ANNUAL REPORT

2019 – 2020

Table of Contents

Responsible Body's declaration

25 November 2020

The Hon Ben Carroll MP
Minister for Public Transport
Level 20, 1 Spring Street
Melbourne VIC 3000

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

Dear Ministers

In accordance with the *Financial Management Act 1994*, I am pleased to present V/Line Corporation's Annual Report for the year ending 30 June 2020.

Yours faithfully

Gabrielle M Bell

Gabrielle Bell, Chair

Section 1

Year in Review

Purpose, Vision, Mission, Values

Purpose

To provide a connected and bright future for Victorians

Vision

A modern, high performing railway and coach service for all

Mission

Connecting Victoria by empowering our people to be their best

Values

Respectful
We value others and accept their differences

Be our best
We always strive for excellence and deliver this to our customers, colleagues and community

Accountable
We hold ourselves and others to account for the work that we do

Integrity
We are honest, ethical, and transparent

Be bold
We challenge, share ideas and empower our people to speak up

Chair and Acting Chief Executive Officer's Report

It is our pleasure to present the V/Line 2019-20 Annual Report.

It has been a year of opportunities and challenges for V/Line and the State of Victoria more widely.

The importance of V/Line in delivering safe and reliable connections for Victorian communities has been highlighted during the coronavirus (COVID-19) pandemic and associated restrictions, during which we have continued to provide an essential service for all our passengers who rely on us. It has been a priority for the Board and the management team to ensure the organisation has been well positioned to respond to this pandemic and the ever-changing environment it has created.

Thanks to the enormous effort by all our frontline staff continuing to provide essential services during the pandemic. Many of our office-based staff have transitioned to working remotely from home. The relative ease of the transition demonstrates our resilience and agility as an organisation as we have adapted quickly to the changed working environment. During this time, the importance of staying connected has been a priority and technology has been used to continue regular meetings, staff recognition events and other important initiatives, such as R U OK Day.

During this time, importantly V/Line's role in supporting a connected and prosperous regional Victoria has been as strong as ever before. We continued to offer a full timetable during the coronavirus (COVID-19) restrictions, operating more than 2000 services across the network each week to ensure we were supporting regional Victoria at a time when it was needed most.

There were 17.9 million passenger journeys on V/Line train and coach services in the 12 months to June compared with 22.4 million journeys in 2018-19. V/Line has been on a journey of record growth in recent years and there continued to be a steady increase in patronage for the first nine months of 2019-20 before a significant decline as Victorians heeded government advice to avoid non-essential travel to help slow the spread of coronavirus (COVID-19).

Performance has been a key priority for the organisation in recent years and this sharp focus has resulted in improved punctuality results across the network over the past 12 months. A total of 88.9 per cent of train services arrived at their destination on time in 2019-20 and 95.6 per cent of services were delivered, compared with 86.8 per cent and 96.4 per cent in 2018-2019.

A new Safety Leadership Program was rolled out to 140 of V/Line's leaders in 2019-20. The program focused on developing and maintaining a collective positive mindset for our leaders, helping to ensure we are continually looking at ways to further improve safety for both staff and passengers.

We recognise the value of strong leadership; professional development opportunities for leaders remained part of the focus in 2019-20, including a new leadership program to better equip our leaders with skills and tools to consistently bring their best level of performance and execution in fulfilling their roles.

It has been another significant year of upgrade projects and improvement works across all parts of the regional network. Construction on the new Wyndham Vale stabling yard was completed in April and the facility is now operational. This is a key project for V/Line's current and future stabling needs, housing up to six sets of six-carriage VLocity trains at any one time with the capacity to house additional trains in the future.

The Victorian and Federal Government's Regional Rail Revival (RRR) Program valued at over $2 billion continued to deliver important upgrade projects for the network in the past 12 months.

The Ballarat Line Upgrade delivered a new station at Cobblebank and major station upgrades at Rockbank, Ballan, Bacchus Marsh and Wendouree. As part of the RRR Program, V/Line has been contracted by Rail Projects Victoria (RPV) to deliver the Ararat train stabling upgrade, level crossing upgrades on the Warrnambool line and drainage upgrades on the Gippsland line.

V/Line was responsible for $103 million in improvements and maintenance works across the network over the past financial year. Some of the biggest packages of works are our sleeper replacement programs on the Seymour and Shepparton lines, as well as the Bendigo line and the Warrnambool line that started in June.

Freight makes up an important part of the V/Line network and our crews completed two major programs of works in 2019-20. Around 53,000 sleepers were installed on the Manangatang freight line and the Rainbow Dimboola line reopened in April after 5,000 sleepers were replaced.

V/Line has taken significant steps forward in its modernisation program over the past 12 months, with the organisation continuing to upgrade legacy systems to improve operations. We have embarked on an ambitious program of business transformation covering a range of performance improvement and modernisation initiatives including a clear focus on fostering a diverse and inclusive workforce.

A dedicated team is focused on achieving global quality standard ISO 55001 asset management certification and this will continue to be a focus in the coming years.

V/Line and the Rail, Tram and Bus Union ended the financial year on the cusp of new Enterprise Agreements, which will be implemented in 2020-21.

One of our key priorities is the continued rollout of our cultural program across the organisation. V/Line's Culture Council focuses on six key areas of diversity, including Aboriginal and/or Torres Strait Islander people, gender, culturally and linguistically diverse, LGBTIQ+ and people with disability.

Our concerted focus on diversity has seen the percentage of females working at V/Line increase to 21.4 per cent in 2019-20 and 36.9 per cent for women in leadership positions.

We would like to thank outgoing Chair Jeroen Weimar for his leadership and advocacy of V/Line at a time of significant growth and change for the organisation. We remain profoundly saddened by the death of our long-serving Deputy Chair, Craig Cook, in September 2020. Craig's contribution to the Board was significant. His passion for V/Line and commitment to public service will be greatly missed.

Our thanks are also extended to outgoing directors John Donovan and Kay Macaulay for their hard work and commitment during their time on the V/Line Board. We would also like to extend our personal thanks to John Gibbins, who previously held the role of Independent Chair and then as a member of the Audit, Finance & Risk Committee.

We welcome new directors Kevin McLaine, Liz Roadley and Tom Sargant, who have made a valuable contribution since joining.

Our sincere appreciation is extended to the whole V/Line team for their continued dedication to deliver such an important service to the people of Victoria, as well as their resilience during some of the more challenging times this year.

There are a lot of positives to take away from the past 12 months and at the same time, we acknowledge there is still room for improvement. We look forward to V/Line building on this year's achievements in the year ahead and continuing to play a critical role in the communities that we serve, to ensure a connected and prosperous regional Victoria now and into the future.

Gabrielle M Bell

Gabrielle Bell, *Chair*

Gary Liddle, *Acting Chief Executive Officer*

Manner of Establishment and Responsible Ministers

This is the annual report of V/Line Corporation (V/Line).

V/Line is governed by the *Transport Integration Act 2010*, which sets out its objectives and functions, and the *State Owned Enterprises Act 1992*. It operates as a not-for-profit corporation. V/Line is responsible to the Victorian Minister for Public Transport and the Victorian Treasurer.

This report provides a summary of our key activities and financial performance for the period 1 July 2019 to 30 June 2020.

Department of Transport

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

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

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

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

V/Line Corporation and V/Line Pty Ltd

V/Line was established as a statutory corporation in 2003 and continues under the Transport Integration Act. On 14 October 2008, V/Line was declared a state business corporation pursuant to the State Owned Enterprises Act.

V/Line has an independent Board appointed in accordance with the Transport Integration Act and the State Owned Enterprises Act.

On 19 August 2019, V/Line appointed a liquidator to undertake a member's voluntary liquidation of V/Line Pty Ltd, its wholly owned subsidiary. This was after all the employees, assets, rights and liabilities were transferred from V/Line Pty Ltd to V/Line on 17 February 2018 in accordance with the *Transport Integration Amendment (Head, Transport for Victoria and Other Governance Reforms) Act 2017* and Ministerial approval. V/Line Pty Ltd was deregistered on 8 April 2020.

No shares are held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.

Nature and Range of Services Provided

V/Line's Role

V/Line is an operating agency as part of Victoria's integrated transport portfolio, delivering services under a Partnership Agreement with the Department of Transport (DoT) (and other key contracts).

V/Line is:

- an accredited operator of passenger services including rail and coach
- a freight access provider
- a maintainer of railway infrastructure and rolling stock
- a key contributor towards Victoria's large infrastructure projects and a project deliverer when engaged to do so.

About V/Line – Service Provided

V/Line has provided public transport services to regional Victoria for more than 30 years.

Each week, V/Line schedules more than 2,000 train services between Melbourne and:

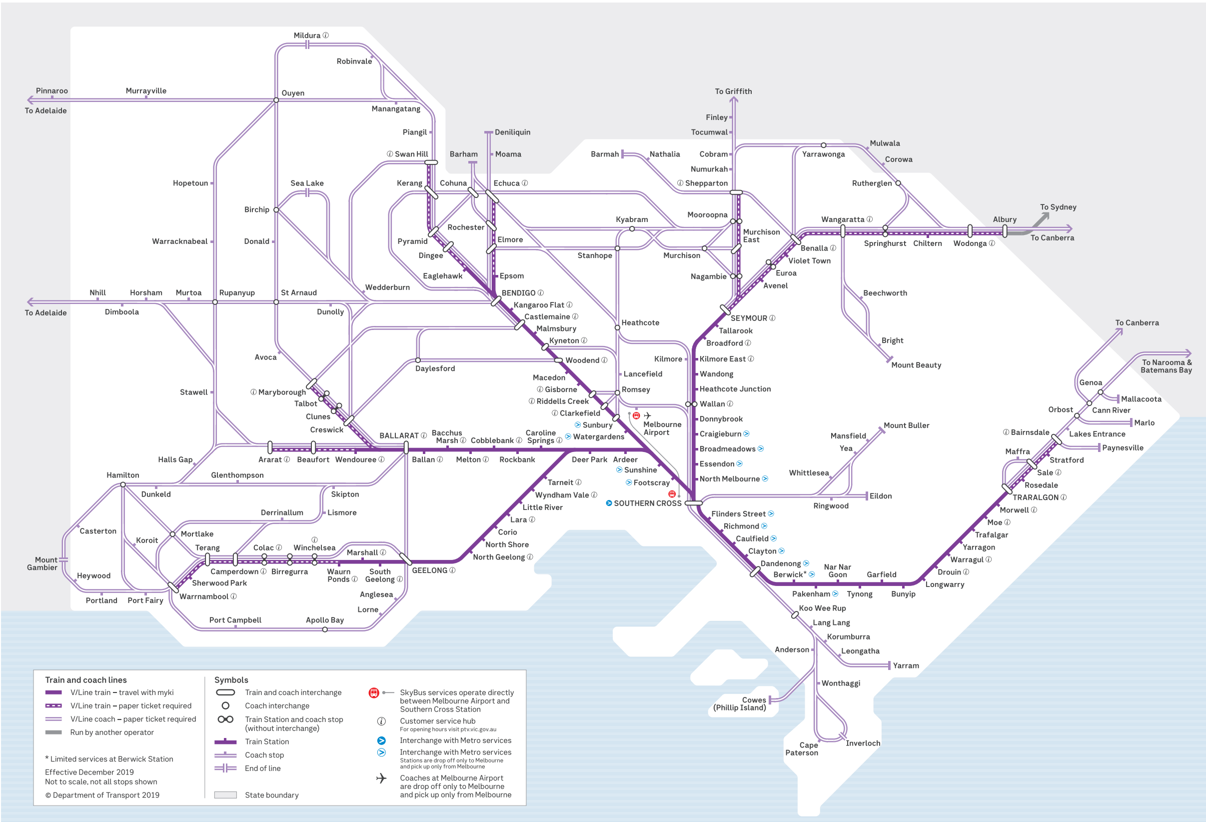
- Geelong and Warrnambool
- Ballarat, Maryborough and Ararat
- Bendigo, Swan Hill and Echuca
- Seymour, Shepparton and Albury
- Traralgon, Sale and Bairnsdale.

More than 1,480 V/Line-branded coach services connect with the rail network and serve regional Victorian communities. Some of our coach services also link Victoria with South Australia, New South Wales and the Australian Capital Territory. Private sector operators provide all V/Line-branded coach services under the management of V/Line.

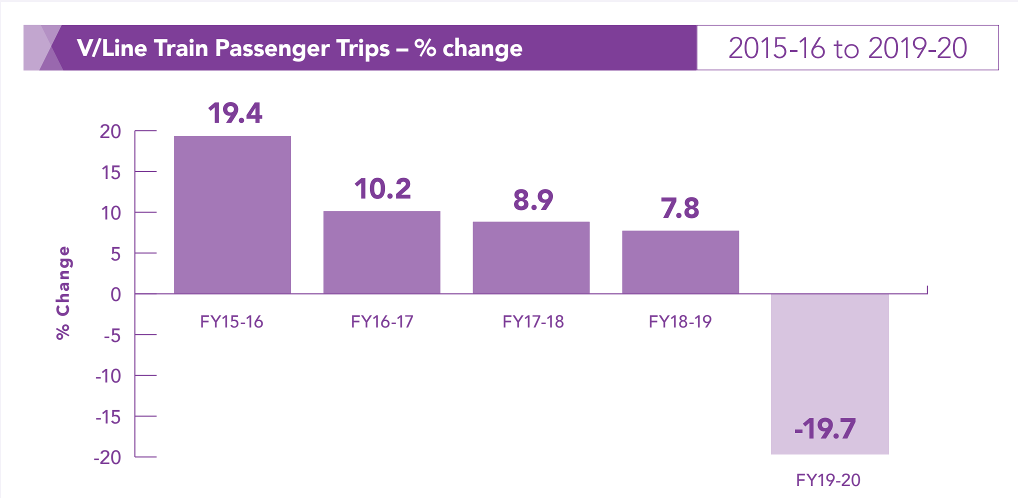
As well as being a public transport operator, V/Line also leases, provides access to and maintains over 3,520 kilometres of rail track used by passengers and freight rail operators.

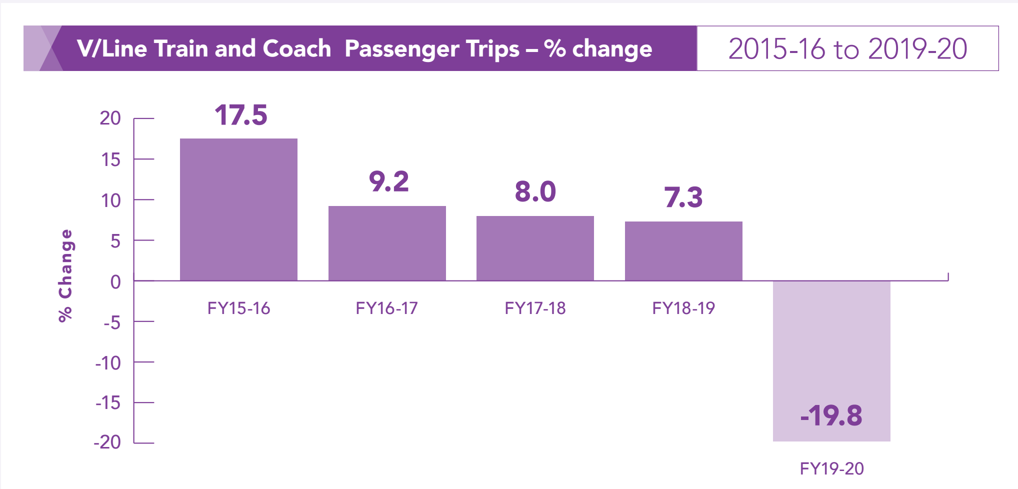
V/Line is a major employer with a workforce of 2,253 people as at 30 June 2020 including many who live and work in regional Victoria.

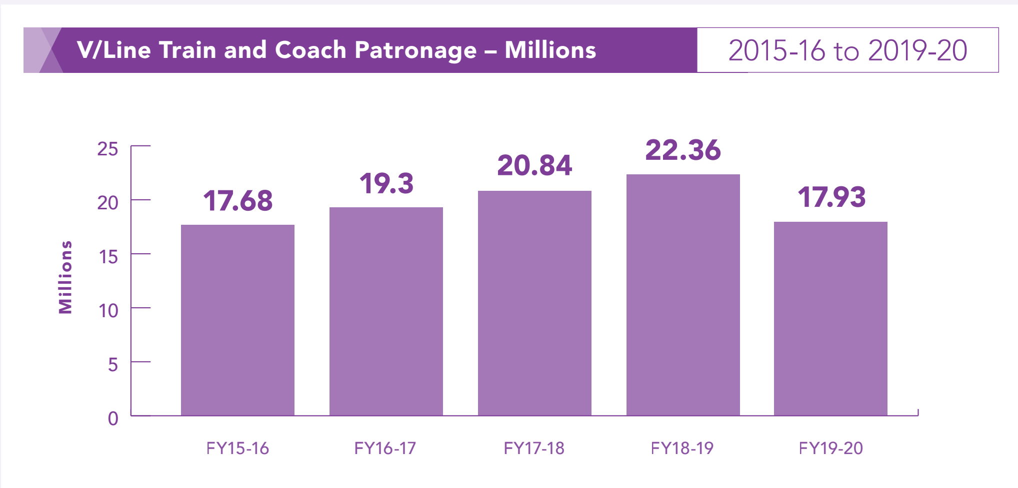
Passenger Network Map



Patronage



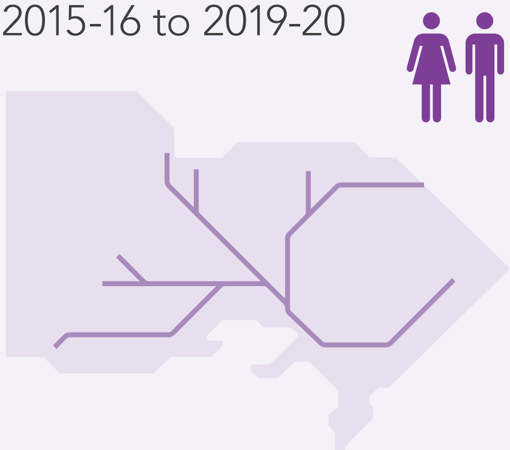




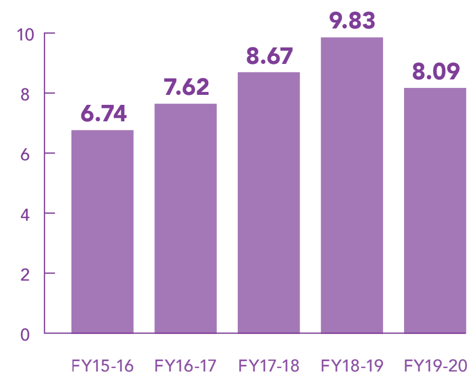
Note: FY19-20 patronage impacted by coronavirus (COVID-19) restrictions.

Rail Patronage by Line – Millions

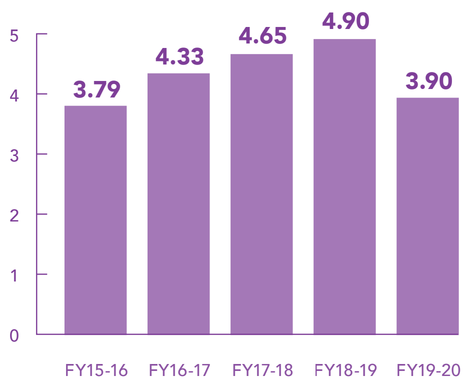
2015-16 to 2019-20



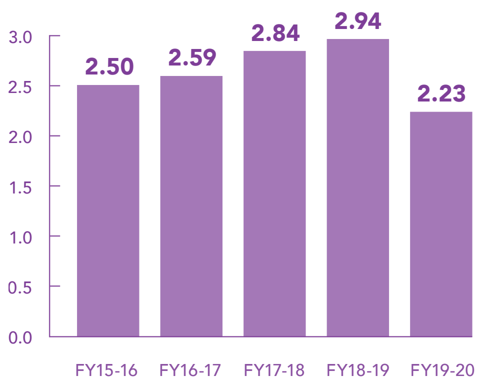
GEELONG



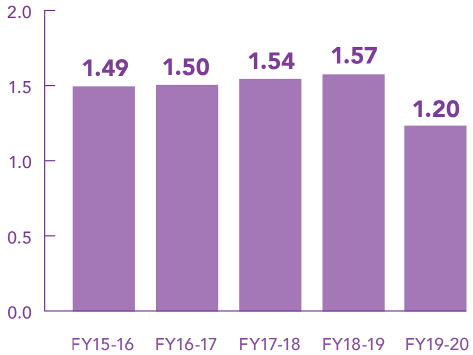
BALLARAT



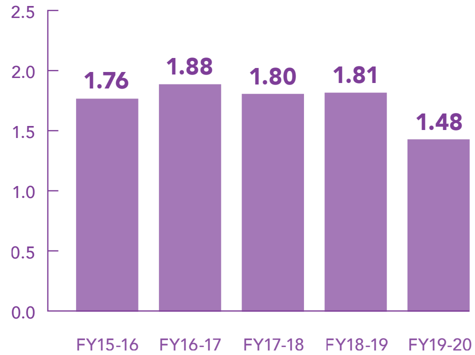
BENDIGO



SEYMOUR



TRARALGON



Performance Overview

Facts And Figures

	FY 19-20	FY 18-19
Total customer trips (rail and coach)	17,933,668	22,360,928
Rail passenger trips	16,900,133	21,043,314
Coach passenger trips	1,033,535	1,317,614
Stations		
Total number of stations	95	94
Customers		
Overall customer satisfaction – trains	77.3	74.9
Overall customer satisfaction – coaches	83.9	82.3
Number of customer information enquiries	198,771	247,134
Number of feedback cases	11,824	16,998
Number of on-train consultation sessions with passengers	2	5
Compulsory compensation paid to passengers for V/Line not meeting on-time targets (complimentary ticket value)	$147,094	$237,706
Farebox revenue	$76.0 million	$102.9 million
Farebox (per cent breakdown)	72 per cent full fare	64 per cent full fare
	28 per cent concession	36 per cent concession
Finance		
Total income	$1.0 billion	$0.9 billion
Total expenses	$0.9 billion	$1.0 billion
Income tax benefits/(expenses)	$1.3 million	($1.7) million
Net result #	$14.3 million	($30.4) million

Includes tax, realised gains/losses on financial instruments and discounting movement in leave provisions.

Employees		
Full-time staff	2,100	1,901
Total staff	2,253	2,190

Facts And Figures

Fleet

	FY 19-20	FY 18-19
VLocity carriages*	264	237
Locomotives	33	33
Loco-hauled carriages	133	133
Sprinters (single unit)	21	21

* VLocity Units VL80 to VL88 (27 carriages) have only been provisionally accepted and are not yet in revenue service.

