Metro Trains Melbourne to fund and support this program. The Stationers program engages volunteers to beautify train stations across metropolitan and regional Victoria and is delivered on our behalf by Keep Australia Beautiful Victoria.

As of 30 June 2023, there were 44 active groups across Victoria, including 24 at metropolitan stations and 24 at regional stations. Overall, 350 volunteers were involved in the program, resulting in more than 6,750 volunteer hours over the financial year.

## Landcare environmental program

VicTrack's partnership with Landcare Australia continued to fund the protection and improvement of native vegetation on railway and other land by local Landcare groups. The four groups funded in 2022–23 have worked to achieve significant environmental and community outcomes. Activities across the project sites included:

- weed control
- large scale bush regeneration works
- habitat restoration
- protection of native flora and fauna species.

Works have also engaged local communities through community days and participation from local schools. Landcare Australia helps us maximise this on-ground conservation activity through a large network of volunteer groups.

Visit Landcare Australia's website for more information on projects funded through the partnership during this past financial year – <https://landcareaustralia.org.au/our-partners/corporate-partners/victrack/>



VicTrack employees participating in a tree planting day at Eaglemont Station



VicTrack employees



# 2022–23 Audited financial statements

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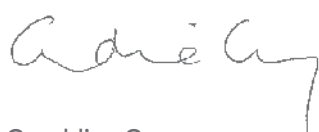
## Declaration by Chair and the Accountable Officer 30 June 2023

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 2023 and the financial position as at 30 June 2023 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 15 September 2023.



**Geraldine Gray**  
Chair

Dated: 15 September 2023



**Chris Olds**  
Acting Chief Executive

Dated: 15 September 2023

## Comprehensive operating statement for the year ended 30 June 2023

	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Continuing operations					
Revenue & income from transactions					
Telecommunication services		71,395	66,652	71,395	66,652
Infrastructure management revenue		43,983	63,796	43,983	63,796
Property related income		38,610	39,175	38,610	39,175
Government contributions towards capital & related work		50,984	36,912	46,462	29,273
Other income		38,760	18,722	38,443	18,098
Total income from transactions		243,732	225,257	238,893	216,994
Expenses from transactions					
Employee benefits		54,388	49,804	54,388	49,804
Infrastructure management expense		35,302	71,586	35,302	71,586
Depreciation & amortisation	4.1.1	989,114	986,685	760,500	777,755
Finance costs		2,459	2,169	697	181
Supplies & services		30,675	31,805	30,675	31,805
Other expenses from ordinary activities	3.1	19,115	594,406	18,828	216,967
Total expenses from transactions		1,131,053	1,736,455	900,390	1,148,098
Net result from continuing operations before tax		(887,321)	(1,511,198)	(661,497)	(931,104)
Tax equivalent benefit	3.2.1	158,152	(841,704)	147,022	(1,056,119)
Net result		(729,169)	(2,352,902)	(514,475)	(1,987,223)
Other economic flows – other comprehensive income					
Items that will not be reclassified to net results					
Changes in physical asset revaluation surplus		2,482,475	1,397,084	2,482,475	1,020,048
Total other economic flows - other comprehensive income		2,482,475	1,397,084	2,482,475	1,020,048
Comprehensive result		1,753,306	(955,818)	1,968,000	(967,175)

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

## Balance sheet as at 30 June 2023

	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Assets					
Financial assets					
Cash & deposits		56,028	39,222	54,404	37,983
Trade & other receivables		87,150	31,694	87,150	31,602
Total financial assets		143,178	70,916	141,554	69,585
Non-financial assets					
Property, infrastructure, plant & equipment	4.1	46,520,542	41,751,485	41,445,856	37,201,124
Total non-financial assets		46,520,542	41,751,485	41,445,856	37,201,124
Total assets		46,663,720	41,822,401	41,587,410	37,270,709
Liabilities					
Trade & other payables	5.4	197,327	90,606	196,397	89,935
Employee related provisions		12,784	12,856	12,784	12,856
Other provisions		7,324	6,762	7,324	6,762
Borrowings	5.1	41,262	43,504	13,092	12,577
Deferred tax liability	3.2.2	3,744,003	2,835,360	3,562,702	2,642,929
Total liabilities		4,002,700	2,989,088	3,792,299	2,765,059
Net assets		42,661,020	38,833,313	37,795,111	34,505,650
Equity					
Contributed capital		33,612,413	31,538,013	27,992,165	26,670,703
Physical asset revaluation surplus		18,286,235	15,803,760	17,842,232	15,359,757
Accumulated surplus/(deficit)		(9,237,629)	(8,508,460)	(8,039,286)	(7,524,811)
Net worth		42,661,020	38,833,313	37,795,111	34,505,649

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 2023

	Contributed capital	Physical asset revaluation surplus	Accumulated surplus/ (deficit)	Total equity
	\$'000	\$'000	\$'000	\$'000

### Consolidated 2022

<b>Balance as 1 July 2021</b>	<b>28,757,842</b>	<b>14,406,676</b>	<b>(6,155,557)</b>	<b>37,008,961</b>
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>

### Transactions with owners in their capacity as 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>

### Consolidated 2023

<b>Balance as 1 July 2022</b>	<b>31,538,013</b>	<b>15,803,760</b>	<b>(8,508,460)</b>	<b>38,833,313</b>
Net result for the year	-	-	(729,169)	(729,169)
Other comprehensive income/(expense) for the year	-	2,482,475	-	2,482,475
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>2,482,475</b>	<b>(729,169)</b>	<b>1,753,306</b>

### Transactions with owners in their capacity as owners

Contributions by owners during the year	2,074,400	-	-	2,074,400
<b>Balance at 30 June 2023</b>	<b>33,612,413</b>	<b>18,286,235</b>	<b>(9,237,629)</b>	<b>42,661,020</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

#### Parent 2022

<b>Balance as 1 July 2021</b>	<b>24,544,927</b>	<b>14,339,709</b>	<b>(5,537,588)</b>	<b>33,347,048</b>
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>

#### Transactions with owners in their capacity as 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>

#### Parent 2023

<b>Balance as 1 July 2022</b>	<b>26,670,703</b>	<b>15,359,757</b>	<b>(7,524,811)</b>	<b>34,505,649</b>
Net result for the year	-	-	(514,475)	(514,475)
Other comprehensive income/(expense) for the year	-	2,482,475	-	2,482,475
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>2,482,475</b>	<b>(514,475)</b>	<b>1,968,000</b>

#### Transactions with owners in their capacity as owners

Contributions by owners during the year	1,321,462	-	-	1,321,462
<b>Balance at 30 June 2023</b>	<b>27,992,165</b>	<b>17,842,232</b>	<b>(8,039,286)</b>	<b>37,795,111</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 2023

	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts					
Receipts from government & other entities		253,244	257,808	247,822	247,113
Total receipts		253,244	257,808	247,822	247,113
Payments					
Suppliers (inclusive of GST) & employees		(179,917)	(200,493)	(177,639)	(195,949)
Total payments		(179,917)	(200,493)	(177,639)	(195,949)
Net cash flows from/(used in) operating activities	5.2	73,327	57,315	70,183	51,164
Cash flows from investing activities					
Acquisition of property, plant & equipment		(76,642)	(65,581)	(76,642)	(65,581)
Proceeds from sale of property, plant & equipment		22,879	3,820	22,879	3,820
Net cash flows from/(used in) investing activities		(53,763)	(61,761)	(53,763)	(61,761)
Cash flows from financing activities					
Repayment of borrowings & principal portion leases liabilities		(2,757)	(5,966)	-	-
Net cash flows from/(used in) financing activities		(2,757)	(5,966)	-	-
Net increase/(decrease) in cash and cash equivalents		16,807	(10,412)	16,420	(10,597)
Cash & cash equivalents at the beginning of the financial year					
Cash & cash equivalents at the end of the financial year		56,028	39,222	54,404	37,983

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



## 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 2023. 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'.

### Leases

AASB 16 *Leases* is effective for annual reporting periods commencing on or after 1 January 2019. The Consolidated Entity adopted 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 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 2023 there have been no modifications to the existing leases and therefore the accounting treatment remains unchanged.

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. In contracts where the Consolidated Entity is a lessor, the Consolidated Entity 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 and has continued to classify the leases as operating leases.

### 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 2023, 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 7.3 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 and Planning (DTP) makes all payments to the lessors or financiers on behalf of the Consolidated Entity is confirmed by the Letter of Support provided by the DTP dated 8 July 2023 covering the period until September 2024. 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* and Australian Accounting Standards (AAS), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

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, project management and civil engineering services for rail infrastructure projects.

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.

## 3. The cost of delivering services

### 3.1 Other expenses from ordinary activities

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Error in recognition of fixed assets	-	577,770	-	200,734
Other expenses	19,115	16,635	18,827	16,232
<b>Total other operating expenses</b>	<b>19,115</b>	<b>594,406</b>	<b>18,827</b>	<b>216,967</b>

Other operating expenses generally represent the day to day running costs incurred in normal operations. In 2021–22, assets with insufficient attribute information (Consolidated \$577m; Parent \$200m) were deemed as received in error and subsequently written off as "error in recognition of fixed assets". Management's review of asset information from transfers has not identified any asset to be written off in 2022–23.



## 3.2 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.

### 3.2.1 Tax equivalent expense

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Income tax</b>				
Current income tax (expense)/benefit	-	-	-	-
Derecognition of tax losses	-	(1,132,806)	-	(1,218,816)
Adjustment in respect of current income tax of previous years	-	-	-	-
Deferred income tax	158,152	291,102	147,022	162,697
<b>Total income tax (expense)/benefit</b>	<b>158,152</b>	<b>(841,704)</b>	<b>147,022</b>	<b>(1,056,119)</b>
<b>Income tax reconciliation</b>				
Accounting profit/(loss) before tax	(887,321)	(1,511,198)	(661,497)	(931,104)
Income tax (expense)/benefit at company tax rate of 30%	266,196	453,360	198,449	279,331
Derecognition of prior periods tax losses	-	(1,132,806)	-	(1,218,815)
Current period unbooked tax losses	(172,311)	(162,093)	(115,694)	(116,760)
Prior year's income tax adjustments & non-allowable items	64,267	(165)	64,267	125
<b>Total income tax (expense)/benefit</b>	<b>158,152</b>	<b>(841,704)</b>	<b>147,022</b>	<b>(1,056,119)</b>
<b>Deferred income tax revenue/(expense) included in income tax expense</b>				
(Increase)/decrease in deferred tax liabilities	(6,381)	(321)	(17,511)	(320)
Increase/(decrease) in deferred tax assets	164,533	(841,383)	164,533	(1,055,799)
<b>Total income tax (expense)/benefit</b>	<b>158,152</b>	<b>(841,704)</b>	<b>147,022</b>	<b>(1,056,119)</b>
<b>Amounts charged directly to equity</b>				
<b>Revaluation reserves</b>				
Revaluation of plant & equipment	(1,066,795)	1,367	(1,066,795)	1,367

#### 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.

### 3.2.2 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 7.4.

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000

#### Deferred tax assets

The balance comprises temporary differences attributable to:

Finance lease liability	18,285	773	18,285	773
Accrued leave	4,206	3,857	4,206	3,857
Provisions	52	2,029	52	2,029
Doubtful debts	373	493	373	492
Accelerated depreciation	969,125	829,612	969,125	820,352
<b>Total deferred tax assets</b>	<b>992,041</b>	<b>836,764</b>	<b>992,041</b>	<b>827,503</b>

