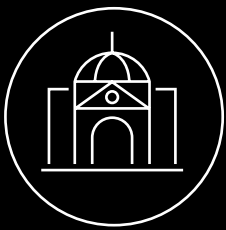


2023–24

Annual Report

VicTrack manages and
optimises Victoria's rail land,
buildings and infrastructure




victrack.com.au



VicTrack

Cover: Hampton development exterior

Featured: VicTrack staff in a telecommunications data centre



VicTrack is the custodial owner of 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.



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VicTrack staff volunteering at Mornington Tourist Railway

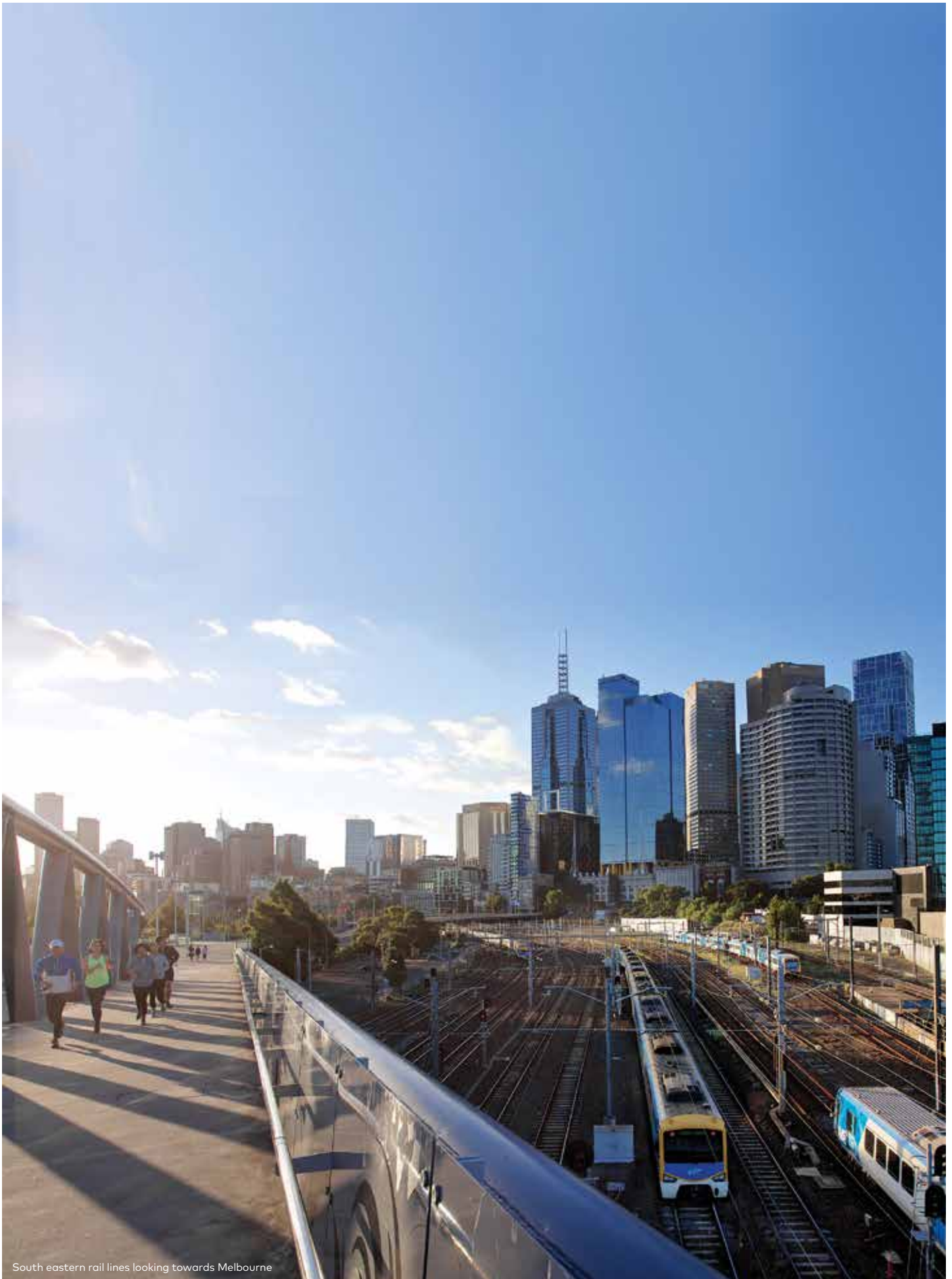
Acknowledgement of Country



We proudly acknowledge Victoria's First Nations people and celebrate their enduring connection to Country, community, and culture. We pay our respects to Traditional Owners and their Elders past and present and recognise their continuous relationship with the land and waters where we work and live.



Swanston Street trams and Flinders Street Station



South eastern rail lines looking towards Melbourne



Section 1: Year in review

Responsible body's declaration

In accordance with *The Financial Management Act 1994*, I am pleased to present the Victorian Rail Track (VicTrack) Annual Report for the year ended 30 June 2024.

A handwritten signature in black ink, appearing to read 'Paul Hardy'.

Paul Hardy
Chair, VicTrack Board

5 September 2024

About VicTrack



South eastern rail lines looking towards Melbourne

VicTrack is the custodial owner of 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.

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

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

We bring a strong commercial focus to driving greater investment back into transport and communities and supporting other non-commercial activities including community projects, and environmental and heritage preservation.

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.

Purpose

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

Mission

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

Values



Professional

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



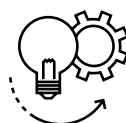
Collaborate

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



Achieve

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



Innovate

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

Chair's report



I was delighted to become VicTrack's Chair on 1 January 2024 alongside five new Directors.

The current Board has been working with VicTrack's leadership to develop a new strategic direction for VicTrack that continues its important role at the heart of the transport system, while seeking to maximise commercial returns from our assets, generating jobs and economic activity across Victoria.

A strong focus remains on meeting VicTrack's obligations to protect and enhance its assets and support the safe and reliable operation of rail transport across the state. The Board is seeking to improve maturity in critical areas including compliance, cybersecurity, digitisation, asset management and information governance.

We are pleased to support the delivery of government initiatives, including the Housing Statement. VicTrack has significant landholdings around key transport sites across metropolitan Melbourne and regional Victoria which can be developed for housing.

The Directors are committed to ensuring that VicTrack continues to deliver critical services, generate commercial returns for transport re-investment and meet the needs of the Victorian Public into 2024–25 and beyond

A handwritten signature in black ink, appearing to read 'Paul Hardy'.

Paul Hardy
Chair, VicTrack Board

Chief Executive's report



Financial year 2023–24 has been a successful one for VicTrack marked by solid commercial and performance results, and the completion of several multi-year projects.

Strong commercial results were underpinned by multiple land sales and continued telecommunications revenue growth.

Our primary role is servicing the public transport sector with a reliable telecommunications network. We have exceeded service delivery expectations for our transport partners in network availability, service restoration and maintenance.

Our capacity to support public transport has been enhanced by the completion of the multi-year Transport and Government Secure Network (TGSN) project. Completing the TGSN was a significant achievement and will support the safe and reliable operation of train services across Victoria into the future. We will also harness the network to develop a range of competitive commercial products to generate additional revenue streams for VicTrack.

Concurrently we also undertook upgrades to the Regional Rail Communications Network (RRCN) – an essential communications system that keeps V/Line drivers in touch with train control. The staged upgrades to RRCN software and hardware and increased automation have reduced the switchover times between data centres, increasing the resilience of the network and minimising downtime as well as addressing areas of potential system vulnerability.

In addition to supporting the public transport sector, VicTrack plays a significant role in preserving Victoria's rail history. We are dedicated to working with our Tourist and Heritage rail groups to support the great work that they do – including restoring trams for public use or static display.

I was pleased to attend the opening of the expanded Bendigo Tramways facilities in May 2024 with the Premier the Hon Jacinta Allan MP. This project has created additional storage space and upgraded workshop equipment that is used to restore heritage trams. The upgrades will help meet the increased demand for tram restoration and ensure trams can continue to be restored for many years to come while providing ongoing skilled jobs for local people.

To ensure that VicTrack remains aligned to delivering on our core objectives and supporting the government's priorities, we made some changes to our operating model. These included discontinuing our Project Delivery Group as a standalone business unit, streamlining corporate support services and establishing a new Strategy & Transformation Group to enable stronger strategic planning moving forward.

Keeping VicTrack as a great place to work remains a priority. I am proud of the positive feedback received from our employees in the Victorian public sector's 'People matter' survey, which is complemented by our own internal surveys. The results over the past year affirmed that we are an inclusive organisation where people are highly engaged and feel the work we do makes a positive difference to the lives of Victorians. We will continue to place a strong emphasis on the wellbeing and happiness of our employees.

We have achieved a lot in the last year. I look forward with confidence to another successful year with a clear strategy in place to ensure that VicTrack remains a critical organisation in the public transport system in 2024–25 and beyond.

Chris Olds
Chief Executive



Trains at Flinders Street Station

Manner of establishment and responsible Ministers

Victoria's *Transport Integration Act 2010* sets out the objectives and functions for each transport sector agency.

As outlined in the Act, VicTrack's objectives include:

- acting as the custodial owner of the state's transport-related land, infrastructure and assets consistent with the Act's vision and transport system objectives
- ensuring 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 is accountable to the following shareholder Ministers.

The Hon. Danny Pearson

Minister for Transport Infrastructure

Minister for the Suburban Rail Loop

Assistant Treasurer

The Hon. Gabrielle Williams

Minister for Public and Active

Transport

The Hon. Tim Pallas

Treasurer

VicTrack's core functions

Our core functions include:

- delivering telecommunications services and network infrastructure to support public transport
- managing land set aside for transport purposes, including the development and sale of land no longer required for transport
- supporting the delivery of rail infrastructure projects and upgrades
- managing transport facilities and assets, including the open access Dynon Rail Freight Terminal
- managing heritage buildings
- preserving the environment.

VicTrack is the custodial owner of most of Victoria's tourist and heritage assets and holds the role of Tourist and Heritage (T&H) Railway Registrar. This function compiles and maintains:

- the sector's asset register
- a register of lease agreements granted by VicTrack
- a group register for tourist railway groups.

Victoria's integrated transport portfolio

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

DTP and its entities work together to deliver an integrated approach to Victoria's transport and planning systems, which support inclusive, prosperous, and sustainable community outcomes.

Our shared goal is for more liveable Victorian communities through the realisation of local economic and community opportunities.

DTP is an integrated department, serving five Ministers and a Parliamentary Secretary bringing together transport, planning, land, precinct, and policy functions to support our vision of thriving places and connected communities for all Victorians.

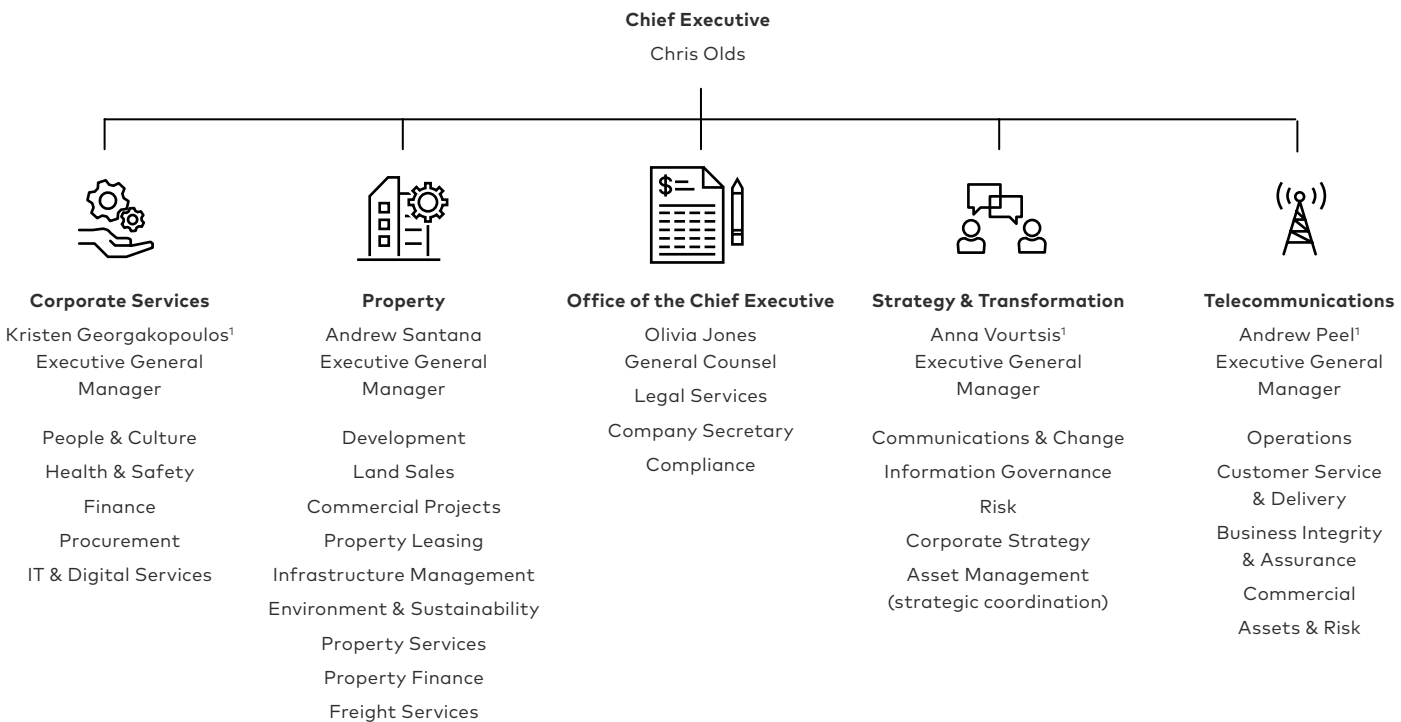
VicTrack and its initiatives are vital contributors to the transport and planning portfolio.

Organisational structure



Our business is made up of two specialist delivery groups – Property and Telecommunications – supported by Corporate Services, Strategy & Transformation and

the Office of the Chief Executive. Each business group contributes to asset management and service delivery.



¹ Acting in role for part year and then appointed to role.

Changes to corporate structure

During 2023–24 VicTrack introduced a new corporate organisational structure. In November 2023, the Business Services Group was disbanded, and its functions were distributed across two new business groups – Corporate Services and Strategy & Transformation. The functions of the former Communications & Engagement and People & Culture teams were also transferred to the new business groups.

Reporting lines within the Office of the Chief Executive were streamlined with the Company Secretary team and

Compliance function now reporting to the General Counsel. These changes were made to bring our corporate support services closer together and help us plan, deliver and coordinate key projects.

In April 2024, the former Project Delivery Group was discontinued as a standalone business group. Its functions were absorbed within other VicTrack business groups to ensure VicTrack continues to support key transport projects including the final stages of the Metro Tunnel Project.

Corporate Services

The Corporate Services Group provides essential business support to run VicTrack's operations efficiently and effectively and includes a range of specialist functions

that keep us accountable and transparent, while driving a culture of continuous improvement across the organisation.

Property

VicTrack owns 30,000 hectares of land, and leases about two thirds of this for transport operations. For the land not used for transport services, we undertake commercial activities through property sales, leasing, development and freight operations to reinvest back into the transport network.

Where possible, we make our land and buildings not required for transport services available for local community uses. We also re-invest to meet our asset management, heritage and environmental obligations across our vast estate.

Office of the Chief Executive

The Office of the Chief Executive supports business groups with engagement of key government stakeholders. It is responsible for liaising with the Board, as well as

overseeing VicTrack's governance and compliance and providing legal support.

Strategy & Transformation

The Strategy & Transformation Group brings together functions to support robust corporate strategy that is informed by opportunity and the management of risk.

The group includes functions that help deliver a resilient organisation, drive uplift in asset management and information governance, and supply effective corporate communications and change management.