Health, Safety and Environment

	FY 19-20	FY 18-19
SIFR (Serious Injury Frequency Rate) = LTI (Lost Time Injury) and MTI (Medically Treated Injury) per million hours worked	26.65	18.96
Signals passed at danger (SPAD) per million km (Human Factors + Technical)	3.18	2.55
Signals passed at danger (SPAD) per million km (Human Factors only)	1.79	0.85
Emissions Intensity – tonnes per 1000 passenger kilometre (tCO2-e/1000 Pass km)	0.13†	0.07†

† Emission results are based on the most current data available at the time of reporting (previous data is updated as a result).

Service Delivery

	FY 19-20	FY 18-19
Reliability overall (commuter and long-distance services, average monthly performance)	95.6	96.4
Reliability – commuter	95.4	96.1
Reliability – long-distance	96.4	98.2
Punctuality – commuter (on time to five minutes)	89.8	87.2
Punctuality – long-distance (on time to 10 minutes)	84.2	84.3
Number of services – commuter	79,179	76,869
Number of services – long-distance	14,773	14,099
Number of services that left on time from originating station	79,258	78,511

Performance Reporting (Non-Financial) – achievements, operational performance and key initiatives

Operations

The Operations team makes up an important part of V/Line, focusing on customer experience, operational performance and transformation, train services, network services and security and resilience.

Coronavirus (COVID-19)

During the coronavirus (COVID-19) pandemic, V/Line has continued to provide an essential service to communities across the Victoria. A full train and coach timetable has continued to operate with additional cleaning and physical distancing measures in place to help ensure the safety of passengers and staff.

V/Line's Resilience team also formally established the Incident Management Team (IMT), to support the Crisis Management Team (CMT) during emergencies. The IMT played a key role in the organisation's response and management of the coronavirus (COVID-19) pandemic and restrictions, as well as providing support during days of industrial action and the bushfires in January.

As Victorians adhered to government advice to avoid non-essential travel to help control the spread of coronavirus (COVID-19), V/Line has closely monitored patronage levels to enable physical distancing and kept passengers up-to-date with important government health messages. Business continuity plans have been activated to ensure a focus on core V/Line activities.

Performance

Across the V/Line network over the past financial year, 88.9 per cent of services arrived at their destination on time compared with 86.8 per cent in 2018-19. The 2.1 per cent increase is due to a concerted focus on initiatives to lift performance, including the introduction of modernisation projects, timetable adjustments, station platform management, better coordination with metropolitan services, improvement and upgrade works and the safe removal of temporary speed restrictions.

V/Line achieved its highest on-time performance results in April, May and June, exceeding the 92 per cent punctuality target. Patronage was significantly down across those three months due to coronavirus (COVID-19) restrictions but the June punctuality result of 93.3 per cent was the highest result since 2007.

The top performing corridor for punctuality over the past 12 months was the south-west, with 92.8 per cent of 32,823 services arriving at their destination on time. The top performing line for punctuality over the past 12 months was the Swan Hill/Echuca line, with 94 per cent of services arriving at their destination on time in 2019/20. This was followed by the Shepparton line, which achieved a punctuality result of 93.3 per cent and the Geelong line with 93 per cent of services delivered on time.

For reliability over the past financial year, 95.6 per cent of scheduled services were delivered across the network compared with 96.4 per cent in 2018-19. Across the network, V/Line achieved the 96 per cent reliability target nine out of the past 12 months. The Swan Hill/Echuca and Bairnsdale lines achieved the highest reliability results across the 12 months, with 98.8 per cent of services being delivered. This was followed by the Ararat/Maryborough line, recording a reliability result of 97.8 per cent.

The development of the Enterprise Performance Improvement Plan was a focus for V/Line over the past 12 months. The plan ensures improvement initiatives and activities are entrenched across every part of the organisation and all staff members recognise their individual roles in improving performance.

Modernisation

A series of modernisation projects designed to ensure resilience and better staff accessibility were rolled out in 2019-20.

The existing LACRS and RAMS systems were outdated, difficult to use and limited in its functionality, so a system update to TrackR has meant staff now have improved access to up-to-date, real-time information of train services on their mobile devices.

This includes train consist and platform information to help better inform passengers. Conductors can also access their train preparation information online via the TrackR app instead of having to print documents. Version two of TrackR also saw the release of a new mobile app providing more information to staff, such as fuel readings and train stabling information.

The introduction of a bio-wash app has significantly improved the visibility and governance of this process. The management of vehicle washing is handled across multiple departments within V/Line, so the new application has provided a more streamlined approach.

Through the Performance Hub project, V/Line now has one central source of data to allow for improved accuracy, reporting and analytical capability. Previously the large number of data sources made it difficult to conduct detailed analysis and identify root causes of delays. This project will help improve timetable design processes and the management of delays and disruptions as well as V/Line's capacity to forecast future performance trends.

Service Delivery

The second phase of the Integrated Operations Centre (IOC) has now been rolled out across three key streams – train control, fleet control and customer control – to provide improved focus and expertise in each area. The three streams are led by a team of duty managers, who ensure collaborative, coordinated decision-making, particularly during disruptions.

Our Operations team

V/Line's Driver Training Plan continued to be a focus in 2019-20. The Operations team introduced a new Driver Training Manager and Practical Driver Training Manager role to support the training plan, which focuses on ensuring V/Line has enough train drivers to meet demand. V/Line has 400 full-time equivalent qualified drivers and 71 drivers in training. The plan has resulted in an increase in qualified drivers to operate the current timetable, whilst also preparing for future timetables.

An expansion of the Authorised Officers Program and establishment of depots at Deer Park and Warragul were key priorities for V/Line over the past 12 months. Authorised Officers provide a strong visible presence on the regional network, acting as a deterrent to anti-social behaviour and criminal activity. The Deer Park depot is at the epicentre of V/Line's two busiest corridors, Geelong and Ballarat. The Authorised Officers also provide support during disruptions – and being regionally based, they help shorten V/Line's response times to incidents.

V/Line continued its rollout of Automatic External Defibrillators (AED) across the network over the past 12 months, installing these life-saving devices at all 47 V/Line staffed stations.

Customer service

Overall customer satisfaction with train services in 2019-20 was 77.3, up from 74.9 the previous year. There was also an uplift in customer satisfaction for coach services, which was 83.9 in 2019-20 compared with 82.3 in 2018-19.

The results reflect the considerable work undertaken in recent years on lifting the performance of the network, focussing on continuous improvement of punctuality and reliability and an improved overall customer experience.

Prior to coronavirus (COVID-19) travelling restrictions taking effect from the end of March, customer feedback had reduced 26 per cent compared to the same period last financial year due to improved network wide train performance results. As patronage decreased from March 2020 as a result of state wide travel restrictions, V/Line experienced monthly record lows of customer feedback cases.

V/Line was awarded the Customer Service Team of the Year – Service Champion at the 2019 Customer Service Institute of Australia awards for our introduction of a portable customer service desk at Southern Cross station.

Active platform management was again a focus in the past year. This ongoing initiative is aimed at improving interaction between staff and passengers at V/Line's busiest stations and to help ensure trains depart on time, particularly during peak periods.

The V/Line website and mobile app were updated with new features in 2019-20, giving passengers better access to information about upcoming services. The upgrade allows passengers to access the type of train and number of carriages on their service, along with the number of designated accessibility spaces and bike spaces. The app and journey planner also now feature improved messaging and live status updates, in addition to scheduled timetables. In addition, to support our customers having easily accessible information at Southern Cross station, we provided portable screens with platform and departure information.

V/Line finalised the development of a new three-year Accessibility Action Plan in 2019-20. The plan sets out initiatives that V/Line will undertake for improving travel and services for passengers with access needs.

Short term planning (STP)

V/Line's STP team continued to play a key role in the delivery of a large number of planned disruptions to support capital projects and in the coordination of additional services for special events in the past 12 months, including the V/Line Cup, AFL finals series and Spring Racing Carnival. V/Line provided critical support during the January bushfires, helping evacuate by coach those stranded in Mallacoota in the state's east.

Coach services

V/Line established a dedicated coach division in 2019-20 to centralise all coach management activities. Coach operator forums were held quarterly in 2019-20, with coach operators coming together from across the state. With one million trips recorded on V/Line coaches over the past 12 months, the group looked at the current coaching plan and identified opportunities to make improvements.

Asset Management

V/Line is responsible for managing and maintaining more than 3,500 kilometres of track and 191 yards and railway sidings across the state. V/Line's Asset Management team works closely with the Program and Delivery team, to plan and deliver important maintenance and renewal works across both the passenger and freight networks.

Maintenance and renewal works

V/Line has delivered $103 million in improvements and maintenance works across the rail network over the past financial year. The careful planning and scoping of the Annual Works Program helps to ensure the ongoing upkeep of the rail network to ensure V/Line can continue to offer a safe, reliable and comfortable service to passengers.

To ensure this vital work could progress during the coronavirus (COVID-19) pandemic restrictions, V/Line has closely followed the Department of Health and Human Services (DHHS) guidelines on work sites.

V/Line has completed two significant sleeper replacement programs on the north and north-east lines in 2019-20. Crews replaced more than 37,000 timber sleepers on the Seymour and Shepparton lines with concrete sleepers. A crew of 50 worked through the night in 10-day blocks, to help minimise the disruption to passenger services.

Crews then moved to the Bendigo line, replacing 48,000 sleepers between January and May. The $16.1 million program of works involved replacing timber sleepers with concrete in the section of track between Sunbury and Bendigo. The project was completed ahead of schedule, with crews working through the night in 10-day blocks.

Due to completing the Bendigo line early, the sleeper replacement program for the Warrnambool line was brought forward. In June, crews started work to replace more than 27,000 timber sleepers with concrete between Colac and Waurn Ponds. More than 50 V/Line staff and contractors are involved in the $8.1 million program.

V/Line crews also powered through maintenance and renewal works across all five corridors on the regional network over the past 12 months, including during coronavirus (COVID-19) restrictions period. In March, a crew of more than 200 worked around the clock to complete improvements on the Seymour and Shepparton lines. The maintenance and renewal works took place between Donnybrook and Shepparton with an extensive mud hole removal program included in the package of works.

V/Line crews were out in force on the Geelong and Warrnambool lines at the end of March and early April, to complete important maintenance and improvement works on the south-west corridor. A crew of more than 200 worked through the night to complete the works package, which included renewing the surfaces of bridges, replacing culverts, improving signal equipment and track surfaces, as well as mud hole removal. The maintenance works coincided with final construction on the new train stabling facility at Wyndham Vale.

In April, crews completed important maintenance and renewal works on the Ballarat, Ararat and Maryborough lines. The works included repairs to the Toolern Creek rail bridge and the installation of new culverts, which allow for water to pass under the tracks.

V/Line crews also completed maintenance and renewal works on the northern corridor at the end of June. The upgrades included works to bridges and culverts, including the Campaspe River Bridge in Rochester and mud hole removal along the length of the Bendigo line.

As part of the Gippsland Line Upgrade in January, V/Line took the opportunity to complete maintenance works as construction continued on the new Avon River Bridge. A comprehensive program of vegetation management has allowed for the safe removal of temporary speed restrictions along sections of the line.

To help minimise disruption to passenger services, the night works program continued across all five corridors in 2019-20. V/Line increased its full-time night-shift workforce to more than 30 over the past 12 months.

These workers carry out track works and signal maintenance.

The safe reduction in temporary speed restrictions continues to be a key focus for V/Line. The removal of these restrictions helps to ensure trains can run at full line speed, thereby helping to drive better performance.

The improved management of heat speed restrictions on the rail network has also continued to be a key focus over the past 12 months. A lot of work goes into planning and preparing for the summer months to minimise the impact of heat speed restrictions. Despite several days of extreme heat, particularly during December 2019, there was no loss of track alignment reported for the entire network during the 2019-20 summer period.

V/Line continues to undertake it's vegetation management plan and fire prevention plan.

V/Line commenced an Early Work Night Occupations (EWNO) program from February 2019 and crews completed more evening works than ever before across all five corridors during the 2019-20 financial year.

This has drastically reduced the disruption to passenger services during busier times on the network and we have significantly improved our Technical Maintenance Plan (TMP) compliance to above 98 per cent on a regular basis. Working at night is also safer for maintenance staff because it removes the need to do this kind of maintenance while trains are operating during the day, especially on the busiest corridors.

Track geometry has improved year-on-year and there has been fewer speed restrictions imposed on V/Line's busiest corridors. The EWNO program has allowed for improved tamping plans and targeted areas of concern, with more than 20 kilometres of mud holes removed, mainly on the Geelong, Gippsland, Seymour and Bendigo lines.

The night works program is set to continue across the next 12 months.

Fleet

V/Line has intensified its cleaning of trains during the coronavirus (COVID-19) pandemic, with all carriages undergoing nightly sanitation and all touch surfaces wiped down. An extensive bio-wash program is also a focus. A new bio-wash to be built in Bendigo will provide a second facility.

Over the past 12 months, all 21 Sprinters in V/Line's classic fleet have undergone a six-month interior refresh program. The refresh includes new and improved lighting, updated seating with new cushions and fabric, new carpet and a new Passenger Information Display system, improving the comfort and travel experience for passengers.

V/Line's fleet is made up of VLocity and classic fleet trains and the future operation of the fleet is a vital consideration for the organisation. In 2019-20, V/Line prepared a fleet strategy to ensure the long-term viability of its train fleet.

The nine three-carriage VLocity trains that made up the 2017-18 order from the Victorian Government were under construction during 2019-20. All the new VLocity trains include quiet carriages, two onboard toilets (one accessible), space for up to six bicycles and mobile signal boosters, delivering improved mobile coverage for passengers. The new trains feature seating for 222 passengers in each train, with tray tables available on more seats than previous VLocity models. The trains are being manufactured at Bombardier's Dandenong factory and are set to be progressively rolled out onto the V/Line network in 2020-21 following the completion of construction and a comprehensive testing program.V/Line has played a key role in planning and design of new standard gauge VLocity trains for the north-east line, as well as exploring options for stabling facilities. Final designs for the new, more comfortable and more reliable VLocity trains were released in April. This followed significant consultation between V/Line and the DoT and key regional stakeholders regarding their views on what is needed for long-haul journeys.

Feedback from these sessions has been used to design modern, comfortable train interiors that are accessible and meet the needs of Albury line passengers. The trains will be the first VLocity trains to run on standard gauge tracks in Victoria.

Freight

Freight makes up an important part of the V/Line network and we work closely with DoT, Freight Victoria, operators, cargo owners and other stakeholders to help improve the efficiency of rail freight operations across the state.

V/Line appointed a dedicated General Manager Freight at the end of 2018 and a key focus has been to ensure direct and regular communication with freight operators, cargo owners and all related stakeholders. This includes providing updates about planning and delivery of network upgrades, essential maintenance corridors, level crossing upgrades and possible closures, changes to network pathing arrangements and any new business.

In April, freight trains returned to the Rainbow-Dimboola line following a program of works to improve the condition of the tracks. A team of more than 20 V/Line workers spent several weeks replacing more than 5,000 sleepers along the 66 kilometre section of track, in addition to other track maintenance. The freight line is used to transport grain from Rainbow to Dimboola and then onto the wider freight network via the ARTC line between Ararat, Geelong and New South Wales. Following the completion of the works, V/Line worked closely with freight operators to safely facilitate the return of freight trains on the line.

V/Line also completed a significant package of improvement works on the Manangatang freight line last year. Crews completed the installation of more than 53,000 new sleepers along the line making it safer and more efficient for trains to carry hay, flour, grain and other agricultural products to port. More than 100 workers were involved in the project, which involved extracting old sleepers, improving the track structure, renewing level crossings and installing new sleepers over a 90-kilometre section of track between Lalbert and Manangatang.

Freight tonnages increased during the last financial year mainly due to the introduction of new regular services to Ultima and additional services to Merbein. Grain services to the ports of Melbourne and Geelong were forecast to be high, but due to the lack of grain in NSW as a consequence of drought, the market chose to send the majority of export grain to NSW on the ARTC Network.

Throughout the year we have addressed key pinch-points in the freight network and consulted with our freight stakeholder community to deliver efficient capability across the network. Some corridors have freight moving on them nearly every day, such as the Warrnambool line with the WestVic train, the Maryvale paper train that carries 40 heavy 40 foot containers to the Port of Melbourne six days per week, the 1,200m Seaway train that travels from Melbourne to Mildura and the Kilmore East Quarry train. Grain continues to move to the ports of Geelong and Melbourne throughout the year on the standard gauge and broad gauge corridors.

This year over 30 trains shifted over 100,000 tonnes of grain from Rainbow to the Port of Geelong after the line had been closed and unused for over 12 months. The year ahead will see the continuation of the container freight and regular services, plus the expectation from the grain industry of more than 7 million tonnes of grain to be exported through the ports of Geelong, Melbourne and Portland.

Program and Delivery

V/Line's Program and Delivery team is responsible for delivering major projects across the rail network. The team has continued to work during the coronavirus (COVID-19) pandemic in line with all public health guidelines, ensuring that vital works have continued to progress despite the challenges.

Annual Works Program

The Program and Delivery team has managed the delivery of $86 million in improvements across the network in 2019-20, as part of the $103 million Annual Works Program. Much of this program involved the previously mentioned sleeper replacement and asset maintenance work across vast sections of the network.

In May, V/Line crews completed the installation of an automated signalling system in Morwell to help freight trains from the Maryvale paper mill connect with the main Gippsland line. The Maryvale paper train is one of the most utilised freight services in Victoria and these upgrades replace manual processes to help ensure trains can better integrate with the rest of the network.

Regional Rail Revival Program and major transport projects

V/Line works closely with RPV to deliver the Victorian and Federal Government's investment of more than $2 billion into the RRR Program. The program is upgrading every passenger train line across regional Victoria and V/Line has been contracted to deliver several key projects, as well as work closely with interface teams to oversee the staged delivery of other upgrades and improvements.

As part of the $114 million Warrnambool Line Upgrade, construction is underway to upgrade 12 level crossings along the line. V/Line has been contracted by RPV to install boom gates, bells, flashing lights and improved train detection technology at crossings from Hunts Road in Moriac to Station Road in Garvoc. The level crossing upgrades at Ayreys Reserve Road in Birregurra, Swan Marsh-Stonyford Road in Swan Marsh, Deans Creek Road in Colac and Station Road in Garvoc have been completed, with work on the remaining eight upgrades continuing in 2020. Construction on the level crossing upgrades began in January 2020 and will make the Warrnambool line safer for motorists, pedestrians and train passengers.

On the south-west corridor, work is also underway on stage one of the $160 million investment in the Geelong line. The first stage involves an upgrade of Waurn Ponds station, where construction began in late June. The station upgrade is targeted for completion in late 2021, while planning and development work is underway for the South Geelong to Waurn Ponds Duplication.

The Gippsland line received a much-needed resilience boost this year, thanks to drainage upgrades delivered by V/Line as part of the half-a-billion-dollar Gippsland Line Upgrade. V/Line crews worked to replace and renew drainage pipes at fifteen locations beneath the rail line between Morwell and Bairnsdale. More than 70 V/Line staff and contractors were involved in the works, which will help improve the resilience of the line.

RPV also commenced construction of the new rail bridge over the Avon River in Stratford in 2019-20, as part of the Gippsland Line Upgrade. A contractor was appointed to design and construct the new bridge and works commenced in November 2019. The project is expected to be completed in early 2021 and will enable V/Line trains to travel up to 90km/h, improving reliability for passengers.

Construction is continuing on the Ararat train stabling upgrade, which will double the capacity of the existing stabling facility, enabling an extra weekday passenger service to Ararat. The upgrade includes the installation of 115 metres of track, building 75 metres of security fencing, lighting and electrical works, and installing 500 metres of asphalt for paths.

Work on the half-a-billion-dollar Ballarat Line Upgrade also progressed significantly in 2019-20. The project has delivered a new station at Cobblebank and major station upgrades at Rockbank, Ballan, Bacchus Marsh and Wendouree. V/Line trains are now using the 18 kilometres of track duplication between Melton and Deer Park West, which has enabled two new peak services – one in the morning and one in the afternoon – for passengers between Melton and Southern Cross station.

As part of the project's construction alliance, V/Line completed and commissioned the new Maddingley stabling facility, which was a major milestone for the project. Following commissioning of the new infrastructure, safety checks and driver training, V/Line trains will run every 40 minutes in the off-peak to service the growing communities in Melbourne's outer west and Ballarat.

Upgrades to Donnybrook and Wallan stations took place as part of the RRR Program on the Seymour line. Construction on the city-bound platform extensions at both stations was completed in December. The newly-extended platforms make it quicker for V/Line passengers to get on and off the train, reducing the amount of time trains need to stop and providing a more reliable journey for passengers.

A new car park at Donnybrook station was completed in April, with 150 additional car parking spaces, including accessible parking, as well as CCTV and lighting for increased security. The station's existing car park was also upgraded to include a drop-off zone, taxi rank and new bus interchange. Wallan passengers are also enjoying better access around the station as a result of car park upgrades and a new bus interchange completed in December.

The new Wyndham Vale stabling yard is now operational after construction was completed in April. The Level Crossing Removal Project (LXRP) was responsible for overseeing the project, which involved construction of a stabling yard, driver facilities and a bypass track connected to the Geelong line, allowing trains to access the facility without delaying passenger services. Driver training was completed prior to the opening of the stabling facility.

The Safer Country Crossing Program and the Statewide Railway Crossing Upgrade Program has seen upgrades to six level crossings delivered by V/Line across the state, significantly improving safety for trains, vehicles and pedestrians at critical locations. These upgrades have also resulted in the safe removal of temporary speed restrictions at the crossings, improving the performance of trains travelling through these sections of track.

V/Line continues to support the $235 million North East Line Upgrade and works on this important project have progressed in 2019-20. As part of the RRR Program, the ARTC is delivering the upgrades to the north-east line and V/Line continues to provide technical advice and assistance as part of the project.

V/Line continues to support major transport projects across Victoria, including the Level Crossing Removal Project, Metro Tunnel Project, Western Rail Plan and Melbourne Airport Rail. The Victorian Government's Building Works package, announced in May, will provide $2.7 billion towards shovel-ready projects across the state.

Network Development and Integration

The Network Development and Integration team provides advice within V/Line and externally about the future strategic direction of the regional rail network. The team is charged with setting V/Line's long-term operational direction, specifically supporting all significant projects and initiatives by providing a longer-term strategic lens for decision-making. The past 12 months has seen this team involved in developing numerous business cases, providing operational analysis and modelling, leading timetable change programs and contributing to major public transport plans and projects and local precinct development plans.

V/Line introduced a new timetable for the Ballarat line in December 2019, providing two additional peak services each day between Melton and Southern Cross station. The timetable change coincided with the opening of Cobblebank station, delivered as part of the half-a-billion-dollar Ballarat Line Upgrade. Cobblebank station is serviced by 285 trains each week. Once the Ballarat Line Upgrade project is completed, passengers will benefit from more peak services and trains every 40 minutes in the off-peak.

V/Line continues its strategic involvement in major Victorian and Federal Government projects through modelling service plans, mapping out infrastructure requirements and planning disruption management and driver training requirements.