#### Deferred tax liabilities

The balance comprises temporary differences attributable to:

Revaluation of plant & equipment	(4,736,044)	(3,672,124)	(4,554,743)	(3,470,432)
<b>Total deferred tax liabilities</b>	<b>(4,736,044)</b>	<b>(3,672,123)</b>	<b>(4,554,743)</b>	<b>(3,470,431)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(3,744,003)</b>	<b>(2,835,358)</b>	<b>(3,562,702)</b>	<b>(2,642,928)</b>

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

Opening balance	(2,835,360)	(1,995,023)	(2,642,929)	(1,588,177)
Charged to income tax expense	158,152	291,102	147,022	162,697
Charged to equity	(1,066,795)	1,367	(1,066,795)	1,367
Under/(over) prior year	-	-	-	-
Derecognition of tax losses	-	(1,132,806)	-	(1,218,816)
<b>Closing balance</b>	<b>(3,744,003)</b>	<b>(2,835,360)</b>	<b>(3,562,702)</b>	<b>(2,642,929)</b>

## 4. Key assets available to support service delivery

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

### 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	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>						
Land	9,405,206	9,409,112	-	-	9,405,206	9,409,112
Buildings & structures	12,694,245	11,127,638	-	(377,125)	12,694,245	10,750,513
Track	6,387,564	6,055,623	-	(382,003)	6,387,564	5,673,620
Earthworks	6,583,482	5,637,966	-	-	6,583,482	5,637,966
Signals & communications	4,063,870	4,166,466	-	(496,700)	4,063,870	3,669,766
Plant & equipment	1,951,013	1,924,660	-	(250,502)	1,951,013	1,674,158
Rolling stock	5,698,597	4,945,657	(623,910)	(395,296)	5,074,687	4,550,361
Intangible - software & licences	35,518	294,160	-	(262,444)	35,518	31,716
WIP	324,957	284,712	-	-	324,957	284,712
<b>Net carrying amount</b>	<b>47,144,452</b>	<b>43,845,994</b>	<b>(623,910)</b>	<b>(2,164,070)</b>	<b>46,520,542</b>	<b>41,681,924</b>
<b>Parent</b>						
Land	9,405,206	9,409,112	-	-	9,405,206	9,409,112
Buildings & structures	12,694,245	11,127,638	-	(377,125)	12,694,245	10,750,513
Track	6,387,564	6,055,623	-	(382,003)	6,387,564	5,673,620
Earthworks	6,583,482	5,637,966	-	-	6,583,482	5,637,966
Signals & communications	4,063,870	4,166,466	-	(496,700)	4,063,870	3,669,766
Plant & equipment	1,951,013	1,924,660	-	(180,939)	1,951,013	1,743,721
Intangible - software & licences	35,518	294,160	-	(262,444)	35,518	31,716
WIP	324,957	284,712	-	-	324,957	284,712
<b>Net carrying amount</b>	<b>41,445,855</b>	<b>38,900,337</b>	<b>-</b>	<b>(1,699,211)</b>	<b>41,445,855</b>	<b>37,201,126</b>



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

	Land	Buildings & structures	Track	Earthworks
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2023</b>				
<b>Carrying amount at 1 July 2022</b>	<b>9,409,111</b>	<b>10,750,512</b>	<b>5,673,620</b>	<b>5,637,966</b>
Additions	4,042	-	-	-
Disposals	(8,313)	(4,509)	(905)	-
Assets held for sale	366	-	-	-
Revaluation movement	-	1,411,729	735,649	740,699
Depreciation charge for the year	-	(202,960)	(201,861)	-
Transfers	-	739,473	181,061	204,817
<b>Carrying value at 30 June 2023</b>	<b>9,405,206</b>	<b>12,694,245</b>	<b>6,387,564</b>	<b>6,583,482</b>
<b>Consolidated 2022</b>				
<b>Carrying amount at 1 July 2021</b>	<b>8,385,149</b>	<b>10,304,107</b>	<b>5,713,069</b>	<b>5,017,414</b>
Additions	575	-	-	-
Disposals	(2,732)	(7,600)	(77)	-
Assets held for sale	1,005	-	-	-
Revaluation movement	1,025,114	-	-	-
Depreciation charge for the year	-	(192,223)	(191,958)	-
Transfers	-	646,228	152,586	620,552
<b>Carrying value at 30 June 2022</b>	<b>9,409,111</b>	<b>10,750,512</b>	<b>5,673,620</b>	<b>5,637,966</b>

Signals & communications	Plant & equipment	Rolling stock	Intangible – software & licences	Right-of-use asset	WIP	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>3,669,766</b>	<b>1,743,721</b>	<b>4,550,361</b>	<b>31,716</b>	<b>-</b>	<b>284,712</b>	<b>41,751,487</b>
-	-	-	-	58,130	2,155,006	2,217,178
-	(1,631)	-	-	-	-	(15,358)
-	-	-	-	-	-	366
456,904	211,004	-	-	-	-	3,555,985
(253,505)	(95,813)	(228,614)	(5,360)	(1,001)	-	(989,114)
133,576	93,732	752,940	9,162	-	(2,114,761)	-
<b>4,006,741</b>	<b>1,951,013</b>	<b>5,074,687</b>	<b>35,518</b>	<b>57,129</b>	<b>324,957</b>	<b>46,520,542</b>
<b>3,637,896</b>	<b>1,610,505</b>	<b>4,104,897</b>	<b>47,062</b>	<b>-</b>	<b>254,207</b>	<b>39,074,308</b>
-	-	-	-	-	2,845,198	2,845,773
(197,619)	-	-	-	-	-	(208,028)
-	-	-	-	-	-	1,005
-	-	-	-	-	-	1,025,114
(268,204)	(91,039)	(208,930)	(34,331)	-	-	(986,685)
497,693	224,255	654,394	18,985	-	(2,814,693)	-
<b>3,669,766</b>	<b>1,743,721</b>	<b>4,550,361</b>	<b>31,716</b>	<b>-</b>	<b>284,712</b>	<b>41,751,485</b>

	Land	Buildings & structures	Track
	\$'000	\$'000	\$'000
<b>Parent 2023</b>			
<b>Carrying amount at 1 July 2022</b>	<b>9,409,111</b>	<b>10,750,512</b>	<b>5,673,620</b>
Additions	4,042	-	-
Disposals	(8,313)	(4,509)	(905)
Assets held for sale	366	-	-
Revaluation movement	-	1,411,729	735,649
Depreciation charge for the year	-	(202,960)	(201,861)
Transfers	-	739,473	181,061
<b>Carrying value at 30 June 2023</b>	<b>9,405,206</b>	<b>12,694,245</b>	<b>6,387,564</b>

<b>Parent 2022</b>			
<b>Carrying amount at 1 July 2021</b>	<b>8,385,149</b>	<b>10,304,107</b>	<b>5,713,069</b>
Additions	575	-	-
Disposals	(2,732)	(7,600)	(77)
Assets held for sale	1,005	-	-
Revaluation movement	1,025,114	-	-
Depreciation charge for the year	-	(192,223)	(191,958)
Transfers	-	646,228	152,586
<b>Carrying value at 30 June 2022</b>	<b>9,409,111</b>	<b>10,750,512</b>	<b>5,673,620</b>

Earthworks	Signals & communications	Plant & equipment	Intangible - software & licences	Right-of-use asset	WIP	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
5,637,966	3,669,766	1,743,721	31,716	-	284,712	37,201,124
-	-	-	-	58,130	1,402,068	1,464,240
-	-	(1,633)	-	-	-	(15,360)
-	-	-	-	-	-	366
740,699	456,904	211,004	-	-	-	3,555,985
-	(253,505)	(95,813)	(5,360)	(1,001)	-	(760,500)
204,817	133,576	93,734	9,162	-	(1,361,823)	-
6,583,482	4,006,741	1,951,013	35,518	57,129	324,957	41,445,855
5,017,414	3,637,896	1,610,505	47,062	-	254,207	34,969,410
-	-	-	-	-	2,190,804	2,191,379
-	(197,619)	-	-	-	-	(208,028)
-	-	-	-	-	-	1,005
-	-	-	-	-	-	1,025,114
-	(268,204)	(91,039)	(34,331)	-	-	(777,755)
620,552	497,693	224,255	18,985	-	(2,160,299)	-
5,637,966	3,669,766	1,743,721	31,716	-	284,712	37,201,124



### 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 has identified right-of-use assets in the form of controllable access to 12 fibre cores of the Aussie Broadband network through the Aussie Broadband swap deal. 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 performs 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 2023 indicated an overall increase in fair value of infrastructure assets (excluding land and rolling stock) of 13.2% or \$3,556m. The assessment of the indices on land and rolling stock indicated a movement of less than the 10% threshold and did not require a managerial revaluation. In 2021–22, there was a management revaluation required for land, with an overall increase in fair value of 12% or \$1,025m.

### 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 stock 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 was returned to the State in July 2020 for ongoing 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 HCMTs) commencing on 28 Feb 2021, which is the date the fifth HCMT entered service, until commencement of the QSP at provisional acceptance of all 65 HCMT sets.

In October 2021, a settlement agreement was executed by Evolution Rail and the State to amend the original project agreement. The variation has reset the contractual terms of the original Project Deed and released the State from all claims made by Evolution Rail. As part of the agreement, the State has also committed to purchase an additional five train sets in preparation for the proposed Airport Rail Link project.

Upon completion of the construction of the assets, the Department of Transport and Planning, 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Buildings & structures	202,960	192,223	202,960	192,223
Track	201,861	191,958	201,861	191,958
Signals & communications	254,535	268,204	254,535	268,204
Plant & equipment	95,785	91,039	95,785	91,039
Rolling stock	228,614	208,930	-	-
Intangible – software & licences	5,359	34,331	5,359	34,331
<b>Total depreciation &amp; amortisation</b>	<b>989,114</b>	<b>986,685</b>	<b>760,500</b>	<b>777,755</b>

#### Estimation of useful lives

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

All infrastructure assets, buildings, plant and equipment, and other non-financial physical assets (excluding items under 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 typical range of depreciation rates used for each class of asset is as follows:

Asset class	Depreciation rates	Useful life
Buildings & structures	1.0% to 3.3%	30 to 100 years
Track	1.0% to 6.6%	15 to 100 years
Signals & communications	2.0% to 14.3%	7 to 50 years
Plant & equipment and leased plant & equipment	1.25% to 7.5%	13 to 80 years
Intangible – software & licences	3.0% to 20%	5 to 33 years
Rolling stock	2.5% to 4.0%	25 to 40 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

### 5.1 Borrowings

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Secured loan	38,170	40,927	10,000	10,000
Lease liability	3,092	2,577	3,092	2,577
<b>Total borrowings</b>	<b>41,262</b>	<b>43,504</b>	<b>13,092</b>	<b>12,577</b>

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

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

#### 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 consolidated comprehensive operating statement 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 (2022: 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.