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 network forms the backbone for public transport customer information display, myki ticketing, driver communications and signalling. 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.

Optimising our rail assets



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.

Melbourne Markets

VicTrack continued to progress the lease of the Old Melbourne Market site for freight and logistics purposes. The 29.5-hectare site is opposite the Port of Melbourne on Footscray Road and is currently occupied by the West Gate Tunnel Project.

The site was identified in the *Victorian Freight Plan 2018* as suitable for port and freight-related activities. It is planned to incorporate truck marshalling, container storage, empty container parking and a consolidation centre on the site in the future.

Gardiner Nursery

An expression of interest campaign was launched in April 2024 to appoint a development partner to deliver one two-bedroom and 14 four-bedroom town houses near Gardiner Station in Glen Iris. The EOI closed in May 2024 and we expect a transaction to be completed in the next financial year.

Treasury Square

VicTrack continued 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.

Hampton Quarter development

VicTrack and Homes Victoria worked with developers Village @ Hampton Pty Ltd, a partnership between epc. Pacific and Pace Development Group, to deliver the Hampton Quarter development, which contains 159 one, two and three-bedroom apartments, ground floor retail and 18 social housing units.

Part-proceeds from the development were invested into improvements to the public realm, which include the new station forecourt, relocated bus interchange, increased bike storage, upgrades to shared paths, and a range of station improvements.

Homes Victoria added 18 new social housing dwellings to the development, to replace 16 old homes that were previously on the site.

Construction on the project got underway in mid-2021 and included extending the Railway Crescent car park, which has increased commuter car parking available at the station.

Residents moved into the apartments during the 2023–24 financial year. The new station precinct is scheduled to be officially opened later in 2024 when the station forecourt has been completed.

Implementing Victoria's Housing Statement

VicTrack is working with other government agencies to progress a range of sites that are suitable for the development of housing as part of Victoria's Housing Statement.

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. Strengthening commercial return on our assets supports our corporate outcomes.

Commercial leases

The financial year ending 30 June 2024 has seen a change in managing agents for the leasing portfolio, with a successful transition from Brookfield Global Integrated Solutions (BGIS) to CBRE. This change is an opportunity to seek new opportunities across the portfolio to increase recurring revenue.

The portfolio achieved a revenue increase of 4.3 per cent above the budget estimate figures for the financial year and a 12 per cent increase on the previous financial year. This was due to the successful leasing of shops on Glenferrie Road, Hawthorn and parcels of land in West Melbourne and Epping.

VicTrack has also marketed a retail building at Murrumbidgee Station that was restored in the previous financial year, the newly refurbished Korumburra Station, and an old tip at Somerville Road, Brooklyn.



Billboards and car parks

The outsourced contract to manage our portfolio of billboards and car parks reported mixed revenue results in 2023–24. We also received a planning amendment in the Transport Zone, which will assist with uncertainty over whether a planning permit needs to be sought for a billboard.

This financial year has seen the billboard portfolio report an 8.2 per cent decrease in revenue compared to the previous financial year's result. However, car park revenue rose 6.3 per cent over the previous financial year.

We are working to increase the amount of digital advertising platforms within our billboard portfolio. In metropolitan areas we have seven digital billboards with another six in the pipeline, which will almost double our digital portfolio. Our current portfolio in regional Victoria consists of static billboards, with seven digital billboards planned.

Land sales program

VicTrack's land sales program releases land no longer required for transport so that others can use it, while also supporting a range of government policies and initiatives.

During 2023–24 the land sales program achieved its budget by delivering 11 projects totalling \$5.4m. VicTrack sold and settled 1.7 hectares of residential land centrally located in Kilmore, a 5,441 square metre parcel of land bordering the Dandenong Ranges National Park and 1.3ha of land in Maldon via public expression of interest campaigns.

VicTrack sold a 1,695 square metre parcel of land in Healesville to Yarra Ranges Council via a private sale under the Victorian Government's First Right of Refusal process. The land was sold with a covenant, which restricts its use for the community; and the council intends to continue to use the site for car parking and Healesville's monthly community market.

Delivering statewide telecommunications services



VicTrack telecommunications staff

Transport and Government Secure Network

In March 2024, VicTrack completed an upgrade of the Transport and Government Secure Network (TGSN) – our statewide telecommunications network.

The \$75 million project, which began in 2019, delivered an upgraded telecommunications network that is safer, more secure, more efficient and more reliable. The network is integral to the safe and reliable operation of rail transport in Victoria, forming the backbone infrastructure behind signalling, driver communications, public information displays and ticketing.

The TGSN has replaced ageing infrastructure, which was becoming increasingly expensive and difficult to maintain, with next generation technology. Over 11,000 telecommunications services have been migrated to the new network over the course of the program, including:

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

Works completed in the past financial year included:

- construction of the IP/MPLS network and tripling the size of the VicTrack IP network coverage across Victoria
- migration of services on Traralgon, Pakenham, Warrnambool, Geelong, Sunshine, Werribee, Lilydale, Ballarat, Bendigo, Belgrave and Lilydale lines to TGSN
- migration of the Digital Train Radio System (DTRS) and Regional Rail Communication Network (RRCN) Data Centres and Rail Operator Train Signal Control Centres connections to TGSN.

Telecommunications network performance

VicTrack's telecommunications network exceeded performance indicators during 2023–24.

Transport network availability

Network performance again exceeded expectations and achieved 99.98 per cent transport network availability – marking an improvement of 0.03 per cent compared to the previous year for our transport operators and delivering on a 'stretch' target.

Network maintenance

VicTrack prioritises both planned and unplanned network maintenance to improve network reliability and minimise downtime. In 2023–24, the team maintained the network and completed 100 per cent of the preventative maintenance program against the target of 85 per cent.

Service restoration

The Telecommunications Operations team managed incidents and network changes, ensuring swift service restorations. During the financial year, 4,066 incidents were logged and resolved. This surpassed the KPI for service restoration, achieving 98.50 per cent against the target of 92.5 per cent – a 0.65 per cent improvement compared to the previous financial year. In addition, there were 7,565 changes and Permit to Work (PTW) applications closed during 2023–24, with a success rate of 97.62 per cent against a KPI target of 95 per cent. Working to close tickets more efficiently has contributed to improved service restoration.

Network Management Centre

VicTrack's 24/7 Network Management Centre (NMC) serves as the backbone of network continuity. This financial year, the NMC handled a total of 126,179 calls compared to 117,592 in 2022–23. This includes 84,044 incoming calls (up from 79,018 last financial year) and a further 42,135 outbound calls were made (up from 38,574 on the previous year).

Myki transition

VicTrack's telecommunications network underpins Victoria's public transport ticketing system. In December 2022 the Victorian Government announced its plan to upgrade the ticketing system from the existing Card-Based Ticketing System (CBT System) to an Account-Based Ticketing System (ABT System).

This required an operator to run the new system and a carrier to support the telecommunications requirements. VicTrack holds a telecommunications carrier licence and successfully tendered for both the fixed line and mobile telecommunication services.

For mobile telecommunication services, VicTrack is supplying more than 4,000 SIM cards for equipment on trams and buses, as well as ticketing assets such as card vending machines and ticket office terminals. For fixed line telecommunication services, VicTrack is supplying WAN capability to 378 locations. The fixed services will be operationalised over TGSN.

In May 2023, the Victorian Government announced global ticketing supplier Conduent Business Services as the new operator of the myki system, awarding it a 15-year contract.

As part of the transition to the new operator, VicTrack has taken carriage of the entire telecommunications component that supports the whole myki network, with 100 per cent of the myki transmission coming under our management from 1 December 2023. Previously, VicTrack provided the fixed-line component of the myki system, which made up around 30 per cent of the network.

VicTrack is now supporting the CBT System as well as assisting with the rollout of the new ABT System, which will provide Victorians with new ways to pay including tap and go with credit and debit cards, digital watches and digital wallets on smartphones.

3G to 4G migration

VicTrack has completed a project to migrate essential V/Line and Yarra Trams communications services to 4G ahead of the shutdown of the 3G network (by Telstra and Optus).

The RRCN provides V/Line with a managed service for train controller to train driver radio communications – an important service in ensuring V/Line trains operate safely on the rail network – and the RRCN used Telstra public 3G technology.

The four-year program to upgrade equipment to the 4G network began in 2020 with the testing of the new 4G SIM cards for ICE units. Over the past four years VicTrack has changed 3G SIM cards to 4G SIM cards, worked with Telstra to remove any identified coverage issues, and migrated services.

In addition to V/Line, several tourist and heritage rail operators were impacted by the 3G network shutdown. Heritage locomotives operated by Steamrail Victoria

and Diesel Electric Rail Motor Association of Victoria (DERMPAV) use the RRCN communication network and needed 4G equipment installed to ensure that they could continue to operate services safely.

VicTrack has also migrated 3G services to the 4G network on a managed service for Yarra Trams known as SCADA. The service monitors Yarra Trams power substations and provides backup should the primary fibre fail. VicTrack developed a new 4G solution for Yarra Trams and installed new hardware.

The work started in September 2023 and was completed in April 2024.

As part of the migration project, we also changed over around 1,100 SIM cards operated by end users that connected to important services including public information displays and alerts at level crossings.

Regional Rail Communications Network upgrade

VicTrack has completed an upgrade to the RRCN – a communications system that allows train drivers to stay in touch with train control. The upgrade has enhanced automation of the data centres and improved the network's resiliency for V/Line trains and freight services.

The RRCN has been in operation since 2015 and uses two core data centres at geographically diverse locations to ensure resiliency through diversity. Before the upgrade, any switchover between the data centres during an outage involved many manual tasks and relied on commercial fibre for connectivity.

The RRCN upgrade has improved transmission connectivity between the data centres. Network servers and hardware were 'virtualised', allowing network information to be updated simultaneously.

A software upgrade in January 2024 allows data centre switchover to be achieved in under five minutes.

Telecommunications commercial products

VicTrack's statewide telecommunications network allows us to provide commercial telecommunications products and services for transport, state and local government, and the education sector in Victoria.

Our multi-layered, carrier grade network delivers a range of products including internet and ethernet services, wavelength technology, dark fibre and co-location services with high speeds and competitive prices.

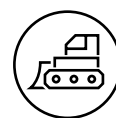
The TGSN has enabled us to standardise our products and open new opportunities.

VicTrack presented products at the Comms Day Wholesale Congress in Melbourne in October 2023 and a Municipal Association of Victoria (MAV) event, showcasing our wholesale telecommunications products.

VicTrack will extend services beyond the rail corridor to various government departments, telecommunications providers, TAFE institutions, hospitals and councils in both metro and regional Victoria. This will be carried out using NBN's last mile of network together with the existing VicTrack fibre footprint and the Aussie Broadband network. More information about our current product offering is available on the VicTrack website victrack.com.au/services/telecommunications



Supporting the Big Build and transport infrastructure



Warrnambool Line Upgrade

As part of the Warrnambool Line Upgrade Stage 2 under the Regional Rail Revival program, VicTrack is undertaking civil installation works at eight level crossings between Colac and Warrnambool, at the following sites:

- Settlement Road, Stonyford (works to commence July 2024)
- Koallah Pomborneit Road, Pomborneit (works underway)
- Occupational Crossing 228, Terang (works underway)
- Occupational Crossing 229, Terang (works underway)
- Laang Road, Garvoc (Completed)
- Sampson Ford Road, Garvoc (Completed)
- Heath Marsh Road, Panmure (Completed)
- Panmure Laang Road, Panmure (Completed).

These crossings are among more than 61 that need to be upgraded to enable modern VLocity trains to safely run to and from Warrnambool.

Upgrade works delivered by VicTrack include the civil construction of combined service route (CSR), drainage, retaining walls, boom barrier foundations and location case foundations. These works will support future improvements to train detection and level crossing safety - through the installation of axle counters boom barriers.

VicTrack procured All Systems Contractors to undertake the civil installation works on the crossings. Work is expected to be completed in the second half of 2024.

Level Crossing Removal Project

The Level Crossing Removal Project (LXRP) is removing 110 dangerous and congested level crossings across Melbourne by 2030. At the end of the 2023–24 financial year, 80 level crossings have been removed.

VicTrack has been a key partner to the project from the start. At each project site, we provide essential telecommunications services and support to assist with crossing removals.

In 2023–24, VicTrack contributed to 10 level crossing removals at:

- Glen Huntly Road, Glen Huntly
- Neerim Road, Glen Huntly
- Camms Road, Cranbourne
- Webb Street, Narre Warren
- Brunt Road, Beaconsfield
- Keon Parade, Keon Park
- Main Street, Pakenham
- McGregor Road, Pakenham
- Racecourse Road, Pakenham
- Bedford Road, Ringwood.

South Geelong to Waurn Ponds Duplication project

The South Geelong to Waurn Ponds Duplication project aims to provide more frequent and reliable services, along with better stations for passengers on the Geelong Line, Victoria's busiest regional rail line. This project is a crucial part of the staged upgrade of the Geelong Line.

VicTrack has supported this project by relocating telecommunications assets and delivering new signalling services at key locations along the line.

Additionally, VicTrack has delivered new and upgraded UHF services at Geelong, South Geelong and Marshall. The delivery of OCS services is in progress at the newly constructed stations in South Geelong and Marshall.

The duplication project is now in the final commissioning occupation and is expected to be completed in August 2024.

Metro Tunnel

The Metro Tunnel is a major infrastructure project consisting of twin nine-kilometre rail tunnels connecting the Sunbury, Cranbourne and Pakenham lines and five new underground stations. The tunnel will support bigger and more modern trains and 'turn-up-and-go' services.

VicTrack's telecommunications network is integral to connecting the new tunnels and stations with the existing train network. In 2023–24, VicTrack supported the dynamic testing of trains running through the tunnels, helping to test tunnel communications infrastructure and onboard communications system (OCS). We provided digital train radio system (DTRS) communication links from Parkville

and State Library stations to the data centres in East Burwood and Mount Helen. DTRS links and OCS are both required to provide connectivity to the Sunshine Signal Control Centre, where train movements are controlled by signallers. In 2023–24 preparations commenced for handover of the communications assets installed by the project to VicTrack as the operator and maintainer of the Metro Tunnel telecommunications network.

VicTrack will continue to deliver support services to the Metro Tunnel Project ahead of its opening in 2025.

Car Parks for Commuters Program

The Victorian Government's Car Parks for Commuters Program has made it easier for commuters to catch the train with building and upgrading more car parks at train stations across the state.

The new and upgraded car parking has provided people across Victoria better access to public transport and supports the Victorian Government's regional fare cap, introduced in 2023.

In 2023–24, VicTrack completed the delivery of its allocated projects as part of the Car Parks for Commuters Program on behalf of DTP.

Belgrave Station's 640-space multi-level car park opened in December 2023, making it easier for people living in Belgrave and surrounding areas to access public transport.

VicTrack delivered the car park alongside construction partner ADCO. Construction began in 2022.

The project has increased the amount of car parking available at Belgrave Station by 470 spaces and includes

16 accessible car spaces located on the ground floor.

Other features include lifts, CCTV, lighting, a public announcement system and real time parking availability signs that enable people to see how many spaces are available as they enter the car park.

Other improvements delivered as part of the car park project include an undercover pick-up and drop-off area, road widening to improve access to the car park, a new bus priority exit lane and bus priority signals at the roundabout.

The car park also has six electric vehicle (EV) chargers, as part of a trial of the suitability of EV charging facilities within station car parks.



Belgrave Station Car Park and bus interchange



Supporting communities and protecting our heritage



Retired W Class trams at Newport Railway Workshops

Retired Trams Strategy

The implementation of VicTrack's Retired Trams Strategy continues, following an expression of interest process that began in 2018 when 134 retired trams were allocated to the community. As of June 2024, 97 trams have been rehomed including 19 that left Newport Workshops over the last financial year. In addition, 10 'Preservation trams'

were relocated from Newport to a new facility at Bendigo Heritage Attractions. Two Art trams also left Newport to be put into operation at the Perth Electric Tramway Society. One Art tram was relocated to the Ballarat Tramway Museum.