Corporate

A key priority for V/Line in 2019-20 has been to plan and coordinate the development of a strategy for a long-term sustainable funding model for the organisation.

In the State Budget handed down in May 2019, funding for the Regional Rail Sustainability Program was allocated to DoT, to lead a project to develop recommendations for a long-term funding model. Over the past 12 months, V/Line has been working closely with DoT to develop this model, which focuses on positioning the organisation to cater for future growth in patronage and demand for services, as well as continuing to improve performance and modernise operations.

Community partnerships

V/Line offers train and coach services across all parts of the state so it's important we support the communities that support us. Over the past 12 months, our commitment to supporting communities has included strengthening existing partnerships, whilst also looking to create new opportunities.

The summer bushfires had a devastating impact on regional communities this year and V/Line offered as much help as possible. Our support included:

- sourcing a fleet of 40 coaches to support the evacuation of around 1,500 people and pets from the coast at Mallacoota
- donating more than $5,000 to the CFA from uncollected money found and logged in the lost property database
- providing free travel to families whose partners were helping out with the bushfire crisis and were away from home
- raising money through fundraising activities within the organisation
- collecting donations through Salvation Army tins distributed across the network
- donating family travel vouchers to the High Country Comeback Event to promote tourism in the north-east
- hosting a sausage sizzle fundraiser at Seymour station for the community to help raise money for the Bushfire Appeal
- donating additional Christmas hampers to Foodbank.

V/Line continues its long-standing partnership with the AFL, sponsoring the V/Line Cup and V/Line Umpire Academies to support the development of junior footballers and umpires. In 2016, the partnership was extended to include the Youth Girls competition, which is played at the same time as the V/Line Cup.

More than 550 young people from across regional Victoria participated in the 2019 V/Line Cup, held in Shepparton. The under-16 competition is an opportunity for young people to play at the highest level. The week-long tournament generated $2.23 million in economic benefit for the City of Greater Shepparton region and in 2020, there were 15 V/Line Cup alumni drafted to the AFL.

V/Line has supported the Doxa Youth Foundation since 1976 by providing free travel for disadvantaged and low-socioeconomic schools to attend Doxa camps in Malmsbury and Melbourne. More than 1,300 students from around 50 schools were supported with free travel to attend Doxa camps in 2019-20. Due to the coronavirus (COVID-19) pandemic restrictions, many camps were postponed midway through term one and cancelled for term two, but V/Line is working closely with the foundation to ensure this long-standing partnership continues into the future.

V/Line also supports the Doxa Cadetship Program to assist young people from socially and financially disadvantaged backgrounds, providing them the opportunity to complete a cadetship at V/Line. There are currently five Doxa cadets being mentored and options are being explored for a possible expansion of the program, given its success to date.

Since 2014, V/Line has supported the Beacon Foundation's Work Readiness Program by sponsoring sessions across regional Victoria. The sessions are designed to prepare and motivate students for a successful transition from education to employment. From July 2019 to December 2019, more than 45 V/Line staff and 160 regional students participated in the work readiness sessions.

Due to the coronavirus (COVID-19) pandemic, sessions for 2020 were postponed and V/Line has been exploring online options for staff to mentor students remotely.

In partnership with Keep Victoria Beautiful, the Stationeers Program continued to support beautification activities at 37 V/Line railway stations. V/Line has been supporting the volunteer program since 2005.

V/Line continues its long-standing partnership with Travellers Aid Australia by supporting volunteer programs, training, travel support and promotional activities. The partnership helps to ensure Travellers Aid volunteers are on hand to help passengers with their travel needs at Southern Cross, Flinders Street and Seymour stations.

V/Line worked with Djerriwarrh Health Services to support the design and installation of a community sign at Rockbank station featuring Indigenous art designed by a local Aboriginal Elder. The local community sees the sign as a pathway to uniting people from surrounding areas.

The Midsumma Festival and Pride March in St Kilda in February saw more than 50 V/Line staff and their families and friends marching to show support for the LGBTIQ+ community in Victoria. V/Line was also a Major Transport Sponsor for the Daylesford ChillOut Festival, which celebrates the LGBTIQ+ community in regional Victoria. Free coach services to and from the festival were provided from Woodend station and staff hosted a festival stall as well as participating in a V/Line contingent in the Pride March.

V/Line's support for regional Victorian communities continues to grow and strengthen each year. This is something we're very proud of and passionate about. While some community events and initiatives were unable to go ahead due to the coronavirus (COVID-19) pandemic and restrictions in 2020, V/Line continues to look for ways to offer our support during these challenging times.

Victorian Rail Network Map

Performance Reporting – Financial

V/Line five year financial summary ($'000)

Five year financial summary	2019-20	2018-19	2017-18	2016-17	2015-16
Income from government	845,419	749,942	898,880	624,880	521,584
Total income from transactions	950,768	931,822	1,069,907	778,628	675,142
Total expenses from transactions	931,469	962,053	1,075,631	780,757	700,727
Net result from transactions*	19,299	(30,231)	(5,724)	(2,129)	(25,585)
Net cash flow from operating activities	36,673	(41,675)	81,762	3,397	11,270
Total assets	302,953	210,268	333,041	219,912	230,394
Total liabilities	252,333	176,920	265,465	157,478	164,448

* Excludes tax, realised gains/losses on financial instruments and discounting movement in leave provisions.

V/Line experienced a number of financial pressures during 2019-20 with the introduction of coronavirus (COVID-19) physical distancing measures resulting in a significant decline in farebox revenue from mid-March 2020. Operational costs were also affected by a number of one-off events including the XPT Sydney-Melbourne passenger train derailment on the north-east line and industrial action during the renegotiation of enterprise agreements.

Due to financial support from government and with strong management of operating costs, V/Line finished the financial year in a sound financial position, with Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and cash reserves all above levels in the prior year.

The net result from transactions, a profit of $19.3 million, was ahead of the prior year due to an increase in government funding for operational activities and strong cost management within V/Line which benefited the Operating EBITDA result.

The net cash inflow from operating activities was $36.7 million in 2019-20, compared to a net cash outflow of $41.7 million in 2018-19. The cash inflow in 2019-20 reflects the positive Operating EBITDA result and V/Line's management of working capital levels. Overall cash held by V/Line increased from $7.0 million to a closing balance of $16.6 million.

Total Assets of $303.0 million have increased by $94.7 million on 2018-19 levels. The increase has been driven primarily by the introduction of the new lease accounting standard in 2019-20 which resulted in the recognition of right of use assets valued at $51.5 million, higher receivables of $24.6 million associated with project activity, and an increase in cash of $9.6 million. Total liabilities of $252.3 million have increased by $75.4 million on the prior year. The new leasing standard has also led to the recognition of right of use liabilities of $52.7 million, and V/Line received a $20 million short term cash advance through DoT to support our participation in the State Government's fast tracking of supplier payments initiative as a result of the coronavirus (COVID-19) pandemic. This advance is repayable in 2020-21.

Section 2

Governance and organisational structure

Organisation structure and corporate governance arrangements

Leadership team as at 30 June 2020

V/Line Board

Chief Executive Officer
James Pinder*

EGM Operations
Paul D'Alessio

EGM Corporate Governance
Rebecca Northeast

EGM Asset Management
Alex Panayi

CFO Business Services
Albert Giorgini

EGM Program and Delivery
Colin Taylor

EGM People
Elaine Seckold

EGM Network Development and Integration
Jonathan McKeown

EGM Corporate Planning and Risk
Brendan Geary

EGM Health, Safety and Environment
Dean Matthews

EGM Corporate Affairs
Daniel Hoare

* James Pinder ceased as CEO on 29 October 2020. Gary Liddle commenced as Acting CEO on 27 August 2020.

Leadership functions

Operations

Consists of fleet network and train control, short term operational planning, train services (drivers and conductors), customer station operations, customer experience and feedback, scheduled and unscheduled coach services, security, revenue protection, lead crisis, incident and emergency management and business continuity planning.

Asset Management

Maintains and provides access to rail track and infrastructure (from signalling to station and depot buildings) and rolling stock including planning maintenance, renewal and construction activities to optimise whole of life cost of assets and to meet asset availability targets.

Program and Delivery

Program and project management for both infrastructure and rolling stock projects. Construction and commissioning of works as required for Annual Works Plan and State Projects.

Network Development and Integration

V/Line operations long-term planning, participation in DoT strategy and planning, and master timetable development.

Health, Safety and Environment

Rail safety accreditation, integrated safety management system, occupational health and safety and environmental management.

Corporate Governance

Board governance, secretariat to the Board, legal counsel, insurance and integrity.

Business Services

Finance and accounting, procurement services, payroll and ICT.

People

Culture change and leadership, learning and capability including providing accredited training, workplace relations and recruitment.

Corporate Planning and Risk

Corporate strategy and planning, risk assurance and audit, DoT contract management and reporting, information management and enterprise project management office.

Corporate Affairs

Ministerial liaison, internal and inter-agency communications and stakeholder management.

Board role

The Board has overall responsibility for the corporate governance of V/Line. The Board has established protocols and procedures to ensure that corporate governance is maintained at the highest levels and the strategic direction and overall performance of the respective business entities can be developed and monitored diligently.

The roles and responsibilities of the Board are set out in the V/Line Board Charter. In accordance with this charter, the Board conducts a regular review of its performance and identifies areas for improvement.

Board composition

The directors of V/Line are appointed by the Governor-in-Council on recommendation of the Minister for Public Transport, made after consultation with the Treasurer.

Board of Directors (Directors during the period 1 July 2019 to 30 June 2020)

Gabrielle Bell – Chair

(appointed 1 September 2019)

(Director since 1 July 2015)

Gabrielle is a corporate lawyer with broad experience working in Australia and Southeast Asia. She is an experienced non-executive director and is also currently serving on the boards of South East Water Corporation, Aware Super Pty Ltd and InLife Independent Living Ltd.

During her legal career Gabrielle has specialised in general corporate advisory, including corporate governance, mergers and acquisitions and capital markets. She holds a Bachelor of Laws and Bachelor of Engineering (Chemical) from the University of Melbourne and is a graduate of the Australian Institute of Company Directors (AICD).

Craig Cook – Deputy Chair

(Since 1 July 2015)

Craig has over 15 years of experience in both government and publicly-listed boards including the boards of Goulburn-Murray Water, Rural Finance Corporation, VicSuper, VicSuper Ecosystem Services and the Port of Hastings Development Authority. He holds a Bachelor of Economics degree from Monash University.

Rachel Thomson – Director

(Since 1 July 2017)

Rachel has more than 20 years' experience working in Australia and internationally in senior roles in risk management and insurance. She is currently a Non-Executive Director of Central Highlands Water and an independent member of the Department of Environment, Land, Water and Planning's Risk and Audit Committee. Rachel's previous executive roles involved analysis of business strategy, financial performance, corporate governance processes and risk management of corporations in Australia and the United States.

Rachel holds a Bachelor of Science degree from the University of Melbourne and is a graduate of the AICD.

Kevin McLaine – Director

(Since 31 October 2019)

Kevin has over 20 years' experience in the Australian public company market, having held the Chief Financial Officer roles at Shomega Limited and CSG Limited. He is the former Chairman of PS&C Ltd, having also been the Managing Director and non-executive director. Kevin spent several years with GE Capital in Thailand as Managing Director of its commercial lending business. He has also been the general manager of a manufacturing facility.

Kevin holds a Bachelor of Business, is a Fellow of CPA Australia and is a member of the AICD.

Liz Roadley – Director

(Since 31 October 2019)

Liz worked as a senior executive and scientist in government and has over 20 years' experience consulting to government.

Liz holds a Bachelor of Applied Science, Master of Environmental Studies, Master of Editing and Publishing.

Tom Sargant – Director

(Since 31 October 2019)

Tom is a company director and a trusted advisor to governments nationally and internationally. He advises on commercial transactions relating to the construction, operation and maintenance of public transport systems and public transport safety regulation as well as major civil construction. He has been a company director of government bodies, listed companies, and not-for-profit entities.

In addition to being principal to a boutique consulting practice, he is the Pacific Representative for the Union Internationale Des Chemins de Fer (UIC), and holds an Honours Degree in civil engineering and a Masters Degree in business administration. He is a Charted Engineer, a Fellow of the AICD and Fellow of the Institution of Engineers Australia.

Jeroen Weimar – Director

(1 July 2018 to 31 August 2019)

Jeroen was Chair of the V/Line Board from 1 July 2018 to 31 August 2019. During this time, he provided oversight of V/Line's strategic direction and service delivery.

As Head of Transport Services for the DoT, until 14 July 2020, Jeroen also oversaw the management of Victoria's transport networks. Between 2016 and 2019, Jeroen was Chief Executive Officer for PTV; and was appointed Deputy Secretary – Transport Services following the establishment of the DoT in July 2019.

A graduate of the London School of Economics, Jeroen first began his career in management consulting, working with clients in the United Kingdom, Europe and the United States. He then held several high-profile roles over ten years with Transport for London (TfL) including Chief of Staff and Chief Operating Officer (Surface Transport). Following his time with TfL, Jeroen served as Managing Director, UK Transport for Serco Group plc, and then Chief Operating Officer – UK Bus at FirstGroup plc.

John Donovan – Director

(1 July 2015 to 30 October 2019)

John is the Managing Director of AFM Investment Partners, a director of a public hospital and a responsible manager of an Australian Financial Services Licence.

John is a former director of Gippsland Water and Adminpartners. He was a member of Trustee Australia's managed funds compliance committee. He is a Graduate Member of the AICD, a Senior Fellow of Finsia, a Fellow of the Australian Institute of Management, a Certified Practicing Marketer and Fellow of the Australian Marketing Institute and an associate member of the Australasian Investor Relations Association. He holds a Master of Public Relations.

Kay Macaulay – Director

(1 July 2015 to 30 October 2019)

Kay worked for the Australian Industry Group for 28 years in various roles including Regional Manager. She was responsible for working with local businesses, educational institutions and government to ensure a collaborative approach to the delivery of projects.

Kay has extensive experience in community and stakeholder engagement and has developed strong networks with many organisations. Kay is a former member of the Central Highlands Area Consultative Committee and the University of Ballarat (Federation University) Council. She also sat on the inaugural Grampians Regional Development Australia Committee. She has been a member of Rotary International through the Rotary Club of Wendouree Breakfast for 19 years.

Independent Member: Audit, Finance & Risk Committee

John Gibbins

(Independent Member from 1 June 2019 to 31 December 2019)

John has over 30 years' experience as an audit and risk partner with KPMG and Deloitte. His consulting areas of focus included corporate risk strategies, risk assessment and control frameworks.

John has significant experience working with the government sector and Australian based and international publicly listed corporations. He is currently a consultant to MinterEllison and is a member of the audit committee for the Emergency Services Telecommunication Authority. John is a Fellow of the AICD and holds a Bachelor of Commerce degree from the University of Melbourne.

Committee Membership and Roles

During the period 1 July 2019 to 30 June 2020, the Board committees of V/Line comprised the Audit, Finance and Risk Committee; the People and Governance Committee; the Safety, Security, Health and Environment Committee; and the Customer, Communication and Performance Committee.

Each committee has a charter that sets out its roles and responsibilities.

Audit, Finance and Risk Committee

Assists the Board to oversee the financial, risk and integrity management frameworks, including reviewing and monitoring accounting policies and practices and evaluating and developing financial and enterprise risk management systems. The committee oversees internal and external audit activities.

Members as at 30 June 2020 were Rachel Thomson (Chair), Gabrielle Bell, Kevin McLaine and Tom Sargant.

Number of meetings held during the year: Seven

People and Governance Committee

Assists the Board in the appointment, review and succession of the Chief Executive Officer, reviewing the remuneration policy of staff, monitoring workforce performance and culture and change initiatives.

Members as at 30 June 2020 were Liz Roadley (Acting Chair), Gabrielle Bell and Craig Cook (Chair until 24 April 2020).

Number of meetings held during the year: Four

Safety, Security, Health and Environment Committee

Assists the Board in discharging its obligations in relation to its safety, security, health and environment practices and related safety, security, health and environment risk management.

Members as at 30 June 2020 were Tom Sargant (Chair), Craig Cook and Liz Roadley.

Number of meetings held during the year: Four

Customer, Communication and Performance Committee

Assists the Board in carrying out its oversight responsibilities in relation to customer communication and performance strategy and to monitor customer feedback, stakeholder engagement and operational and project performance.

Members as at 30 June 2020 were Kevin McLaine (Chair), Tom Sargant and Rachel Thomson.

Number of meetings held during the year: Five

Other Reporting

Access to information

Directors of V/Line are entitled to full access to information required to discharge their responsibilities. Directors may obtain independent professional advice on matters arising from carrying out their Board duties. Directors also have access to senior managers and/or officers of the entity and, on request, to documents held by the entity.

Indemnification of officers

During the financial year, V/Line insured all directors and officers of V/Line against certain liabilities incurred by them in that capacity. In accordance with normal commercial practices, the terms of the insurance contract prohibit disclosure of details of the nature of the liabilities covered by the insurance contract and the amount of the premium paid under the contract.

Board and committee meeting attendance

V/Line Corporation	**Board Meetings**		**Special Purpose Meetings**	
Director	Eligible to attend	Number attended	Eligible to attend	Number attended
As at 30 June 2020				
Gabrielle Bell, Chair	6	6	5	5
Craig Cook	6	3	5	5
Rachel Thomson	6	6	5	5
Kevin McLaine	4	4	4	4
Liz Roadley	4	4	4	3
Tom Sargant	4	4	4	4
Prior to 31 August 2019				
Jeroen Weimar, Chair	0	0	1	1
Prior to 30 October 2019				
John Donovan	2	1	1	1
Kay Macaulay	2	2	1	1

V/Line Pty Ltd	**Board Meetings**	
Director	Eligible to attend	Number attended
As at 30 June 2020		
Gabrielle Bell, Chair	1	1
Craig Cook	1	1
Rachel Thomson	1	1
Prior to 31 August 2019		
Jeroen Weimar, Chair	1	1
Prior to 30 October 2019		
John Donovan	1	1
Kay Macaulay	1	1

Committees	People and Governance		Audit, Finance and Risk	
Director	Eligible to attend	Number attended	Eligible to attend	Number attended
As at 30 June 2020				
Gabrielle Bell	3	3	7	7
Craig Cook	4	2	N/A	N/A
Rachel Thomson	N/A	N/A	7	7
Kevin McLaine	N/A	N/A	4	4
Liz Roadley	3	3	N/A	N/A
Tom Sargant	N/A	N/A	4	4
Prior to 31 August 2019				
Jeroen Weimar	N/A	N/A	3	1
Prior to 30 October 2019				
John Donovan	1	1	3	1
Kay Macaulay	1	0	N/A	N/A
Independent Member to 31 December 2019				
John Gibbins			4	4

Committees	Safety, Security, Health and Environment		Customer, Communication and Performance	
Director	Eligible to attend	Number attended	Eligible to attend	Number attended
As at 30 June 2020				
Gabrielle Bell	2	2	N/A	N/A
Craig Cook	4	2	N/A	N/A
Rachel Thomson	N/A	N/A	5	5
Kevin McLaine	N/A	N/A	3	2
Liz Roadley	3	3	N/A	N/A
Tom Sargant	3	3	3	3
Prior to 31 August 2019				
Jeroen Weimar	N/A	N/A	N/A	N/A
Prior to 30 October 2019				
John Donovan	N/A	N/A	2	2
Kay Macaulay	N/A	N/A	2	2

Health and Safety

As a general note the following annual figures, when compared to forecasts and previous year results, need to be considered within the context of four months of coronavirus (COVID-19).

The Health Safety and Environment (HSE) team plays a key role in V/Line's overall management of the coronavirus (COVID-19) response. The team has liaised closely with DHHS, DoT and other operators to ensure the overall response to public transport across the state remains consistent and aligned. The HSE team has ensured the delivery of health and safety advice, communications and critical processes and procedures to V/Line staff. Ongoing risk assessments are carried out to ensure all managers, supervisors and staff have been adequately informed and well supported in responding to the pandemic.

V/Line played a significant role in supporting interstate rail colleagues following a derailment near Wallan of an XPT passenger service operated by Transport for NSW. As well as providing safety qualified staff to assist in the recovery, V/Line has supported the Australian Transport Safety Bureau and the Office of the National Rail Safety Regulator (ONRSR) during their investigations into the incident.

Over the past financial year, V/Line has taken positive steps forward in its aspirational journey towards zero rail and coach incidents, zero harm to people and zero damage to the environment. A risk-based approach (critical risk thinking) is applied to the management of these areas, ensuring that significant risks are constantly reviewed, and improvements made where necessary.

V/Line has rolled out a new Safety Leadership Program focused on developing and maintaining positive mindsets for our leaders. More than 140 managers across the organisation have been involved in the program, which has been overwhelmingly embraced by staff. Learnings from this program will equip front line supervisors and managers with the thinking needed to demonstrate safety leadership.

Level crossing safety is a critical risk area and a key focus for V/Line. Ongoing work to reduce the number of level crossing incidents includes the continual upgrade of crossings from passive to active (i.e. 'stop' sign only to activated 'booms and barriers' on approach of train), the installation of 'axle counters' in locations that are subject to train detection faults, vegetation removal and improved sighting at crossing locations across the state. Risk-based measures, such as temporary speed restrictions for trains, have also been applied at individual crossings where sighting distances are not able to be improved. There have been four level crossing incidents over the past 12 months with two train and vehicle collisions at passive level crossings.

V/Line continues to reduce the number of passive, non-activated, level crossings on the network. At the end of 2019-20, there were 83 passive level crossings on the passenger network – down from 105 in November 2017. These upgrades have significantly improved safety for trains and vehicles and will continue to be a key focus with further upgrades planned in 2020-21.

There has been an increase in V/Line's Signals Passed at Danger (SPAD) rate over the past 12 months. This measure is a critical safety indicator and in 2019-20, the human factor SPAD rate was 1.79 incidents per million kilometres, compared with 0.85 per million kilometres the previous financial year – an industry leading result. The majority of Human Factor SPADs fell into the low potential category, other than two that were classified as 'High Potential' incidents due to train wheel slip events. Additional controls have been implemented at these locations to prevent a recurrence.

The current rate still places V/Line among Australia's best performing rail operators in managing SPADs. This has been achieved through a coordinated reduction and management strategy for which V/Line was awarded the 2019 Australian Rail Association Annual Safety Award.

For 2019-20, the SPAD strategy included:

- further development and utilisation of the SPAD risk ranking assessment tool to prioritise signals in terms of SPAD risk to enable a risk-based approach to safety improvement and investment in mitigation such as Train Protection Warning Systems (TPWS) which ensures that emergency brakes are applied automatically if a train proceeds past a signal at stop. The system requires track sensors to be installed between the rails and connected to the signalling system. Contactless communication is achieved through a sensor installed on the train
- installing TPWS at several locations including Southern Cross station and Traralgon
- conducting investigations into every SPAD to determine and address contributing factors, including formalised competency assessment plans for drivers involved in SPAD events
- Human Factor interviews as part of every SPAD investigation
- SPAD risk awareness activities such as targeted alerts and one-to-one supervisor briefings on SPAD causes and prevention
- targeted seasonal campaigns around the holiday period resulting in an excellent December/January SPAD performance
- a Professional Driving Guide, which incorporates SPAD reduction strategies
- further development of a SPAD Portal allowing for driver-based commentary footage of irregular shunt moves (now available to selected staff for trials)
- increased application within the business of root cause and 'Just Culture' no-blame investigations
- a targeted awareness campaign for Infrastructure staff following SPAD incidents.