## 5.2 Cash flow information

### 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net result for the period after tax	(729,169)	(2,352,902)	(514,475)	(1,987,223)
<b>Adjustments for non-cash movements</b>				
Depreciation & amortisation of non-current assets	989,114	986,685	760,500	777,755
Fair value adjustments	-	2	-	-
Impairment of property, infrastructure, plant & equipment	-	-	-	-
Error in recognition of fixed assets	-	577,770	-	200,734
(Gain)/loss on disposal of non-current assets	(22,879)	(2,466)	(22,881)	(2,466)
<i>Changes in assets/liabilities</i>				
- Increase/(decrease) in tax liability	(158,152)	841,759	(147,022)	1,054,796
- Increase/(decrease) in provisions	490	1,358	490	1,358
- (Increase)/decrease in receivables	3,714	17,432	3,622	17,158
- Increase/(decrease) in other payables	(9,791)	(12,323)	(10,051)	(10,949)
<b>Net cash flow from/(used in) operating activities</b>	<b>73,327</b>	<b>57,315</b>	<b>70,183</b>	<b>51,164</b>

## 5.3 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.

### 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 2023 (2022: nil). The Consolidated Entity has no associated liability as at 30 June 2023 (2022: nil).

## 5.4 Trade and other payables

	Consolidated		Parent	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade & other payables	81,611	90,606	80,681	89,935
ABB Swap accrued revenue	57,858	-	57,858	-
ABB Swap lease payable	57,858	-	57,858	-
<b>Total trade and other payables</b>	<b>197,327</b>	<b>90,606</b>	<b>196,397</b>	<b>89,935</b>

VicTrack entered into a fibre swap agreement with Aussie Broadband Limited (ABB) whereby ABB leases cores of its fibre network to VicTrack and VicTrack leases Wavelengths of its fibre network to ABB. The lease term is 30 years with an initial period of 10 years with two renewal options of 10 years each. This has resulted in VicTrack disclosing a lease receivable and payable on the balance sheet, the creation of a right-of-use asset and accrued revenue. Given the swap arrangement, these amounts net to zero on creation.

## 6. 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.

### 6.1 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.

### Fair value of non-financial assets

	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2023 Consolidated</b>					
Land	9,405,206	-	657,167	8,748,039	9,405,206
Buildings & structures	12,694,245	-	-	12,694,245	12,694,245
Track	6,387,564	-	-	6,387,564	6,387,564
Earthworks	6,583,482	-	-	6,583,482	6,583,482
Signals & communications	4,063,870	-	-	4,063,870	4,063,870
Rolling stock	5,074,686	-	-	5,074,686	5,074,686
Property & equipment	1,951,014	-	-	1,951,014	1,951,014
<b>Total non-financial assets</b>	<b>46,160,067</b>	<b>-</b>	<b>657,167</b>	<b>45,502,900</b>	<b>46,160,067</b>
<b>2023 Parent</b>					
Land	9,405,206	-	657,167	8,748,039	9,405,206
Buildings & structures	12,694,245	-	-	12,694,245	12,694,245
Track	6,387,564	-	-	6,387,564	6,387,564
Earthworks	6,583,482	-	-	6,583,482	6,583,482
Signals & communications	4,063,870	-	-	4,063,870	4,063,870
Property & equipment	1,951,013	-	-	1,951,013	1,951,013
<b>Total non-financial assets</b>	<b>41,085,380</b>	<b>-</b>	<b>657,167</b>	<b>40,428,213</b>	<b>41,085,379</b>

	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2022 Consolidated</b>					
Land	9,409,113	-	656,801	8,752,310	9,409,111
Buildings & structures	10,750,513	-	-	10,750,513	10,750,513
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
Rolling stock	4,550,361	-	-	4,550,361	4,550,361
Property & equipment	1,674,158	-	-	1,674,158	1,674,158
<b>Total non-financial assets</b>	<b>41,365,496</b>	<b>-</b>	<b>656,801</b>	<b>40,708,694</b>	<b>41,365,495</b>
<b>2022 Parent</b>					
Land	9,409,113	-	656,801	8,752,310	9,409,111
Buildings & structures	10,750,513	-	-	10,750,513	10,750,513
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
<b>Total non-financial assets</b>	<b>36,884,699</b>	<b>-</b>	<b>656,801</b>	<b>36,227,896</b>	<b>36,884,697</b>

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

There were no transfers between levels 1 and 2 (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. Lands 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, and where applicable land 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 2023 indicated an overall cumulative increase in Infrastructure Assets (excluding land and rolling stock) of 13.2% which equated to a \$3,556m adjustment. The assessment of the indices on land and rolling stock indicated a movement of less than the 10% threshold and did not require a managerial revaluation. In 2021–22, there was a managerial revaluation required for land, with an overall increase in fair value of land of 12% or \$1,025m.

**Infrastructure assets:** Infrastructure assets are valued using the depreciated replacement cost method. This cost generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis.

An independent valuation of the Consolidated Entity's infrastructure assets was performed by VGV. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 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 2023.

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 2023 for recurring fair value measurements:

Parent & Consolidated						
	Land	Buildings & structures	Track	Earthworks	Plant & equipment	Signals & communications
	2023	2023	2023	2023	2023	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 July 2022	9,409,111	10,750,512	5,673,620	5,637,966	1,743,721	3,669,766
Additions	4,042	-	-	-	-	-
Disposals	(8,313)	(4,509)	(905)	-	(1,633)	-
Assets held for sale	366	-	-	-	-	-
Revaluation movement	-	1,411,729	735,649	740,699	211,004	456,904
Depreciation	-	(202,960)	(201,861)	-	(95,813)	(253,505)
Transfers	-	739,473	181,061	204,817	93,734	133,576
<b>Total</b>	<b>9,405,206</b>	<b>12,694,245</b>	<b>6,387,564</b>	<b>6,583,482</b>	<b>1,951,013</b>	<b>4,006,741</b>

	Parent	Consolidated
	Rolling stock	Rolling stock
	2023	2023
	\$'000	\$'000
Opening balance 1 July 2022	-	4,550,361
Additions	-	-
Disposals	-	-
Revaluation movement	-	-
Depreciation	-	(228,614)
Transfers	-	752,940
<b>Total</b>	<b>-</b>	<b>5,074,687</b>

	Parent & Consolidated					
	Land	Buildings & structures	Track	Earthworks	Plant & equipment	Signals & communications
	2022 \$'000	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	1,610,505	3,637,896
Additions	575	-	-	-	-	-
Disposals	(2,732)	(7,600)	(77)	-	-	(197,619)
Assets held for sale	-	-	-	-	-	-
Revaluation movement	1,025,114	-	-	-	-	-
Depreciation	-	(192,223)	(191,958)	-	(91,039)	(268,204)
Transfers	-	646,228	152,586	620,552	224,255	497,693
<b>Total</b>	<b>9,408,106</b>	<b>10,750,512</b>	<b>5,673,620</b>	<b>5,637,966</b>	<b>1,743,721</b>	<b>3,669,766</b>

	Parent	Consolidated
	Rolling stock	Rolling stock
	2022 \$'000	2022 \$'000
Opening balance 1 July 2021	-	4,104,897
Additions	-	-
Disposals	-	-
Revaluation movement	-	-
Depreciation	-	(208,930)
Transfers	-	654,394
<b>Total</b>	<b>-</b>	<b>4,550,361</b>

### Valuation inputs and relationships to fair value

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

Description	Valuation technique	Significant unobservable inputs
Parent & consolidated – Land	Market approach	Sales evidence, Unit of value by comparative basis (\$ per m <sup>2</sup> ) 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 & structures
Parent & consolidated – Track	Depreciated replacement cost	Cost per unit of construction Useful life of track
Parent & consolidated – Earthworks	Depreciated replacement cost	Cost per unit of construction
Parent & consolidated – Signals & communications	Depreciated replacement cost	Cost per unit of construction Useful life of signals & communications
Parent & consolidated – Plant & equipment	Depreciated replacement cost	Cost per unit of construction Useful life of plant & equipment



## 6.2 Contingent assets and contingent liabilities

The Consolidated Entity has no contingent assets as at 30 June 2023 and 30 June 2022.

There are no known material contingent liabilities.

### Environmental and property contingent liabilities

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

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

### Indemnities

*Infrastructure leases with the Director of Public Transport (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 and Planning (DTP) 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 DTP 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.

## 6.3 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*.

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

The Consolidated Entity's main financial risks include credit risk, liquidity risk and interest rate risk. The Consolidated Entity 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.

### Interest rate risk

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 2023 was 2.62% (2022: 0.683%). Earnings from interest vary according to movements in the 11.00am cash rate.

There are no funds on deposit.

### Credit risk

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.

There has been no material change to the Consolidated Entity's credit risk profile in 2022–23.

### Liquidity risk

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.

## 7. Other disclosures

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

### 7.1 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 and Infrastructure

The Hon Ben Carroll MP, Minister for Public Transport

The Hon Tim Pallas MP, Treasurer

#### Directors

Director	Appointment	Term concluded
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	31 July 2023
Paul White	1 September 2021 - Director	

#### Accountable Officer

The position of Chief Executive is the Accountable Officer.

Campbell A. Rose AM was the appointed Chief Executive until his employment with VicTrack concluded in February 2023. Prior to that time, Mr Rose was on extended leave. Chris Olds was the appointed as Acting Chief Executive over the entire reporting period.

#### Remuneration of Responsible Persons

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

Income band	Consolidated		Parent	
	2023 No.	2022 No.	2023 No.	2022 No.
Less than \$10,000	1	-	1	-
\$10,000 to \$19,999	-	1	-	1
\$40,000 to \$49,999	-	1	-	1
\$50,000 to \$59,999	4	3	4	3
\$90,000 to \$99,999	-	-	-	-
\$100,000 to \$109,999	1	1	1	1
\$520,000 to \$529,999	1	-	1	-
\$550,000 to \$559,999	-	1	-	1

Total remuneration of responsible persons: \$844,938 (2022: \$884,714).

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 2023 year included the total salary package received during the year and a performance bonus relating to the 30 June 2022 year.

## 7.2 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	
	2023	2022
	\$'000	\$'000
Short-term employee benefits	5,332	5,467
Post-employment benefits	479	491
Other long-term benefits	79	76
Termination benefits	259	32
<b>Total remuneration</b>	<b>6,149</b>	<b>6,066</b>
Total number of executives	21.0	25.0
Total annualised employee equivalents	20.2	22.1



## 7.3 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	
		2023	2022
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 was 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 sought to revolutionise the management and maintenance of bridge assets. VicTrack was not a shareholder of any of the Eloque entities, nor was there any common directorship. However, Campbell Rose held dual roles of Chief Executive of VicTrack and Interim Chief Executive of Eloque for a period in 2021–22, was a key management personnel of VicTrack and was in a position of significantly influence at Eloque, therefore resulting in the Eloque Entities being a related party of VicTrack. Eloque ceased operations in 2022. Following a period of extended leave, Mr Rose's employment at VicTrack concluded in February 2023. Chris Olds was the appointed Acting Chief Executive of VicTrack for the entire 2022–23 reporting period. Eloque is no longer deemed a related party.

### VicTrack and ACN 646 607 883 Pty Ltd

During 2022–23 the Head, Transport for Victoria acquired shares in ACN 646 607 883 Pty Ltd for the value of \$1.125m. In line with the terms of an Agency Deed between the ACN 646 607 883 Pty Ltd, Head, Transport for Victoria and VicTrack, the subscription proceeds were paid by VicTrack on behalf of the Head, Transport for Victoria. Both ACN 646 607 883 Pty Ltd and VicTrack consolidates into Department of Transport and Planning's financial results and is included in the general government sector, and is therefore considered a related party.