Community leases

VicTrack's community leases program makes underused land and other rail assets available for community uses. Leases support activities and programs, including T&H rail and tram operations, rail trails, arts programs, sporting groups and tourism.

There are 414 leases in our community lease portfolio. In 2023–24 we have processed 13 new leases including five lease renewals.

Community Use of Vacant Rail Buildings

The Victorian Government's Community Use of Vacant Rail Buildings (CUVRB) program restores disused station buildings in regional towns, some of which have been vacant for decades, so they can be used by local community groups. The program's benefits include bringing the station buildings back to life and providing the community with new spaces to enjoy. VicTrack delivers the program on behalf of the state government.

The 2020–21 State Budget allocated \$9 million to restore 10 buildings under the program. Work to restore five of the properties was completed in previous financial years.

In 2023–24, works started to transform the historic Little River Station building into a new space for locals and visitors to the area to enjoy. Restoration works on the heritage-listed building include structural repairs and refurbishment, as well as installing a kitchenette and accessible toilet so the building can be used for community events and meetings. Once the restoration is complete, the building will open as a community hub.

Bluestone Community Hub Inc. will be the tenants in the building with Wyndham City Council as head tenant. Global Rail Australia is managing the project in conjunction with an expert heritage architect, to ensure the restoration is sympathetic to the heritage values of the building.

During 2023–24, construction also got underway on the station building at Lethbridge. When complete, the building will open as a community hub. The Lethbridge Community Group Inc. will be the tenant and the head tenant will be Golden Plains Shire Council.

The contract is in the process of being awarded for the Lal Lal Station project. The architectural contract for Casterton has been awarded to RBA Architects.

Although construction work to restore the Korumburra Station building is complete, the prospective community tenant, The Station at Korumburra Inc., and subsequently, the South Gippsland Shire Council withdrew. The building will now be offered for commercial lease.



Community members training at LG Boxing Gym in Benalla



Bendigo Tramways expansion opening event

Bendigo Tramways expansion

Works to expand Bendigo Tramways were completed this financial year. Victorian Premier and Member for Bendigo East, the Hon Jacinta Allan MP and Member for Bendigo West, Maree Edwards MP officially opened the expanded facilities on 24 May 2024.

The \$10.7 million project, co-funded by VicTrack, Regional Development Victoria, and the City of Greater Bendigo has created additional storage space for trams. This is enabling historic W Class trams currently in storage at VicTrack's Newport Workshops to be relocated to Bendigo Tramways for future restoration.

The expansion project also included upgrading the workshop equipment that is used to restore heritage rolling stock. The upgrades will help meet the increased demand

for tram restoration and ensure trams can continue to be restored for many years to come while providing ongoing skilled local jobs.

Some of the retired W Class trams made available through VicTrack's retired trams expression of interest have gone to Bendigo Tramways for restoration before beginning new lives back in the community. Instead of being out of sight in storage, historic trams have been reborn as learning spaces at schools, and as cafes and function centres where they can be seen and enjoyed again.

Another group of trams left Newport bound for Bendigo Tramways in May 2024 where they will be stored ahead of future restoration works.

Tourist and Heritage leases

Over the 2023–24 financial year, VicTrack has continued working with Railway and Tramway Heritage Victoria Inc. (RTHV), the independent body set up to represent T&H rail groups, to progress land and asset leases with the T&H

sector. Successfully concluded leases will provide accredited T&H railways with a secure long-term tenure to operate their services.

Surplus rolling stock

VicTrack continues to work with V/Line and the RTHV to release V/Line vehicles for preservation. In 2023–24, H, N and Z-type carriages have been delivered to T&H railways

with V/Line covering the transport costs. T&H groups have begun using the rolling stock, which will expand the sector's ability to provide high quality services to the public.

Surplus railway material

VicTrack and the RTHV have worked together to make surplus material available to the T&H sector. Material this financial year has included air conditioner units, and diesel generator sets. Track material released from rail

projects including LXRP and Regional Rail Revival include approximately 12,000 concrete sleepers, 24 kilometres of rail, and associated track jewellery.

Community Grants Program

Sixty-six not-for-profit groups that lease VicTrack land, buildings and other assets shared in more than \$500,000 in funding from a Community Grants Program jointly funded by VicTrack and DTP.

In August 2023, more than 400 tenants with VicTrack community leases were invited to apply for grants of up to \$10,000 to support them with managing their community assets. These included public open spaces, art galleries, museums, libraries, creative spaces and Men's Sheds.

A VicTrack panel assessed applications and allocated funds to successful groups, who could use the funding to meet safety or environmental obligations or complete small refurbishment projects.

Another round of Community Grants is planned for the 2024–25 financial year.

Community partnerships

Landcare environmental program

VicTrack's partnership with Landcare Australia continued to support local community Landcare organisations across Victoria to protect and enhance native vegetation areas on railway and other land. The funding VicTrack provides through Landcare Australia has helped local Landcare groups on the ground achieve significant environmental and community outcomes for their local areas. These include protecting native flora and fauna species, raising awareness within their local communities of the importance of natural resource management, and controlling pest species.

In 2023–24, VicTrack funded four projects:

- The Great Victorian Rail Trail (Upper Goulburn Landcare Network)
- Protecting the biodiversity values of the Hidden Valley Rail Reserve (Wallan Environment Group)
- Restoring Bellarine Railway Biodiversity (Bellarine Catchment Network)
- Whittlesea & Surrounds Blackberry Action Group Project (Whittlesea and Surrounds Blackberry Action Group).

The projects engaged 332 people who contributed over 1,015 volunteer hours to improve the health of their local environment.

More information about the projects funded through the VicTrack and Landcare Australia partnership can be found at landcareaustralia.org.au

Stationeers program

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

As at 30 June 2024, there were 49 active groups across Victoria, including 23 at metropolitan stations and 26 at regional stations. Overall, 361 volunteers were involved in the program, resulting in more than 10,462 volunteer hours contributed over the financial year.



VicTrack staff volunteering with Stationeers participants

Environmental management



Environment team members

Environmental management is an important part of VicTrack's operations.

VicTrack continued to identify, manage and monitor environmental risks associated with its activities during 2023–24. Where VicTrack identified risks, we prioritised management controls and remediation activities and implemented them according to risk.

Work included:

- conducting 35 contaminated land investigations in accordance with VicTrack's Contaminated Land Management Plan
- completing 466 detailed report summaries for 120 precincts under the Contaminated Land Hazard Assessment and Mapping Program (CHAMP)
- carrying out site use confirmation inspections at three sites, Environmental Management Plan (EMP) compliance inspections at six previously assessed sites, and soil assessment at one site as part of our Sensitive Sites program. The program assesses sites used for a sensitive purpose, such as residential, childcare or playgrounds, to understand if the land is impacted from former potentially contaminating activities
- completing Environmental Assurance and Compliance Assessments at five sites to inspect and review environmental management practices of high-risk tenants with potential to pollute VicTrack land
- completing investigation works to address an Environmental Action Notice from the EPA to clean up stockpiles of waste in Brooklyn
- developing an eLearning training module to help the T&H rail sector to understand their environmental obligations
- managing biodiversity protection areas at Caroline Springs, South Morang and Sunshine
- completing asbestos surveys on 35 buildings as part of our five-year rolling asbestos survey program to manage asbestos risk
- carrying out hazmat audits on nine assets to inform asbestos and hazmat removal prior to refurbishment or demolition works and on 12 trams before they were decommissioned
- undertaking asbestos removal and remediation works at 13 sites.

2023–24 Audited financial statements



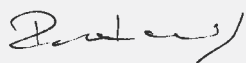
Declaration by the Chair, the Accountable Officer and the Chief Financial Officer

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 2024 and the financial position as at 30 June 2024 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 5 September 2024.



Paul Hardy
Chair

Dated: 5 September 2024



Chris Olds
Chief Executive

Dated: 5 September 2024



Simon McLennan
Chief Financial Officer

Dated: 5 September 2024

Comprehensive operating statement for the year ended 30 June 2024

	Note	Consolidated		Parent	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Continuing operations					
Revenue from transactions					
Telecommunication services revenue		78,843	71,395	78,843	71,395
Infrastructure management revenue		46,025	43,983	46,025	43,983
Property related revenue		42,538	38,610	42,538	38,610
Government contributions towards capital & related work		8,765	50,984	4,243	46,462
Other revenue		34,973	38,760	34,852	38,443
Total revenue from transactions		211,144	243,732	206,501	238,893
Expenses from transactions					
Employee benefits		66,515	54,388	66,515	54,388
Infrastructure management expense		46,063	35,302	46,063	35,302
Depreciation & amortisation	4.1.2	1,108,996	989,114	886,445	760,500
Finance costs		2,540	2,459	950	697
Supplies & services		29,464	30,675	29,464	30,675
Other expenses from ordinary activities		53,507	19,115	53,321	18,828
Total expenses from transactions		1,307,085	1,131,053	1,082,758	900,390
Net result from continuing operations before tax		(1,095,941)	(887,321)	(876,257)	(661,497)
Tax equivalent benefit	3.1.1	133,645	158,152	124,227	147,022
Net result		(962,296)	(729,169)	(752,030)	(514,475)
Other economic flows - other comprehensive income					
Items that will not be reclassified to net results					
Changes in physical asset revaluation surplus		(2,773)	2,482,475	1,361	2,482,475
Total other economic flows - other comprehensive income		(2,773)	2,482,475	1,361	2,482,475
Comprehensive result		(965,069)	1,753,306	(750,669)	1,968,000

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

Balance sheet as at 30 June 2024

	Note	Consolidated		Parent	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Assets					
Financial assets					
Cash & deposits		66,215	56,028	64,887	54,404
Trade & other receivables		83,715	87,150	83,415	87,150
Total financial assets		149,930	143,178	148,302	141,554
Non-financial assets					
Property, infrastructure, plant & equipment	4.1	48,140,333	46,520,542	42,713,390	41,445,856
Total non-financial assets		48,140,333	46,520,542	42,713,390	41,445,856
Total assets		48,290,263	46,663,720	42,861,692	41,587,410
Liabilities					
Trade & other payables	5.4	175,793	197,327	174,804	196,397
Employee related provisions		12,897	12,784	12,897	12,784
Other provisions		5,925	7,324	5,925	7,324
Borrowings	5.1	56,158	41,262	30,908	13,092
Deferred tax liability	3.1.2	3,607,226	3,744,003	3,437,115	3,562,702
Total liabilities		3,857,999	4,002,700	3,661,649	3,792,299
Net assets		44,432,264	42,661,020	39,200,041	37,795,111
Equity					
Contributed capital		36,348,727	33,612,413	30,147,765	27,992,165
Physical asset revaluation surplus		18,237,862	18,286,235	17,843,593	17,842,232
Accumulated surplus / (deficit)		(10,154,325)	(9,237,629)	(8,791,316)	(8,039,286)
Total equity		44,432,264	42,661,020	39,200,041	37,795,111

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 2024

	Contributed capital	Physical asset revaluation surplus	Accumulated surplus / (deficit)	Total equity
	\$'000	\$'000	\$'000	\$'000
Consolidated 2023				
Balance as 1 July 2022	31,538,013	15,803,760	(8,508,460)	38,833,313
Net result for the year	-	-	(729,169)	(729,169)
Other comprehensive income / (expense) for the year	-	2,482,475	-	2,482,475
Total comprehensive result for the year	-	2,482,475	(729,169)	1,753,306
Transactions with owners in their capacity as owners				
Contributions by owners during the year	2,074,400	-	-	2,074,400
Balance at 30 June 2023	33,612,413	18,286,235	(9,237,629)	42,661,020
Consolidated 2024				
Balance as 1 July 2023	33,612,413	18,286,235	(9,237,629)	42,661,020
Net result for the year	-	-	(962,296)	(962,296)
Transfers	-	(45,600)	45,600	-
Other comprehensive income / (expense) for the year	-	(2,773)	-	(2,773)
Total comprehensive result for the year	-	(48,373)	(916,696)	(965,069)
Transactions with owners in their capacity as owners				
Contributions by owners during the year	2,736,314	-	-	2,736,314
Balance at 30 June 2024	36,348,727	18,237,862	(10,154,325)	44,432,264

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 2023				
Balance as 1 July 2022	26,670,703	15,359,757	(7,524,811)	34,505,649
Net result for the year	-	-	(514,475)	(514,475)
Other comprehensive income / (expense) for the year	-	2,482,475	-	2,482,475
Total comprehensive result for the year	-	2,482,475	(514,475)	1,968,000
Transactions with owners in their capacity as owners				
Contributions by owners during the year	1,321,462	-	-	1,321,462
Balance at 30 June 2023	27,992,165	17,842,232	(8,039,286)	37,795,111
Parent 2024				
Balance as 1 July 2023	27,992,165	17,842,232	(8,039,286)	37,795,111
Net result for the year	-	-	(752,030)	(752,030)
Other comprehensive income / (expense) for the year	-	1,361	-	1,361
Total comprehensive result for the year	-	1,361	(752,030)	(750,669)
Transactions with owners in their capacity as owners				
Contributions by owners during the year	2,155,600	-	-	2,155,600
Balance at 30 June 2024	30,147,765	17,843,593	(8,791,316)	39,200,041

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 2024

	Note	Consolidated		Parent	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Cash flows from operating activities					
Receipts					
Receipts from government & other entities		216,274	253,244	211,504	247,822
Total receipts		216,274	253,244	211,504	247,822
Payments					
Suppliers (inclusive of GST) & employees		(204,315)	(179,917)	(202,170)	(177,639)
Total payments		(204,315)	(179,917)	(202,170)	(177,639)
Net cash flows from operating activities	5.2	11,959	73,327	9,334	70,183
Cash flows from investing activities					
Acquisition of property, infrastructure, plant & equipment		(43,347)	(76,642)	(43,347)	(76,642)
Proceeds from sale of property, plant & equipment		17,224	22,879	17,224	22,879
Net cash flows used in investing activities		(26,123)	(53,763)	(26,123)	(53,763)
Cash flows from financing activities					
Government capital contributions		9,966	-	9,966	-
Loan drawdown		20,000	-	20,000	-
Repayment of borrowings & principal portion leases liabilities		(5,615)	(2,757)	(2,694)	-
Net cash flows from / (used in) financing activities		24,351	(2,757)	27,272	-
Net increase in cash & cash equivalents		10,187	16,807	10,483	16,420
Cash & cash equivalents at the beginning of the financial year					
Cash & cash equivalents at the beginning of the financial year		56,028	39,222	54,404	37,983
Cash & cash equivalents at the end of the financial year		66,215	56,028	64,887	54,404

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 2024. 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 Australian Accounting Standards (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 2024 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 incorporate assets and liabilities of all reporting entities controlled by the Consolidated Entity as at 30 June 2024, 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 9 August 2024 covering the period until 30 September 2025. 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 revenue 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.

Revenues 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 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.

3.1.1 Tax equivalent expense

	Consolidated		Parent	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Income tax				
Current income tax (expense) / benefit	-	-	-	-
Deferred income tax	133,645	158,152	124,227	147,022
Total income tax (expense) / benefit	133,645	158,152	124,227	147,022
Income tax reconciliation				
Accounting profit / (loss) before tax	(1,095,941)	(887,321)	(876,257)	(661,497)
Income tax (expense) / benefit at company tax rate of 30%	328,782	266,196	262,877	198,449
Current period unbooked tax losses	(190,766)	(172,311)	(134,279)	(115,694)
Prior year's income tax adjustments & non-allowable items	(4,371)	64,267	(4,371)	64,267
Total income tax (expense) / benefit	133,645	158,152	124,227	147,022
Deferred income tax revenue / (expense) included in income tax expense				
(Increase) / decrease in deferred tax liabilities	9,602	(6,381)	184	(17,511)
Increase / (decrease) in deferred tax assets	124,043	164,533	124,043	164,533
Total income tax (expense) / benefit	133,645	158,152	124,227	147,022
Amounts charged directly to equity				
Revaluation reserves				
Revaluation of property, infrastructure, plant & equipment	3,133	(1,066,795)	1,361	(1,066,795)

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 reporting 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.