At the end of February 2020, the Human Factor rolling 12 month average SPAD rate was tracking well at 1.23 incidents per million kilometres against an annual forecast of 1.2. Subsequent SPADs however occurred late in the year involving track machines working within Absolute Occupations (i.e. nil passenger trains, low speed plant movements) that did not occur in previous years. Significant work was undertaken to address this area and prevent recurrence.

V/Line's OHS Serious Injury Frequency Rate (SIFR) was 26.65 over the past 12 months against a forecast of 21.00. This was lower than the forecast of 28.00 set for the previous year. Over the last five years, this rate has decreased by around 60 per cent.

As with the increase in the SPAD rate noted above, the SIFR number was in line with the annual forecast of 21 at the end of 2019. The effects of coronavirus (COVID-19) and bushfires has contributed to a higher number, as resources were stretched and distractions increased. On a positive note, the majority of injuries fell into the 'lower consequence potential' categories. There was one significant event that resulted in four non-life-threatening injuries to V/Line staff when a third-party road vehicle collided into the rear of a stationary V/Line road vehicle.

V/Line is committed to reducing its environmental footprint and the organisation is working actively to manage the environment in which it operates. An emissions roadmap is being developed to support the Victorian Government's target of Net Zero Emissions by 2050. Electricity usage for office buildings has reduced by seven per cent over 2018-19 actuals.

An options assessment was also completed and includes renewable electricity in the energy profile. V/Line also continues to upgrade lighting to more efficient forms such as LED as existing systems reach 'end of life'.

Of note regarding other sustainability initiatives, V/Line introduced a 'paperlite' program at the end of 2019 which saw the average paper usage reduce by 22 per cent per employee.

V/Line worked collaboratively with the ONRSR throughout the year with the Safety Management System tested through several surveillance inspections and audits. All identified issues were actioned and closed within agreed timeframes.

V/Line continues to work proactively with WorkSafe to ensure OHS obligations are met and to resolve all workplace matters. All identified issues were actioned and closed within agreed timeframes.

Safety continues to be a key priority for everyone at V/Line. There have been positive steps forward in our journey towards Destination Zero in recent years and the past 12 months has continued that trend. We are committed to making further improvements in the year ahead to help ensure safety continues to be at the forefront of everything we do.

HSE Indicator Performance

The two safety lag performance indicators used at V/Line are:

- SIFR for personal injury (per million workhours)
- SPAD for rail safety (per million kilometres travelled) (Human Factors + Technical).

Serious Injury Frequency Rate (SIFR)	2019-20	2018-19	2017-18
Measure	Actual	Actual	Actual
SIFR	26.65	18.96	27.89
SIFR Forecast	21	28	30
SIFR Variance	5.65	-9.04	-2.1
SIFR per cent Variance to Forecast	+26.9	-32.28	-7.03

Signals Passed at Danger (SPAD) (Human Factors + Technical)	2019-20	2018-19	2017-18
Measure	Actual	Actual	Actual
SPAD	3.18	2.55	3.76
SPAD Forecast	2.8	3.00	3.00
SPAD Variance	.38	-0.45	0.76
SPAD per cent Variance to Forecast	+13.5	-15.00	25.33

Hazards and Incidents per 100 FTE

The total number of 'Hazards Reported' and the 'Incidents Reported' have both decreased over the year, which can be partly attributable to coronavirus (COVID-19) (i.e. due to a percentage of hazards and incidents that relate directly to passenger numbers). Logged hazards are tracked and reported monthly to all relevant stakeholders, including employee elected health and safety representatives, to ensure all potential hazards are addressed.

The total number of WorkCover standard claims lodged over the last reportable year has decreased, however the average cost per claim has increased.

The higher cost per claim was the result of delayed return to work plans, effected by staff being diverted to the coronavirus (COVID-19) response. The return to work process is currently being reviewed with respect to resources and current process.

There was a high percentage of stress/trauma staff claims during the period (52 per cent), primarily resulting from third party self-harm incidents on the network. On this point, V/Line provides resilience training for operational staff if they are more likely to be exposed to these types of incidents. Post incident support is also provided.

Hazards Reported

Year	Per 100 FTE
2019-20	11.43
2018-19	15.95
2017-18	14.62

Incidents Reported

Year	Per 100 FTE
2019-20	355
2018-19	432
2017-18	437

Note: Incident numbers have been affected due to coronavirus (COVID-19).

WorkCover – Personal Injury Lost Time Claims	# time loss standard claims	Full-time equivalent (FTE)	Per 100 staff	Average cost per claim
2019-20	53	2195.3	2.41	$40,063
2018-19	63	2189.0	2.87	$28,281
2017-18	38	1915.5	1.98	$38,477

Section 3

Workforce data

Our People

V/Line is committed to investing in its people and empowering them to be their best. This includes bringing new people and expertise into the organisation and also giving new opportunities to existing staff.

V/Line had 2,253 staff as at 30 June 2020, compared with 2,190 in 2018-19. Over the past 12 months, the People team has recruited 216 employees in various roles across the organisation. V/Line's workforce extends right across Victoria.

Public sector values and employment and conduct principles

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

V/Line has policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. V/Line advises its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

V/Line applies merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably based on the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections.

Coronavirus (COVID-19)

The People team played a key role in supporting staff through the transition of working arrangements during the coronavirus (COVID-19) pandemic. The team helped ensure V/Line remained agile and resilient during this period, to ensure staff in all roles could continue to carry out their work and provide an essential service to Victorians needing to travel.

V/Line's Flexible Working Plan has helped ensure the efficient and effective transition of more than 500 staff to work from home during coronavirus (COVID-19) restrictions. Under the changed working conditions, V/Line has successfully delivered recruitment, training and learning opportunities remotely. Existing programs have been adapted to accommodate virtual learning components, including corporate induction for new staff, Certificate IV Electrical Rail Signalling, Certificate II and Certificate III Rail Infrastructure and safeworking qualifications.

Recruit and retain the right people

V/Line continues to focus on diversity and gender equality. The proportion of women in our workforce increased to 21.4 per cent and 36.5 per cent of our leadership positions are now held by women. We have continued to develop succession planning, talent development, targeted recruitment opportunities and networking events for women, including International Women's Day, encouraging staff to be part of the Transport Portfolio Women in Transport mentoring programs and the Australasian Railway Association mentoring programs.

V/Line continues to receive accreditation to be part of Work 180, which is an online platform that promotes employers who have policies and practices that support flexibility in the workplace. V/Line has refreshed its Gender Action Plan and flexibility offerings are to be launched in 2020.

As part of V/Line's Youth Action Plan to create career pathways into rail, V/Line recruited 13 Signal Maintenance Apprentices in July 2018, which was the largest apprentice group employed since the early 1980s. The apprentices have completed almost two years of their four-year Certificate III Electrotechnology and have also completed the first year of their three-year Certificate IV in Electrical Rail Signalling. V/Line is proud to be the first rail operator in Australia to deliver these qualifications in-house.

As part of the Engineering Pathways Industry Cadetship (EPIC) Program, V/Line welcomed four engineering cadets from refugee/asylum seeker backgrounds in February 2020. The program is run by the LXRP and the cadets will work at V/Line for 18 months and complete a Graduate Certificate in Infrastructure Engineering.

V/Line has continued its partnership with the Doxa Youth Foundation to offer cadetships to university students from disadvantaged backgrounds in 2019-20. Two Doxa cadets have secured permanent employment with V/Line under this long-standing and successful partnership.

As part of ongoing efforts to attract young people to consider a career in rail, V/Line continued its partnership with Explore Careers and RMIT in 2019-20, including guest lecturing on civil, mechanical, mechatronics and electrical to showcase careers in rail.

V/Line also hosts RMIT University final year engineer students through the Capstone Project to provide authentic problem-solving experiences.

Develop and engage our people

Positive Mental Health

The mental health and wellbeing of staff has continued to be vitally important over the past 12 months and in particular during the coronavirus (COVID-19) pandemic. During this period, V/Line developed and launched virtual mental health and wellbeing sessions on topics including isolation, stress and how to support teams, as well as developing online resources to complement this program.

V/Line partnered with the TrackSAFE Foundation to host its first virtual Rail R U OK? Day session in April. The live online event provided all staff with the opportunity to hear from a special guest speaker and ask questions related to mental health.

More than 100 staff have completed V/Line's Mental Health First Aid accreditation training, which forms part of our Positive Mental Health and Wellbeing Action Plan. A Resilience and Mental Wellbeing Committee was formed in 2019-20 and a Peer Support Program provides mental health champions acting as a point of contact for staff who require support or assistance.

V/Line has transitioned to a new Employee Assistance Program provider, which provides a confidential service to staff 24 hours a day, seven days a week.

Diversity and inclusion

V/Line's diversity and inclusion efforts continued to gain momentum over the past year, with emphasis on building cultural awareness and competence, documenting action plans and encouraging people from across the organisation to be involved through a variety of diversity committees and events. We have a very diverse workforce, with employees from more than 63 cultures in our offices, on our platforms, building and maintaining our network and driving our trains.

V/Line's Culture Council continued to be rolled out across the organisation in 2019-20. Chaired by the CEO, the main purpose of the Culture Council is to provide education and make progress in our six key areas of diversity, including including Aboriginal and/or Torres Strait Islander people, gender, culturally and linguistically diverse, LGBTIQ+ and people with disability.

The representation of Aboriginal and Torres Strait Islander people has been another priority for V/Line over the past financial year. In our recent (and first) diversity survey 0.8 per cent of our workforce self-identified as Aboriginal and/or Torres Strait Islander, which reflects Victoria's population. As part of V/Line's commitment to creating a culturally diverse and inclusive workplace, V/Line celebrated National Reconciliation Week, encouraging staff to learn about Australia's shared history, culture and achievements as well as to explore how individuals can contribute to achieving reconciliation in Australia.

V/Line has engaged an Aboriginal consultant to help provide recommendations and strategies to support Indigenous engagement, communication, employment and procurement. There are several initiatives already underway and this will continue to be a key focus for the organisation over the next 12 months.

The development of a diversity calendar has ensured there were opportunities during the year for staff to celebrate numerous cultural events. In 2019, V/Line celebrated Diwali, the Hindu Festival of Lights, recognising the multifaith nature of staff and their cultures. Other key calendar events included International Women's Day, International Day of People with Disability, NAIDOC Week and the Midsumma Pride March. V/Line continues to develop detailed action plans to support the key diversity areas of culturally and linguistically diverse, LGBTIQ+ and staff with disability.

Staff recognition

V/Line's Recognising Excellence Program is about highlighting staff for going above and beyond in their roles and setting a good example for others. More than 150 staff were nominated and recognised for outstanding efforts at monthly morning tea events with the CEO over the past 12 months. V/Line has held online recognition events during the coronavirus (COVID-19) pandemic to ensure staff stay connected and colleagues continued to be recognised during this period. Prior to the coronavirus (COVID-19) restrictions, V/Line also celebrated annual service awards dinner events. A total of 125 staff were recognised for 10, 15 and 20 years of service, and a further 79 employees were recognised for 25, 30, 40, 50 and 60 years of service.

Leadership and Culture

V/Line is continuously building leadership awareness and skills to support our leaders to operate at their highest level. We provide a consistent approach to support all V/Line leaders to build their constructive skillsets which begins with undertaking the Human Synergistics Lifestyles Inventory (LSI). All members of our Executive Team and 90 per cent of our Senior Leadership Team have a current LSI to underpin their individual development plans. V/Line also launched the Advanced Constructive Leadership Program in 2019, giving participants the opportunity to become accredited practitioners and facilitators of the LSI and Group Styles Inventory diagnostic tools.

Registered Training Organisation (RTO)

V/Line continued to expand on its important work as a Registered Training Organisation over the past 12 months, offering technical qualifications in operations, maintenance and safeworking. These qualifications are recognised Australia-wide and by delivering these qualifications in-house, V/Line is ensuring the best long-term outcomes for its people as students and employees. V/Line plans to continue to expand as an RTO over the next 12 to 18 months by adding further qualifications to its scope of registration. This will be in the important areas of signalling, maintenance, shunting and customer service.

Industrial Relations

3,479 hours have been lost due to protected industrial action and disputes.

Comparative workforce data

The following table discloses the head count and full-time staff equivalent (FTE) of all active employees of V/Line, employed in the last full pay period in June 2019 against the last full pay period in June 2020.

June 2020

	All employees		Ongoing			Fixed Term and Casual	
	Number (Headcount)	FTE	Full-time (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
Gender							
Men	1,771	1,735	1,585	81	1,630.9	105	104.1
Women	482	460.3	362	64	405.8	56	54.5
Age							
15-24	40	38.2	30	4	32.8	6	5.4
25-34	453	448.9	408	13	416.9	32	32
35-44	572	562.8	490	27	508.7	55	54.1
45-54	520	513.50	455	21	469.5	44	44
55-64	550	526.1	474	54	504.4	22	21.7
65+	118	105.8	90	26	104.4	2	1.4
Classification							
Executive	11	11	0	0	0	11	11
Station Staff	282	270.4	239	34	261.4	9	9
Conductors	293	286.7	274	17	284.7	2	2
Train Drivers	494	471.4	446	48	471.4	0	0
Authorised Officers	15	15	15	0	15	0	0
Program & Delivery	162	161.4	120	2	121.4	40	40
Infrastructure Maintenance	180	180	171	0	171	9	9
Signal & COMM's	105	104.7	104	0	104	1	0.7
Train Controllers	65	64	63	2	64	0	0
Network Services	61	59.7	51	3	52.7	7	7
Other Staff	585	571	463	39	490.1	83	80.9
Total employees	**2,253**	**2,195.3**	**1,946**	**145**	**2,035.7**	**162**	**159.6**

June 2019

	All employees		Ongoing			Fixed Term and Casual	
	Number (Headcount)	FTE	Full-time (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
Gender							
Men	1748	1712.3	1565	77	1608.5	106	103.8
Women	442	419.9	336	63	378.7	43	41.2
Age							
15-24	34	33.4	30	2	31.4	2	2
25-34	443	438.3	392	14	401.6	37	36.7
35-44	537	528.4	463	26	481	48	47.4
45-54	519	513.1	465	18	477.4	36	35.7
55-64	541	514.2	461	58	493.8	21	20.4
65+	116	104.8	90	22	102	4	2.8
Classification							
Executive	11	11	0	0	0	11	11
Station Staff	303	291.3	262	35	285.3	5	5
Conductors	290	284.1	270	15	279.1	5	5
Train Drivers	512	490.5	467	45	490.5	0	0
Authorised Officers	9	9	9	0	9	0	0
Strategy & Program	142	141.4	106	2	107.4	34	34
Infrastructure Maintenance	138	137.7	136	1	136.7	1	1
Signal & Comms	111	111	108	0	108	3	3
Train Controllers	66	66	66	0	66	0	0
Network Services	160	154	138	14	146.6	8	7.4
Other Staff	448	436.2	339	28	358.6	82	78.6
Total employees	**2190**	**2132.2**	**1901**	**140**	**1987.2**	**149**	**145**

Workforce inclusion policy

V/Line's core values are at the centre of everything we do. Our behaviours are constructive and we accept and value the contributions of all employees regardless of gender, ethnicity, sexual orientation, religion, age or ability. We are committed to a diverse, inclusive and respectful workplace that reflects the communities we serve.

As part of V/Line's Equality, Inclusion and Respect strategy we have a target of 25 per cent female participation in the workplace by 2020. Other areas of focus include generational diversity, lesbian, gay, bisexual, transgender and intersex, Aboriginal and/or Torres Strait Islander people and people with disability.

V/Line is active in the Transport Portfolio Women in Transport Program and the Transport Portfolio Aboriginal Self-Determination Program.

The following table outlines V/Line's actual progress against this target in 2019-20.

Workforce inclusion policy initiative	Target by 2020	Actual progress in 2019-20	Actual progress in 2018-19
	Executive Officers:	Executive Officers:	Executive Officers:
Gender profile at executive levels	50 per cent women 50 per cent men	26.3 per cent women 73.7 per cent men	23 per cent women 77 per cent men

Executive officer data

For V/Line an executive officer (EO) is defined as a person to whom the Victorian Government's Policy on Executive Remuneration in Public Entities applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

2020

Total number of EOs for V/Line, broken down into gender	All		Women		Men		Self-described*	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
Executive Leadership Team	11	0	2	0	9	0	0	0
Senior Leadership Team	38	0	14	+2	24	-2	0	0
Broader Leadership Team	27	+9	4	+3	23	+6	0	0

2019

Total number of EOs for V/Line, broken down into gender	All		Women		Men		Self-described*	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
Executive Leadership Team	11	-1	2	-1	9	0	0	0
Senior Leadership Team	38	+3	12	+2	26	+1	0	0
Broader Leadership Team	18	-14	1	-1	17	-13	0	0

* Note that the self-described category is nil for this entity.

The following table discloses the annualised total salary for senior employees of V/Line, categorised by classification. The salary amount is reported as the full-time annualised salary.

Remuneration of Government Sector Executive Remuneration Panel (GSERP) and non-GSERP contract staff

Income band (salary)	GSERP contract staff	Non – GSERP contract staff
$180 000 – $199 999	14	4 (d)
$200 000 – $219 999	24 (a)	2
$220 000 – $239 999	5 (b)	1
$240 000 – $259 999	8	0
$260 000 – $279 999	4	0
$280 000 – $299 999	6 (c)	0
$300 000 – $319 999	3	0
$320 000 – $339 999	3	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	1	0
Total	**69**	**7**

Notes

The salaries reported above are for the full financial year, at a 1-FTE rate, and includes superannuation
(a) 1 Headcount at 0.7 FTE
(b) 1 Headcount at 0.7 FTE
(c) 1 Headcount at 0.7 FTE
(d) 1 Headcount at 0.7 FTE

Section 4

Other disclosures

Local jobs first

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

V/Line is required to apply the Local Job first policy in all projects valued at $3 million or more in Metropolitan Melbourne or for state wide projects, or $1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at $20 million or more.

The MPSG guidelines and VIPP guidelines apply to MPSG and VIPP applicable projects where contracts have been entered prior to 15 August 2018.

Projects Commenced – Local Jobs First Standard

During 2019-20, V/Line commenced two Local Jobs First Standard– VIPP/MPSG applicable procurements totaling $22.2 million, which were both state-wide. While the procurements underwent a Contestability Assessment, they did not require a VIPP/MPSG Plan.

The outcomes expected from the implementation of the Local Jobs First policy to these projects are as follows:

- 100 per cent of local content outcome was recorded
- zero Annualised Employee Equivalent (AEE) positions were created
- zero new apprenticeship were created, and zero existing apprenticeships retained.

During 2019-20, V/Line did not commence any Local Jobs First Strategic Projects.

Projects Completed – Local Jobs First Standard or Strategic

During 2019-20, V/Line did not complete any Local Jobs First Standard or Strategic – VIPP/MPSG applicable projects.

Reporting Requirements

During 2019-20, zero medium sized business prepared a VIPP/MPSG Plan for contracts.

During 2019-20, one project, which commenced on or after 1 September 2019, had 100 per cent local content as the project was local by nature.

During 2019-20, zero small to medium sized businesses were contracted as Principal Contractors.

Government advertising expenditure

V/Line did not undertake any advertising campaigns in the reporting period that involved a media spend of $100,000 or greater.

Consultancy expenditure

Details of consultancies valued at $10,000 or greater

In 2019-20, there were 57 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred in 2019-20 in relation to these consultancies was $31,895,000 (excluding GST). Details of individual consultancies can be viewed at **corporate.vline.com.au/About-V-Line/Publications**

Details of consultancies under $10,000

In 2019-20, there were 9 consultancies engaged during the year where the total fees payable to the consultants were less than $10,000. The total expenditure incurred in 2019-20 in relation to these consultancies was $46,000 (excluding GST).

Information and Communication Technology (ICT) Expenditure

For the 2019-20 reporting period, V/Line had a total ICT expenditure of $28.8 million, with the details shown below.

All operational ICT expenditure Business As Usual (BAU) ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
	Non-Business as Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure)		
$'000	$'000	$'000	$'000
23,327	5,481	–	5,481

ICT expenditure includes V/Line's costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to projects to create or enhance V/Line's current ICT capabilities. BAU ICT expenditure is the remaining ICT expenditure which primarily relates to activities to operate and maintain the current ICT capability.

Social Procurement Framework

In 2018, the Victorian Government launched the Social Procurement Framework (SPF) to enable government buyers and suppliers to deliver social, economic and environmental outcomes that benefit the Victorian community, economy and environment.

V/Line has taken the decision to adopt the Victorian Government's SPF for the effective delivery of V/Line's Social Procurement obligations.

V/Line's activities in relation to SPF and support of social procurement are focused on the economic support that V/Line can provide to Victorian organisations through our procurement requirements, with consideration given to small and medium sized businesses at both a metropolitan and regional level in all procurement activities.

In addition, V/Line has commenced the development of a Social Procurement Framework for application across the wider business. This is being built into the current Procurement framework. Examples of current activities are as follows:

- consideration is currently given to metropolitan and regional small and medium sized businesses in all procurement activities
- recent appointment of a V/Line Procurement representative who sits on the Department of Transport Social Procurement working party, supporting and sharing Department of Transport's Social Procurement Strategy and initiatives.

Freedom of information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by V/Line. The purpose of the 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 Act.

An applicant has a right to apply for access to documents held by V/Line. This comprises documents both created by V/Line or supplied to V/Line 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 V/Line is available on V/Line's website under its Part II Information Statement.

The Act allows V/Line 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; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to V/Line in-confidence.

From 1 September 2017, the Act was amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35 the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. 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 is not satisfied by a decision made by V/Line, under section 49A of the Act they have the right to seek a review bythe Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

The legally binding Professional Standards made by the OVIC commenced on 2 December 2019.

Making a request

FOI requests can be lodged online at **www.foi.vic.gov.au**. An application fee of $29.60 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to V/Line's Freedom of Information Officer, as detailed in s17 of the Act.

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

Requests for documents in the possession of V/Line should be addressed to:

Freedom of Information Officer
V/Line Corporation
GPO Box 5343
Melbourne VIC 3001

FOI statistics/timeliness

During 2019-20, V/Line received 18 applications. Of these requests, one was from a Member of Parliament, one from the media, and the remainder from the general public.

V/Line made 16 FOI decisions during the 12 months ended 30 June 2020.