### VicTrack and Australian Rail Track Corporation Limited

During the reporting period, the Australian Rail Track Corporation (ARTC) became a related party of a member of VicTrack's key management personnel. During that period, VicTrack made payments of \$0.484m which related to the provision of communication services by ARTC, and received payments of \$0.072m, which related to telecommunication services and resource cost recoveries. Those receipts and payments were made under arrangements that existed prior to ARTC becoming a related party and occurred on arm's length terms and conditions.

## Significant transactions with government-related entities

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

Descriptions	2023 \$'000	2022 \$'000
<b>Department of Transport and Planning (DTP)</b>		
Contributions received for repayment of borrowings relating to acquisition of rolling stocks	4,522	7,640
Net equity contributions received / (returned)	2,074,391	2,780,172
Infrastructure management, construction and other services provided	64,913	55,055
Receivables for infrastructure management, construction and other services provided	8,845	5,115
<b>Treasury Corporation of Victoria (TCV)</b>		
Interest expense paid during the financial year for loans relating to acquisition of rolling stocks	1,762	1,983
Cash and deposits with TCV as at 30 June	1,017	2,000
Loan balances owed to TCV as at 30 June	38,170	40,927
<b>V/Line Corporation</b>		
Leasing of rolling stock to V/Line Corporation through the State of Victoria	-	244
Telecommunication and other services provided	17,196	16,977
Receivables for telecommunication and other services provided	1,948	1,635

## Key management personnel

The Directors (as listed in note 7.1) 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
Chris Olds	Acting Chief Executive
Andrew Santana	Executive General Manager Property
Ian Burton	Executive General Manager Project Delivery Group
Anna Vourtsis	Executive General Manager Communications & Engagement
Kristen Georgakopoulos	Executive General Manager People & Culture
Lee Anne Harris	Executive General Manager Business Services (part year)
Travis Philp	Executive General Manager Business Services (part year)
Bruce Moore	Executive General Manager Telecommunications Group (part year)
Andrew Peel	Executive General Manager Telecommunications Group (part year)

Campbell A. Rose AM, the appointed Chief Executive, went on extended leave on 27 February 2022 and remained on leave until his employment with VicTrack concluded on 7 February 2023. Accordingly, Mr Rose did not fulfil any of the duties, or exercise any of the powers, of the Chief Executive position during the reporting period and is therefore not considered as key management personnel.

## Key management personnel compensation

Compensation of KMPs	2023 \$'000	2022 \$'000
Short-term employee benefits	2,736	3,025
Post-employment benefits	219	222
Termination benefits	93	32
Other long-term benefits	17	48
<b>Total compensation of KMPs</b>	<b>3,065</b>	<b>3,327</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 2023 (2022: nil).

## 7.4 Change in accounting policies

### 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 five-year planning period and beyond. As such, it was deemed that it was unrealistic to recognise the deferred tax asset for carried forward losses, and \$1.336 billion was to be derecognised in 2021–22. This resulted 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. The tax losses written off in 2022–23 are \$116m.

## 7.5 Audit fees

Audit fees paid or payable to the Victorian Auditor-General's Office for the audit of the financial statements were \$294,000 (2022: \$261,500) for the Consolidated Entity and \$172,000 (2022: \$184,000) for the parent entity.

## 7.6 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.

## 7.7 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

No determination was received from the Treasurer requiring the Consolidated Entity to make a dividend payment in respect to the years ended 30 June 2022 and 30 June 2023.

## 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.

## 7.8 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 2022–23 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 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.*

AASB 2022-10 amends AASB 13 *Fair Value Measurement* by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or if it is highly probable that it will be used for an alternative purpose;
- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services;
- specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.

This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted. The impact of this standard to the Consolidated Entity will be assessed in the 2023–24 reporting period.

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 Consolidated Entity's reporting.



# 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 2023</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 the 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 2023, 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 and Planning, 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 and Planning 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 2023. Consistent with the prior year, I have assessed these leases as finance leases under AASB 16 because the Department of Transport and Planning 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 Planning 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 2023 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>• Depreciation and amortisation</li> <li>• Tax equivalent benefit</li> <li>• Change in physical asset revaluation surplus</li> </ul> <p><b>Balance Sheet (Consolidated)</b></p> <ul style="list-style-type: none"> <li>• Property, infrastructure, 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 and Planning 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>

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

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the entity and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Simone Bohan

*as delegate for the Auditor-General of Victoria*

MELBOURNE  
21 September 2023



# Governance and organisation

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## 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. Directors are appointed by the Governor-in-Council and are accountable to the:

- Minister for Transport and Infrastructure
- Minister for Public Transport
- Treasurer.

A formal Board Charter outlines the Board's role and responsibilities.

Each subsidiary company within the Rolling Stock Holdings group of companies has a Board of Directors responsible for the relevant company. The composition of the Board of Directors of each subsidiary company is aligned with the composition of the VicTrack Board of Directors.

## Board composition

At 30 June 2023, the Board comprised six independent, Non-executive Directors:

- Geraldine Gray (Chair)
- Alan Hall (Deputy Chair)
- Dr Collette Burke
- Jenny Dawson
- Dan O'Brien
- Paul White.

Each Director has wide experience across various sectors and organisations, and together they bring a diverse range of knowledge and business expertise to VicTrack.

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## Board meetings

VicTrack held 18 Board meetings during the 2022–23 financial year.

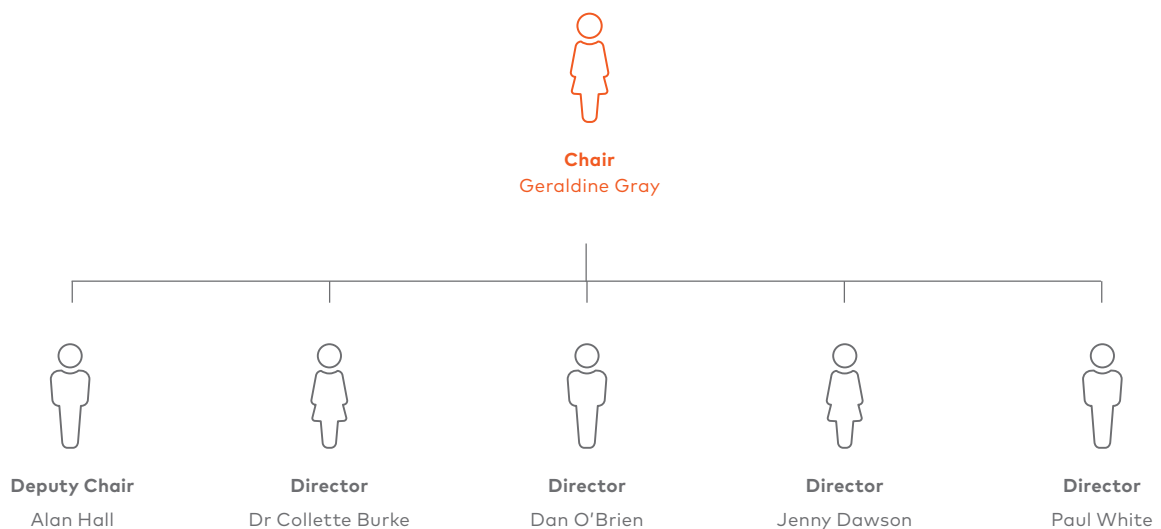
## Board performance

As per the Board Charter, the Board conducted 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 delegation policy and the delegations throughout the year.

## Board organisational chart





## Board committees

Six Board committees 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.

### Active Board committees

As at 30 June 2023, there were four active Board committees:

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

##### Membership

- Jenny Dawson (Chair and Director Member)
- Geraldine Gray (Director Member)
- Paul White (Director Member)

##### ARMC's role

ARMC assists the Board to fulfil its obligations in regard to financial reporting and governance, as well as overseeing the internal and external audit functions. The committee also oversees the processes, structures and reporting for risk management, compliance and internal controls.

#### Remuneration, Human Resources & Integrity Committee (RHRIC)

##### Membership

- Geraldine Gray (Chair and Director Member)
- Alan Hall (Director Member until 31 March 2023, Non-director Specialist Member from 1 April 2023 until 3 April 2023, reappointed as Director Member on 4 April 2023).

##### RHRIC's role

The RHRIC assists the Board by overseeing VicTrack's strategic workforce management and the remuneration, bonus and incentive frameworks for our Chief Executive and employees. It also promotes integrity and accountability within VicTrack and doing so oversees management's response to any incidents of, or investigations into, corrupt, inappropriate or unethical activities.

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

##### Membership

- Alan Hall (Chair and Director Member until 31 March 2023, Non-director Specialist Member from 1 April 2023 until 3 April 2023, reappointed as Chair and Director Member on 4 April 2023)
- Jenny Dawson (Director Member) (Chair from 1 April 2023 to 3 April 2023)
- Michael Trumble (Non-director Specialist Member)
- Angela Skandarajah (Non-director Government Member) (appointed on 1 February 2023)
- Stuart Moseley (Non-director Government Member) (resigned on 19 August 2022).

##### PEHC's role

The PEHC assists the Board by overseeing VicTrack's strategic management of property assets, heritage assets and environmental management.

### **Delivery & Network Committee (DNC)**

The DNC was formed on 16 February 2023 and consolidated many of the functions of the Telecommunications Committee and Projects Committee.

#### **Membership**

- Dan O'Brien (Chair and Director Member)
- Dr Collette Burke (Director Member)
- Paul White (Director Member)
- Dr Frank Heibel (Non-director Specialist Member)
- Mark Switkowski (Non-director Government Member).

All appointments were made at the time of the creation of the committee on 16 February 2023.

#### **DNC's role**

The DNC assists the Board by overseeing VicTrack's construction, maintenance, usage and commercialisation of its telecommunications network as well as the delivery of other projects.

### **Ceased Board committees**

While no longer existing on 30 June 2023, the following two Board committees existed during the financial year.

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

#### **Membership**

- Dan O'Brien (Chair and Director Member)
- Dr Collette Burke (Director Member)
- Dr Frank Heibel (Non-director Specialist Member)
- Mark Switkowski (Non-director Government Member).

#### **TLC's role**

The TLC assisted the Board by overseeing VicTrack's strategic management of its telecommunications infrastructure.

TLC was merged with the Projects Committee to form the DNC on 16 February 2023 and appointments to this committee ceased on that date.

### **Projects Committee (PROJC)**

#### **Membership**

- Dr Collette Burke (Chair and Director Member)
- Geraldine Gray (Director Member)
- Paul White (Director Member).

#### **PROJC's role**

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

It merged with the TLC to form DNC on 16 February 2023 and all appointments to this committee ceased.