3.1.2 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.

Management has assessed that it is not probable that taxable profit will be available against which unused tax losses can be utilised. On this basis, the deferred tax asset for carried forward losses of \$1,640m (2023: \$1,452m) has not been recognised.

	Consolidated		Parent	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Deferred tax assets				
The balance comprises temporary differences attributable to:				
Finance lease liability	18,103	18,285	18,103	18,285
Accrued leave	4,303	4,206	4,303	4,206
Provisions	2,439	52	2,439	52
Doubtful debts	20	373	20	373
Accelerated depreciation	1,091,218	969,125	1,091,218	969,125
Total deferred tax assets	1,116,083	992,041	1,116,083	992,041
Deferred tax liabilities				
The balance comprises temporary differences attributable to:				
Revaluation of property, infrastructure, plant & equipment	(4,723,309)	(4,736,044)	(4,553,198)	(4,554,743)
Total deferred tax liabilities	(4,723,309)	(4,736,044)	(4,553,198)	(4,554,743)
Net deferred tax assets / (liabilities)	(3,607,226)	(3,744,003)	(3,437,115)	(3,562,702)
Movement in deferred tax assets / (liabilities)				
Opening balance	(3,744,003)	(2,835,360)	(3,562,702)	(2,642,929)
Charged to income tax expense	133,645	158,152	124,227	147,022
Charged to equity	3,133	(1,066,795)	1,361	(1,066,795)
Closing balance	(3,607,226)	(3,744,003)	(3,437,115)	(3,562,702)

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 *Leases* 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	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Consolidated						
Land	9,409,846	9,405,206	-	-	9,409,846	9,405,206
Buildings & structures	13,873,753	12,694,245	(254,303)	-	13,619,450	12,694,245
Track	6,546,959	6,387,564	(232,088)	-	6,314,871	6,387,564
Earthworks	6,976,820	6,583,482	-	-	6,976,820	6,583,482
Signals & communications	4,588,998	4,064,871	(359,120)	(1,001)	4,229,878	4,063,870
Plant & equipment	2,166,956	1,951,013	(123,705)	-	2,043,251	1,951,013
Rolling stock	6,245,911	5,698,597	(818,967)	(623,910)	5,426,944	5,074,687
Intangible - software & licences	303,340	303,321	(274,154)	(267,803)	29,186	35,518
WIP	90,088	324,957	-	-	90,088	324,957
Net carrying amount	50,202,671	47,413,256	(2,062,337)	(892,714)	48,140,333	46,520,542
Parent						
Land	9,409,846	9,405,206	-	-	9,409,846	9,405,206
Buildings & structures	13,873,753	12,694,245	(254,303)	-	13,619,450	12,694,245
Track	6,546,959	6,387,564	(232,088)	-	6,314,871	6,387,564
Earthworks	6,976,820	6,583,482	-	-	6,976,820	6,583,482
Signals & communications	4,588,998	4,064,871	(359,120)	(1,001)	4,229,878	4,063,870
Plant & equipment	2,166,957	1,951,013	(123,706)	-	2,043,251	1,951,013
Intangible - software & licences	303,340	303,321	(274,154)	(267,803)	29,186	35,518
WIP	90,088	324,957	-	-	90,088	324,957
Net carrying amount	43,956,761	41,714,659	(1,243,371)	(268,804)	42,713,390	41,445,856

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

	Land	Buildings & structures	Track	Earthworks
	\$'000	\$'000	\$'000	\$'000
Consolidated 2024				
Carrying amount at 1 July 2023	9,405,206	12,694,245	6,387,564	6,583,482
Additions	8,773	-	-	-
Disposals	(4,133)	-	-	-
Assets held for sale	-	-	-	-
Revaluation movement	-	-	-	-
Depreciation charge for the year	-	(244,959)	(224,340)	-
Transfers	-	1,170,164	151,647	393,338
Carrying value at 30 June 2024	9,409,846	13,619,450	6,314,871	6,976,820
Consolidated 2023				
Carrying amount at 1 July 2022	9,409,111	10,750,512	5,673,620	5,637,966
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
Carrying value at 30 June 2023	9,405,206	12,694,245	6,387,564	6,583,482

Signals & communications	Plant & equipment	Rolling stock	Intangible - software & licences	Right-of-use asset	WIP	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
4,006,741	1,951,013	5,074,687	35,518	57,129	324,957	46,520,542
-	-	-	-	-	2,766,072	2,774,845
(1,043)	(579)	(5,906)	-	-	(34,396)	(46,057)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(294,666)	(114,111)	(222,551)	(6,351)	(2,018)	-	(1,108,996)
463,735	206,928	580,714	19	-	(2,966,545)	-
4,174,767	2,043,251	5,426,944	29,186	55,111	90,088	48,140,333
3,669,766	1,743,721	4,550,361	31,716	-	284,712	41,751,487
-	-	-	-	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)	-
4,006,741	1,951,013	5,074,687	35,518	57,129	324,957	46,520,542

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

	Land	Buildings & structures	Track	Earthworks
	\$'000	\$'000	\$'000	\$'000
Parent 2024				
Carrying amount at 1 July 2023	9,405,206	12,694,245	6,387,564	6,583,482
Additions	8,773	-	-	-
Disposals	(4,133)	-	-	-
Assets held for sale	-	-	-	-
Revaluation movement	-	-	-	-
Depreciation charge for the year	-	(244,959)	(224,340)	-
Transfers	-	1,170,164	151,647	393,338
Carrying value at 30 June 2024	9,409,846	13,619,450	6,314,871	6,976,820
Parent 2023				
Carrying amount at 1 July 2022	9,409,111	10,750,512	5,673,620	5,637,966
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
Carrying value at 30 June 2023	9,405,206	12,694,245	6,387,564	6,583,482

Signals & communications	Plant & equipment	Intangible - software & licences	Right-of-use asset	WIP	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
4,006,741	1,951,013	35,518	57,129	324,957	41,445,855
-	-	-	-	2,185,358	2,194,131
(1,043)	(579)	-	-	(34,396)	(40,151)
-	-	-	-	-	-
-	-	-	-	-	-
(294,666)	(114,111)	(6,351)	(2,018)	-	(886,445)
463,735	206,928	19	-	(2,385,831)	-
4,174,767	2,043,251	29,186	55,111	90,088	42,713,390
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
456,904	211,004	-	-	-	3,555,985
(253,505)	(95,813)	(5,360)	(1,001)	-	(760,500)
133,576	93,734	9,162	-	(1,361,823)	-
4,006,741	1,951,013	35,518	57,129	324,957	41,445,855

4.1.1 Total service concession assets

	Gross carrying amount		Accumulated depreciation		Net carrying value	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Consolidated						
Plant & equipment	145,646	145,191	(29,462)	(27,733)	116,184	117,458
Rolling stock	1,537,650	1,314,354	(108,947)	(68,866)	1,428,703	1,245,488
Intangible - software & licences	241,880	241,880	(235,804)	(235,702)	6,076	6,178
Net carrying amount	1,925,176	1,701,425	(374,213)	(332,301)	1,550,963	1,369,124
Parent						
Plant & equipment	145,646	145,191	(29,462)	(27,733)	116,184	117,458
Intangible - software & licences	241,880	241,880	(235,804)	(235,702)	6,076	6,178
Net carrying amount	387,526	387,071	(265,266)	(263,435)	122,260	123,636

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, infrastructure, 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. 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, infrastructure, 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 property, infrastructure, plant and equipment 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 assessment of indices for 30 June 2024 indicated a movement of less than 10% and hence managerial revaluations were not required. The 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.

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 required in 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 on-going maintenance, while Evolution Rail will be responsible for the maintenance of other constructed assets for a period of 30 years, until 2053.

The State is contracted to make PSP payments (represents pro-rata payments to Project Co during the phased delivery of the HCMTs) commencing on 28 February 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, DTP, on behalf of the State, has transferred the assets to the Consolidated Entity.

Public Transport Ticketing Services

Operator: Conduent Victoria Ticketing System Pty Ltd (Conduent)

Concession period: 15 years (inclusive of a 5 year option)

Operational funding: State Pays Operator

In May 2023, the state entered into an agreement with Conduent to provide public transport ticketing services to public transport users for a period of 15 years (inclusive of a 5 year option) commencing on 1 December 2023.

Conduent will develop a new account based ticketing system to replace the existing card based Myki system. The State will contribute \$388.7m to fund the development of this system. Prior to commissioning of the new system, Conduent will provide ticketing services using the existing Myki system. The State will make monthly service payments to Conduent for managing and operating the ticketing system.

4.1.2 Depreciation and amortisation charge for the period

	Consolidated		Parent	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Buildings & structures	244,959	202,960	244,959	202,960
Track	224,340	201,861	224,340	201,861
Signals & communications	296,685	254,535	296,685	254,535
Plant & equipment	114,111	95,785	114,111	95,785
Rolling stock	222,551	228,614	-	-
Intangibles – software & licences	6,351	5,359	6,351	5,359
Total depreciation & amortisation	1,108,996	989,114	886,445	760,500

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, property, plant and equipment, and other non-financial physical assets (excluding items under leases, assets held for sale, land and earthworks) 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 & 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.

4.1.3 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 *Impairment of Assets* does not apply to such assets that are regularly revalued.

5. How we financed our operations

5.1 Borrowings

	Consolidated		Parent	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Secured loan	52,556	38,170	27,306	10,000
Lease liability	3,602	3,092	3,602	3,092
Total borrowings	56,158	41,262	30,908	13,092

'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, infrastructure, plant and equipment were classified as either finance leases or operating leases.

Leases of property, infrastructure, 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's 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 (2023: 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 flows 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	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Net result for the period after tax	(962,296)	(729,169)	(752,030)	(514,475)
Adjustments for non-cash movements:				
Depreciation & amortisation of non-current assets	1,108,996	989,114	886,445	760,500
(Gain) / loss on disposal of non-current assets	17,172	(22,879)	17,172	(22,881)
Changes in assets / liabilities				
- Increase / (decrease) in tax liability	(133,645)	(158,152)	(124,227)	(147,022)
- Increase / (decrease) in provisions	1,286	490	1,286	490
- (Increase) / decrease in receivables	3,337	3,714	3,199	3,622
- Increase / (decrease) in payables	(22,891)	(9,791)	(22,511)	(10,051)
Net cash flows from operating activities	11,959	73,327	9,334	70,183

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 *Service Concession Arrangements: Grantors*, 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 2024 (2023: nil). The Consolidated Entity has no associated liability as at 30 June 2024 (2023: nil).

5.4 Trade and other payables

	Consolidated		Parent	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Trade & other payables	62,309	81,611	61,320	80,681
ABB Swap accrued revenue	56,742	57,858	56,742	57,858
ABB Swap lease payable	56,742	57,858	56,742	57,858
Total trade & other payables	175,793	197,327	174,804	196,397

VicTrack entered into a fibre swap agreement with Aussie Broadband Limited (ABB) in 2022 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 VGV is the Consolidated Entity's independent valuation agency.

How this section is structured

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

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; 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	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2024					
Land	9,409,846	-	657,167	8,752,679	9,409,846
Buildings & structures	13,619,450	-	-	13,619,450	13,619,450
Track	6,314,871	-	-	6,314,871	6,314,871
Earthworks	6,976,820	-	-	6,976,820	6,976,820
Signals & communications	4,229,878	-	-	4,229,878	4,229,878
Rolling stock	5,426,944	-	-	5,426,944	5,426,944
Plant & equipment	2,043,251	-	-	2,043,251	2,043,251
Total non-financial assets	48,021,060	-	657,167	47,363,893	48,021,060
Parent 2024					
Land	9,409,846	-	657,167	8,752,679	9,409,846
Buildings & structures	13,619,450	-	-	13,619,450	13,619,450
Track	6,314,871	-	-	6,314,871	6,314,871
Earthworks	6,976,820	-	-	6,976,820	6,976,820
Signals & communications	4,229,878	-	-	4,229,878	4,229,878
Plant & equipment	2,043,251	-	-	2,043,251	2,043,251
Total non-financial assets	42,594,116	-	657,167	41,936,949	42,594,115

	Carrying amount	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2023					
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
Plant & equipment	1,951,014	-	-	1,951,014	1,951,014
Total non-financial assets	46,160,067	-	657,167	45,502,900	46,160,067
Parent 2023					
Land	9,405,205	-	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
Plant & equipment	1,951,013	-	-	1,951,013	1,951,013
Total non-financial assets	41,085,380	-	657,167	40,428,213	41,085,380

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were no transfers in and out of level 3 measurements during the year.

Valuation techniques used to determine fair values

Specialised land and specialised buildings: The market approach is also used for specialised land, although is adjusted for the Community Service Obligation (CSO) 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 current 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.

Infrastructure assets: Infrastructure 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.

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 current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2024.

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

A managerial revaluation is required when management's assessment of VGV indexation results in asset class values moving greater than 10% but less than 40%. The results of the management's assessment of VGV indices impact on asset classes can be found in Note 4.1.

Fair value measurements (level 3)

The following table presents the changes in level 3 and level 2 items for recurring fair value measurements:

	Parent & Consolidated					
	Land	Buildings & structures	Track	Earthworks	Plant & equipment	Signals & communications
	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000
Opening balance 1 July 2023	9,405,206	12,694,245	6,387,564	6,583,482	1,951,013	4,006,741
Additions	8,773	-	-	-	-	-
Disposals	(4,133)	-	-	-	(579)	(1,043)
Assets held for sale	-	-	-	-	-	-
Revaluation movement	-	-	-	-	-	-
Depreciation	-	(244,959)	(224,340)	-	(114,111)	(294,666)
Transfers	-	1,170,164	151,647	393,338	206,928	463,735
Total	9,409,846	13,619,450	6,314,871	6,976,820	2,043,251	4,174,767

	Parent Rolling stock	Consolidated Rolling stock
	2024 \$'000	2024 \$'000
Opening balance 1 July 2023	-	5,074,687
Additions	-	-
Disposals	-	(5,906)
Revaluation movement	-	-
Depreciation	-	(222,551)
Transfers	-	580,714
Total	-	5,426,944

	Parent & Consolidated					
	Land	Buildings & structures	Track	Earthworks	Plant & equipment	Signals & communications
	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'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
Total	9,405,206	12,694,245	6,387,564	6,583,482	1,951,013	4,006,741

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

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 ²) Discounted by Community Service Obligation Rail corridor land – 75% to 95% Non-Rail corridor land – 5% to 95%
Parent & consolidated – Buildings & structures	Current replacement cost	Direct cost per square metre Useful life of buildings & structures
Parent & consolidated – Track	Current replacement cost	Cost per unit of construction Useful life of track
Parent & consolidated – Earthworks	Current replacement cost	Cost per unit of construction
Parent & consolidated – Signals & communications	Current replacement cost	Cost per unit of construction Useful life of signals & communications
Parent & consolidated – Plant & equipment (including Rolling stock)	Current 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 2024 and 30 June 2023.

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

At this stage, it is too early to predict the outcome of these actions and whether any significant liabilities will be incurred by the Consolidated Entity as a result. 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 AASB132 *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. There were no funds on deposit at 30 June 2024. The weighted average interest rate for the year ended 30 June 2023 was 2.62%. Earnings from interest vary according to movements in the 11.00am cash rate.

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, the Consolidated Entity will only deal with entities where recoverability is considered high, supported by collateral or credit enhancements where appropriate, and an assessment of bad and doubtful debts is performed on an annual basis.