13 decisions were made within the statutory 30-day time period, two decisions within an extended statutory 30-45 day time period and one decision within an extended statutory 45+ day time period. Two applications are still being processed. Of access decisions made, three were made after mandatory extensions had been applied or agreed upon by the applicant.

The average time taken to finalise requests in 2019-20 was 25 days. Of requests finalised, the average number of days (over or under the average statutory time period to decide the request) was 25 days (over).

During 2019-20, two requests were subject to a complaint/internal review by OVIC with one progressing to the Victorian Civil and Administrative Tribunal (VCAT).

Further information

Further information regarding the operation and scope of FOI can be obtained from the Act, regulations made under the Act and at **foi.vic.gov.au**.

Compliance with the *Building Act 1993*

V/Line requires that all new buildings and works to existing buildings carried out for and on its behalf comply with the *Building Act 1993*.

In 2019-20:

Number of major works projects undertaken by V/Line (greater than $50,000)	6
Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned by the entity	2 building permits 2 occupancy/planning permits 2 certificates of occupancy
Number of emergency orders and building orders issued in relation to buildings	0 emergency orders 0 building orders
Number of buildings that have been brought into conformity with building standards during the reporting period	94 buildings brought into conformity (all of our buildings are now compliant with AESMR)

Competitive Neutrality Policy

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 it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

V/Line is working to ensure Victoria fulfils its requirements on competitive neutrality reporting against the enhanced principles as required under the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

Compliance with the *Public Interest Disclosures Act 2012*

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

V/Line does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

V/Line is committed to the aims and objectives of the Act. V/Line has procedures in place for protecting people against detrimental action that might be taken against them in reprisal for the making of public interest disclosures.

V/Line cannot receive disclosures under the Act. Any disclosure of improper conduct by V/Line or its employees, which a discloser wishes to make under the Public Interest Disclosures Act may be made to:

Independent Broad-based Anti-Corruption Commission (IBAC)
Level 1, North Tower, 459 Collins Street
Melbourne, VIC 3000

Phone: **1300 735 135**
Internet: **www.ibac.vic.gov.au**

Compliance with the *Disability Act 2006*

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community. The Act requires V/Line to prepare an action plan and report on its implementation in our annual report.

V/Line launched its Accessibility Action Plan (AAP) for 2019-2022 in August 2019. The AAP was developed through consultation with customers, key stakeholders, including disability advocacy groups and service providers, and staff. This new AAP for 2019-2022 focuses on four key priority areas; Customer service and communication, Consultation and collaboration, Building inclusive environments and Building an inclusive culture. Throughout the year V/Line commenced activities within the new AAP and has made progress within a number of the key priority areas of the plan..

In 2019-20, V/Line's key achievements included:

- launching the new AAP including its provision in a variety of formats such as Easy English and a text only version for use by customers who use screen reading technology. Provision of information in accessible formats is a key priority within the 2019-2022 AAP
- improving accessibility at a number of stations with significant works at stations across the V/Line network as part of RRR and other key infrastructure projects. This has seen the opening of Cobblebank station on the Ballarat line and significant improvements at Rockbank, Bacchus Marsh, Ballan, Wendouree, Donnybrook, Wallan and Shepparton
- completing upgrade works to all Sprinter units to improve amenity and the travelling experience for those who use a mobility aid. Improvements include new accessible spaces, handrails, priority seating and luggage racks
- continuing the roll out of upgrade works across the existing VLocity fleet including improvements to the accessible spaces and doorways to improve accessibility on our older VLocity units
- expanding the Accessibility team and welcoming a new Accessibility Officer. This additional resource is key to meeting the objectives within the 2019-2022 AAP and continuing to improve the accessibility of our services
- focussing on working closely with frontline staff to build capacity and skills in supporting customers with disability. This included:
  - establishing an Accessibility Champions network consisting of frontline staff from all regions. This network aims to build frontline staff knowledge and understanding of disability and accessibility as well as creating advocates for service improvement initiatives throughout the network
  - launching the Auslan (Australian Sign Language) training to frontline staff. 35 conductors and station staff members signed up to learn Auslan and are currently completing Level 1 and 2 training.
  - commencing a significant review of all accessibility related procedures and work instructions.

Unfortunately, the coronavirus (COVID-19) pandemic prevented V/Line from conducting planned customer engagement events such as a community Accessibility Forum and Try Before You Ride events.

Sustainability and Environment

V/Line operates an extensive rail network supported by fuel depots, stabling facilities, maintenance depots and workshop sites. The organisation actively works to manage the environmental risks associated with the handling of fuels and other potential pollutants.

V/Line is committed to reducing its environmental footprint. In 2019-20 we continued to implement environmental improvements, with reductions in total emissions production and waste production across the business, however passenger numbers due to the coronavirus (COVID-19) shutdown resulted in a significant increase in emissions intensity.

V/Line maintains an ISO 14001:2015 accredited Environmental Management System that guides sustainability performance and reduces environmental impacts. An independent certified environmental systems auditor audits this system annually. V/Line's Sustainability Action Plan (SAP) is the key strategic implementation mechanism for the delivery of environmental improvements, and in 2019-20 set targets, objectives, forecasts and initiatives in relation to five key environmental focus areas:

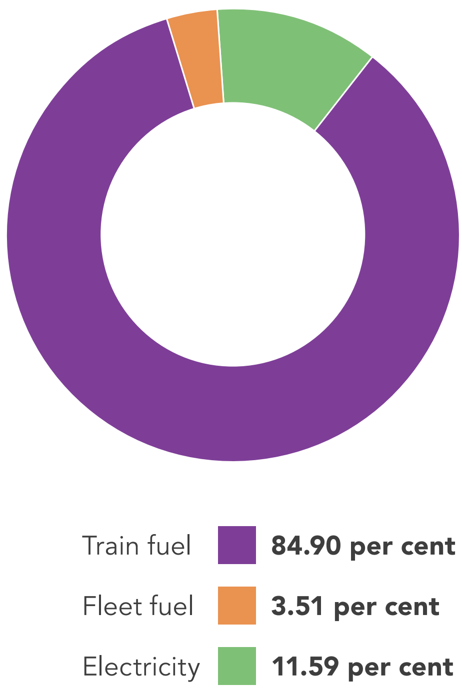
- Pollution and Contamination
- Biodiversity and Natural Resource Management
- Resource Consumption and Climate Change
- Materials Consumption and Waste
- European and Indigenous Heritage.

V/Line monitors and records its consumption of energy, water, and paper, as well as its output of waste and greenhouse gas emissions. Due to the nature of V/Line operations, these metrics are reported for the business, rather than specifically office-based impacts. The results for 2019-20 are detailed below.

Greenhouse gas emissions

The running of trains is the primary source of climate change emissions at V/Line, with fuel use accounting for over 114 thousand tonnes, or approximately 85% of our emissions. Other sources of climate change emissions are the vehicle fleet and the consumption of electricity at V/Line sites. Electricity is used for internal and external lighting, heating, air-conditioning as well as office and plant equipment.

GHG Emissions



Office based environmental impacts

V/Line consumes energy at a range of sites across the network, including office facilities, stations, maintenance facilities, infrastructure yards, and signalling and signage sites.

The data represented below was collected through energy retailer billing information, and comprehensively reflects known V/Line sites. V/Line is continually developing systems to more comprehensively and accurately collect and manage data for V/Line sites.

Building Energy Use	2019-20	2018-19	2017-18
Energy Use segmented by primary source (MJ)			
Electricity	51,732,134	56,071,447	55,975,357
Energy Intensity (MJ/passenger kilometre)	0.0490	0.0217	0.0273
Units of building energy used per FTE (MJ/FTE)	23,564	26,300	29,222

Building Greenhouse Gas	2019-20	2018-19	2017-18
Greenhouse Gas Emissions from energy consumption (tonnes CO2-e)			
Electricity	15,663	16,977	16,948
Emissions Intensity (tCO2-e/1000 pass km)	0.0148	0.0066	0.0083

Actions undertaken

V/Line is developing an emissions roadmap to assist in working towards the State Government target of Net Zero Emissions by 2050.

V/Line completed an options assessment for including renewable electricity in the energy profile.

V/Line continues to upgrade lighting to more efficient forms such as LED, as existing systems end their lifespan.

Targets

V/Line sets targets for total emissions intensity (tCO2-e/passenger kilometre), not building energy consumption. The target for 2019-20 was for energy intensity to be at or below a 0.0669 tonnes of carbon dioxide equivalent per passenger kilometer. Due to the impact on passenger numbers by coronavirus (COVID-19), this target was not achieved, however total emissions production decreased by three per cent from 2018-19 levels.

Explanatory notes

- Electricity data is sourced directly from the government energy contract suppliers.
- Natural gas consumption data was previously reported by V/Line, however it currently represents a negligible amount and as such is no longer reported.
- V/Line purchases electricity as part of a government contract, which currently does not include Green Power.

Waste and recycling

V/Line produces a variety of waste types, ranging from station and office waste to used sleepers, ballast, soil and train parts. This waste is collected primarily by V/Line's principal waste contractor, who provides data for all sites to V/Line.

This data includes only waste produced by V/Line staff and activities, as well as passenger waste deposited at stations. This data does not include project maintenance waste, including sleepers and spoil.

Waste and Recycling	2019-20	2018-19
Waste disposed of by destination (kg)		
Landfill	497,662	517,290
Commingled recycling	13,025	8,910
Paper and cardboard	14,542	11,680
Other recovered materials	28,920	21,750
TOTAL	**558,436**	**559,630**
Waste disposed of per FTE by destination (kg/FTE)		
Landfill	226.69	242.63
Commingled recycling	5.93	4.18
Paper and cardboard	6.62	5.48
Other recovered materials	13.17	19.86
TOTAL	**252.43**	**272**
Emissions associated with waste disposal (tonnes CO2-e)	356	356

Actions undertaken

V/Line has undertaken the following actions to reduce the amount of waste sent to landfill:

- movement towards a more agile work environment, reducing stationary consumption
- improvement of waste management system with the relocation of the head office, with four-stream recycling and centralised waste management stations
- waste minimisation communications is rolled out as required, including significant reductions in the relocation to the new head office building
- staff members are encouraged to reduce the amount of waste produced and use correct recycling practices
- services are available for the recycling of printer cartridges, batteries and other waste electrical equipment throughout the office.

Targets

V/Line's waste management targets for 2019-20 included an 18 per cent diversion of waste from landfill and maintaining waste at or below 0.26kg/FTE. V/Line managed to divert 10 per cent of staff and passenger waste from landfill and produced 0.25kg/FTE.

Explanatory notes

- Waste data is broader than office waste and includes both waste produced by V/Line staff and activities as well as passenger waste.
- The current waste data collection system only commenced in August 2016.

Paper Use

V/Line works continually to reduce paper consumption. To improve data accuracy, V/Line has collected and reported on paper consumption data monitored by printers, rather than from purchasing information, since 2014-15.

The table below includes all data for printers on V/Line's centralised printing system.

Paper Consumption	2019-20	2018-19	2017-18
Total units of A4 equivalent copy paper used (reams)	8,394	10,442	9,008
Reams of A4 equivalent copy paper used per FTE (reams/FTE)	3.82	4.90	4.70

Actions undertaken

V/Line has taken the following actions to reduce the environmental effects associated with paper use:

- V/Line undertook a paperlite program in the lead up to the building relocation, including the digitisation of key paper sources across the business
- paper purchased by V/Line offices is 100 per cent recycled where possible with coloured or paper with non-recycled content ordered as the exception
- a printer monitoring system is in place, to allow more accurate consumption data management
- a swipe card system has been implemented, which discourages unnecessary printing
- information regarding paper reduction is included in sustainability communications.

Targets

Despite staffing increased, V/Line achieved its paper reduction target for 2019-20 of maintaining paper usage per FTE at or below 3.89 reams per FTE.

Explanatory notes

Paper data is now reported using a printer-based consumption data system maintained by the printer service provider. This has increased data accuracy, however does not have capability to provide the percentage of recycled paper used.

Water consumption

Water is consumed at V/Line sites for many purposes including maintenance works, the washing of trains, amenities, train watering and cleaning. Mains supply is the most heavily-used water source at V/Line, however some locations are now using tank or recycled water.

Data on this consumption is obtained from invoices sent by the water corporations and covers all V/Line sites.

Available water data has been used to extrapolate annual consumption for 2019-20.

Water Consumption	2019-20	2018-19	2017-18
Total water consumption (kL)	97,115	94,836	127,371
Units of water used per FTE (kL/FTE)	44.2	44.5	66.5
Water consumption per passenger kilometre (L/pass km)	0.092	0.037	0.062

Actions undertaken

V/Line head offices include waterless urinals, and V/Line installs water efficient appliances where practical in facilities.

Targets

V/Line sets targets for total water consumption across the whole network, not specifically water consumption in buildings. The target for 2019-20 was for water consumption per passenger kilometre to be at or below a 0.062 litres per 1000 passenger kilometres. V/Line was slightly above this target.

Explanatory notes

V/Line obtains water data from billing information received from thirteen water companies. There is a significant lag between when this data is received, and accuracy increases following the end of the financial year.

Travel and transport

As a state-wide transport operator, V/Line employs staff who need to travel throughout Victoria. Employees are encouraged, where possible, to use train or coach services to attend regional meetings, but a vehicle fleet (including machinery) is still required. V/Line switches to lower-emission vehicles at replacement when appropriate.

The following information on energy used by vehicles covers all V/Line operations, separated only by vehicle fuel type.

Travel and Transport	2019-20	2018-19	2017-18
Energy consumption by fleet vehicles (MJ)			
Diesel	66,532,375	59,470,169	61,411,777
Unleaded	742,128	3,086,516	890,724
Total	**67,274,503**	**62,556,685**	**62,302,501**
Energy use per FTE (MJ/FTE)	30,645	29,342	32,525
Greenhouse gas emissions from fleet vehicles (tonnes CO2-e)			
Diesel	4,697	4,199	4,336
Unleaded	47	215	62
Total	**4,744**	**4,414**	**4,398**

Actions undertaken

In operating a broad regional network, V/Line encourages minimising road travel through the use of the rail network and teleconferencing where possible. Use of online meeting facilities has been supported heavily during the coronavirus (COVID-19) period and in the previous months, where flexible working arrangements have been supported.

Targets

V/Line sets targets for total emissions intensity (tCO2-e/passenger km), not specifically energy consumption from transport. The target for 2019-20 was for energy intensity to be at or below a 0.0669 tonnes of carbon dioxide equivalent per passenger kilometer.

Explanatory notes

V/Line has phased out the use of LPG vehicles.

V/Line does not keep data on:

- staff modes of travel between work and home
- staff air travel and associated emissions
- specific sub categories of fuel, meaning emissions are likely to be marginally lower.

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 by V/Line and are available on request, subject to the provisions of the *Freedom of Information Act 1982*:

(a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers

(b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary

(c) details of publications produced by the entity about itself, and how these can be obtained

(d) details of changes in prices, fees, charges, rates and levies charged by the entity

(e) details of any major external reviews carried out on the entity

(f) details of major research and development activities undertaken by the entity

(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 the entity to develop community awareness of the entity 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 the entity and details of time lost through industrial accidents and disputes

(k) a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved

(l) details of all consultancies and contractors including:

i. consultants/contractors engaged

ii. services provided

iii. expenditure committed to for each engagement.

The information is available on request from:

Freedom of Information Officer
V/Line Corporation
GPO Box 5343
Melbourne VIC 3001

Email foi@vline.com.au

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

I, Gabrielle Bell, on behalf of the Responsible Body, certify that V/Line Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

The Independent Broad-based Anti-corruption Commission (IBAC) has initiated an anti-corruption investigation into allegations of serious corrupt conduct in Victoria's public transport sector. Hearings commenced on 26 October 2020. The Corporation will consider the findings and recommendations of IBAC upon completion of the investigation, including as applicable to the Corporation's attestation to the Standing Directions under the *Financial Management Act 1994* and Instructions for the financial year ending 30 June 2021.

Gabrielle M Bell

Gabrielle Bell
Chair

Financial Statements

V/Line Corporation – Financial Statements

V/Line Corporation has presented its audited general purpose financial statements for the financial year ended 30 June 2020 in the following structure to provide users with the information about the Corporation's stewardship of resources entrusted to it.

Financial statements

Notes to the financial statements

Declaration in the financial statements

In our opinion, the attached financial statements for V/Line Corporation have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 25 November 2020.

Gabrielle M Bell

Gabrielle Bell, *Chair*

Gary Liddle, *Acting Chief Executive Officer*

Albert Giorgini, *Chief Financial Officer*

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Directors of V/Line Corporation

Opinion	I have audited the financial report of V/Line Corporation (the corporation) which comprises the: • balance sheet as at 30 June 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration in the financial statements. In my opinion the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board of Director's responsibilities for the financial report	The Board of Directors of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board of Directors 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. In preparing the financial report, the Board of Directors is responsible for assessing the corporation'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.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors • conclude on the appropriateness of the Board of Directors' 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 corporation'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 corporation 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. I communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
2 December 2020

Simone Bohan
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Continuing Operations			
Income from transactions			
Revenue	2.1(a)	706,334	702,496
Other income	2.1(b)	244,434	229,326
Total income from transactions		**950,768**	**931,822**
Expenses from transactions			
Operational expenses	3.2,3.3.1	610,848	608,758
Depreciation/Amortisation	4.2	26,454	20,682
Administrative expenses	3.5	48,981	58,277
Project expenses	3.6	105,188	123,889
Infrastructure maintenance	3.7	138,903	104,566
Trains provided free-of-charge – operating expenditure	3.8	–	45,881
Interest expense	6.2	1,095	–
Total expenses from transactions		**931,469**	**962,053**
Net result from transactions (net operating balance)		**19,299**	**(30,231)**
Other economic flows included in net result			
Net (loss)/gain on financial instruments [(a)]	3.10(a)	(5,655)	3,897
Other loss from other economic flows	3.10(b)	(553)	(2,361)
Total other economic flows included in net result		**(6,208)**	**1,536**
Net result from continuing operations before income tax		**13,091**	**(28,695)**
Income tax benefit/(expense)	3.9	1,254	(1,660)
Net result for the period after income tax	8.1	**14,345**	**(30,355)**
Other economic flows – other comprehensive income:			
Items that may be reclassified subsequently to net result			
Changes in fair value of hedge instruments, net of tax, in cash flow hedge reserve	8.8	(3,663)	(3,873)
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.8	6,590	–
Total other economic flows – other comprehensive income		**2,927**	**(3,873)**
Comprehensive result		**17,272**	**(34,228)**

The accompanying notes form part of these financial statements

(a) 'Net gain/(loss) on financial instruments' includes bad and doubtful debts from other economic flows, unrealised and realised gains/(losses) from revaluations, impairments and reversals of impairment.

Balance sheet

As at 30 June 2020

	Notes	2020 $'000	2019 $'000
Assets			
Financial assets			
Cash and cash equivalents	6.1	16,594	7,030
Receivables	5.1	39,657	38,222
Contract assets	5.2	23,123	–
Total financial assets		**79,374**	**45,252**
Non-financial assets			
Inventories	5.4	24,373	27,838
Property, plant, and equipment	4.1	191,404	128,176
Intangible assets	4.3	2,024	2,466
Other non-financial assets	5.6	5,778	6,536
Total non-financial assets		**223,579**	**165,016**
Total assets		**302,953**	**210,268**
Liabilities			
Payables	5.3	95,655	83,463
Employee related provisions	3.3.2	97,699	92,427
Other financial liabilities	5.7	6,263	1,030
Lease liabilities	6.2	52,716	–
Total liabilities		**252,333**	**176,920**
Net assets		**50,620**	**33,348**
Equity			
Accumulated deficit	8.8	(75,557)	(89,902)
Physical asset revaluation surplus	8.8	130,561	123,971
Cash flow hedge reserve	8.8	(4,384)	(721)
Net worth		**50,620**	**33,348**
Commitments for expenditure	6.3		
Contingent assets and contingent liabilities	7.2		

The accompanying notes form part of these financial statements.

Cash flow statement

For the financial year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Cash flows from Operating Activities			
Receipts			
Receipts from government		900,650	821,572
Receipts from tickets sales and other entities		113,622	149,265
Interest received		344	871
Total receipts		**1,014,616**	**971,708**
Payments			
Payments to suppliers and employees		(945,270)	(994,488)
Goods and Services Tax paid to the ATO [(a)]		(31,578)	(18,895)
Interest paid on lease liabilities		(1,095)	–
Total payments		**(977,943)**	**(1,013,383)**
Net cash flows from/(used in) operating activities	6.1.1	**36,673**	**(41,675)**
Cash flows from Investing Activities			
Purchases of non-financial assets		(20,751)	(19,561)
Net cash flows used in investing activities		**(20,751)**	**(19,561)**
Cash flows from Financing Activities			
Repayment of principal portion of lease liabilities [(b)]		(6,358)	–
Net cash flows used in financing activities		**(6,358)**	**–**
Net increase/(decrease) in cash and cash equivalents		**9,564**	**(61,236)**
Cash and cash equivalents at the beginning of the financial year		7,030	68,266
Cash and cash equivalents at the end of the financial year	6.1	**16,594**	**7,030**

The accompanying notes form part of these financial statements.

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

(b) The Corporation has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion are recognised as operating activities, consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

Statement of changes in equity

For the financial year ended 30 June 2020

	Notes	Physical Asset Revaluation Surplus	Cash Flow Hedge Reserve	Accumulated Deficit	Total Equity
		$'000	$'000	$'000	$'000
Balance at 1 July 2018	**8.8**	**123,971**	**3,152**	**(59,547)**	**67,576**
Net result for the year	8.8	–	–	(30,355)	(30,355)
Other comprehensive income for the year	8.8	–	(3,873)	–	(3,873)
Balance at 30 June 2019	**8.8**	**123,971**	**(721)**	**(89,902)**	**33,348**
Net result for the year	8.8	–	–	14,345	14,345
Other comprehensive income for the year	8.8	6,590	(3,663)	–	2,927
Balance at 30 June 2020	**8.8**	**130,561**	**(4,384)**	**(75,557)**	**50,620**

The accompanying notes form part of these financial statements.

1. About this Report

These annual financial statements represent the audited general purpose financial statements for V/Line Corporation (the Corporation) for the year ended 30 June 2020.

The Corporation is a Victorian statutory corporation established under the *Rail Corporations Act 1996* and continued under the *Transport Integration Act 2010*. Its principal address is:

Level 6, 452 Flinders Street
Melbourne 3000

The functions of the Corporation are to:

- operate rail and coach passenger services
- operate services ancillary or incidental to its rail passenger services, including any other transport services
- operate and maintain rail infrastructure and related infrastructure, including for communications, to support rail passenger and rail freight services
- manage access to the rail network operated by the Corporation
- independently perform a function to meet requirements as set by the Department of Transport (DoT)
- develop and deliver projects, including by constructing rail infrastructure or providing assistance to DoT or any other relevant body in making improvements to the transport system
- provide advice to DoT to assist in operational policy development in relation to public transport system matters as requested by DoT
- develop and implement effective environmental policies, strategies, and management systems under DoT's planning framework to support a sustainable transport system, including minimising any adverse environmental impacts from rail passenger and rail freight services
- provide, or arrange for the provision and dissemination of, information to Victorians about its rail passenger and rail freight services and report on the activities of any other person carrying out the above objectives on behalf of the Corporation.