## Board and committee meetings report

Member	Note	Board	ARMC	PEHC	TLC	RHRIC	PROJC <sup>(2)</sup>	DNC <sup>(3)</sup>
Meetings Held		18	6	5	2	10	1	2
<b>Directors</b>								
Geraldine Gray (Chair)	(4) (7)	18	5	-	1	10	1	-
Alan Hall (Deputy Chair)	(5)	18	-	5	-	10	-	-
Dr Collette Burke	(6) (7) (8)	13	-	-	1	-	1	1
Jenny Dawson		18	6	5	-	-	-	-
Dan O'Brien	(6) (8)	17	-	-	2	-	-	2
Paul White	(7) (8)	17	6	-	-	-	1	2
<b>Non-directors</b>								
Dr Frank Heibel	(6)(8)	n/a	-	-	2	-	-	2
Stuart Moseley	(9)	n/a	-	1	-	-	-	-
Michael Trumble		n/a	-	5	-	-	-	-
Mark Switkowski	(6)(8)	n/a		-	2	-	-	2
Angela Skandarajah	(10)	n/a	-	2	-	-	-	-

1. TLC was disbanded on 16 February 2023.

2. PROJ C was disbanded on 16 February 2023.

3. DNC was formed on 16 February 2023 through the merger of TLC and PROJ C.

4. Appointed as a Director Member Delegate for the 8 September 2022 meeting of the TLC.

5. Term as a Director concluded on 31 March 2023 and was reappointed as a Director on 4 April 2023. During this period Mr Hall was appointed as a Non-director Specialist Member of each of the PEHC & RHRIC.

6. Ceased as TLC member on 16 February 2023 when that committee was disbanded.

7. Ceased as a PROJ C member on 16 February 2023 when that committee was disbanded.

8. Appointed DNC member on 16 February 2023 when that committee was formed.

9. Resigned as PEHC member on 19 August 2022. Attended 1 out of 1 possible meeting.

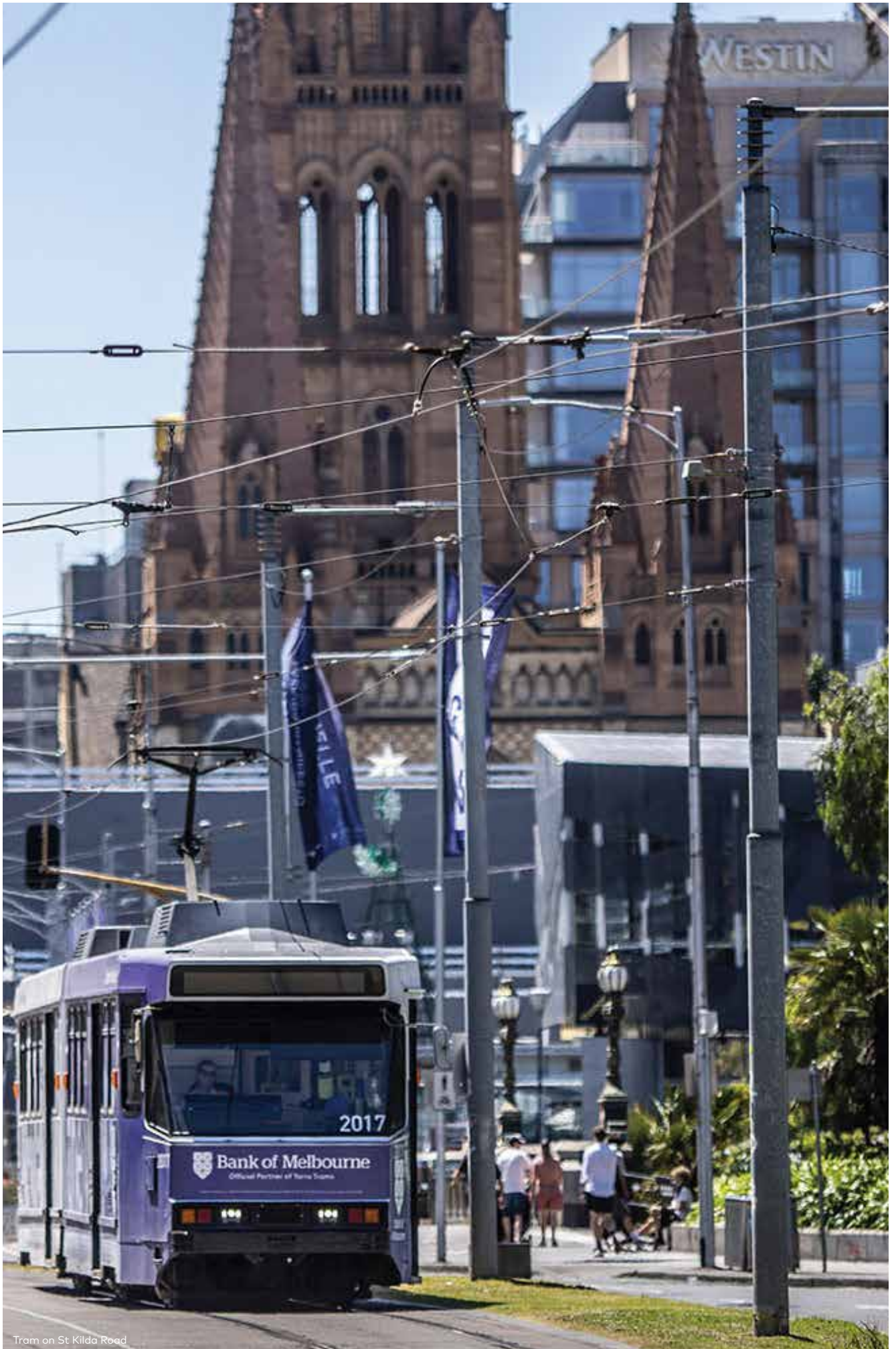
10. Appointed PEHC member on 1 February 2023. Attended 2 out of 3 possible meetings.

## Ministerial declaration and orders in council

Six notices were received relating to the reappointment of the Deputy Chair, and the remuneration for Directors.

## 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 2023–27 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 2023–27 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.



Tram on St Kilda Road

# Occupational Health and Safety report

A summary of VicTrack OHS performance was as follows:

Measure	Notes	2022-23	2021-22	2020-21
Incidents	No. of incidents	100	118	88
	Rate per 100 full-time equivalents (FTE)	23.53*	30.73*	23.22*
	No. of incidents requiring first aid and/or further medical treatment	8	5	10
Claims	Number of standard claims	0	0	1
	Rate per 100 FTE	0.0*	0.0*	.26*
	No. of lost time claims	0	0	1
	Rate per 100 FTE	0.0*	0.0*	.26*
	Number of claims exceeding 13 weeks	0	0	0
	Rate per 100 FTE	0.0*	0.0*	0.0*
Fatalities	Fatalities claims	0	0	0
Claim costs	Average cost per standard claim	\$0	\$0	\$741
Return to work (RTW)	Percentage of claims with RTW plan >30 days	0%	0%	0% 1 RTW <30 days
Management commitment	Evidence of OHS policy, OHS objectives, regular reporting to senior management on OHS and OHS plans (signed off by Chief Executive or equivalent)	3 policies had been reviewed and approved by the Executive Leadership Team (ELT)/Board.  32 Health, Safety and Environment (HSE) procedures were reviewed and updated following consultation with stakeholders.	23 HSE procedures were reviewed and updated following consultation with stakeholders.	11 HSE procedures were reviewed and updated following consultation with stakeholders.
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	324 total contractors (85 high risk) were pre-qualified in the Avetta system and approved for use by the business.	309 total contractors (80 high risk) were pre-qualified in the Avetta system and approved for use by the business.	329 contractors were pre-qualified in the Avetta system and approved for use by the business.



Measure	Notes	2022-23	2021-22	2020-21
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), Health and Safety Representatives (HSRs) and issue resolution procedures	There were 6 DWGs and 8 HSRs. The HSR Consultative Forum had been shifted to a quarterly meeting format.	There were 6 DWGs and 7 HSRs. The HSR Consultative Forum had been shifted to a monthly meeting format.	There were 6 DWGs and 7 HSRs HSR training was scheduled to be refreshed during the 2021-22 financial year. An HSR Consultative Forum was conducted bi-monthly.
	Compliance with agreed structure on DWGs, HSRs, and Incident Response Plans (IRPs)	100% (4 meetings scheduled and 4 meetings held)	92% (12 meetings scheduled and 11 meetings held)	100% (6 meetings scheduled and 6 meetings held)
	No. of Quarterly Health and Safety Steering Committee Meetings	4	4	3 (1 meeting postponed due to Melbourne lockdown)

\*425 FTE

#### Reporting of noteworthy incidents

Over the financial year there were 10 notifiable incidents to the Office of the National Rail Safety Regulator, one to WorkSafe Victoria and zero lost-time injuries.

Year	2022-23	2021-22	2020-21
Rail safety notifiable occurrence	10	14	9
Lost time injuries	0	0	1*

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

## Health and Safety (H&S) Strategy initiatives

During 2022–23 initiatives supporting the H&S Strategy included:

### H&S Strategy refresh

As part of Corporate Planning initiatives, the VicTrack H&S Strategy was refreshed for 2023–25. New initiatives will guide the business in our goal to continually improve all aspects of H&S performance to ensure the safety and wellbeing of all our employees, contractors, visitors and the community in which we operate.

The refreshed strategy consists of four foundational pillars, including:

1. Leadership – Initiatives to ensure our leaders share a collective understanding of the vision for safe and responsible operations.
2. Our people – Initiatives to ensure our people have the appropriate knowledge, skills and capabilities to conduct their work safely.
3. Systems and processes – Initiatives to ensure our systems and processes enable us to perform our work efficiently and monitor our H&S activities effectively.
4. Risk management – Initiatives to ensure our risk management principles are fully integrated into all business operations with a clear link between enterprise and business unit risks.

Based upon the above structure, we have identified a range of key objectives to further uplift our overall management of employee health, safety and wellbeing including:

- obtaining business-wide ISO:45001 certification of the VicTrack H&S Management System
- delivering a tailored safety leadership program to VicTrack managers to ensure that they have a comprehensive understanding of their H&S obligations
- investing in a new, dedicated system to manage all H&S processes and data to ensure that information is clear and easily accessible to employees
- uplifting reporting functionality for Executive or Senior Leadership Team (SLT) to enable 'real time' access to H&S information, removing the reliance on static end-of-month Excel reporting
- providing line managers with customised performance reporting information for their respective area(s) of responsibility
- delivering a robust training platform to ensure that employees who perform high-risk work have the technical knowledge and skills required to perform their work safely, with documented records stored centrally
- implementing an integrated (1st/2nd/3rd Line of Defence) Risk Management Program to provide the highest level of assurance across all VicTrack operations.

Through the successful implementation of the above strategy and associated objectives, VicTrack strives to achieve a 'best practice' standard in the management of all aspects of the health, safety and wellbeing program.

### Investment in new dedicated H&S reporting and information system

To support the implementation of the H&S Strategy, VicTrack is investing in a new H&S Management System application to support all reporting, continual improvement and information storage requirements.

The system will drive the successful implementation of the strategy through the following system improvements:

- Improve the effective reporting of incidents combined with a more robust investigation process to determine the root cause.
- Enable the consolidation of corrective actions across platforms and enable improvement initiatives to be addressed quicker and more efficiently.
- Uplift the overall inspection and leadership engagement program to keep safety at the forefront of all business activities.
- Implement a robust Safe Work Method Statement (SWMS) process for daily reviews and approvals through an automated, online system.
- Facilitate 'real time' reporting via automated dashboards accessible to all managers and employees.

A single cohesive system will enable the consolidation of all H&S information that will support VicTrack's commitment to seeking International Organization for Standardization (ISO):45001 certification.

### Belgrave Station car park

To support the Belgrave Station's 640-space multi-level car park (see page 39), VicTrack completed over 100 safety inspections and leadership engagements to ensure H&S requirements are in place to govern all project works.