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 2023–24.

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 (part year)

The Hon Danny Pearson, Minister for Transport Infrastructure (part year)

The Hon Ben Carroll MP, Minister for Public Transport (part year)

The Hon Gabrielle Williams, Minister for Public and Active Transport (part year)

The Hon Tim Pallas MP, Treasurer

Directors

Director	Appointment	Term concluded
Paul Hardy (Chair)	1 January 2024	
William (Bill) Kusznirczuk (Deputy Chair)	1 January 2024	
Laurinda Gardner	1 January 2024	
Katrina Lai	1 January 2024	
Rosemary Martin	1 January 2024	
Ramaswamy (Narayan) Prasad	1 January 2024	
Paul White	1 September 2021	31 August 2024
Geraldine Gray (Chair)	23 July 2015	31 December 2023
Alan Hall (Deputy Chair)	2 May 2018	31 December 2023
Collette Burke	23 July 2015	31 December 2023
Jenny Dawson	29 October 2020	31 December 2023
Daniel O'Brien	30 August 2018	31 July 2023

Accountable Officer

The position of Chief Executive is the Accountable Officer.

Chris Olds was appointed to the position of VicTrack Chief Executive in October 2023. Prior to that Chris Olds was the Acting Chief Executive.

Remuneration of Responsible Persons

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

Income Band	Consolidated		Parent	
	2024 No.	2023 No.	2024 No.	2023 No.
Less than \$10,000	1	1	1	1
\$20,000 to \$29,999	5	-	5	-
\$30,000 to \$39,999	3	-	3	-
\$40,000 to \$49,999	1	-	1	-
\$50,000 to \$59,999	2	4	2	4
\$100,000 to \$109,999	-	1	-	1
\$520,000 to \$529,999	-	1	-	1
\$540,000 to \$549,999	1	-	1	-

Total remuneration of responsible persons: \$944,481 (2023: \$844,938).

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 2024 year is included the total salary package received during the 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	
	2024 \$'000	2023 \$'000
Short-term employee benefits	6,213	5,332
Post-employment benefits	607	479
Other long-term benefits	134	79
Termination benefits	320	259
Total remuneration	7,274	6,149

Total number of executives	28.0	21.0
Total annualised employee equivalents	23.4	20.2

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	
		2024	2023
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 Australian Rail Track Corporation Limited

During a portion of the year, the Australian Rail Track Corporation (ARTC) was a related party of a member of VicTrack's key management personnel. During that period, VicTrack made payments of \$0.328m which related to the provision of communication services by ARTC, and received payments of \$0.336m, 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. ARTC is no longer 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.

Significant transactions with government-related entities

The Consolidated Entity received assets from DTP in the form of contributed equity during the year of \$2,736m (2023: \$2,074m).

The company also has the below insignificant transactions:

- Loans with TCV; and
- Telecommunication and other services provided to V/Line Corporation.

Key management personnel

The Ministers and 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	Chief Executive
Andrew Santana	Executive General Manager Property
Ian Burton	Executive General Manager Project Delivery Group (part year)
Anna Vourtsis	Executive General Manager Communications & Engagement (part year)
Anna Vourtsis	Executive General Manager Strategy & Transformation (part year)
Kristen Georgakopoulos	Executive General Manager People & Culture (part year)
Kristen Georgakopoulos	Executive General Manager Corporate Services (part year)
Travis Philp	Executive General Manager Business Services (part year)
Andrew Peel	Executive General Manager Telecommunications

Chris Olds, was acting as Chief Executive from February 2023, until October 2023, when he was appointed as Chief Executive.

Key management personnel compensation

Compensation of KMPs	2024 \$'000	2023 \$'000
Short-term employee benefits	3,037	2,736
Post-employment benefits	266	219
Termination benefits	128	93
Other long-term benefits	58	17
Total compensation of KMPs	3,489	3,065

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 2024 (2023: nil).

7.4 Audit fees

Audit fees paid or payable to the Victorian Auditor-General's Office for the audit of the financial statements were \$306,200 (2023: \$294,000) for the Consolidated Entity and \$179,000 (2023: \$172,000) for the Parent Entity.

7.5 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.

With regards to the franchise leases, on 28 June 2024, the Department of Transport and Planning announced the signing of a new tram franchise agreement with Transdev and John Holland (operating under the Yarra Trams brand). This announcement does not impact the VicTrack financial statements as VicTrack's head lease with DTP remained unmodified at both the reporting date, and the signing date of these financial statements. Should the head lease with DTP be modified, VicTrack would be required to reassess the tram lease and its impact on the financial statements. The train franchise agreement with MTM remains unchanged, and is expected to remain unmodified until 2027.

7.6 Other accounting policies

Goods and Services Tax (GST)

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

Receivables and payables are recognised inclusive of GST.

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

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

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

Dividends

No determination was received from the Treasurer requiring the Consolidated Entity to make a dividend payment in respect to the years ended 30 June 2023 and 30 June 2024.

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.

7.7 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 2023–24 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 application of this standard will not have a material impact on the Consolidated Entity.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 improves how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss.

The key presentation and disclosure requirements established by AASB 18 are:

- the presentation of newly defined subtotals in the statement of profit or loss;
- the disclosure of management-defined performance measures; and
- enhanced requirements for grouping information (i.e. aggregation and disaggregation).

These new requirements will enable investors and other financial statement users to make more informed decisions, including better allocations of capital, that will contribute to long-term financial stability.

AASB 18 will replace AASB 101 *Presentation of Financial Statements*.

For not-for-profit private sector entities, not-for-profit public sector entities and superannuation entities applying AASB 1056, AASB 18 applies to annual reporting periods beginning on or after 1 January 2028. Earlier application is also permitted for these entities.

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

Adverse Opinion	<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">consolidated entity and entity balance sheet as at 30 June 2024consolidated entity and entity comprehensive operating statement for the year then endedconsolidated entity and entity statement of changes in equity for the year then endedconsolidated entity and entity cash flow statement for the year then endednotes to the financial statements, including material accounting policy informationdeclaration by the Chair, the Accountable Officer and the Chief Financial Officer. <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">financial positions of the consolidated entity and the entity as at 30 June 2024, andfinancial performance and cash flows of the consolidated entity and the entity for the year then ended.
Basis for Adverse Opinion	<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 2024. 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">de-recognise the operational transport assets leased to the Department of Transport and Planning and all related transactions and balances from its comprehensive operating statement and balance sheet, andrecognise a receivable at an amount equal to the net investment of the lease, which is insignificant at 30 June 2024 because the arrangement is below market terms and conditions.

Basis for Adverse Opinion continued	<p>The balances and transactions that should not be recognised in the financial report are:</p> <p>Comprehensive Operating Statement (Consolidated)</p> <ul style="list-style-type: none"> • Government contributions towards capital and related work • Depreciation and amortisation • Tax equivalent benefit • Change in physical asset revaluation surplus <p>Balance Sheet (Consolidated)</p> <ul style="list-style-type: none"> • Property, infrastructure, plant and equipment • Deferred tax liability • Physical asset revaluation surplus. <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>
Board's responsibilities for the financial report	<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	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • 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. <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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MELBOURNE
12 September 2024



Simone Bohan
as delegate for the Auditor-General of Victoria

Section 2: Governance and organisation

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 Infrastructure
- Minister for Public and Active Transport
- Treasurer.

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

VicTrack is the parent entity of the Rolling Stock Holdings group of companies.

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

As at 30 June 2024, the Board comprised the following seven independent, non-executive Directors:

- Paul Hardy (Chair)
- Bill Kuszniczuk (Deputy Chair)
- Laurinda Gardner
- Katrina Lai
- Rosemary Martin
- Narayan Prasad
- 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.

The following changes occurred in the composition of the Board during the year:

- Dan O'Brien's term as a VicTrack Director concluded on 31 July 2023.
- Geraldine Gray's, Alan Hall's, Collette Burke's and Jenny Dawson's term as a VicTrack Director concluded on 31 December 2023.
- Paul Hardy, Bill Kuszniczuk, Laurinda Gardner, Katrina Lai, Rosemary Martin and Narayan Prasad were all appointed as VicTrack Directors with effect from 1 January 2024.

Meetings held

The VicTrack Board held 12 meetings during the 2023–24 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.

VicTrack Board

Paul Hardy

Chair

BE, MEngSci., GAICD, FIEAust

Paul has over two decades of board experience with expertise in the engineering, healthcare, sport, education and not-for-profit sectors.

At board level, he is passionate about driving growth and performance, having led one of the world's leading engineering, project delivery, advisory and technical services companies and advising startup companies in the pharmaceutical, health, technology, AI and social investments sectors.

He is currently a Partner at PAN Group, investing in and driving the commercialisation of startups and is a director on the boards of Pitt and Sherry, Citywide, Grampians Wimmera Mallee Water Corporation, and the Collingwood Football Club Foundation. Paul is also a Member of Council of La Trobe University.

Previously he was the Global CEO of Aurecon, managing 80 offices in 28 countries, leading a three-way merger and managing the subsequent strategy, structure and culture alignment along with the five-year strategic roadmap and overseeing multi-billion-dollar projects.

Paul holds a Master of Engineering Science and is a Graduate of the Australian Institute of Company Directors.

He has also been recognised by Engineers Australia as one of Australia's 100 most influential engineers (2009–13).

W.R. (Bill) Kusznirczuk

Deputy chair

BA(UrbStud) FIT; GradDip(UrbPlg)
FIT; CPP, MPIA, MAAP, MVPELA,
AFAIM, MBDAV, MAPA, MEIANZ,
MAICD, MUDIA

Bill Kusznirczuk is a leading Urban and Regional Planner in Australia. He has extensive experience and knowledge spanning over 35 years in all aspects of planning, building, property development and how cities, regional and rural areas should look in the future.

He is the founder and Managing Director of Clement-Stone Town Planners.

Bill was the inaugural Chief Commissioner of the VBA in 2013, regulating an industry contributing in excess of \$39 billion of economic benefit to the state by over 40,000 registered building and plumbing professionals. As Chair, he oversaw the most significant overhaul in the history of Victoria's building and plumbing industry.

Bill is a Trustee of the Melbourne and Olympic Parks Trust.

He is an advisor to the Victorian Government on infrastructure and delivery as a member of the Office of Projects Victoria Advisory Board. He also provides expert advice on better building, planning and environmental regulation in Victoria.

He was the former Chair of the Building Advisory Council, Deputy Chair of the Victorian Planning Authority, Board Member of the Growth Areas Authority and the Metropolitan Planning Authority.

Bill also brings his experience in strategic and business planning, project management, stakeholder engagement, finance, risk and corporate governance.

He is a Certified Practicing Planner and Associate Fellow of the Australian Institute of Management. He also provides his knowledge to the community, charities and not-for-profit boards.

Bill is an Australia Day Ambassador to Victoria.

Laurinda Gardner

Director

BA (Hons), GAICD, FIPAA

Laurinda is a board director, organisational reform and change management consultant and career coach.

Laurinda has over 25 years' senior executive experience and was formerly a Deputy Secretary with the Victorian Department of Treasury and Finance and a Director at the City of Melbourne.

She has led large operational teams in diverse areas including strategic and business planning, HR, IT, communications, town planning, stakeholder engagement, finance and risk.

Laurinda has performed the role of trusted adviser to several CEOs, was an Administrator at the City of Greater Geelong, is currently on the Board of the Victorian Planning Authority and a member of the Victorian Independent Remuneration Tribunal.

Laurinda also serves on several remuneration, and audit and risk committees.

VicTrack Board

Katrina Lai

Director

BA/LLB (Hons), MBA, GAICD

Katrina has an extensive career as a strategy advisor, with a focus on telecommunications, digital transformation and innovation.

For over a decade, she was a consultant and senior executive at Telstra, and led the company's product and innovation strategy for five years.

Katrina has also worked as an independent advisor to state and federal government on telecommunications strategy and project management.

Katrina is an experienced non-executive director with over 16 years of service on government boards in the health, education and water sectors.

She currently serves on the boards of Bendigo Kangan Institute and Gippsland Water and chairs the audit and risk committee of both boards.

Katrina has previously worked as a corporate lawyer and is a graduate of the AICD Company Directors course.

Rosemary Martin

Director

BA (Hons), LLB (Hons), LLM, GAICD

Rosemary has over three decades' experience in legal practice working across both the public and private sectors.

She has held General Counsel roles at Public Transport Victoria, Covid-19 Quarantine Victoria and the EPA (Victoria) as well as senior leadership positions across other Victorian Government agencies. She commenced her legal career at Allens in Sydney and has broad experience across a range of industries.

In addition to her legal and leadership skills, Rosemary brings corporate governance, risk management, audit, mediation, stakeholder engagement, decision-making and regulatory expertise.

Previous appointments include the role of Senior Commissioner of the Land and Environment Court of NSW with a focus on planning, land use and environmental issues.

Rosemary is a graduate of the Australian Institute of Company Directors and is a trained mediator. Previously Deputy Chair at Parks Victoria, Rosemary is also on the board of the CFA, and is a non-executive Director of Merri-Bek Affordable Housing.

Paul White

Director

B.Bus (Acc), FCA, GAICD, FGIA, CIA

Paul has almost 30 years' experience in audit, assurance, compliance and risk management. He has worked with 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, on the board of 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 in September 2021.

Narayan Prasad

Director

MBA, FCPA, GAICD

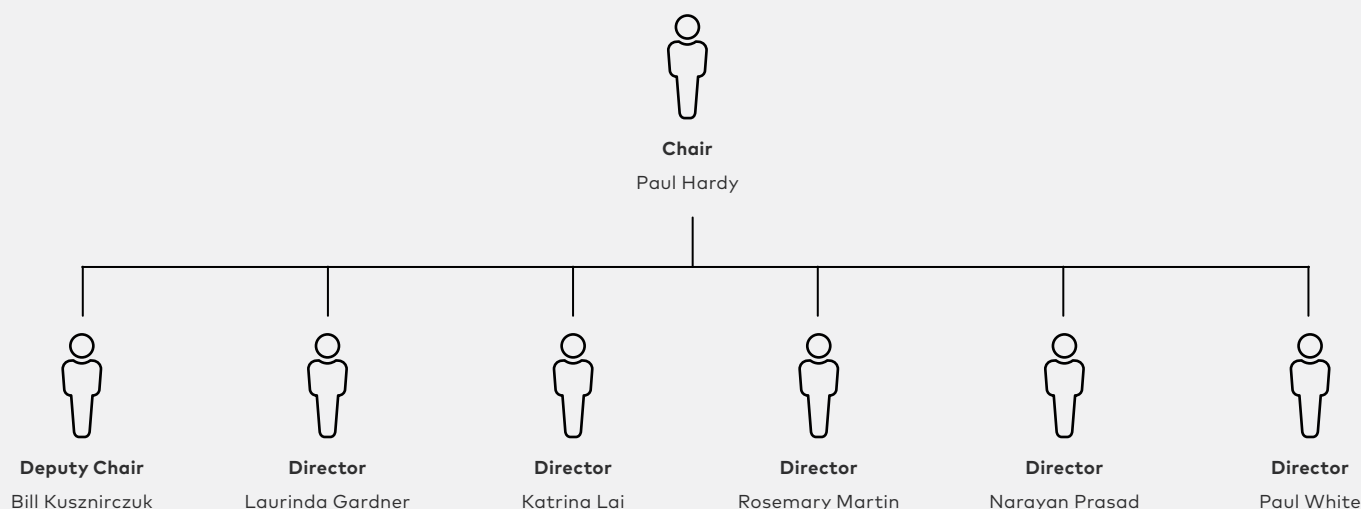
Narayan has over two decades of experience in senior finance management positions in the private sector and in not-for-profit organisations.