Basis of preparation

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.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 (AASs) that have significant effects on the financial statements and estimates relate to:

- the fair value of plant and equipment, leasehold improvements and rolling stock (refer Note 7.3)
- the fair value of financial instruments (refer Note 7.3)
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Notes 3.3.1 and 3.3.2).

These financial statements are presented in Australian dollars and are prepared in accordance with the historical cost convention except for:

- certain non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are conducted with sufficient regularity to ensure that carrying amounts do not materially differ from their fair value and are tested for impairment annually
- derivative financial instruments after initial recognition, which are measured at fair value with changes reflected in the comprehensive operating statement.

Historical cost is based on the fair values of the consideration given in exchange for assets.

Amounts in the financial statements have been rounded to the nearest $1,000, unless otherwise stated.

Figures in the financial statements may not equate due to rounding.

Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable AASs which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS 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.

These annual general purpose financial statements were authorised for issue by the Board of Directors (the Board) on 25 November 2020.

2. Funding delivery of our services

Introduction

To enable the Corporation to fulfil its functions and provide outputs, it receives income from various sources.

Structure

2.1 Summary of income that funds the delivery of our services

2.2 Ticket sales/farebox

2.3 Contributions

2.4 Value-in-kind

2.5 Government project re-imbursement

2.1 Summary of income that funds the delivery of our services	Notes	2020	2019
		$'000	$'000
(a) Revenue			
Ticket sales/farebox revenue	2.2	76,031	102,887
Inter-operator income		741	876
Contributions from Government	2.3	622,845	546,607
Other income		6,717	6,245
Trains received free-of-charge (Value-in-kind)	2.4	–	45,881
		706,334	**702,496**
(b) Other income			
Interest		344	871
Project re-imbursement	2.5	244,090	228,455
		244,434	**229,326**
Total income from transactions		**950,768**	**931,822**

Revenue and other income that fund delivery of the Corporation's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

2.2 Ticket sales/farebox	Notes	2020	2019
		$'000	$'000
Myki ticketing system		54,360	72,607
V/Net ticketing system		21,671	30,280
		76,031	**102,887**

Farebox revenue is recognised as revenue when tickets are sold and farebox revenue is paid to the Corporation. The Corporation receives farebox revenue from both the myki and V/Net ticketing systems. Myki revenues are subject to the allocation methodologies of the New Ticketing System Revenue Sharing Agreement. V/Net is the Corporation's ticketing system for non-myki areas and this revenue is directly received.

2.3 Contributions from Government		
Franchise subsidy	615,704	539,193
Leave funding	7,141	7,414
	622,845	**546,607**

The State Government of Victoria provides subsidies to the Corporation under a Partnership Agreement, which is considered enforceable and includes sufficiently specific performance obligations. Accordingly these contributions are accounted for as revenue in accordance with AASB 15, and are recognised as revenue when the performance obligations are satisfied, which is generally upon receipt of each tranche of the Franchise subsidy. These contributions are of an operational nature.

2.4 Value-in-kind (VIK)		
Trains received free-of-charge	–	45,881

On 1 July 2019, the Corporation initially applied AASB 1058 to the recognition of income from trains received free-of-charge, as described in Note 8.12.4. Based on its assessment, the Corporation has concluded that the provision of trains previously recognised as VIK transfers (income) do not qualify as either a service concession arrangement under AASB 1059 or a lease arrangement under AASB 16, and consequently AASB 1058 would not be applicable to this transaction. Due to the modified retrospective transition method chosen in applying AASB 1058, comparative information has not been restated to reflect the new requirements.

Up until 30 June 2019, contributions of resources provided free-of-charge or for nominal consideration were recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions were imposed over the use of the contributions. Contributions in the form of services were only recognised when a fair value could be reliably determined, and the services would have been purchased if not donated.

Use of VLocity diesel multiple unit trains which are leased or owned by Rolling Stock Holdings (Victoria) Pty Ltd are received free-of-charge. The VIK measurement was based on the value of the lease payments made by DoT and the notional value based on the capital cost per unit of rolling stock purchased outright. An expense of the equal amount was also recognised in the Comprehensive Operating Statement. Therefore, the net impact on Comprehensive Income was zero arising from this recognition. Refer to the related party disclosure in Note 8.9, where the amount was shown against DoT in the previous year.

2.5 Project re-imbursement	**Notes**	**2020**	**2019**
		$'000	**$'000**
Government		222,574	203,335
Other entities		21,516	25,120
Project re-imbursement		244,090	228,455

Revenue from project re-imbursement is recognised based on an expense recovery model (i.e. to recover project costs with no added margin). They are recognised as revenue when the performance obligations under the project contract are satisfied and the Corporation invoices the customer.

The Corporation undertakes various major public transport infrastructure projects, on assets owned by other Government entities. These projects include the annual works program, level crossing upgrades, track and bridge replacements, new stations and platforms, rolling stock maintenance and upgrading, sleeper renewals, signalling upgrades, maintenance of new or existing stabling yards, and track extensions.

The Corporation manages all of its projects according to its 'Project Management Methodology'. Many of these projects are funded through various government bodies such as DoT. Small scale projects are also undertaken based on the request of city councils, VicTrack or Metro Trains Melbourne (MTM) which are fully funded with a zero margin.

3. The cost of delivering our services

Introduction

This section provides an account of the expenses incurred by the Corporation in delivering services and outputs.

In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with the provision of services are recorded.

Structure

3.1 Expenses incurred in delivery of services
3.2 Operating costs (excluding labour)
3.3 Employee benefits
3.4 Superannuation contributions
3.5 Administrative expenses
3.6 Project expenses
3.7 Infrastructure maintenance
3.8 Trains provided free-of-charge
3.9 Income tax (benefit)/expense
3.10 Other economic flows included in net result

3.1 Expenses incurred in delivery of services (excl. Depreciation/Amortisation)

	Notes	2020 $'000	2019 $'000
Operating costs (excluding labour)	3.2	308,029	319,420
Employee benefit expenses	3.3.1	302,819	289,338
Operational expenses		610,848	608,758
Administrative expenses	3.5	48,981	58,277
Project expenses	3.6	105,188	123,889
Infrastructure maintenance	3.7	138,903	104,566
Trains provided free-of-charge (Value-in-kind)	3.8	–	45,881
Total expenses incurred in delivery of services		**903,920**	**941,371**

Expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate.

3.2 Operating costs (excluding labour)	Notes	2020 $'000	2019 $'000
Fleet maintenance		121,917	134,953
Fuel costs		29,809	35,157
Access charges		16,653	16,455
V/Line branded coach contract costs		40,144	38,420
Road coach services		26,434	16,549
Other direct costs		36,802	34,325
Repairs and maintenance		36,270	43,561
		308,029	**319,420**

These expenses represent the day-to-day running costs incurred in normal operations.

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for repairs and maintenance are expensed when used.

3.3 Employee Benefits

3.3.1 Employee benefit expenses in the comprehensive operating statement

	2020 $'000	2019 $'000
Salaries and wages	217,885	206,281
Superannuation	31,109	31,950
Annual leave and long service leave expense	34,190	33,990
Other on-costs (payroll tax and WorkCover levy)	19,635	17,117
	302,819	**289,338**

Employee benefit expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

	2020 $'000	2019 $'000
3.3.2 Employee benefits in the balance sheet		
Current employee provisions		
Employee benefits (Note 3.3.2 (a)) (i)		
Annual leave (Note 3.3.2(a))		
– unconditional and expected to settle within 12 months(iii)	23,065	20,117
– unconditional and expected to settle after 12 months(ii)	6,060	5,328
	29,125	25,445
Other leave (Note 3.3.2(a))		
– unconditional and expected to settle within 12 months(iii)	3,214	3,252
	3,214	3,252
Long service leave (Note 3.3.2(a))		
– unconditional and expected to settle within 12 months(iii)	12,786	13,055
– unconditional and expected to settle after 12 months(ii)	31,884	32,191
	44,670	45,246
Other provisions – employee related (Note 3.3.2(a))	1,446	1,640
	1,446	1,640
Total employee benefits	78,455	75,583
Provisions for on-costs (Note 3.3.2(a) and Note 3.3.2(b))		
– unconditional and expected to settle within 12 months(iii)	5,805	5,290
– unconditional and expected to settle after 12 months(ii)	3,995	3,877
Total on-costs	9,800	9,167
Total current provisions for employee benefits	**88,255**	**84,750**
Non-current employee provisions		
Employee benefits (Note 3.3.2(a)) (i) – Long service leave	8,647	7,032
On-costs (Note 3.3.2(a) and Note 3.3.2(b))	797	645
Total non-current provisions for employee benefits	**9,444**	**7,677**
Total provisions for employee benefits	**97,699**	**92,427**

	2020 $'000	2019 $'000
(a) Employee benefits and on-costs [(i)]		
Current employee benefits		
Annual Leave	29,125	25,445
Long Service Leave	44,670	45,246
Other leave	3,214	3,252
Other provisions – employee related	1,446	1,640
	78,455	75,583
Non-current employee benefits		
Long service leave	8,647	7,032
	8,647	7,032
Total employee benefits	**87,102**	**82,615**
Current on-costs	9,800	9,167
Non-current on-costs	797	645
Total on-costs	**10,597**	**9,812**
Total employee benefits and on-costs	**97,699**	**92,427**

(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected separately.

(ii) These amounts are recorded at present value.

(iii) These amounts are recorded at nominal values.

	Employee Benefits $'000	On-costs $'000	Total $'000
(b) Reconciliation of movement in provisions			
2020			
Opening Balance	**82,615**	**9,812**	**92,427**
Net additional provisions recognised and reductions arising from payments/other sacrifices of future economic benefits	3,984	735	4,719
Unwind of discount and effect of changes in the discount rate	503	50	553
Closing Balance	**87,102**	**10,597**	**97,699**
Current	78,455	9,800	88,255
Non-current	8,647	797	9,444
Total	**87,102**	**10,597**	**97,699**

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

Employee benefits are guaranteed by the State of Victoria. This guarantee does not satisfy the recognition criteria under the AASs for an offsetting receivable to be recognised in the accounts of the Corporation.

(i) Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and all other short-term employee benefits, are recognised as part of the employee benefit provision as current liabilities, as the Corporation does not have an unconditional right to defer the settlement of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at reporting date. Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and other short-term employee benefits are measured at:

- undiscounted value – if the Corporation expects to wholly settle the liability within 12 months; or
- present value – if the Corporation does not expect to wholly settle the liability within 12 months.

(ii) Long service leave

A liability for LSL is recognised in the provision for employee benefits.

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

The components of this current LSL are measured at:

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

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

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

Termination benefits are recognised when the Corporation is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Employee benefits on-costs

Provisions for on-costs, comprising payroll tax, workers' compensation and superannuation, are recognised separately from the provision for employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Superannuation on-costs associated with the annual leave provision has been applied to ninety per cent of the provision before on-costs. The remaining ten per cent representing estimated terminations do not attract superannuation payment obligation.

3.4 Superannuation contributions

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

The amount recognised in the comprehensive operating statement of the Corporation in relation to superannuation is employer contributions for members of both defined benefit and defined contribution plans that are paid or payable during the reporting period.

The Corporation does not recognise any defined benefit liability in respect of the plans because it has no legal or constructive obligation to pay future benefits relating to its employees. Its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

The name, details and amounts in relation to the major employee superannuation funds and contributions made by the Corporation are as follows:

	Paid contribution for the year		Contributions outstanding at year end	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Fund				
Defined benefit plans [(i)]				
State Superannuation Fund – revised and new	6,256	6,591	532	576
Transport Superannuation Fund	2,525	2,435	215	216
Total defined benefit plans	**8,781**	**9,026**	**747**	**792**
Defined contribution plans				
VicSuper	11,367	10,342	969	954
Various other	9,982	8,744	728	670
Total defined contribution plans	**21,349**	**19,086**	**1,697**	**1,624**
Total superannuation plans	**30,130**	**28,112**	**2,444**	**2,416**

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

3.5 Administrative expenses

Administrative expenses are made up of the following expense categories:

	2020 $'000	2019 $'000
Information technology and communication	14,795	14,627
Motor vehicle	4,619	1,389
Operating lease expenses	–	10,310
Short-term lease expenses	2,854	–
Leases of low-value assets	396	–
Other administration	19,650	24,985
Total administration	42,314	51,311
Selling	1,275	1,213
Marketing and communication	1,414	1,834
Customer services	3,978	3,919
Total Administrative expenses	**48,981**	**58,277**

These expenses are recognised as an expense in the period in which they are incurred.

Lease payments

Up until 30 June 2019, operating lease payments were recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

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

- short term leases – leases with a lease term of less than 12 months
- leases of low value assets – leases where the underlying asset's fair value when new is individually no more than $10,000.

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

3.6 Project expenses

The Corporation undertakes various major public transport infrastructure projects, on assets owned by other Government entities. These projects include the annual works programme, level crossing upgrades, track and bridge replacements, new stations and platforms, rolling stock maintenance and upgrading, sleeper renewals, signalling upgrades, maintenance of new or existing stabling yards, and track extensions.

Project expenses are recognised as an expense in the period in which they are incurred.

3.7 Infrastructure maintenance

Infrastructure maintenance expenses are recognised as an expense in the period in which they are incurred.

3.8 Trains provided free-of-charge

On 1 July 2019, the Corporation initially applied AASB 1058 to the recognition of income from trains received free-of-charge, as described in Note 8.12.4. Based on its assessment, the Corporation has concluded that the provision of trains previously recognised as VIK transfers (income) do not qualify as either a service concession arrangement under AASB 1059 or a lease arrangement under AASB 16, and consequently AASB 1058 would not be applicable to this transaction. As a result, the corresponding contributions of resources provided free-of-charge or for nominal consideration were also not recognised. Due to the modified retrospective transition method chosen in applying AASB 1058, comparative information has not been restated to reflect the new requirements.

Up until 30 June 2019, contributions of resources provided free-of-charge or for nominal consideration were recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions were imposed over the use of the contributions. The VIK measurement was based on the value of the lease payments or the notional value based on the capital cost per unit of rolling stock purchased outright. Income of an equal amount was also recognised in the Comprehensive Operating Statement. Therefore, the net impact arising from this recognition on Comprehensive Income was zero.

3.9 Income tax (benefit)/expense

	2020 $'000	2019 $'000
Accounting profit/(loss) before income tax	13,091	(28,695)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2019: 30%)	3,927	(8,609)
Tax expense relating to non-temporary differences	1	–
(Recognition)/derecognition of deferred tax asset	(5,182)	10,269
Income tax (benefit)/expense	**(1,254)**	**1,660**
The components of tax (benefit)/expense comprises:		
Current tax	7,469	(4,928)
Deferred tax	(8,723)	6,588
Balance	**(1,254)**	**1,660**
Weighted average tax rate	-9.58%	-5.78%

3.10 Other economic flows included in net result

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

	2020 $'000	2019 $'000
(a) Net (loss)/gain on financial instruments		
Allowance for impairment losses of contractual receivables	(40)	(108)
Net (loss)/gain on diesel hedge	(5,611)	4,005
Net loss on foreign currency hedge	(4)	–
Total net (loss)/gain on financial instruments	**(5,655)**	**3,897**
(b) Other losses from other economic flows		
Net loss arising from revaluation of long service leave liability	(553)	(2,361)
Total other losses from other economic flows	**(553)**	**(2,361)**

4. Key assets available to support output delivery

Introduction

The Corporation controls infrastructure that is utilised in fulfilling its functions and conducting its activities. They represent the resources that have been entrusted to the Corporation to be utilised for delivery of those outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

Structure

4.1 Property, plant and equipment

4.1.1 Classification by purpose – carrying amounts [(i) (a)]

	Transport [(ii)]	
	2020	**2019**
	$'000	**$'000**
Rolling stock		
At fair value	102,445	127,104
Accumulated depreciation	–	(49,302)
Net carrying amount	**102,445**	**77,802**
Rolling stock – capitalised improvements		
At fair value	–	41,036
Accumulated depreciation	–	(18,952)
Net carrying amount	**–**	**22,084**
Plant and equipment [(iii)]		
At fair value	64,904	37,177
Accumulated depreciation	(36,523)	(31,082)
Net carrying amount	**28,381**	**6,095**
Leasehold Improvements		
At fair value	9,324	6,465
Accumulated depreciation	(5,567)	(5,053)
Net carrying amount	**3,757**	**1,412**
Buildings [(iii)]		
At fair value	36,427	–
Accumulated depreciation	(3,296)	–
Net carrying amount	**33,131**	**–**
Capital works-in-progress	**23,690**	**20,783**
Total property, plant, and equipment	**191,404**	**128,176**

(a) AASB 16 *Leases* has been applied for the first time from 1 July 2019.

(i) Property plant and equipment are classified primarily by the 'purpose' for which the assets are used, based upon the Classification of the functions of government (COFOG) categories. Assets in a COFOG category are further sub-categorised according to the assets' 'nature' (i.e. buildings, plant, and equipment, etc.), with each sub-category being classified as a separate class of asset for financial reporting purposes.

(ii) The Corporation classifies all its property, plant and equipment into the Transport category, based upon the government's COFOG framework.

(iii) The carrying amounts include right-of-use assets upon the application of AASB 16 *Leases* from 1 July 2019. The comparative information as at 30 June 2019 has not been restated.

Included in the above property, plant and equipment are the following right-of-use assets recognised upon the application of AASB 16 from 1 July 2019:

	2020
	$'000
Plant and equipment	
At fair value	22,648
Accumulated depreciation	(4,267)
Net carrying amount	**18,381**
Buildings	
At fair value	36,427
Accumulated depreciation	(3,296)
Net carrying amount	**33,131**
Total right-of-use assets	**51,512**

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment upon the revaluation of the entire asset class. 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 assets includes the costs of all materials used in construction and direct labour costs of the project.

The Corporation's non-financial physical assets are mostly specialised in nature. As a not-for-profit entity, the Corporation's non-financial physical assets are held for continuing use of their service capacity and not primarily for their ability to generate net cash inflows. As a result, the fair value of the Corporation's non-financial physical assets has been determined by reference to the asset's current replacement cost, adjusting for the associated depreciation.

For plant and equipment and leasehold improvements, existing depreciated cost is generally a reasonable proxy for current replacement cost because of the short lives of the assets concerned.

The Corporation commenced recognition of right-of-use assets on the application of AASB 16 from 1 July 2019. These right-of-use assets represent the Corporation's right to use an underlying asset obtained under a lease contract for the lease term. The right-of-use asset is initially measured at cost, which consists of the initial amount of the related lease liability adjusted for any prepaid lease payments less any lease incentives received plus any initial direct costs incurred less an estimate of dismantling and removal costs. Subsequently, right-of-use assets are measured at current replacement cost less accumulated depreciation and impairment, and adjusted for any remeasurement of the related lease liability.

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

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

4.1.2 Classification by purpose – movement in carrying amounts

	Transport	
	2020	**2019**
	$'000	**$'000**
Rolling stock at fair value		
Carrying amount at beginning of year	77,802	84,795
Depreciation expense	(6,329)	(6,993)
Transfer of carrying amount from Capitalised Improvements due to revaluation	21,557	–
Revaluation	9,415	–
Carrying amount at end of year	**102,445**	**77,802**
Rolling stock at cost – capitalised improvements		
Carrying amount at beginning of year	22,084	20,407
Additions	8,252	9,772
Depreciation expense	(8,779)	(8,095)
Transfer of carrying amount to Rolling Stock due to revaluation	(21,557)	–
Carrying amount at end of year	**–**	**22,084**
Plant and equipment		
Carrying amount from previous year	6,095	5,409
Recognition of right-of-use assets on initial application of AASB 16	13,085	–
Adjusted carrying amount at beginning of year	19,180	5,409
Additions	14,986	1,799
Remeasurements	(25)	–
Disposals	(50)	–
Depreciation expense	(5,710)	(1,113)
Carrying amount at end of year	**28,381**	**6,095**
Leasehold improvements		
Carrying amount at beginning of year	1,412	1,795
Additions	2,900	204
Disposals	(32)	(265)
Depreciation expense	(523)	(322)
Carrying amount at end of year	**3,757**	**1,412**
Buildings		
Carrying amount from previous year	–	–
Recognition of right-of-use assets on initial application of AASB 16	6,986	–
Adjusted carrying amount at beginning of year	6,986	–
Additions	25,191	–
Remeasurements	4,250	–
Depreciation expense	(3,296)	–
Carrying amount at end of year	**33,131**	**–**
Capital works in progress		
Carrying amount at beginning of year	20,783	12,050
Additions	2,907	9,631
Net transfers	–	(898)
Carrying amount at end of year	**23,690**	**20,783**

4.1.2 Classification by purpose – movement in carrying amounts	Transport	
	2020	2019
	$'000	$'000
Total property, plant, and equipment		
Carrying amount from previous year	128,176	124,456
Recognition of right-of-use assets on initial application of AASB 16	20,071	–
Adjusted carrying amount at beginning of year	148,247	124,456
Additions	54,236	21,406
Remeasurements	4,225	–
Revaluation	9,415	–
Disposals	(82)	(265)
Depreciation expense	(24,637)	(16,523)
Net transfers	–	(898)
Carrying amount at end of year	**191,404**	**128,176**

Included in the above movement of property, plant and equipment above is the movement of right-of-use assets recognised on the application of AASB 16 from 1 July 2019:	2020
	$'000
Plant and equipment	
Carrying amount from previous year	–
Recognition of right-of-use assets on initial application of AASB 16	13,085
Adjusted carrying amount at beginning of year	13,085
Additions	9,588
Remeasurements	(25)
Depreciation expense	(4,267)
Carrying amount at end of year	**18,381**
Buildings	
Carrying amount from previous year	–
Recognition of right-of-use assets on initial application of AASB 16	6,986
Adjusted carrying amount at beginning of year	6,986
Additions	25,191
Remeasurements	4,250
Depreciation expense	(3,296)
Carrying amount at end of year	**33,131**
Total right-of-use assets	
Carrying amount from previous year	–
Recognition of right-of-use assets on initial application of AASB 16	20,071
Adjusted carrying amount at beginning of year	20,071
Additions	34,779
Remeasurements	4,225
Depreciation expense	(7,563)
Carrying amount at end of year	**51,512**

4.1.3 Rolling stock

The rolling stock fleet comprises diesel electric locomotives, carriages, diesel multiple units (known as Sprinters) and vans. Repairs and maintenance work on the rolling stock is scheduled in accordance with the Corporation's rolling stock management plan and rail safety management standards. Scheduled maintenance examinations on rolling stock are determined at set intervals depending on the type of rolling stock.