Achievements include:

- no regulatory breaches reported
- zero lost time or medical treatment injuries reported
- zero workers compensation claims lodged during project works.

# 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 based on 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.

## 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 2019 to 2023<sup>1,2,3</sup>

2023	2022	2021	2020	2019
424.9	384.49	373	391	383

Table 2 Summary of employment levels in June of 2023 and 2022<sup>3</sup>

Ongoing employees					Fixed-term and casual employees
	Employees (headcount)	Full time (headcount)	Part time (headcount)	FTE	FTE
June 2023	431	306	11	313.5	111.4
June 2022	393	278	14	286.69	97.8

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 2023 and 2022

	2023			2022		
	Ongoing		Fixed-term and casual employees	Ongoing		Fixed-term and casual employees
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender						
Male	215	214	80.8	200	197.91	74.4
Female	101	98.5	30.6	92	88.78	23.4
Self-described	1	1	n	n	n	n
Age						
15–24	0	0	1.4	2	1.4	1.6
25–34	38	37.5	15	44	42.6	9
35–44	112	110.2	38	98	96.09	33.9
45–54	102	101.6	28	98	97.2	27.1
55–64	56	55.2	23.2	48	47.4	22.4
65+	9	9	5.8	2	2	3.8
Classification						
VPS1	-	-	-	-	-	-
VPS2	-	-	-	-	-	-
VPS 3	19	18.4	5	7	6	0.6
VPS4	32	31.8	6.4	29	29	10
VPS5	104	103.1	39	77	75.51	16.9
VPS6	156	153.6	27.3	143	140.58	30.2
VPS7	3	3.6	1	33	33	4.1
STS	3	3	13.7	3	2.6	17
Executive	-	-	19	-	-	19

\* (VPS)

\*\* Senior technical staff (STS)

## 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>1\*</sup>**

Income band (salary)	Executives	STS
<\$160,000	-	1
\$160,000–\$179,999	-	-
\$180,000–\$199,999	-	2
\$200,000–\$219,999	8	4
\$220,000–\$239,999	3	3
\$240,000–\$259,999	2	1
\$260,000–\$279,999	1	6
\$280,000–\$299,999	1	1
\$300,000–\$319,000	1	-
\$320,000–\$339,999	1	-
\$340,000–\$359,999	2	-
\$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	-	-
\$500,000–\$519,999	-	-
\$520,000–\$539,999	-	-
<b>Total</b>	<b>19</b>	<b>18</b>

\* Does not include secondments

1. The above salaries cover the full financial year and exclude superannuation.

# Other disclosures

## Government advertising expenditure

In 2022–23, VicTrack conducted no government advertising campaigns with a total media spend of \$100,000 or greater and therefore has nil to disclose.

## 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 to meet these requirements and relevant guidelines.

## Data Vic Access

During 2022–23 VicTrack has not released, or identified for release, any dataset or database under the DataVic Access Policy. VicTrack is investigating opportunities for the future release of datasets under the policy.

## 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 disability. VicTrack has rolled out training sessions on managing disability within the workplace and created an Inclusion Focus Group that included Disability.

VicTrack is currently working on developing a system to self-identify disability (in line with the privacy principles) to provide targeted support, if required.

VicTrack is working to ensure we meet commitments and objectives outlined in Inclusive Victoria: State Disability Plan 2022–2026

## Engagement of consultants

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

In 2022–23, there were 31 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022–23 in relation to these consultancies was \$4,267,362 (ex GST).

Details of these consultancies are published on the VicTrack website at [victrack.com.au/about/publications](https://victrack.com.au/about/publications)

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

In 2022–23, there were 11 consultancies engaged where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2022–23 in relation to these consultancies was \$46,330 (ex GST).

## Disclosure of major contracts

During 2022–23 VicTrack did not enter into any contracts over \$10 million. As per the requirements of government policy and accompanying guidelines VicTrack discloses all such contracts. Details of any contracts that have been disclosed in the Victorian Government Contracts Publishing System can be viewed at [www.tenders.vic.gov.au](https://www.tenders.vic.gov.au).

## 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). These bodies must apply the Local Jobs First – VIPP to all procurements of \$3 million or more in metropolitan Melbourne and for statewide projects of \$1 million or more for procurements in regional Victoria.

During 2022–23, VicTrack engaged in five projects with Local Jobs First – VIPP, with a combined value of \$123.3 million. This included two Strategic Major Projects Skills Guarantee (MPSG) activities in south-east Melbourne, which began before this year.

Region	Commenced	Ongoing	Completed	Total projects	Value (ex GST)
Metro	0	1	2	3	\$107,883,738.00
Regional	0		2	2	\$15,393,644.00
<b>Total</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>\$123,277,382.00</b>

Table 1 Total contract value by region

All projects are located across Melbourne and Western Victorian regional areas, with an overall commitment of 97 per cent of local content. Based on the data provided via the Industry Capability Network's Victorian Management Centre (ICN-VMC), outcomes from the Local Jobs First – VIPP exceeded last year.

- There was an average of 96 per cent (of the suppliers' target figure) of local content across all reported projects.
- Four jobs (annualised employee equivalent [AEE]) were created, with 37 AEE existing jobs retained.

Region	Local content*	VIC created AEE	VIC retained AEEs
Metro	94%	4.32	37
Regional	100%	0	0
<b>Total</b>	<b>96%</b>	<b>4.32</b>	<b>37</b>

Table 2 Local content and employment values by region - new and ongoing

During 2022–23, VicTrack completed four Local Jobs First – VIPP applicable projects. From these projects:

- an average of 94 per cent of local content was advised as provided.
- three AEE jobs were reported as created, with 12 AEE existing jobs retained – all within Metropolitan Victoria.
- seven apprenticeships and cadetships and two traineeships were retained from the last financial year.

Region	Local content	VIC Created AEE	VIC retained AEEs	Apprentices, trainees and cadets
Metro	91%	3	12.45	10
Regional	100%	0	0	0
<b>Total</b>	<b>94%</b>	<b>3</b>	<b>12.45</b>	<b>10</b>

Table 3 Local content and employment values by region – completed

Reporting for Local Jobs First was incomplete for 2022–23, due to insufficient data provided by several contractors, including one which went into liquidation during Q4 of 2022–23.

1 The model report is produced each year by DTF to provide guidance and hypothetical examples on how to provide information in public sector annual reports.

2 FRDs are Financial Reporting Directions issued by DTF that must be adhered to when preparing financial reports or making declarations in the annual report.

## Social procurement

During 2022–23, VicTrack progressed its first Social Procurement Strategy in line with the Victorian Social Procurement Framework (SPF), and its Social Procurement Policy. For its first two-year strategy period VicTrack prioritised:

- 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 financial year's strategy activities, VicTrack's Procurement team implemented a group of SPF templates for use in requests for either information, acquisitions or contracts and an intranet page for Social Procurement resources and guides, including contact points for accessing 'Social Benefit' suppliers and a live social benefit supplier listing. The core procurement team were provided ongoing training and support in adopting the SPF objectives into their activities and key stakeholders were trained in using the Industry Capability Network's Victorian Management Centre (ICN-VMC) for reporting of SPF activities against contracts.

VicTrack's Procurement team also expanded internal engagements to further current involvement with the then Department of Transport's Aboriginal Procurement Working Group. There was additional representation through the Supporting Aboriginal Self-Determination and Culture & Inclusion focus groups as part of our Diversity & Inclusion Steering Committee. In addition, VicTrack started to participate in the then Department of Transport's Kinaway Aboriginal Procurement pilot program. We worked with the Kinaway Aboriginal Chamber of Commerce to foster business relationships between VicTrack stakeholders and Aboriginal businesses.

### Direct procurement activities

During the 2022–23 financial year, social benefit suppliers made up 0.35 per cent of total supplier spending across all categories and 2.01 per cent of total suppliers. VicTrack directly engaged 12 individual social enterprises for a total value of \$843,821 (excluding Goods and Services Tax (GST)).

### Expenditure by spend metric description

Spend metric description	\$
Spend with VIC SE (mission for people with disability) & ADE (Gr 2)	\$1,395
Spend with VIC Aboriginal businesses	\$18,295
Spend with VIC SE (mission for people with disability) & ADE (Gr 1)	\$22,419
Spend with VIC SE (mission for one of the five disadvantaged cohorts) (Gr 1)	\$29,593
Spend with VIC SE (mission for one of the five disadvantaged cohorts) (Gr 2)	\$107,044
Spend with VIC SE (Gr 1)	\$725,526
Spend with social benefit suppliers	\$843,821
<b>Total spend with suppliers</b>	<b>\$240,005,156</b>

### Number of suppliers by supplier group

Suppliers by group	No. of suppliers
VIC SE (mission for people with disability) & ADE (Gr 2)	1
VIC SE (mission for people with disability) & ADE (Gr 1)	2
Victorian Aboriginal businesses engaged	3
VIC SE (mission for one of the five disadvantaged cohorts) (Gr 2)	3
VIC SE (mission for one of the five disadvantaged cohorts) (Gr 1)	4
VIC SE engaged (Gr 1)	8
Social benefit suppliers	12
<b>Total number of suppliers</b>	<b>598</b>

Note: Extract from 2022–23 ABN Wash, provided by Department of Government Services (VIC)



## Indirect Procurement Activities

VicTrack did not begin any new activities with social procurement targets. However, several are due to commence during 2023–24.

Reporting for indirect social procurement was incomplete for 2022–23, due to insufficient data provided by several contractors, including one which went into liquidation during the last quarter of 2022–23. Despite this, VicTrack completed four projects with social procurement targets (including one strategic project last year).

Project	SPF objective commitment made	SPF Performance (as reported)
Belgrave multi-level carpark design and construct  (Note: final 2023 data not provided at time of reporting)	Opportunities for Victorian Aboriginal People Opportunities for disadvantaged Victorians Opportunities for Victorians with disability Sustainable Victorian social enterprise and Aboriginal business sectors Supporting Safe & Fair Workplaces Women's Equality & Safety Environmentally sustainable outputs Environmentally Sustainable Business Practice Implementation of the Climate Change Policy Objectives	<ul style="list-style-type: none"> <li>Aboriginal employment = 0.00% (against 2.5% Target)</li> <li>Employers of Victorian Aboriginal People – 1</li> <li>Employers of Disadvantaged Victorians – 1</li> <li>Disadvantage Victorians with Job Readiness Opportunities employed – 0</li> <li>Hours Dedicated to Victorians with Job Readiness Opportunities – 0</li> <li>Employers of Victorians with a disability – 0</li> <li>Expenditure with Victorian Social Enterprises – N/A</li> <li>Expenditure with Victorian Social Enterprises &amp; Australian Disability Enterprise – 0</li> <li>Proportion of suppliers Compliant with Supplier Code of Conduct – 1.64%</li> <li>Suppliers compliant with Supplier Code of Conduct – 1</li> <li>Proportion of suppliers with Family Violence Leave Policy – 1.64%</li> <li>Suppliers with Family Violence Leave Policy – 1</li> <li>Proportion of suppliers with Gender Equality Policy – 100%</li> <li>Suppliers with Gender Equality Policy – 1</li> <li>Suppliers recycled content in construction clauses – 1</li> <li>Suppliers with Environmentally Sustainable Business Practices – 1</li> <li>Supply clauses for outputs resilient against climate change – 1</li> </ul>
Carpark upgrades for Gisborne, North Shore, Beaufort, Riddells Creek, Kyneton  (began May 2022 – no performance results provided for 2022–23)	Opportunities for disadvantaged Victorians Opportunities for Victorian Aboriginal People Supporting Safe & Fair Workplaces Women's Equality & Safety	<ul style="list-style-type: none"> <li>Businesses engaged within regions experiencing entrenched disadvantage</li> <li>Aboriginal employment</li> <li>Employers of Victorian Aboriginal People</li> <li>Proportion of suppliers Compliant with Supplier Code of Conduct</li> <li>Suppliers compliant with Code of Conduct</li> <li>Proportion of suppliers with Family Violence Leave Policy</li> <li>Suppliers with Family Violence Leave Policy</li> </ul>
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 – 100%</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> </ul>

## Information and communications technology expenditure

For the 2022–23 reporting period, VicTrack had a total Information and Communications Technology (ICT) expenditure of \$333.631 million with the details shown below.