Finance management positions held in the private sector include Chief Financial Officer at Linfox Australia Pty Ltd, General Manager – Commercial Services at Linfox, and Group Planning Manager at Toyota Motor Corporation Australia Ltd. Positions held in the not-for-profit sector include Chief Financial Officer at Yooralla (Disability Services).

Narayan is currently a Director on the Boards of Peter MacCallum Cancer Centre and Cancer Council Victoria. He also serves as a member of the Audit & Risk Committee of Victoria Police and as a member of the Finance, Audit, Investment and Risk committee of the National Stroke Foundation.

Narayan has previously served as a Director on the Board of Linfox Australia Pty Ltd.

Board organisational chart



Board committees

Four 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 setting out its roles and responsibilities.

Audit & Risk Management Committee (ARMC)

Membership

- Narayan Prasad (Chair and Director Member from 1 January 2024)
- Paul Hardy (Director Member from 1 January 2024)
- Katrina Lai (Director Member from 1 January 2024)
- Paul White (Director Member)
- Jenny Dawson (Chair and Director Member until 31 December 2023)
- Geraldine Gray (Director Member until 31 December 2023)

Role

The 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.

Meetings held

The ARMC held seven meetings during the 2023–24 financial year.

Remuneration, Human Resources & Integrity Committee (RHRIC)

Membership

- Laurinda Gardner (Chair and Director Member from 1 January 2024)
- Bill Kuszniarczyk (Director Member from 1 January 2024)
- Rosemary Martin (Director Member from 1 January 2024)
- Geraldine Gray (Chair and Director Member until 31 December 2023)
- Alan Hall (Director Member until 31 December 2023).

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 in doing so oversees management's response to any incidents of, or investigations into, corrupt, inappropriate or unethical activities.

Meetings held

The RHRIC held four meetings during the 2023–24 financial year.

Property, Environment & Heritage Committee (PEHC)

Membership

- Bill Kuszniarczyk (Chair and Director Member from 1 January 2024)
- Laurinda Gardner (Director Member from 1 January 2024)
- Rosemary Martin (Director Member from 1 January 2024)
- Alan Hall (Chair and Director Member until 31 December 2023)
- Jenny Dawson (Director Member until 31 December 2023)
- Michael Trumble (Non-director Specialist Member until 14 February 2024)
- Angela Skandarajah (Non-director Government Member until 17 January 2024).

Role

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

Meetings held

The PEHC held five meetings during the 2023–24 financial year.

Delivery & Network Committee (DNC)

Membership

- Katrina Lai (Chair and Director Member from 1 January 2024)
- Paul Hardy (Director Member from 1 January 2024)
- Narayan Prasad (Director Member from 1 January 2024)
- Paul White (Director Member)
- Dan O'Brien (Chair and Director Member until 31 July 2023)
- Geraldine Gray (Chair and Director Member from 1 August 2023 until 31 December 2023)
- Dr Collette Burke (Director Member until 31 December 2023)
- Dr Frank Heibel (Non-director Specialist Member until 18 September 2023)
- Mark Switkowski (Non-director Government Member until 17 January 2024).

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.

Meetings held

The DNC held four meetings during the 2023–24 financial year.

Board and committee meetings report

Member	Board	ARMC	PEHC	RHRIC	DNC
	Attended / eligible to attend	Attended / eligible to attend	Attended / eligible to attend	Attended / eligible to attend	Attended / eligible to attend
Paul Hardy (Chair)	5 / 5	3 / 3	-	-	2 / 2
Bill Kuszniczuk (Deputy Chair)	5 / 5	- / -	2 / 2	2 / 2	- / -
Laurinda Gardner	5 / 5	- / -	1 / 2	2 / 2	- / -
Katrina Lai	5 / 5	3 / 3	- / -	- / -	2 / 2
Rosemary Martin	5 / 5	- / -	2 / 2	2 / 2	- / -
Naryan Prasad	5 / 5	3 / 3	- / -	- / -	2 / 2
Paul White	12 / 12	7 / 7	- / -	- / -	4 / 4
Geraldine Gray	7 / 7	4 / 4	- / -	2 / 2	2 / 2
Alan Hall	7 / 7	- / -	3 / 3	2 / 2	- / -
Dr Collette Burke	4 / 7	- / -	- / -	- / -	2 / 2
Jenny Dawson	6 / 7	3 / 4	3 / 3	- / -	- / -
Dan O'Brien	- / 1	- / -	- / -	- / -	- / -
Non-directors					
Dr Frank Heibel	- / -	- / -	- / -	- / -	1 / 1
Michael Trumble	- / -	- / -	3 / 3	- / -	- / -
Mark Switkowski	- / -	- / -	- / -	- / -	2 / 2
Angela Skandarajah	- / -	- / -	3 / 3	- / -	- / -

Ministerial declaration and orders in council

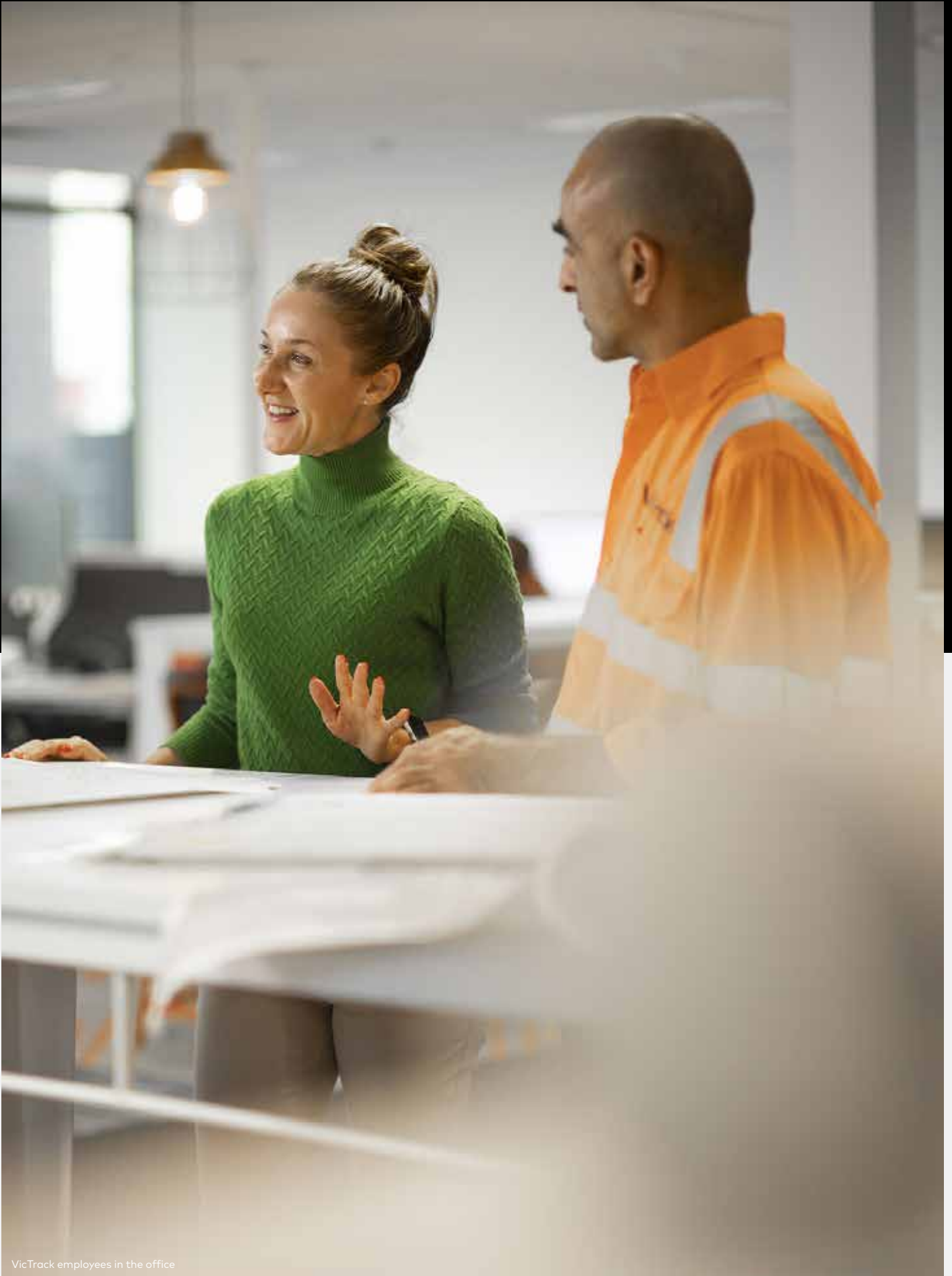
Ten notices were received relating to the appointment of the Chair, Deputy Chair and other Directors.

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 the shared and integrated vision of the TIA, which aligns to VicTrack's mission, purpose and values.

VicTrack's Corporate Plan 2024–28 outlines its role in delivering on its objectives, functions and Ministerial expectations. It provides a strategic framework for VicTrack to aspire to its outcomes by delivering on its priority initiatives.

Our plan meets the corporate plan requirements of the Department of Treasury and Finance Resource Management Framework. It is reviewed each year to reflect changes in our operating environment.



VicTrack employees in the office

Occupational Health and Safety (OHS) report

Summary of VicTrack OHS performance:



Site induction with VicTrack staff and contractors

Measure	Notes	2023–24 (FTE 423)	2022–23 (FTE 425)	2021–22 (FTE 384)
Incidents	Number of incidents	94	100	118
	Rate per 100 FTE	22	23.53	30.73
	Number of incidents requiring first aid and/or further medical treatment	10 (All first aid only)	8	5
Claims	Number of standard claims	0	0	0
	Rate per 100 FTE	0.0	0.0	0.0
	Number of lost-time claims	0	0	0
	Rate per 100 FTE	0.0	0.0	0.0
	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	\$0
Return to work	Percentage of claims with return-to-work plan >30 days	0%	0%	0%
Management commitment	Evidence of OHS policy, OHS objectives, regular reporting to senior management on OHS, and OHS plans (signed by CEO or equivalent).	24 H&S procedures were reviewed and updated following consultation with stakeholders. Updated H&S Strategy (2023–26) was approved by the Executive Committee / Board.	Three policies have been reviewed and approved by the ELT/Board. 32 H&S procedures were reviewed and updated following consultation with stakeholders.	23 H&S procedures were reviewed and updated following consultation with stakeholders.
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel).	432 total contractors (84 high risk) were pre-qualified in the Avetta system and approved for use by the business.	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.
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), Health & Safety Representatives (HSRs), and issue resolution procedures.	100% 4 meetings scheduled, and 4 meetings held. There are 6 DWGs 8 HSRs All HSRs have received refresher training in relation to their obligations.	There are 6 DWGs 8 HSRs The HSR Consultative Forum has been shifted to a quarterly meeting format.	There are 6 DWGs 7 HSRs The HSR Consultative Forum has been shifted to a monthly meeting format.
	Compliance with agreed structure on DWGs and HSRs.	100% 4 meetings scheduled, and 4 meetings held.	100% 4 meetings scheduled, and 4 meetings held.	92% 12 meetings scheduled, and 11 meetings held.
	Number of quarterly H&S Steering Committee Meetings.	4	4	4

Reporting of noteworthy incidents

A summary of noteworthy incidents that have occurred during the current financial year include 10 notifiable incidents to the Office of the National Rail Safety Regulator (ONRSR), two notifiable to WorkSafe Victoria and no lost-time injuries.

	2023–24	2022–23	2021–22
ONRSR notifiable occurrence	10	10	14
WorkSafe notifiable occurrence	2	1	0
Lost-time injuries	0	0	0

Health & Safety Strategy initiatives

Initiatives implemented throughout the current financial year in support of the H&S Strategy included:

ISO 45001 certification

At the outset of the 2023–24 financial year, VicTrack embarked on a program to seek formal certification to the ISO 45001 – International Safety Standard.

ISO 45001 certification provides a structured approach to achieve minimum 'best practice' in managing health and safety requirements. Achieving certification:

- enables us to achieve the objective to continually improve H&S performance as outlined in the VicTrack Corporate Plan
- ensures that we comply with both VWA and ONRSR requirements through a structured approach that aligns with regulatory obligations
- ensures that we comply with H&S due diligence requirements by embedding robust governance processes to satisfy ISO 45001 leadership commitment obligations
- ensures that the business has robust contractor management systems in place for all major projects being conducted on behalf of VicTrack
- ensures that we comply with the requirements associated with retaining ONRSR accreditations, including both Rail Infrastructure Manager (RIM) and Trunk Telecommunication Infrastructure (TTI)
- ensures that high-risk work conducted inside and outside of the rail environment is managed to the highest possible level of compliance
- provides a robust and independent third-line-of-defence risk management program coordinated by a recognised external body.

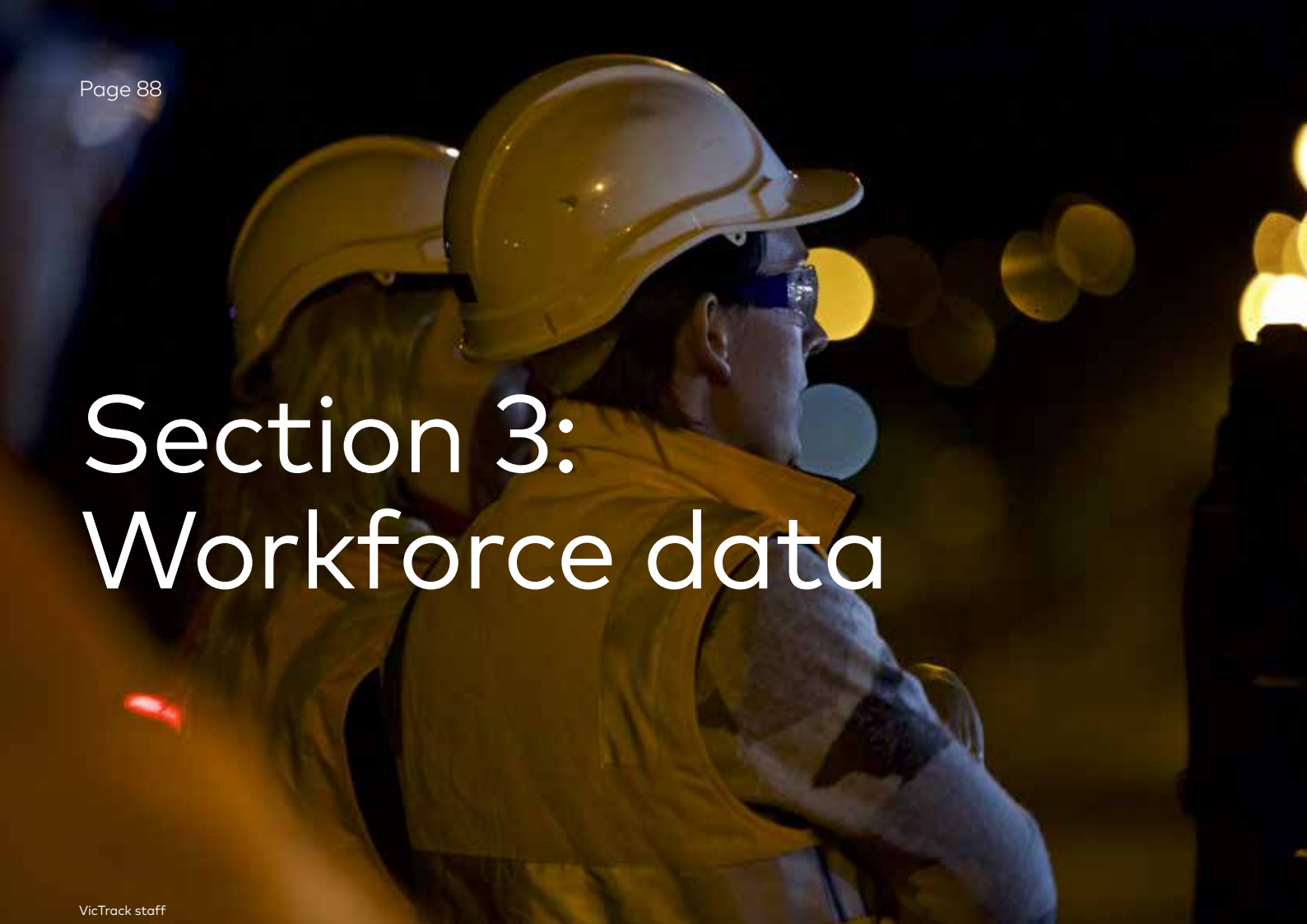
VicTrack also implemented a new data management system to manage a range of important functions required for certification, including:

- incident reporting
- management of corrective actions
- completion of workplace inspections and leadership safety walks
- approval and sign-off of daily Safe Work Method Statements (SWMS)
- the introduction of 'real time' dashboard reporting.