The refurbishment program, as part of the rolling stock management plan, consists of major examinations and overhauls of rolling stock. The Corporation treats these examinations as significant upgrades, which extend the useful life of the rolling stock. The refurbishment program will allow for the fleet to operate to the current useful life profile as per the 2020 Valuer General Victoria (VGV) full valuation. The refurbishment program also includes the replacement of major units such as traction and locomotive motors, generators, wheel sets and bogies. These items are capitalised and depreciated over their useful life, and their carrying values are taken into consideration when adjusting the carrying value of rolling stock to fair value. All other maintenance examinations and minor work are treated as repairs and maintenance and expensed when incurred.

Non-financial physical assets, including rolling stock, are measured at fair value in accordance with FRD 103H *Non-financial physical assets* issued by the Minister for Finance. During the year, the Corporation undertook an independent revaluation of its rolling stock in line with the five-year revaluation cycle based on the assets' COFOG classification. Independent valuers are used to conduct the scheduled revaluation. In between the scheduled revaluations, the Corporation conducts interim revaluations, which are determined in accordance with the requirements of the FRDs. Revaluations may occur more frequently if fair value assessments indicate material changes in value.

The independent scheduled valuation of the Corporation's rolling stock as at 30 June 2020 was performed by the VGV. The VGV has adopted current replacement cost as the valuation basis for the rolling stock rather than a market comparison or income approach, as the market for the rolling stock lacks sufficient depth due to the specialised nature of the assets and the small population and volume traded, and the rolling stock assets lack separately identifiable cash flows. The calculation of current replacement cost involves establishing the gross current replacement cost of the assets, and then depreciating this value to reflect the anticipated effective working life of the asset from new, the age of the asset and the estimated residual value at the end of the assets working life.

Coronavirus (COVID-19) has driven a significant reduction in the Corporation's patronage since being declared a 'Global Pandemic' in March 2020, with overall patronage down 77 per cent across April to June 2020 versus the same period last year. It is expected that patronage will recover over the short to medium term, however uncertainty exists in respect to timing of this recovery and on the overall impact on customer transportation habits in a post coronavirus (COVID-19) environment. Despite the reduction in patronage, the rolling stock assets are required to meet current and future demand, and the impact on patronage has not led to any reduction in train services which have remained at pre-coronavirus (COVID-19) levels. A new timetable has been approved by the Minister for Public Transport, effective December 2020.

The current replacement cost approach adopted by the VGV is less sensitive to external economic factors compared to market or income-based valuation approaches and whilst the VGV has not applied an adjustment for economic obsolescence, the valuer has advised that the current market environment, impacted by coronavirus (COVID-19), creates significant valuation uncertainty. Future changes to the economic environment may require variations to assumptions which could have a material impact on the valuation outcome.

The VGV has determined that the fair value for the rolling stock fleet as at 30 June 2020 was $102.4 million. The carrying amount of the Corporation's rolling stock as at 30 June 2020 has been restated to this fair value.

Revaluation increments, or decrements arise from differences between an asset's carrying amount and fair value.

Revaluation increments, or decrements are accounted for as follows:

- net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows – other comprehensive income' and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result
- net revaluation decreases are recognised in 'Other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant, and equipment. Otherwise, net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'Other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that asset class and are not offset in respect of assets in different classes. The asset revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset.

4.1.4 Leasehold improvements

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvement.

In general, the fair value of those assets is measured at the current replacement cost. There are limitations and restrictions imposed on those assets' use and/or disposal which may impact the fair value of these assets and should be taken into account when the fair value is determined.

4.2 Depreciation and impairment	2020 $'000	2019 $'000
Depreciation and amortisation – charge for the period		
Rolling stock	6,329	6,993
Rolling stock – capitalised improvements	8,779	8,095
Plant and equipment [(a)]	5,710	1,113
Leasehold improvements	523	322
Buildings [(a)]	3,296	–
Intangible assets (amortisation)	1,817	4,159
Total depreciation and amortisation	**26,454**	**20,682**

(a) Includes depreciation charge on right-of-use assets upon the application of AASB 16 from 1 July 2019.

Included in the above depreciation charge are the depreciation charge on right-of-use assets incurred on the application of AASB 16 from 1 July 2019.

	2020 $'000
Plant and equipment	4,267
Buildings	3,296
Total depreciation on right-of-use assets	**7,563**

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's 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.

Right-of-use assets are depreciated over the lease term as the Corporation does not obtain ownership of the underlying asset at the end of the lease term.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of property, plant, and equipment

The estimated useful lives for the different asset classes for both current and prior years are set out below:

Plant and equipment (including right-of-use assets)	3 to 10 years
Rolling stock	2 to 22 years
Leasehold improvements	3 to 13 years
Rolling stock – capitalised improvements	2 to 22 years
Buildings (including right-of-use assets)	3 to 10 years

Impairment

All non-financial assets, except for deferred tax assets, inventories, and prepayments, are assessed annually for indications of impairment.

The impairment is then accounted for in line with the revaluation decrements as per Note 4.1.3.

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

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

4.3 Intangible assets

	2020 $'000	2019 $'000
Gross carrying amount		
Opening balance	15,331	16,756
Additions	1,375	–
Disposals	–	(1,425)
Closing balance	**16,706**	**15,331**
Accumulated amortisation		
Opening balance	(12,865)	(9,448)
Disposals	–	742
Amortisation of intangible assets	(1,817)	(4,159)
Closing balance	**(14,682)**	**(12,865)**
Net book value at end of financial year	**2,024**	**2,466**

Intangible assets consist of computer software and are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected the additional future economic benefits will flow to the Corporation.

Amortisation

Intangible assets with finite lives are amortised on a systematic (straight line) basis over the asset's useful life. Computer software intangible assets are amortised over four years. 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.

Impairment

Intangible assets are assessed annually for indications of impairment. The policy in connection with impairment is outlined in Note 4.2.

4.4 Investment in Subsidiaries

Investments in subsidiaries are carried at cost.

During the financial year, the Corporation's dormant wholly-owned subsidiary V/Line Pty Ltd was placed under voluntary liquidation. The liquidation was completed on 8 April 2020. At the date of liquidation, V/Line Pty Ltd held nil assets and liabilities (2019: nil) and had not traded throughout the financial year.

5. Other assets and liabilities

Introduction

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

Structure

5.1 Receivables

5.2 Contract assets

5.3 Payables

5.4 Inventories

5.5 Taxes

5.6 Other non-financial assets

5.7 Other financial liabilities

5.1 Receivables	**2020**	**2019**
	$'000	**$'000**
Contractual		
Trade receivables	31,820	18,740
Other receivables	6,519	18,196
Allowance for impairment of contractual receivables	(177)	(171)
	38,162	**36,765**
Statutory		
Fuel rebate receivable from the ATO	1,495	1,457
	1,495	**1,457**
Total receivables	**39,657**	**38,222**
Represented by		
Current receivables	38,162	36,765
Non-current receivables	–	–
Related party receivables (included in contractual receivables) [(a)]		
Department of Transport ("DoT")	24,252	27,464
Other related parties	4,059	471
	28,311	**27,935**

(a) Refer Note 8.9 Related parties.

Receivables consist of:

- Contractual receivables, such as debtors in relation to sales of goods and services. They represent passenger, inter-operator and other revenues receivable. They are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. The Corporation holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- Statutory receivables, such as amounts owing from the Australian Taxation Office (ATO) relating to fuel tax credits, do not arise from contracts. They are classified as financial instruments and are recognised and measured similarly to contractual receivables. They are initially recognised at fair value plus any directly attributable transaction cost.

Details about the Corporation's impairment policies, exposure to credit risk and the calculation of the loss allowance are set out in Note 7.1.

Related party receivables predominantly consist of amounts owing from DoT and are carried at nominal value due to their short-term nature. There is no interest charged on related party receivables. They are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method, less any impairment.

5.2 Contract Assets	**2020**
	$'000
Opening balance brought forward from 30 June 2019 (previously included in Receivables – Other Receivables)	13,555
Add: Additional costs incurred and recoverable from customers in the current year	244,090
Less: Amounts transferred to receivables in the current year	(234,522)
Total contract assets	**23,123**
Represented by	
Current contract assets	23,123
Non-current contract assets	–

Contract assets relate to the Corporation's right to consideration in exchange for services performed under project contracts for customers, which were completed but not yet billed at the reporting date. The contract assets are transferred to Receivables when the rights become unconditional, at which time an invoice is issued. The balance of the contract assets as at the year end was impacted by the timing of project works completed but not billed at balance date.

5.3 Payables	2020	2019
	$'000	$'000
Contractual		
Trade payables – unsecured	12,840	28,046
Amounts payable to government and agencies [(i)]	20,000	–
Superannuation payable	3,460	2,485
Accruals	36,300	28,604
Deferred income	8,052	10,805
Other payables	8,355	7,400
	89,007	**77,340**
Statutory		
GST payable	1,454	1,131
FBT payable	164	160
Other taxes payable	4,982	4,810
WorkCover payable	48	22
	6,648	**6,123**
Total payables	**95,655**	**83,463**
Related party payables (included in Trade Payables – unsecured and Amounts payable to government and agencies) [(a)]		
DoT, VicTrack and VicRoads	20,595	1,784

(a) Note 8.9 Related parties.
(i) Amounts payable to government and agencies is principally comprised of a public account advance under s.37 of the FMA.

Payables consist of:

- Contractual payables, such as trade payables, amounts payable to government and agencies, and unearned income from tickets sold relating to trips that will be taken after the reporting date and deferred income. Trade payables represent liabilities for goods and services provided to the Corporation prior to the end of the financial year that are unpaid. They are classified as financial instruments and are measured at amortised cost.
- Statutory payables, such as goods and services tax, fringe benefits tax payables and payroll related payables. They are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The average credit period for related party payables is 30 days. No interest is charged on outstanding payables. Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

The advance from DoT is a Public Account Advance made under s.37 of the FMA. This advance represents short-term funding to facilitate the State Government initiative of fast-tracking payments to creditors in response to the coronavirus (COVID-19) pandemic.

Maturity analysis of contractual payables [(a)]

		Maturity Dates				
	Carrying amount	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2020						
Payables:						
Trade payables	12,840	11,685	733	422	–	–
Amounts payable to government and agencies	20,000	–	–	20,000	–	–
Superannuation	3,460	–	3,460	–	–	–
Accruals	36,300	–	36,300	–	–	–
Other payables	8,355	8,355	–	–	–	–
Total	**80,955**	**20,040**	**40,493**	**20,422**	**–**	**–**
2019						
Payables:						
Trade payables	28,046	27,202	526	318	–	–
Superannuation	2,485	–	2,485	–	–	–
Accruals	28,604	–	28,604	–	–	–
Other payables	7,400	7,400	–	–	–	–
Total	**66,535**	**34,602**	**31,615**	**318**	**–**	**–**

Note: (a) Maturity analysis is presented using the contractual undiscounted cash flows.

5.4 Inventories

	2020	2019
	$'000	**$'000**
Spares and materials at cost	24,373	27,838

Inventories include goods and other property held for consumption in the ordinary course of business operations. Inventories are measured at the lower of cost and net realisable value.

The Corporation has a contract with a supplier for the supply of various spare parts for rolling stock maintenance which are to be made available upon request. This practice is considered by industry to be best practice as it has the lowest storage costs. These spare parts are valued using the weighted average cost formula. Stock of fuel is also measured using the weighted average cost formula.

5.5 Taxes

	2020	2019
	$'000	$'000
Deferred tax balances		
Gross deferred tax assets – temporary differences		
Recognised losses available for offsetting against future taxable income	(5,622)	(3,094)
Accruals	1,902	1,809
Provision for employee entitlements	29,096	26,824
Other provisions	414	52
Equity – Cash flow hedge reserve	1,879	309
Total deferred tax assets	**27,669**	**25,900**

Deferred tax liability		
Accelerated depreciation for taxation purposes	27,669	25,900
Total deferred tax liability	**27,669**	**25,900**

Net deferred tax asset/(liability)	**–**	**–**

Movement in deferred tax liability:		
Opening net deferred tax liability	–	–
Deferred tax movement through equity	(1,254)	1,660
Recognition of prior year carry forward tax losses	(2,277)	(5,866)
Current year deferred tax benefit/(expense)	3,531	4,206
Aggregate deferred tax asset/(liability)	**–**	**–**

The Corporation has not recognised deferred tax assets attributable to carry forward tax losses (2019: nil).

Amount charged directly to equity		
Cash flow hedge reserves	1,570	(309)
Physical asset revaluation surplus	(2,824)	–
Total amount charged to equity	**(1,254)**	**(309)**

By direction of the Treasurer of Victoria, under the *State Owned Enterprise Act 1992*, the Corporation entered into the National Tax Equivalent Regime (NTER) on 1 October 2003. Any NTER expense payable is calculated on operating profit or loss adjusted for temporary differences between NTER income and accounting income.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or liability is settled. Deferred tax is credited in the comprehensive operating statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Deferred tax assets were not recognised for deductible temporary differences as management is uncertain that future taxable profits will be available to utilise these temporary differences.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Corporation will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

5.6 Other non-financial assets	**2020**	**2019**
	$'000	**$'000**
Current other non-financial assets		
Prepayments	5,778	6,536
Total other non-financial assets	**5,778**	**6,536**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or the payments made for services covering a term extending beyond that financial accounting period.

5.7 Other financial liabilities	**2020**	**2019**
	$'000	**$'000**
Current other financial liabilities		
Fuel hedge derivatives	6,225	1,030
Foreign currency hedge derivatives	38	–
Total other financial liabilities	**6,263**	**1,030**

To reduce cash flow volatility and to provide increased certainty over its commodity and foreign currency risk exposures, the Corporation has entered in to diesel fuel and foreign currency hedges with Treasury Corporation of Victoria (TCV). The amounts recognised in Other financial liabilities represent the fair values of the respective hedge derivatives as at 30 June 2020.

6. How we financed our operations

Introduction

This section provides information on the sources of finance utilised by the Corporation during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Corporation.

This section includes disclosures of balances that are financial instruments (such as lease liabilities and cash balances). Notes 7.1 and 7.3 provide additional specific financial instrument disclosures.

Structure

6.1 Cash flow information and balances	2020	2019
	$'000	$'000
Cash at bank	16,436	6,871
Cash on hand	158	159
Total cash and cash equivalents as per cash flow statement	**16,594**	**7,030**

Cash and cash equivalents comprise cash on hand and cash at bank, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

	2020 $'000	2019 $'000
Net result for the period	**14,345**	**(30,355)**
Non-cash movements		
Depreciation and amortisation of non-current assets	26,454	20,682
Tax (benefit)/expense	(1,254)	1,660
Movements in assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,436)	50,392
Increase in contract assets	(23,123)	–
Decrease in inventories	3,466	6,401
Decrease/(increase) in prepayments	758	(880)
Increase/(decrease)in trade and other payables	12,191	(97,584)
Increase in employee related provisions	5,272	8,009
Net cash flows generated from/(used in) operating activities	**36,673**	**(41,675)**

6.2 Lease liabilities

	2020 $'000	2019 $'000
Current lease liabilities [(a)]	7,665	–
Non-current lease liabilities [(a)]	45,051	–
Total lease liabilities	**52,716**	**–**

(a) Secured by the assets leased. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The Corporation commenced the recognition of lease liabilities on 1 July 2019 upon the initial application of AASB 16. Prior to this date, these leases were classified as operating leases under AASB 117 and the related lease payments were expensed to the Comprehensive Operating Statement on a straight-line basis over the lease term.

The Corporation's lease liabilities consist of the following:

(i) lease of office premises, with lease terms ranging from three to 10 years

(ii) lease of motor vehicles and plant and equipment, with lease terms ranging from three to eight years.

In addition, the Corporation leases IT and office equipment, which are individually items of low value. As a result, the Corporation has elected not to recognise right-of-use assets and lease liabilities for these low value leases.

The Corporation also leases motor vehicles and plant and equipment with remaining lease terms of less than 12 months as at 1 July 2019. The Corporation has elected not to recognise the right-of-use assets and lease liabilities on these short term leases.

All lease payments for low value leases and short term leases have been expensed to the Comprehensive Operating Statement on a straight-line basis over the lease term.

For any contracts entered into on or after 1 July 2019, the Corporation considers whether the contract is, or contains a lease. An assessment is made on whether the contract conveys the right to control the use of an identified asset by assessing whether the Corporation has both the following:

- the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use
- the right to direct the use of the identified asset throughout the period of use.

Where all the conditions above are met, the Corporation recognises a right-of-use asset and a corresponding lease liability. The Corporation accounts for lease components within the contract separately from non-lease components, which are excluded when determining the lease liability and right-of-use asset.

The right-of-use assets are presented in Property, Plant and Equipment in Note 4.1.

Lease liabilities are classified as financial instruments and are stated at amortised cost. At initial measurement, lease liabilities are measured at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease if the rate is determinable, or the Corporation's incremental borrowing rate. Lease payments included in the measurement of the lease liability consist of:

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

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest charged. The lease liability is remeasured to reflect any reassessment or modification, or when there are changes to the in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or to the Comprehensive Operating Statement if the right-of-use asset is already reduced to zero.

In the comparative period, the Corporation applied AASB 117 *Leases*, where its leases of property, motor vehicles and plant and equipment were classified as operating leases as substantially all the risks and rewards of ownership resided with the lessor. The operating lease payments were recognised as an operating expense in the Comprehensive Operating Statement on a straight-line basis over the lease term.

Maturity analysis of lease liabilities [(a)]

			Maturity Dates				
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2020							
Lease liabilities	52,716	59,168	797	1,551	6,756	28,503	21,561
2019							
Lease liabilities	–	–	–	–	–	–	–

Note: (a) Maturity analysis is presented using the contractual undiscounted cash flows.

Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2020
	$'000
Interest expense on lease liabilities	1,095
Expenses relating to short term leases	2,854
Expenses relating to leases of low value assets	396
Total amount recognised in the Comprehensive Operating Statement	4,345

Interest expense represents the interest component on lease repayments. Interest expense is recognised in the period in which it is incurred.

Amounts recognised in the Statement of Cash Flows

The following amounts relating to leases are recognised in the Statement of Cash Flows during the financial year:

	2020
	$'000
Total cash outflow for leases	7,453

6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST.

Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Nominal values	2020 $'000	2019 $'000
Capital commitments payable		
Less than 1 year	344	1,626
Longer than 1 year but not longer than 5 years	–	–
5 years or more	–	–
Total capital commitments	**344**	**1,626**
Operating lease commitments payable [(a)]		
Less than 1 year	–	10,822
Longer than 1 year but not longer than 5 years	–	28,453
5 years or more	–	23,079
Total operating lease commitments	**–**	**62,354**
Other commitments payable		
Less than 1 year	5,482	254
Longer than 1 year but not longer than 5 years	2,530	356
5 years or more	–	–
Total other commitments	**8,012**	**610**
Total commitments (inclusive of GST)	**8,356**	**64,590**
Less GST recoverable from the ATO	760	5,872
Total commitments (exclusive of GST)	**7,596**	**58,718**

(a) For 2019, operating lease commitments related to leases of property, motor vehicles and plant and equipment, with lease terms between three and 10 years. These have been recorded on the balance sheet as lease liabilities as at 30 June 2020 on the application of AASB 16.

7. Risks, contingencies and valuation judgements

Introduction

The Corporation 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 Corporation related mainly to fair value determination.

Structure

7.1 Financial instruments specific disclosures

Introduction

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 Corporation's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example statutory receivables arising from taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

The Corporation classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets

Financial assets at amortised cost

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

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

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

The Corporation recognises the following assets in this category:

- cash and cash equivalents
- receivables (including statutory receivables).

Financial assets at fair value through other comprehensive income

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

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

These assets are initially recognised at fair value, with subsequent changes in fair value recognised in other comprehensive income. Upon disposal, any related balance in the fair value reserve is reclassified to the net result.

The Corporation does not hold any financial assets within this category.

Financial assets at fair value through net results

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

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

The Corporation classifies its derivative financial instruments as at fair value through net result.

Categories of financial liabilities

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net results over the period of the interest bearing liability, using the effective interest rate method. The Corporation recognises its contractual payables, deposits held, advances received and lease liabilities in this category.

Derivative financial instruments

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

The Corporation designates its derivative financial instruments as cash flow hedges and applies hedge accounting to these transactions (refer to Note 7.1.3 – Hedge Accounting).

Offsetting financial instruments

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

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

Derecognition of financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the assets have expired; or
- the Corporation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Corporation has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset or has neither transferred not retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

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

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

7.1.1 Financial instruments: Categorisation

	Cash and deposits $'000	Financial assets at amortised cost (AC) $'000	Financial assets/ liabilities measured at fair value through profit/loss (FVTPL) $'000	Financial liabilities at amortised cost (AC) $'000
2020				
Financial assets				
Cash and cash equivalents	16,594	–	–	–
Trade and other receivables	–	38,162	–	–
Statutory receivables	–	1,495	–	–
Total financial assets	**16,594**	**39,657**	**–**	**–**
Financial liabilities				
Trade and other payables	–	–	–	80,955
Lease liabilities	–	–	–	52,716
Hedge derivatives	–	–	6,263	–
Total financial liabilities	**–**	**–**	**6,263**	**133,671**
2019				
Financial assets				
Cash and cash equivalents	7,030	–	–	–
Trade and other receivables	–	36,765	–	–
Statutory receivables	–	1,457	–	–
Total financial assets	**7,030**	**38,222**	**–**	**–**
Financial liabilities				
Trade and other payables	–	–	–	66,535
Hedge derivatives	–	–	1,030	–
Total financial liabilities	**–**	**–**	**1,030**	**66,535**

7.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category

	Interest income/ (expense) $'000	Net holding gain/(loss) $'000	Impairment loss $'000	Total $'000
2020				
Contractual financial assets				
Financial assets at amortised cost – other than on derecognition	344	–	(40)	304
Total contractual financial assets	**344**	**–**	**(40)**	**304**
Contractual financial liabilities				
Financial liabilities at amortised cost	(1,095)	–	–	(1,095)
Hedge derivatives	–	(5,615)	–	(5,615)
Total contractual financial liabilities	**(1,095)**	**(5,615)**	**–**	**(6,710)**
2019				
Contractual financial assets				
Financial assets at amortised cost – other than on derecognition	871	–	(108)	763
Total contractual financial assets	**871**	**–**	**(108)**	**763**
Contractual financial liabilities				
Hedge derivatives	–	4,005	–	4,005
Total contractual financial liabilities	**–**	**4,005**	**–**	**4,005**

The net gain/(loss) disclosed above has been determined as follows:

- for financial assets at amortised cost (consisting of cash and cash equivalents and receivables), the net gain/(loss) is calculated by taking the interest income earned during the year, minus any impairment recognised in the net result
- for financial liabilities measured at amortised cost, the net gain/(loss) is calculated by taking the interest expense
- for financial assets and liabilities that are designated at fair value through profit or loss including hedge derivatives, the net gain or loss is calculated by taking the movement in fair value of the financial asset or liability.