Expenditure	\$'000
Business as usual ICT expenditure	309,739
Non-business as usual ICT expenditure	23,892
Operational expenditure	-
Capital expenditure	23,892

## Freedom of Information Report

The *Freedom of Information Act 1982* (FOI Act) allows the public a right of access to documents held by VicTrack. The purpose of the FOI Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the FOI Act.

An applicant has a right to apply for access to documents held by VicTrack. This comprises documents both created by VicTrack or supplied to VicTrack by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by VicTrack is available on the VicTrack website under its Part II Information Statement.

The FOI Act allows VicTrack to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents; some internal working documents where disclosure would be contrary to the public interest; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to VicTrack in-confidence and information that is confidential under another Act.

Under the FOI Act, the FOI processing time for requests received is 30 days. However, where a deposit is required to be sought in order to continue processing the request, the 30 days restarts when the deposit is paid. In addition, when external consultation is required under ss 29, 29A, 31, 31A, 33, 34 or 35, VicTrack may seek the applicant's agreement to extend processing time by no more than 30 days. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request. If an applicant does not agree, VicTrack may extend the time by 15 days to complete those required consultations.

If an applicant is not satisfied by a decision made by VicTrack, under s 49A of the FOI Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

## Making a request

FOI requests can be lodged by sending an email to [foi.requests@victrack.com.au](mailto:foi.requests@victrack.com.au), or by post to VicTrack to GPO Box 1618 MELBOURNE VIC 3001.

An application fee of \$31.80 applies from 1 July 2023. The application fee usually changes every financial year. The application fee for the 2022–23 financial year was \$30.60.

Access charges may also be payable and if they are payable, they must be calculated in accordance with the FOI Act and a deposit notice may be required to be sent to confirm whether the applicant wishes to proceed with the request.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

General information about how to make an FOI request is available at <https://ovic.vic.gov.au/freedom-of-information/make-a-freedom-of-information-request/>.

Enquiries can be made to VicTrack's FOI officers via email at [foi.requests@victrack.com.au](mailto:foi.requests@victrack.com.au).

## FOI statistics/timeliness

During 2022–23, VicTrack received eight applications which were processed in accordance with the FOI Act. Of these requests, one was from a Member of Parliament, two were from the media, and the remainder from members of the general public.

Two applications received by VicTrack did not comply with the validity requirements set out in s 17 of the FOI Act and the applicant did not respond when invited to make a valid request. Those requests were not processed.

VicTrack did not receive any request which it transferred to another agency under s 18 of the FOI Act.

During the 12 months ending 30 June 2023, VicTrack made two decisions on requests not finalised from the year ending 30 June 2022, and made six decisions on requests received after 1 July 2022. Two requests received before 30 June 2023 were not finalised, as at that date, they were still being processed.

There were five decisions made within the statutory time periods. Of the decisions made outside time, two were late by a period no greater than 45 days after the statutory due dates and one was late by a period greater than 45 days after the statutory due date.

Seven FOI access decisions were made where access to documents was granted in full, granted in part or denied in full. The eighth decision was a nil documents decision where a diligent and thorough search revealed VicTrack did not have any documents described by the FOI request.

Five decisions were made after mandatory extensions had been applied or extensions were agreed upon by the respective applicant. Of requests finalised, the average number of days over the statutory time (including extended timeframes) to decide the request was 57 days.

During 2022–23, one request was subject to a review by OVIC. That request was still being finalised as of 30 June 2023. One request was subject to a complaint to OVIC. That complaint was resolved before 30 June 2023.

A further request was subject to a review by the Victorian Civil and Administrative Tribunal (VCAT). That review was withdrawn by the applicant before 30 June 2023.

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

## Compliance with the Public Interest Disclosures Act 2012

The *Public Interest Disclosures 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 actively encouraged to raise concerns about unlawful, unethical or inappropriate conduct without fear of reprisal.

VicTrack encourages all of our 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 Disclosures Coordinator (who is VicTrack's General Counsel) is authorised by VicTrack to receive Protected Disclosures under the Corporations Act. The General Counsel 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 are required by the PID Act to 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

### Information required to be published

VicTrack's procedure for the protection of persons from detrimental action in contravention of s 45 of the PID Act taken by VicTrack, or members, officers, or employees of VicTrack, is detailed on VicTrack's website at [victrack.com.au/about/policies-and-disclosures](http://victrack.com.au/about/policies-and-disclosures)

## 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.

## Environmental reporting

VicTrack is committed to environmental sustainability in its operations and continued to monitor the environmental impacts of its operations during the 2022–23 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.

### Highlights for 2022–23 include:

- adopting circular economy principles in our ways of working
- reusing and repurposing 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 and in telecommunication pit lids
- recycling batteries, metals, e-waste and other materials to reduce landfill
- donating equipment, rail and construction materials to tourist and heritage groups for reuse
- donating office supplies and safety equipment to charities
- transitioning to compostable consumable plates, napkins and cutlery
- using digital signatures to significantly reduce the need for printing
- participating in the 2023 Clean Up Australia Day – VicTrack Clean Up Day held at the E-Gate Rail Precinct.



## The Department's Environmental Management System

VicTrack continues to maintain an Environmental Management System (EMS) in alignment to the international standard AS/NZS ISO 14001:2016: Environmental Management Systems. 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, part of the EMS, includes targets and key performance indicators to improve VicTrack's environmental performance.

The EMS objectives include:

- reducing greenhouse gas emissions resulting from VicTrack's operational activities
- reducing the amount of waste and maximising the amount of reused and recycled resources in operations and activities
- encouraging staff to reduce environmental impacts through behaviour change
- communicating environmental performance through regular internal and public reporting.

VicTrack has established and maintained procedures to align with AS/NZS ISO 14001:2016 which included the following:

- identifying the environmental aspects and impacts of its activities and operations
- defining and documenting roles and responsibilities to facilitate effective environmental management
- identifying training needs and establishing a training program to equip personnel with environmental management knowledge
- monitoring and measuring the key operations and activities that can have a significant impact on the environment
- establishing and maintaining procedures for defining responsibility and authority for handling non-conformance in relation to environmental management
- having regular and documented management review over the EMS to ensure its continuing sustainability and effectiveness.

## Reporting boundary for environmental data

All VicTrack operations and activities are included within the organisational boundary for this reporting period.

Emissions of third parties leasing or licencing VicTrack assets or services are not included in the report.

VicTrack's greenhouse gas inventory has been prepared using Australia's Department of the Environment and Energy's National Greenhouse Accounts Factors, updated in February 2023.

VicTrack offices were open for the entire reporting period with the Future Ways of Working Strategy implemented to allow flexible hybrid working. Employees worked from VicTrack's offices more in 2022–23 than the previous reporting period, following easing of COVID-19 restrictions. This return to office and normal operational activities led to increases across most environmental data for the 2022–23 period.

## Greenhouse gas emissions

VicTrack reports its greenhouse gas emissions broken down into emissions 'scopes' consistent with national and international reporting standards. Scope 1 emissions are from sources that VicTrack owns or controls, such as burning fossil fuels in its vehicles. Scope 2 emissions are indirect emissions from VicTrack's use of electricity from the grid, which still uses coal and gas-fired power generation.

VicTrack's Scope 1 greenhouse gas emissions increased by 78 per cent from 2021–22 to 2022–23. This increase has largely been driven by increased vehicle use as travel activities resumed after extended remote working periods between 2020 and 2022. VicTrack increased its number and use of diesel vehicles in 2022–23, which create more emissions when compared to petrol and hybrid vehicles.

VicTrack's Scope 2 greenhouse gas emissions decreased by four per cent from 2021–22 to 2022–23. These decreases are likely attributable to:

- better reporting methods to accurately calculate greenhouse gas emissions
- installation of energy efficient LED lighting at several VicTrack operational facilities
- ongoing management of electricity consumption at VicTrack's data centres.

Indicator	2022–23	2021–22	2020–21
Total Scope 1 greenhouse gas emissions (Tonnes CO <sub>2</sub> -e) [Indicator G1]	479	269	311
Total Scope 2 greenhouse gas emissions (Tonnes CO <sub>2</sub> -e) [Indicator G2]	2,654	2,776	3,225

### Notes:

Reporting periods prior to 2022–23 did not include emissions from electricity consumption for Other Telecommunication Infrastructure, but did include emissions for waste, paper, air travel.

The 2022–23 reporting period does not include emissions from waste, paper and air travel.

## Electricity production and consumption

Energy use at VicTrack corporate offices increased by 4.5 per cent in 2022–23 compared to the previous year. This result is likely due to more staff transitioning to working in the office with the new hybrid way of working.

Energy consumption at operational facilities has significantly decreased by 70 per cent in 2022–23 compared to previous year due to the installation of LED lighting and check meters at North Dynon facility, leading to reductions in electricity use and more accurate apportioning of usage to tenants.

Energy consumption at data centres increased by five per cent in 2022–23 compared to the previous year. This was likely due to the deployment of the TGSN project which has increased the amount of equipment and power consumption in our facilities.

In 2022–23 VicTrack purchased five per cent of its total electricity from green energy sources.

VicTrack continues to implement a range of energy efficiency initiatives across its sites to reduce electricity use. These measures include:

- an LED lighting upgrade in the Fire Museum at Centre Block and West Block at Newport Workshops as part of the Victorian Energy Upgrade program, replacing the old halogen high bay lighting
- LED lighting upgrade in 4,5,6 Roads West Block in Newport Workshops
- LED lighting upgrade on the handrails of the William Barak bridge.

Total electricity use has also been monitored and reported to the Enterprise Risk Management Committee on a quarterly basis to help track and understand VicTrack's effort in electricity consumption.