VicTrack was formally certified against the ISO 45001 standard in February 2024 following a comprehensive audit conducted by IQC Global. This initial certification audit will be followed up with a surveillance audit at the beginning of 2025 to ensure that compliance to standard requirements remains robust across the organisation.



VicTrack staff undertaking a site inspection



Section 3: Workforce data

VicTrack staff

Employment and conduct principles

VicTrack engages and promotes employees based on the following principles:

- **Merit:** An employer should select a person 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. An employer should avoid measuring a person against any unlawful or unethical criteria.
- **Equity:** An employer should measure all candidates against the same selection criteria, in a similar process and allow them all to 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. Many 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 based on key selection criteria and other accountabilities without discrimination.

Employees have been classified in VicTrack's workforce data collection system. 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 to attract and retain highly capable leaders and staff to deliver better outcomes for Victorians. We achieve this by strengthening our workforce and leadership capabilities, while strategically implementing initiatives for both sustained and long-term success.

Workforce inclusion policy

VicTrack is guided by its core values, cultivating a collaborative environment that fosters a respectful culture where everyone can thrive. VicTrack has an unwavering commitment to creating an inclusive workplace – one that is safe, free from discrimination, bullying and harassment and where equal opportunity and diversity are not only embraced but also celebrated.

We are implementing the provisions of the *Gender Equality Act 2020* through our Gender Equality Action Plan. We strive to help close the gender pay gap, improve gender equality at all levels of the workforce and eliminate workplace sexual harassment.

VicTrack has several purpose-specific focus groups such as our Wellbeing Focus Group and Diversity and Inclusion Working Group. Participation in these groups assists with raising awareness to the organisation and lifting our understanding around creating a culturally safe environment for underrepresented groups. VicTrack is also a member of the Women in Transport Network and works collaboratively with the rest of the transport industry to address discrimination across all organisations.

Public administration values and employment principles

VicTrack adheres to and upholds the values, principles and conduct outlined by 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, Accountability, Respect, Leadership and Human Rights.

The following six VPSC standards underpin VicTrack's policies, and they define essential elements of our 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.

Comparative workforce data

2024	2023	2022	2021	2020
422.5	424.9	384.49	373	391

Table 1 Full time equivalents (FTE) staffing trends from 2020–24^{1,2,3}

Ongoing employees						Fixed-term and casual employees
	Employees (headcount)	Full time (headcount)	Part time (headcount)	Casual (headcount)	FTE	FTE
June 2024	428	349	14	1	358.6	63.9*
June 2023	431	306	11	1	313.5	111.4

Table 2 Summary of employment levels in June 2024 and 2023³

* Difference in Fixed-term due to new legislation – this can be seen in the differences between the increase in Ongoing FTE and fixed-term FTE reduction.

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

2 Excluded from these totals 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.

	2024				2023		
	Ongoing		Fixed-term and casual employees		Ongoing		Fixed-term and casual employees
	Employees (headcount)	FTE	FTE		Employees (headcount)	FTE	FTE
Gender							
Male	255	254	45.9		215	214	80.8
Female	107	103.6	18		101	98.5	30.6
Self-described	1				1	1	n
Age							
15–24	0	0	1		0	0	1.4
25–34	37	36.8	4		38	37.5	15
35–44	140	137.2	20.1		112	110.2	38
45–54	108	107.6	19		102	101.6	28
55–64	71	70	15		56	55.2	23.2
65+	7	7	4.8		9	9	5.8
Classification							
VPS1*	0	0					
VPS2	0	0					
VPS3	11	11	4		19	18.4	5
VPS4	41	39.8	3		32	31.8	6.4
VPS5	113	112.2	16		104	103.1	39
VPS6	186	184	8.1		156	153.6	27.3
VPS7	12	11.6	0.8		3	3.6	1
STS**	0	0	14		3	3	13.7
Executive	0	0	18		0	0	19

Table 3 Details of employment levels in June 2024 and 2023

* (VPS)

** Senior technical staff (STS).

Executive officer data

An Executive Officer 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 Public Entity Executive Remuneration (PEER) Policy applies.

Income band (salary)	Executive Officers	STS
<\$160,000	0	0
\$160,000–\$179,999	0	0
\$180,000–\$199,999	0	1
\$200,000–\$219,999	3	3
\$220,000–\$239,999	6	4
\$240,000–\$259,999	2	4
\$260,000–\$279,999	2	1
\$280,000–\$299,999	1	1
\$300,000–\$319,000	1	0
\$320,000–\$339,999	1	0
\$340,000–\$359,999	1	0
\$360,000–\$379,999	0	0
\$380,000–\$399,999	0	0
\$400,000–\$419,999	0	0
\$420,000–\$439,999	0	0
\$440,000–\$459,999	0	0
\$460,000–\$479,999	0	0
\$480,000–\$499,999	0	0
\$500,000–\$519,999	1	0
\$520,000–\$539,999	0	0
Total	18	14

Table 4 Annualised total salary for Executive Officers and other STS*

* Does not include secondments.

Section 4:

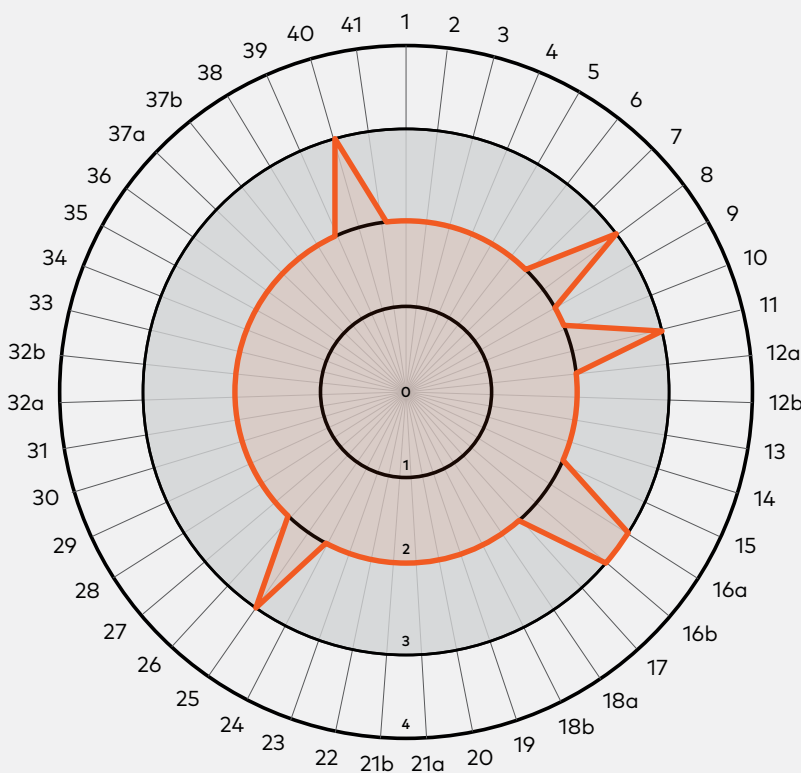
Other disclosures

Asset Management Accountability Framework (AMAF) maturity assessment

VicTrack has assessed its maturity against the requirements of the AMAF. The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. VicTrack's target maturity rating is 'competence', meaning systems and processes are fully in place, consistently applied and are systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

There are no material non-compliances to report. A plan for improvement is in place to improve VicTrack's maturity rating where required.

The following sections summarise VicTrack's assessment of its maturity against the requirements of the AMAF for the assets it manages.



Status	Overall
Innocence	0
Awareness	1
Developing	2
Competence (target)	3
Optimising	4

Leadership and accountability (requirements 1–19)

VicTrack has met its target maturity level for monitoring and verifying compliance with the Standing Direction and AMAF. Its system of assessing maturity and work towards achieving its aspirational target is also considered competent. Remaining requirements in this category are assessed as developing while work is undertaken to address identified shortcomings and ensure their consistent and effective application across the organisation.

Planning (requirements 20–23)

VicTrack did not meet its target maturity level for this category. The strategic asset planning and risk management conducted across the organisation was found to be undertaken on a broad, short to medium-term basis. Work is underway to improve and embed better practices at asset class or asset type level.

Acquisition (requirements 24–25)

VicTrack met its target maturity level against one of the two requirements in this category because of its strong procurement framework and associated practices. Further work to improve financial assessments as part of business case development will be undertaken to fully meet our target for the second requirement.

Operation (requirements 26–40)

VicTrack met its target maturity level against one of the requirements within this category. Across requirements within this category, financial management was found to be satisfactory. Practices for measuring quality and assurance of work performed on assets are under development or inconsistently applied, particularly for less critical assets. Information management systems are being used. Additional work will ensure information quality and usage is consistent across the organisation.

Disposal (requirement 41)

VicTrack did not meet its target maturity level for this category. Additional work is required to ensure that existing processes are consistently followed.

Government advertising expenditure

In 2023–24, VicTrack conducted no government advertising campaigns with a total media spend of \$100,000 or greater, and therefore, has nothing 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 2023–24 VicTrack has not released, or identified for release, any dataset or database under the DataVic Access Policy. VicTrack received no direct requests to release data during the past financial year.

VicTrack investigated opportunities to release data sets under the policy. No opportunities were identified as suitable for release or could not be made available in the required machine-readable format.

Relevant VicTrack data, including information about rail lines, corridors and rail trails, have been made available via DataVic by DTP, and Department of Jobs, Skills, Industry and Regions.

Engagement of consultants

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

In 2023–24, there were 35 consultancies where the total fees payable to the consultancies were \$10,000 or greater. The total expenditure incurred during 2023–24 in relation to these consultancies was \$2,531,968 (excluding GST).

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

In 2023–24, there were 13 consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2023–24 in relation to these consultancies was \$70,763 (excluding GST).

Disclosure of major contracts

During 2023–24 VicTrack entered into one contract greater than \$10 million in value, for the provision of Property Management Services. The contract has been disclosed in the Victorian Government Contracts Publishing System and can be viewed at www.tenders.vic.gov.au

Disclosure of emergency procurements

In 2023–24 VicTrack did not activate emergency procurement in accordance with the requirements of government policy and accompanying guidelines. As such, no new contracts over \$100,000 were awarded in connection with the emergency.

Disclosure of procurement complaints

During 2023–24 VicTrack received three complaints through its procurement complaints management system. On review, all three complaints were found to have been received in error and were found to be unrelated to any procurement activities. All were subsequently resolved through other business units.

Reviews and studies expenditure

During 2023–24 VicTrack did not complete any reviews or studies that meet the criteria for disclosure.

Local Jobs First – Victorian Industry Participation Policy compliance disclosure

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). This Act requires departments and public sector bodies to apply the Local Jobs First – VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for statewide projects, or \$1 million or more for procurement activities in regional Victoria.

During 2023–24, VicTrack was engaged in four projects with Local Jobs First, with a combined value of \$72 million (see Table 1). These projects included one strategic Major Projects Skills Guarantee (MPSG) activity based in South-East Melbourne that commenced in the previous financial year.

Region	Commenced	Ongoing	Completed	Total projects	Value (ex GST)
Metro	1	1	1	2	\$66,300,000
Regional	2	0	2	2	\$5,715,080
Grand total	3	1	3	4	\$72,015,080

Table 1 Total Contract Value by Region

VicTrack projects are located across Melbourne and Western Victorian regional areas, with a commitment of 86 per cent of local content overall. Based on the data provided via the Industry Capability Network Victorian Management Centre (ICN-VMC), the outcomes created from the implementation of the Local Jobs First – VIPP to the projects, where information was provided, did not meet the commitment made last year:

- An average of 38 per cent of local content was made across all projects reported.
- A total of three jobs (annualised employee equivalent [AEE]) were created, with 58 existing jobs (AEE) retained (see Table 2).

Region	Local content	VIC created AEE	VIC retained AEEs
Metro	38%	3.11	58.78
Regional	0%	0	0
Grand total	38%	3.11	58.78

Table 2 Local Content and Employment Values by Region - All

During 2023–24, VicTrack completed two Local Jobs First – VIPP applicable projects. From these projects:

- A total of three jobs (AEE) were reported as created, with 58 existing jobs (AEE) retained – all within Metropolitan Victoria.
- A total of eight apprenticeships and cadetships and two traineeships were reported as retained from the previous financial year (see Table 3).

Region	Local content	VIC created AEE	VIC retained AEEs	Apprentices, trainees and cadets
Metro	38%	3.11	58.78	8
Regional	0%	0	0	0
Grand total	38%	3.11	58.78	8

Table 3 Local Content and Employment Values by Region – Completed

Reporting for Local Jobs First was incomplete for 2023–24, due to insufficient data provided by all except one contractor. In addition, one contract commenced during the last quarter of 2023–24.

Social procurement

During 2023–24, VicTrack progressed its first Social Procurement Strategy in line with the Victorian Social Procurement Framework (SPF) and updated its Social Procurement Policy. VicTrack prioritised:

- opportunities for Victorian Aboriginal people
- sustainable Victorian social enterprise and Aboriginal business sectors
- sustainable Victorian regions.

VicTrack's Procurement team introduced templates and provided training to encourage employees to adopt SPF objectives when procuring goods and services. We continued to participate in the DTP Kinaway Aboriginal Procurement pilot program, working with the Kinaway Aboriginal Chamber of Commerce to foster business relationships between VicTrack stakeholders and Aboriginal businesses.

Direct procurement activities

During the 2023–24 financial year, social benefit suppliers made up 0.02 per cent of total supplier spending across all categories and 1.13 per cent of total suppliers; this reduction is primarily due to the reduction of available reportable suppliers by DJSIR, follow the conclusion of the Map for Impact project in 2022–23. Using the required reporting from DJSIR, VicTrack directly engaged seven individual social enterprises for a total value of \$31,958 (excluding Goods and Services Tax (GST)).

Spend metric	Amount (ex GST)
Spend with Social Benefit Suppliers	\$31,958
Total Exp. Victorian Social Enterprises	\$19,834
Total Exp. Victorian Social Enterprises led by Disability or Australian Disability Enterprise	\$10,000
Spend with VIC Aboriginal Businesses	\$8,754
Total supplier spend	\$196,814,333
% Social Benefit Supplier Spend as proportion of Total supplier spend	0.02%

Table 1 Total expenditure by Spend Metric Description (Source: DJSIR Wash Tool 2023–24)

Spend metric	Amount (ex GST)
No. Social benefit suppliers	7
No. VIC Social Enterprises engaged	5
No. VIC Aboriginal Businesses engaged	2
No. VIC Social enterprises led by Disability or Australia Disability Enterprise	1
Total suppliers engaged	621
Social benefit supplier as proportion of total suppliers	1.13%

Table 2 Total number of suppliers by supplier group

Indirect procurement activities

VicTrack did not commence or complete any activities with social procurement targets in 2023–24.

Reporting for indirect social procurement was incomplete for 2023–24, due to insufficient data provided by contractors. One contract was completed with social procurement targets during this financial year.