Indicator	2022-23	2021-22	2020-21
Total electricity consumption (MWh) [Indicator EL1]	3,637.1	2,748.8	3,075.4
Purchased electricity – consolidated			
Department offices <sup>(a)</sup>	862.2	824.8	853.0
Operational facilities <sup>(b)</sup>	52.8	178.3	135.4
Data centres	1,771.0	1,677.6	2,007.9
Other telecommunication infrastructure <sup>(c)</sup>	690.0	Not recorded	Not recorded
Miscellaneous infrastructure <sup>(d)</sup>	96.2	68.0	79.0
Not directly purchased but from outside the organisation (MWh)			
Department offices <sup>(e)</sup>	163.0	Not recorded	Not recorded
Other non-renewable (diesel backup generator) <sup>(f)</sup>	1.9	Not recorded	Not recorded
Greenpower	173.6	137.4	153.8

Notes:

- (a) Base building apportioned electricity use consumption is calculated from net lettable area. With VicTrack occupying three floors and a portion of the ground floor at 1010 Latrobe Street, our apportioned value is 30 per cent and one floor at 595 Collins Street our apportioned value is 1.5 per cent. (595 Collins Street was 10 per cent prior to 2022-23 reporting period.)
- (b) Includes Telecommunications warehouse (Sunshine), North Dynon Freight Terminal and the VicTrack portion of Newport Workshops. The VicTrack Newport Workshops was not previously included in reporting as billing information was not available due to a faulty meter. Estimates for the 2022-23 period have been used based on values recorded in 2017.
- (c) Other Telecommunications Infrastructure includes data huts, communication rooms and towers.
- (d) Miscellaneous infrastructure sites refer to infrastructure that remains in VicTrack's control, including Batman Bridge, Dudley Street, a railway platform in Norlane and Stanthorpe Street.
- (e) Department offices includes energy used in common areas of VicTrack's Collins Street and 1010 Latrobe Street buildings, billed based on area occupied under the lease agreement.
- (f) Diesel back-up generation is not separately metered, and electricity generated is estimated based on manufacturer supplied factors for operation under full load. All electricity generated is assumed to be used on site.

## Stationary fuel use

Sources of emissions from stationary fuel include diesel back-up generators for critical data centre facilities and petrol generators (machinery) for field use. VicTrack has not used gas at any buildings this reporting period. VicTrack collected data primarily through billing information from fuel suppliers.

Stationary fuel use was not recorded before 2022-23.

Indicator	2022-23	2021-22	2020-21
Total Fuels used in buildings and machinery (MJ) [Indicator F1]	35,790	Not recorded	Not recorded
Buildings (a)	28,950	Not recorded	Not recorded
Natural gas	0	Not recorded	Not recorded
Diesel	28,950	Not recorded	Not recorded
Petrol	0	Not recorded	Not recorded
Machinery (b)	6,840	Not recorded	Not recorded
Petrol	6,840	Not recorded	Not recorded
Greenhouse gas emissions from stationary fuel consumption (Tonnes CO <sub>2</sub> -e) [Indicator F2]	2.5	Not recorded	Not recorded

Notes:

- (a) VicTrack operates a backup generator at each of its data centre sites.
- (b) VicTrack operates three portable petrol generators for field use. Field generator use is based on estimates.

## Transportation

VicTrack uses a fleet of passenger vehicles for operational requirements including the operation of its telecommunication network and management of its assets. 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 increased by 31 vehicles in 2022–23 compared to 2021–22. This increase is due to the growing telecommunication network that requires maintenance and operation and the easing of COVID-19 restrictions.

Of the passenger vehicles, 89 per cent were internal combustion engine vehicles and 11 per cent were hybrid vehicles. Use of diesel passenger vehicles increased significantly in 2022–23 compared to 2021–22, leading to significantly higher greenhouse gas emissions.

Energy used in transport fuels and greenhouse gas emissions both increased by 21 per cent from 2021–22 to 2022–23. These increases have been mainly driven by the easing of COVID-19 restrictions, allowing more face-to-face meetings and travelling to project sites. Passenger vehicle use has also increased with the record number of Victoria's Big Build projects in delivery stage in 2022–23, requiring VicTrack site inspections and support works.

Indicator	2022–23	%	2021–22	%	2020–21	%
Number and proportion of vehicles (a) [Indicator T2]	106	100	75	100	72	100
Road vehicles	106	100	75	100	72	100
Passenger vehicles	106	100	75	100	72	100
Internal combustion engines	94	89	67	89	63	88
Petrol	1	1	2	3	4	6
Diesel/biodiesel	93	88	65	87	59	82
Hybrid	12	11	8	11	9	13

Notes:

(a) Vehicle numbers and proportion reported are for the 12-month period 30 June to 31 May to coincide with the availability of data for reporting.

Indicator	2022–23	2021–22	2020–21
Total energy used in transportation (MJ) (a) [Indicator T1]	6,782,243	5,535,017	4,328,882
Road vehicles	6,782,243	5,535,017	4,328,882
Natural gas	0	Not recorded	Not recorded
<b>Passenger vehicles</b>			
Petrol	401,200	433,022	393,078
Diesel	6,381,043	5,101,996	3,933,803
Greenhouse gas emissions from vehicle fleet (Tonnes CO <sub>2</sub> e) (a) [Indicator T3]	476.4	390	304
Road vehicles	476.4	390	304
<b>Passenger vehicles</b>			
Petrol (b)	27.1	30	27
Diesel	449.3	360	277

Notes:

(a) Vehicle energy consumption, kilometres travelled, and greenhouse gas emissions data are for the 12-month period 30 June to 31 May to coincide with the availability of data for reporting.

(b) Includes hybrid vehicles.

### Total energy use

VicTrack's overall energy use has increased by 29 per cent in 2022–23 when compared to 2021–22. The significant increase in energy use is attributable to the inclusion of energy usage for telecommunications other infrastructure, which is approximately 18 per cent of the total energy used in 2022–23. In previous years, this energy use was not included in VicTrack's total energy usage. Increased use and number of fleet vehicles in 2022–23 compared to 2021–22 is also responsible for the significant increase in overall energy use.

VicTrack's workforce increased by approximately 10 per cent when compared to 2021–22, leading to greater use of energy in its offices and fleet.

To mitigate growing energy needs, VicTrack has been taking several actions as set out under the electricity use, stationary fuel use and transport fuel use sections. VicTrack also continues to implement its Sustainability Action Plan 2021–25 to reduce its environmental footprint.

Indicator	2022–23	2021–22	2020–21
Total energy usage from fuels (stationary and transportation) (MJ) [Indicator E1]	6,818,033	5,535,017	4,328,882
Total energy used from electricity (MJ) [Indicator E2]	13,088,052	9,895,680	11,071,440
Total energy used segmented into renewable and non-renewable sources (MJ) [Indicator E3]			
Renewable	2,433,242	494,640	553,680
Non-renewable	17,472,843	14,936,057	14,846,642
TOTAL energy use (MJ)	19,906,085	15,430,697	15,400,322
Units of energy used normalised by FTE [Indicator E4]	46,849	40,133	42,542

### Sustainable buildings and infrastructure

VicTrack has implemented the following sustainability initiatives in its building and infrastructure works for the 2022–23 period:

- 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
- donating equipment, rail and construction materials to tourist and heritage groups
- continuing to implement measures in data centres to improve the energy efficiency of cooling and IT equipment and use of efficient LED lighting.

#### Leased buildings [Indicator B2]

VicTrack leases its head office premises, 1010 Latrobe Street, Docklands. This building is a NABERS energy 5 Star building.

#### Environmentally Sustainable Design in new buildings and infrastructure [Indicator B3]

In 2022–23 VicTrack has been delivering the Belgrave multi-level car park for DTP. The works aligned to an "Excellent" rating under the Infrastructure Sustainability Council of Australia (ISCA), Sustainability Rating V1.2.



## Sustainable procurement

VicTrack considers sustainable procurement objectives through its implementation of the Social Procurement Framework, which establishes requirements that apply to Victorian Government departments and agencies when they procure goods, services and construction. More details of VicTrack's implementation of the Social Procurement Framework are contained in the social procurement report on pages 108–109.

## Additional information available on request

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

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

The information is available on request.

## 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: 15 September 2023

# Appendix A

## Disclosure index

VicTrack's Annual Report 2022–23 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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FRD 22	Purpose, functions, powers & duties	19
FRD 8	Departmental objectives, indicators and outputs	n/a
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### Management and structure

FRD 22	Organisational structure	20–21
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### Financial and other information

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FRD 22	Application and operation of the Carers Recognition Act 2012	106
FRD 22	Details of consultancies over \$10,000	106
FRD 22	Details of consultancies under \$10,000	106

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FRD 112D	Defined benefit superannuation obligations	N/A

## Legislation

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Building Act 1993	106
Public Interest Disclosure Act 2012	110
Carers Recognition Act 2012	106
Victorian Industry Participation Policy Act 2003	107
Financial Management Act 1994	119

# Appendix B

## List of abbreviations

Annualised employee equivalent (AEE)  
 Asset Management Accountability Framework (AMAF)  
 Australian Level Crossing Assessment Model (ALCAM)  
 Australian Rail Track Corporation (ARTC)  
 Audit & Risk Management Committee (ARMC)  
 Closed-circuit television (CCTV)  
 Contaminated Land Hazard Assessment and Mapping Program (CHAMP)  
 Corporations Act 2001 (Cth) (Corporations Act)  
 Delivery & Network Committee (DNC)  
 Department of Transport and Planning (DTP)  
 Department of Treasury and Finance (DTF)  
 Designated workgroups (DWGs)  
 Digital train radio system (DTRS)  
 Distributed Antenna System (DAS)  
 Environmental Assurance and Compliance Assessment Program (EACA)  
 Environmental management plans (EMP)  
 Environment Protection Act 2017 (EPA Act)  
 Environment Protection Authority (EPA)  
 Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)  
 Executive Leadership Team (ELT)  
 Executive officer (EO)  
 Expression of interest (EOI)  
 Financial Reporting Directions (FRDs)  
 Freedom of Information Act 1982 (FOI Act)  
 Full-time equivalents (FTE)  
 Goods and Services Tax (GST)  
 Health, Safety and Environment (HSE)  
 Health and Safety (H&S)  
 Health and Safety Representatives (HSRs)  
 Incident Response Plans (IRPs)  
 Independent Broad-based Anti-Corruption Commission (IBAC)  
 Industry Capability Network's Victorian Management Centre (ICN-VMC)  
 Integrated development opportunities (IDO)  
 International Organization for Standardization (ISO)

Internet Protocol Multi-Protocol Label Switching (IP/MPLS)  
Key performance indicator (KPI)  
Level Crossing Removal Project (LXRP)  
Long Range Wide Area Network (LoRaWAN)  
Major Projects Skills Guarantee (MPSG)  
National Narrowband Network Co (NNNCo)  
Network Management Centre (NMC)  
Occupational Health and Safety (OHS)  
Office of the Victorian Information Commissioner (OVIC)  
Operational Control Systems (OCS)  
Operational Environmental Management Plan (OEMP)  
Optical transport network (OTN)  
Project Environmental Assurance and Compliance Review (PEACR)  
Projects Committee (PROJC)  
Property, Environment and Heritage Committee (PEHC)  
Public Information Displays (PIDs)  
Public Interest Disclosures Act 2012 (Vic) (PID Act)  
Railway and Tramway Heritage Victoria Inc (RTHV)  
Railway Crossing Safety Delivery Group (RCSDG)  
Remuneration & Human Resources & Integrity Committee (RHRIC)  
Return to work (RTW)  
Safe Work Method Statement (SWMS)  
Senior Leadership Team (SLT)  
Senior technical staff (STS)  
Social Procurement Framework (SPF)  
Telecommunications Committee (TLC)  
Transport and Government Secure Network (TGSN)  
Tourist and Heritage (T&H)  
Victorian Civil and Administrative Tribunal (VCAT)  
Victorian Industry Participation Policy (VIPPP)  
Victorian Rail Track (VicTrack)  
Victorian Railway Crossing Safety Steering Committee (VRCSSC)  
Wide Area Network (WAN)



# Appendix C

## 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 5 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

B.Bus (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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