Project	SPF Objective Commitment Made	SPF Performance (as Reported)
Warrnambool Line Upgrade 2 – 3B Civil Works	Expenditure with Victorian Social Enterprises = \$75,000 VIC Aboriginal People employed = 1	Report not provided by contractor

Information and Communications Technology (ICT) expenditure

For the 2023–24 reporting period, VicTrack had a total ICT expenditure of \$383,698 million with the details shown below.

	\$'000
Business as usual	
Telco P&L (excluding non VRT)	58,184
Business Services ICT	15,100
Communications depreciation	290,747
Business as usual total	364,031
Non-business as usual	
Operational expenditure	-
Business Services ICT capital	420
Telco capital (excluding externally funded)	19,247
Non-business as usual total	19,667
Grand total	383,698

Freedom of Information report

The *Freedom of Information Act 1982* (Vic) (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
- 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 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 of the FOI Act, 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, or by post to VicTrack to GPO Box 1618 Melbourne VIC 3001.

An application fee of \$32.70 applies from 1 July 2024. The application fee usually changes every financial year. The application fee for the 2023–24 financial year was \$31.80.

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 from OVIC.

Enquiries can be made to VicTrack's FOI officers via email at foi.requests@victrack.com.au

FOI statistics/timeliness

During 2023–24, VicTrack received 13 applications which were processed in accordance with the FOI Act. All of the requests were from members of the general public.

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

During the year ended 30 June 2024, VicTrack made two decisions on requests not finalised from the year ended 30 June 2023 and made five decisions on requests received after 1 July 2023. Four requests received before 30 June 2024 were not finalised, as at that date, they were still being finalised.

There were two decisions made within the statutory time periods. Of the decisions made outside of the required time period, five were late by a period of no greater than 45 days after the statutory due dates and two were 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 either in full or in part. Two decisions were nil documents decisions where a diligent and thorough search revealed VicTrack did not have any documents described by the FOI request.

Two decisions were withdrawn by the applicant during discussions during the processing period in which the applicants were satisfied that VicTrack did not have the documents the applicant expected or were hoping to find.

During 2023–24, no VicTrack FOI decisions were referred to the OVIC or the Victorian Civil and Administrative Tribunal (VCAT) for external review. Two requests were subject to complaints regarding delays in processing time to the OVIC. Both complaints were resolved before 30 June 2023.

Further information regarding VicTrack's accountabilities and procedures is available on the VicTrack website.

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 under 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 employees to report any instances of suspected unethical, illegal, fraudulent, or improper conduct involving VicTrack's employees and/or officers. 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's protection 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
- by telephone: 03 9619 0255.

Alternatively, disclosures about VicTrack or any 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:

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, its members, officers, or employees, is detailed on VicTrack's website.

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 during the 2023–24 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 2023–24 include:

- continuing to adopt 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 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
- donating tram heritage items to the Melbourne Tram Museum
- ongoing use of compostable consumable plates, napkins and cutlery
- using digital signatures to significantly reduce the need for printing
- participating in the 2024 Clean Up Australia Day – VicTrack Clean Up Day held at the North Dynon Freight Terminal.

VicTrack 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 environmental 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 bi-monthly 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:

- 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 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.

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 15 per cent from 2022–23 to 2023–24. This increase has largely been driven by increased generator use for planned and unplanned power outages associated with the Victorian Big Build projects and increased vehicle use as travel activities associated with the Big Build projects. VicTrack increased its use of diesel vehicles in 2023–24, which create more emissions when compared to petrol and hybrid vehicles.

VicTrack's Scope 2 greenhouse gas emissions decreased by 10 per cent from 2022–23 to 2023–24. These decreases are likely attributable to:

- increased greenpower sourced electricity
 - consolidation of telecommunication facilities including data huts and communication rooms, reducing energy demand
 - better reporting methods to accurately calculate greenhouse gas emissions
 - installation of energy efficient LED lighting at several VicTrack operational facilities in the previous year
 - ongoing management of electricity consumption at VicTrack's data centres.
- Overall, VicTrack's emissions reduced by 5.8 per cent compared to 2022–23.

Indicator	2023–24	2022–23	2021–22
Total Scope 1 greenhouse gas emissions (Tonnes CO _{2-e}) [Indicator G1]	550	479	269
Total Scope 2 greenhouse gas emissions (Tonnes CO _{2-e}) [Indicator G2]	2,415	2,670*	2,776

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 and 2023–24 reporting period does not include emissions from waste, paper and air travel, as these are Scope 3 emissions and are not required to be reported under FRD24.

* Data correction of previous data

Electricity production and consumption

Energy use at VicTrack corporate offices in 2023–24 increased by seven per cent compared to the previous year. This result is likely due to more staff working in the office compared to previous years.

In 2023–24, energy consumption at operational facilities and telecommunication infrastructure increased by 33 per cent and 11 per cent respectively. Increased energy consumption at the warehouse (Sunshine) operational facility is likely due to increased use by field staff to support Victoria's Big Build projects.

Energy consumption at data centres remained the same, and miscellaneous infrastructure decreased by nine per cent compared to 2022–23.

In 2023–24 VicTrack transitioned the majority of telecommunications infrastructure sites, miscellaneous infrastructure and property leasing (non-tenanted) sites to have purchased five per cent of its total electricity from green energy sources, increasing greenpower sourced electricity by over 800 per cent compared to the previous reporting period.

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	2023–24	2022–23	2021–22
Total electricity consumption (MWh) [Indicator EL1]	3,814.3	3,671.7*	2,748.8
Purchased electricity – consolidated			
Department offices ^(a)	921.8	862.2	824.8
Operational facilities ^(b)	70.1	52.8	178.3
Data centres	1,764.8	1,771.0	1,677.6
Other telecommunication infrastructure ^(c)	765.5	690.0	Not recorded
Miscellaneous infrastructure ^(d)	88.0	96.2	68.0
Property leasing (non-tenanted) ^(e)	37.5	36 *	Not recorded
Not directly purchased but from outside the organisation (MWh)			
Department offices ^(f)	166.5	163.4	Not recorded
Other non-renewable (diesel backup generator) ^(g)	0.0	0.0*	Not recorded
Greenpower ^(h)	109.1	11.1*	8.2 [^]

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 La Trobe Street, our apportioned value is 35 per cent and one floor at 595 Collins Street where 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. Electricity consumption data estimated for the warehouse (Sunshine) for June 2024 based on average from March–May 2024. Electricity consumption data was not estimated for last financial year in June 2022 at the warehouse (Sunshine).
- (c) Other Telecommunications Infrastructure includes data huts, communication rooms and towers. Electricity consumption data was estimated for infrastructure with data unavailable at the time of reporting based on the average consumption of available data per month in 2023–24.
- (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) Vacant Lots with power supply due to maintenance or the Community Use of Vacant Buildings Program, or common area lighting in access in common areas including at Ballarat and South Dynon.
- (f) Department offices includes energy used in common areas of VicTrack's Collins Street and 1010 La Trobe Street buildings, billed based on area occupied under the lease agreement.
- (g) Diesel backup generation at La Trobe Street was 6.64 kWh, VicTrack proportion is 35 per cent equating to 0.002 MWh. All electricity generated is assumed to be used on site.
- (h) Prior to November 2023, nine sites with five per cent green power purchased. Green power five per cent transition for all other sites between November 2023 and January 2024. Newport Workshops, 595 Collins Street and Spencer Street Bunker excluded and remained at zero per cent for the 2023–24 reporting period.

* Data correction of previous data

[^] Estimate based on proportion of sites with green power in 2022–23.

Stationary fuel use

Diesel backup generators for critical data centre facilities and diesel generators (machinery) for field use are sources of emissions from stationary fuel. Data has been collected primarily through billing information from fuel suppliers.

During the first half of 2023–24, especially in Q1, increased diesel generator (machinery) use was required by VicTrack for planned and unplanned power outages associated with the Victorian Big Build projects. This has resulted in the increase in stationary fuel use and greenhouse gas emissions for 2023–24, over six-times more than was reported in 2022–23. During the second half of 2023–24, generator services were outsourced to a third party.

Indicator	2023–24	2022–23	2021–22
Total fuels used in buildings & machinery (MJ) [Indicator F1]	232,143	35,790	Not recorded
Buildings ^(a)	41,920	28,950	Not recorded
Natural gas	0	0	Not recorded
Diesel	41,920	28,950	Not recorded
Petrol	0	0	Not recorded
Machinery ^(b)	190,223	6,840	Not recorded
Diesel	190,223	6,840	Not recorded
Greenhouse gas emissions from stationary fuel consumption (Tonnes CO _{2-e}) [Indicator F2]	16.3	2.5	Not recorded

Notes:

(a) VicTrack operates a backup generator at each of its data centre sites. Building generator fuel use is based on estimates.

(b) VicTrack operates three portable generators for field use.

Transportation

VicTrack uses a fleet of passenger vehicles for operational requirements, including operating its telecommunications network and managing its assets. The fleet comprises a mix of diesel-fueled six-cylinder and four-cylinder vehicles, including four-wheel drives (4WDs) and petrol-fueled standard and hybrid vehicles.

The number of vehicles used in VicTrack's fleet over the 2023–24 period increased by 10 compared to the previous year. However, due to many lease cycle replacements during the 2023–24 period, the number of vehicles in VicTrack's fleet decreased by five, as 34 vehicles were disposed of while there were 29 new vehicle leases.

Of the passenger vehicles, 91 per cent were internal combustion engines, and nine per cent were hybrid vehicles.

The use of passenger vehicles increased nine per cent from 2022–23 to 2023–24, leading to an increase in energy used in transport fuel and greenhouse gas emissions by 12 per cent. These increases have been driven by more face-to-face meetings and travel to project sites, as well as the increased demand for VicTrack site inspections and support work on Victoria's Big Build projects.

Indicator	2023–24	%	2022–23	%	2021–22	%
Number and proportion of vehicles ^(a) [Indicator T2]	116	100	106	100	75	100
Road vehicles	116	100	106	100	75	100
Passenger vehicles	116	100	106	100	75	100
Internal combustion engines	105	91	94	89	67	89
Petrol	2	2	1	1	2	3
Diesel / biodiesel	103	89	93	88	65	87
Hybrid	11	9	12	11	8	11

Notes:

(a) Vehicle numbers and proportion reported are for the 12 month period. The number of vehicles is representative of the total number of unique vehicles used over the reporting period, not the total number of vehicles in use at any one time.

Indicator	2023–24	2022–23	2021–22
Total energy used in transportation (MJ) ^(a) [Indicator T1]	7,589,835	6,782,243	5,535,017
Road vehicles	7,589,835	6,782,243	5,535,017
Natural gas	0	0	Not recorded

Passenger vehicles			Not recorded
Petrol (total energy used (MJ) ^(b))	407,039	401,200	433,022
Diesel (total energy used (MJ))	7,182,796	6,381,043	5,101,996
Road vehicles (greenhouse gas emissions (Tonnes CO _{2-e}))	533.3	476.4	390

Passenger vehicles			
Petrol ^(b) (greenhouse gas emissions (Tonnes CO _{2-e}) ^(b))	27.5	27.1	30
Diesel (greenhouse gas emissions (Tonnes CO _{2-e}))	505.7	449.3	360

Notes:

(a) Vehicle energy consumption and greenhouse gas emissions data are for the period for the 12-month period, comprising available data from 1 July to 30 June.

(b) Includes hybrid vehicles.

Total energy use

VicTrack's overall energy use has increased by eight per cent in 2023–24 when compared to 2022–23. The increase in energy use is attributable to additional energy from use of generators during Victoria's Big Build projects and increased energy use of the VicTrack offices and warehouse. Increased use of fleet vehicles in 2023–24 compared to 2022–23 is also responsible for the increase in overall energy use.

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	2023–24	2022–23	2021–22
Total energy usage from fuels (stationary and transportation) (MJ) [Indicator E1]	7,821,978	6,818,033	5,535,017
Total energy used from electricity (MJ) [Indicator E2]	13,731,372	13,218,131*	9,895,680
Total energy used segmented into renewable & non-renewable sources (MJ) [Indicator E3]			Not recorded
Renewable	2,996,156	2,497,211*	494,640
Non-renewable	18,557,193	17,538,953*	14,936,057
TOTAL energy use (MJ)	21,553,350	20,036,164*	15,430,697
Units of energy used normalised by FTE [Indicator E4]	50,954	47,155*	40,133

* Data correction of previous data

Sustainable buildings and infrastructure

VicTrack has implemented the following sustainability initiatives in its building and infrastructure works for the 2023–24 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
- recycling rail materials including from three decommissioned trams
- continuing to implement measures in data centres to improve the energy efficiency of cooling and IT equipment and use of efficient LED lighting.

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

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 96 to 97.

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 FOI Act:

- 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 and contractors engaged, services provided, and expenditure committed to for each engagement.

VicTrack Financial Management Attestation Statement

I, Paul Hardy, 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.



Paul Hardy

Chair
Victorian Rail Track (VicTrack)

5 September 2024

Appendix 1

Disclosure index

VicTrack's Annual Report 2023–24 has been prepared in accordance with all relevant legislation and pronouncements. This index has been prepared to facilitate identification of VicTrack's compliance with statutory disclosure requirements.

Ministerial Directions

Report of operations

Charter and purpose

Legislation	Requirement	Page
FRD 22	Manner of establishment & relevant Ministers	12
FRD 22	Purpose, functions, powers & duties	9 and 31
FRD 8	Departmental objectives, indicators and outputs	N/A
FRD 22	Key initiatives and projects	16–31
FRD 22	Nature and range of services provided	13–15

Management and structure

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Financial and other information

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FRD 22	Statement of Competitive Neutrality Policy	100
FRD 22	Public Interest Disclosure Act 2012	99
FRD 22	Application and operation of the Carers Recognition Act 2012	N/A

Legislation	Requirement	Page
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FRD 22	Details of consultancies under \$10,000	94
FRD 22	Disclosure of ICT expenditure	97
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SD 5.2	Specific requirements under Standing Direction 5.2	33

Compliance attestation and declaration

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Financial statements

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

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FRD 110A	Cash flow statements page	38
FRD 112D	Defined benefit superannuation obligations	N/A

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Victorian Industry Participation Policy Act 2003	93
Financial Management Act 1994	107

Appendix 2

List of abbreviations

Account-based ticketing system (ABT system)
Annualised employee equivalent (AEE)
Asset Management Accountability Framework (AMAF)
Australian Rail Track Corporation (ARTC)
Audit & Risk Management Committee (ARMC)
Card-based ticketing system (CBT system)
Closed-circuit television (CCTV)
Contaminated Land Hazard Assessment and Mapping Program (CHAMP)
Corporations Act 2001 (Cth) (Corporations Act)
Delivery & Network Committee (DNC)
Department of Jobs, Skills, Industry and Regions (DJSIR)
Department of Transport and Planning (DTP)
Department of Treasury and Finance (DTF)
Designated workgroups (DWGs)
Diesel Electric Rail Motor Association of Victoria (DERMPAV)
Digital train radio system (DTRS)
Distributed Antenna System (DAS)
Environmental management plans (EMP)
Environment Protection Authority (EPA)
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)
Hazardous materials (hazmat)
Health and Safety (H&S)
In Cab Equipment (ICE)
Independent Broad-based Anti-Corruption Commission (IBAC)
International Organization for Standardization (ISO)
Internet Protocol Multi-Protocol Label Switching (IP/MPLS)
Key performance indicator (KPI)

Level Crossing Removal Project (LXRP)
Major Projects Skills Guarantee (MPSG)
Metro Trains Melbourne (MTM)
National Australian Built Environment Rating System (NABERS)
Network Management Centre (NMC)
Occupational Health and Safety (OHS)
Office of the Victorian Information Commissioner (OVIC)
Operational Control Systems (OCS)
Optical transport network (OTN)
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)
Regional Rail Communications Network (RRCN)
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)
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)



VicTrack

Level 8, 1010 La Trobe Street
Docklands VIC 3008 Australia
T +61 3 9619 1111
victrack.com.au