7.1.3 Financial risk management objectives and policies

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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability, and equity instrument above are disclosed in Note 8.1 to the financial statements.

The main purpose in holding financial instruments is to prudently manage the Corporation's financial risks within the government policy parameters.

The main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity risk. The Corporation manages these financial risks in accordance with its financial risk management policy.

The Corporation 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 the Audit, Finance and Risk Committee of the Corporation.

Credit risk

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

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

The Corporation does not engage in hedging the credit risk related to its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and cash equivalents, which are mainly cash at bank. Similar to the Corporation's policy for receivables, the Corporation is to only deal with banks with high credit ratings.

Credit risk in trade receivables is also managed by enforcing disclosed payment terms and ensuring that debt collection policies and procedures are followed at all times.

Contractual financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off is classified as a transaction expense.

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

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

Credit quality of financial assets

	AAA Credit Rating $'000	Other $'000	Total $'000
2020			
Financial assets with loss allowance measured at 12-month expected credit loss			
Cash and cash equivalents	16,594	–	16,594
Statutory receivables (no impairment loss recognised)	1,495	–	1,495
Financial assets with loss allowance measured at lifetime expected credit loss			
Contractual receivables (applying the simplified approach for impairment)	28,311	9,851	38,162
Total financial assets	**46,400**	**9,851**	**56,251**
2019			
Financial assets with loss allowance measured at 12-month expected credit loss			
Cash and cash equivalents	7,030	–	7,030
Statutory receivables (no impairment loss recognised)	1,457	–	1,457
Financial assets with loss allowance measured at lifetime expected credit loss			
Contractual receivables (applying the simplified approach for impairment)	27,921	8,844	36,765
Total financial assets	**36,408**	**8,844**	**45,252**

Impairment of financial assets

The Corporation records the allowance for expected credit loss for the relevant financial instruments using the Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the Corporation's cash and cash equivalents, contractual receivables and statutory receivables. Financial assets measured at fair value through net result are not subject to impairment assessment under AASB 9.

Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 5.2) are also subject to impairment assessment. No impairment loss has been recognised as these amounts relate to current project activity with government-related entities yet to be invoiced.

Contractual receivables at amortised cost

The Corporation applied the AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Corporation has grouped contractual receivables on shared credit risk characteristics and days past due and determined the expected credit loss rate based on the Corporation's historical observed loss rates, which are adjusted to reflect existing market conditions and forward-looking estimates at the financial year end. On this basis, the closing allowance at the end of the financial year as follows:

	Current	Less than 1 month	1-3 months	> 3 months	Total
2020					
Government-related contractual receivables					
Expected loss rate	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount of contractual receivables ($'000)	20,485	–	3,406	4,420	28,311
Loss allowance ($'000)	–	–	–	–	–
Other contractual receivables					
Expected loss rate	0.0%	0.4%	0.4%	96.3%	
Gross carrying amount of contractual receivables ($'000)	9,379	241	227	181	10,028
Loss allowance ($'000)	–	1	1	175	177
2019					
Government-related contractual receivables					
Expected loss rate	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount of contractual receivables ($'000)	24,880	596	285	2,160	27,921
Loss allowance ($'000)	–	–	–	–	–
Other contractual receivables					
Expected loss rate	0.0%	0.0%	0.0%	97.7%	
Gross carrying amount of contractual receivables ($'000)	6,879	1,283	678	175	9,015
Loss allowance ($'000)	–	–	–	171	171

A reconciliation of the movement in the loss allowance for contractual receivables is as follows:

	2020 $'000	2019 $'000
Balance at the beginning of the year	(171)	(110)
Increase in the allowance recognised in the net result	(40)	(108)
Reversal of allowance for receivables written off during the year as uncollectible	34	47
Balance at the end of the year	(177)	(171)

Credit loss allowance is classified as other economic flows in the net result. Contractual financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt is written off by mutual consent and is classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Cash and cash equivalents and statutory receivables at amortised cost

Cash and cash equivalents, consisting of bank deposits placed at call, and statutory receivables are considered to have low credit risk, after taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period is based on 12 months expected losses. Consequently, it was assessed that no loss allowance was required.

Derivatives at fair value through net result

The Corporation is also exposed to credit risk in relation to hedging derivatives that are designated at fair value through net result. In line with AASB 9, the Corporation does not apply the impairment assessment requirements on these financial assets. As at 30 June 2020, the credit risk exposure in relation to these hedging derivatives was assessed as nil on the basis that they were in a net payable position (2019: nil exposure).

Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Corporation manages liquidity risk by closely monitoring forecast cash flows to ensure that adequate funding is maintained at all times.

DoT has agreed to provide adequate cash flow support via a Letter of Support to enable the Corporation to meet its current and future operational obligations as and when they fall due for a period up to September 2021, should this be required. This assurance from DoT for financial support only applies while the Corporation remains in full state ownership.

Refer to Note 5.3 for the maturity analysis of contractual financial liabilities and Note 6.2 for the maturity analysis of lease liabilities.

Market risk

The Corporation's exposure to market risk is primarily through interest rate risk, commodity risk and foreign exchange risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

The sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. Sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months.

Cash and cash equivalents: the movement of 100 basis points up and down (2019: 100 basis points up and down) in market interest rates, would result in the net result increasing/(decreasing) by $165,940/($165,940) (2019: $70,300/($70,300)).

Diesel fuel hedges: the movement of 10 per cent up and down in Gasoil 10PPM AUD per barrel would result in no change to the net result as the diesel fuel hedges will still be considered effective. Other financial liabilities (representing the fair value of the fuel hedge derivatives) and the cash flow hedge reserve will (decrease)/increase by ($1,830,489)/$1,830,489 (2019: ($2,264,540)/$2,264,540).

Foreign currency hedges: the movement of 15 per cent up and down in the AUD/USD or AUD/EUR exchange rates would result in no change in the net result as the foreign currency hedges will still be considered effective. Other financial liabilities (representing the fair value of the foreign exchange hedge derivatives) and the cash flow hedge reserve will be affected as follows:

- a proportional movement in the AUD/USD forward mid-rate of 15 per cent up and down from the rates at year end would result in an increase/(decrease) in other financial liabilities of $669,912/($906,334)
- a proportional movement in the AUD/EUR forward mid-rate of 15 per cent up and down from the rates at year would result in an increase/(decrease) in other financial liabilities of $517,246/($699,806).

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Corporation does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has minimal exposure to cash flow interest rate risks through its cash and cash equivalents.

Management has concluded for cash at bank as financial assets that can be left at floating rate without necessarily exposing the Corporation to significant bad risk. Accordingly, management monitors movements in interest rates on a daily basis.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rate risk and the Corporation's sensitivity to interest rate risk are as follows:

	Weighted average interest rate $'000	Carrying amount $'000	Interest rate exposure		
			Fixed interest rate $'000	Floating interest rate $'000	Non-interest bearing $'000
2020					
Financial assets					
Cash and cash equivalents	0.97%	16,594	–	16,594	–
Contractual trade and other receivables	n/a	38,162	–	–	38,162
Statutory receivables	n/a	1,495	–	–	1,495
Total financial assets		**56,251**	**–**	**16,594**	**39,657**
Financial liabilities					
Contractual trade and other payables	n/a	80,955	–	–	80,955
Lease liabilities	3.00%	52,716	52,716	–	–
Hedge derivatives	n/a	6,263	–	–	6,263
Total financial liabilities		**139,934**	**52,716**	**–**	**87,218**
2019					
Financial assets					
Cash and cash equivalents	1.48%	7,030	–	7,030	–
Contractual trade and other receivables	n/a	36,765	–	–	36,765
Statutory receivables	n/a	1,457	–	–	1,457
Total financial assets		**45,252**	**–**	**7,030**	**38,222**
Financial liabilities					
Contractual trade and other payables	n/a	66,535	–	–	66,535
Hedge derivatives	n/a	1,030	–	–	1,030
Total financial liabilities		**67,565**	**–**	**–**	**67,565**

Commodity risk

Commodity risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices for commodities, largely due to demand and supply factors.

The Corporation is exposed to commodity price risk in its operations. To reduce volatility and provide increased certainty over its diesel fuel exposure, the Corporation has entered into diesel fuel swap contracts with TCV in order to hedge its exposure to the variability in cash flows attributable to this risk, which are associated with highly probable future transactions (diesel fuel purchases).

The Corporation hedges 95 per cent of its forecast diesel usage. The diesel fuel hedges are classified as effective when changes in the value of the diesel fuel swap contracts are aligned with the movements in the diesel fuel price in the supply contract. Potential sources of hedge ineffectiveness may include mismatches in the component pricing in the underlying fuel supply contract.

As at 30 June 2020, the Corporation has monthly diesel fuel hedges maturing until May 2021. The cash flow impact will be incurred in the month that the hedges mature. At the end of the reporting period, the details of outstanding diesel hedging contracts are as follows:

	Average fixed diesel fuel price **cents per litre**	Nominal Quantity **000 litres**	Notional Principal **$'000**	Carrying Amount – Fair Value **$'000**
2020				
Less than 1 year	59.5	41,277	24,545	(6,225)
2019				
Less than 1 year	73.5	32,359	23,789	(1,030)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation does not hold any foreign currency monetary items nor is it exposed to transactions denominated in foreign currencies. However, the Corporation is indirectly exposed to foreign currency risk through its fleet maintenance program, which includes a foreign currency adjustment component for movements in the AUD/USD and AUD/EUR exchange rates.

In order to manage this risk, commencing June 2020, the Corporation has entered into a series of foreign currency forward contracts with TCV in order to hedge its forecasted exposure to foreign currency risk arising from its fleet maintenance program. The hedges are classified as effective when an economic relationship exists between the foreign currency forward contracts (hedging instrument) and the foreign currency risk inherent in the fleet maintenance program as a result of fluctuations in the AUD/USD and AUD/EUR exchange rates (risk being hedged). Sources of hedge ineffectiveness include mismatches in the forecasted maintenance costs against actual outcomes and basis differences in foreign exchange rates.

As at 30 June 2020, the Corporation has foreign exchange forward contracts expiring until June 2021. The cash flow impact will be incurred in the month that the hedges mature. At the end of the reporting period, the details of outstanding forward contracts are as follows:

	Weighted average exchange rate	Notional Principal $'000	Carrying Amount – Fair Value $'000
2020			
Contracts denominated in USD			
Less than 1 year	0.6917	5,089	(47)
Contracts denominated in EUR			
Less than 1 year	0.6071	3,975	9
		9,064	(38)
2019			
Contracts denominated in USD			
Less than 1 year	–	–	–
Contracts denominated in EUR			
Less than 1 year	–	–	–
		–	–

The Corporation is also exposed to the AUD/USD exchange rate fluctuations through its exposure to diesel fuel. The foreign currency risk on the diesel fuel purchases is mitigated through the diesel fuel hedges.

Hedge Accounting

The Corporation uses diesel swap contracts and foreign currency forward contracts as cash flow hedges of its exposure to commodity risk and foreign currency risk respectively.

At the inception of the transaction, the Corporation documents the economic relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the various hedge transactions. Assessments are made at both hedge inception and on an ongoing basis in order to ascertain whether the hedge meets the risk management objective.

Where a hedge is effective, changes in the fair value of the derivative hedge contracts are initially recognised in the Cash flow hedge reserve in equity, with the ineffective portion of the change in fair value (if any) recognised directly in the net result. In the period when the hedged expected future cash flow occurs and affects the net result, the Corporation reclassifies the cumulative amount in the Cash flow hedge reserve for the related hedge contract to Other economic flows included in the net result. Where a hedging relationship ceases to meet the hedge effectiveness requirement relating to its pre-determined hedge ratio, but the risk management objective remains the same, the Corporation rebalances the hedge ratio of the hedging relationship and continues with the hedge.

Hedge accounting is discontinued only when the hedging relationship ceases to meet the hedge qualifying criteria, even after rebalancing, such as when the hedging contract is terminated.

The carrying amount (fair value) of the hedging contracts are recognised in the balance sheet in Other Financial Assets when the value is positive and Other Financial Liabilities when the value is negative.

Reconciliation of Cash flow hedge reserve

	Diesel Swap Hedge Contracts **$'000**	Foreign Exchange Forward Hedge Contracts **$'000**	Total **$'000**
2020			
Opening balance	(721)	–	(721)
Revaluations to fair value, net of tax	(9,248)	(30)	(9,278)
Loss on settlement of hedge transferred to Net result – Other economic flows	5,611	4	5,615
Closing balance, net of tax	(4,358)	(26)	(4,384)
2019			
Opening balance	3,152	–	3,152
Revaluations to fair value, net of tax	132	–	132
Gain on settlement of hedge transferred to Net result– Other economic flows	(4,005)	–	(4,005)
Closing balance, net of tax	(721)	–	(721)

No amount was removed from equity during the period and included in the initial cost or other carrying amount of a non-financial asset or non-financial liability whose acquisition or incurrence was a hedged highly probable forecast transaction.

The Corporation did not reclassify any amount from the Cash flow hedge reserve in equity to the net result during the period due to its hedges being ineffective. There were no cash flow hedges that were rebalanced or discontinued during the period.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. They are presented inclusive of GST receivable or payable respectively.

Contingent assets

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

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

There are no material contingent assets.

Contingent liabilities

Contingent liabilities are:

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

The only quantifiable contingent liability relates to a bank guarantee ($0.5m) for the Corporation's office at 500 Collins Street.

The Corporation's other contingent liabilities are classified as non-quantifiable and relate to:

The Corporation is defending a number of claims relating to personal injuries. There have been minor claims made over time by customers arising out of incidents on the Corporation's network. These claims are dealt with in the ordinary course of business and are referred to the Corporation's insurers as the matters arise. The Corporation's liability is limited to the insurance deductible amount.

V/Line's operations are subject to various environmental regulations under both Commonwealth and State laws. V/Line takes active steps to improve environmental management systems and ongoing internal procedures, to help discharge obligations under these laws. In 2019-20, V/Line investigated all incidents of alleged vegetation and wildlife disturbance associated with V/Line activities and where necessary worked with the Department of Environment, Land, Water, and Planning (DELWP) and the Department of Environment and Energy to come to a resolution.

Issues associated with planning permit requirements for vegetation impacts of the Murray Basin Project between Maryborough and Ararat have been resolved. V/Line secured the calculated vegetation offsets required.

V/Line does not have any current Clean Up Notices or Pollution Abatement Notices issued by the Environment Protection Authority, and all previous notices have been resolved. V/Line Environment and Sustainability Department continue to review requirements under the new *Environment Protection Act*.

Recent changes to the contracts for coaches may potentially result in emissions from these coaches being required to be reported under the *National Greenhouse and Energy Reporting (NGER) Act*. This is currently being reviewed by the Legal department, however if V/Line does indeed need to report these emissions, it will mean that V/Line will exceed the emissions baseline calculated under the Safeguard Mechanism. As such V/Line will need to purchase offsets for these coach emissions. Current estimates indicate annual emissions of 3,555 tonnes of carbon equivalent from coaches would cost approximately $70,000.

V/Line will be required to apply to the Clean Energy Regulator for a new emissions calculated baseline in 2020-21, as the current baseline was rolled over to end on 30 June 2020. Development of a new calculated baseline will require the engagement of an appropriately accredited consultant, with an estimated cost of $25,000.

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

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 Corporation.

This section sets out information on how the Corporation 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 following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result
- non-financial physical assets.

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 Corporation determines the policies and procedures for both recurring fair value measurements, such as property, plant and equipment and financial instruments, and for non-recurring fair value measurements in accordance with the requirements of AASB 13 *Fair Value Measurement* and the relevant Financial Reporting Directions.

Fair value hierarchy

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

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

For the purpose of fair value disclosures, the Corporation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Corporation determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 Corporation's independent valuation agency. The Corporation, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

7.3.1 Fair value determination of financial assets and liabilities

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

Level 1 – The fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

Level 2 – The fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly.

Level 3 – The fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Financial assets and liabilities measured at amortised cost

The carrying amounts of the following financial assets and financial liabilities approximate their fair values due to their short-term nature or with the expectation that they will be paid in full by the end of the next reporting period:

Financial assets

Cash and cash equivalents.
Trade and other receivables.

Financial liabilities

Trade and other payables.
Amounts payable to government and agencies.

The fair value of the following financial liabilities measured at amortised cost are different from the carrying amounts:

	2020		2019	
	Carrying amount **$'000**	Fair value **$'000**	Carrying amount **$'000**	Fair value **$'000**
Financial liabilities				
Lease liabilities	52,716	53,866	–	–

Financial assets and liabilities measured at fair value

	Carrying amount	Fair value measurement		
	$'000	Level 1 **$'000**	Level 2 **$'000**	Level 3 **$'000**
2020				
Financial liabilities at fair value through net result				
Hedge derivatives	6,263	–	6,263	–
2019				
Financial liabilities at fair value through net result				
Hedge derivatives	1,030	–	1,030	–

There were no transfers between levels during the year. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale.

Valuation techniques and inputs used to measure level 2 fair values

	Valuation technique	**Inputs used**
Diesel fuel swap contracts	Income approach using discounted cash flow methodology	Forward curves for diesel commodity prices and AUD/USD exchange rates
Foreign exchange forward contracts	Income approach using discounted cash flow methodology	Forward yield curves for AUD/USD and AUD/EUR exchange rates

7.3.2 Fair value determination of non-financial physical assets

Fair value measurement hierarchy for assets

	Carrying amount	Fair value measurement		
		Level 1	Level 2	Level 3
	$'000	**$'000**	**$'000**	**$'000**
2020				
Plant and equipment at fair value	28,381	–	–	28,381
Rolling stock at fair value	102,445	–	–	102,445
Leasehold improvements at fair value	3,757	–	–	3,757
Rolling stock – capitalised improvements at fair value	–	–	–	–
Buildings	33,131	–	–	33,131
2019				
Plant and equipment at fair value	6,095	–	–	6,095
Rolling stock at fair value	77,802	–	–	77,802
Leasehold improvements at fair value	1,412	–	–	1,412
Rolling stock – capitalised improvements at fair value	22,084	–	–	22,084

There have been no transfers between levels during the period.

The Corporation's non-financial physical assets are mostly specialised in nature. As a not-for-profit entity, the future economic benefits of the Corporation's non-financial physical assets are not primarily dependent on their ability to generate net cash inflows. As a result, the fair value of the Corporation's non-financial physical assets has been determined by reference to the asset's current replacement cost, adjusted for the associated depreciation.

As depreciation adjustments are considered as significant, unobservable inputs in nature, it is considered that the Corporation's non-financial physical assets would be categorised within level 3 of the fair value hierarchy.

For plant and equipment and leasehold improvements, existing depreciated cost is generally a reasonable proxy for current replacement cost because of the short lives of the assets concerned.

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

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

For movement in carrying amount of assets please refer to section 4.1.

Description of significant unobservable inputs to Level 3 valuations

2020 and 2019	Valuation technique	Significant unobservable inputs
Plant and equipment	Current replacement cost	Cost per unit Useful life of plant and equipment
Rolling stock	Current replacement cost	Cost per unit Useful life of rolling stock
Leasehold improvements	Current replacement cost	Cost of improvement Shorter of the remaining term of the lease or the useful life of the improvement
Rolling stock – capitalised improvements	Current replacement cost	Cost per improvement Useful life of capitalised improvement
Buildings	Current replacement cost	Cost per square metre Useful life of buildings

Significant unobservable inputs have remained unchanged since June 2019.

8. Other disclosures

Introduction

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

Structure

8.1 Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', and 'other economic flows – other comprehensive income'. The sum of the former two, together with the Income tax (expense) benefit, represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

'Other economic flows' are changes to asset values arising from market re-measurements. They include:

- gains and losses from disposals of non-financial assets
- revaluations and impairments of non-financial physical and intangible assets
- fair value changes of financial instruments.

This classification is consistent with the whole of government reporting format and is in line with the requirements of AASB 101 *Presentation of Financial Statements*.

Balance sheet

Assets and liabilities are presented in order of liquidity, with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities are disclosed in the notes to the financial statements, where relevant.

In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions for employee benefits, which are classified as current liabilities due to the Corporation not having the unconditional right to defer the settlement of liabilities within 12 months after the end of the reporting period.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with the requirements under AASB 107 *Statement of Cash Flows*.

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

8.2 Not for profit

The Board is of the view that the Corporation qualifies as a not-for-profit entity since the primary obligation of the Corporation is the delivery of subsidised public transportation services to regional Victoria, which is consistent with FRD 108C Classification of entities as for-profit. The Corporation has a Partnership Agreement with DoT which determines the services that the Corporation provides, and the subsidy payments received for those services. Hence, the Corporation's funding is based on achieving a small profit or loss before interest, depreciation, and tax. Neither the mission nor corporate strategies of the Corporation reflect achieving profit. The Corporation has been deemed to have a not-for-profit status and accordingly those accounting standards applicable to not-for-profit entities have been applied.

8.3 Going concern

The Corporation provides public transport services to rural and regional Victoria and is also responsible for the management and maintenance of the regional rail network it operates on. The provision of these services is subsidised by the State Government of Victoria. Without the provision of that subsidy the Corporation could not continue as a going concern.

Each year the Corporation undertakes normal budget processes that form part of the State Government of Victoria's forward budget estimates. This process provides funding for up to four years. Allocations are made through the State Government of Victoria's budget to enable the Corporation to meet its output obligations under the Partnership Agreement with DoT, which is in place until 1 January 2023. Once the budget allocation is approved, the final funding available to the Corporation is determined for that year. Funding for the year ending 30 June 2021 have been set under an approved budget allocation. Due to the coronavirus (COVID-19) pandemic, the State Budget has been deferred to October 2020, delaying the decision on a number of funding submissions.

In addition to delaying the State of Victoria's Budget to October 2020, coronavirus (COVID-19) has also negatively impacted on V/Line's patronage and subsequently, ticket sales revenue. The State is funding this shortfall through additional Government subsidy.

DoT formally agrees annually to provide adequate cash flow support to enable the Corporation to meet its current and future operational obligations each year as and when they fall due. This support extends to September following the budgeted year of operation to ensure continuity of funding into the next budget period. This support is formalised via a letter of support from DoT. This assurance from DoT for financial support only applies while the Corporation remains in full state ownership.

The Corporation meets regularly with DoT to provide continual updates on performance, finalise any outstanding budget matters, and deal with any subsequent matters that may arise from the ongoing operations.

Notwithstanding the deficiency in net current assets of $88.3 million (2019: $89.6 million) and the uncertainty generated by coronavirus (COVID-19), this financial report has been prepared on a going concern basis as the Corporation is financially subsidised by its ultimate parent entity, the State Government of Victoria, pursuant to a Partnership Agreement with DoT, which was executed on 1 January 2018.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that may be necessary should the Corporation not continue as a going concern.

8.4 Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as an operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

8.5 Responsible persons

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

Names

The persons who held the positions of Ministers and Accountable Officer in the Corporation are as follows:

Minister for Public Transport	The Hon. Ben Carroll, MP	22 June 2020 to 30 June 2020
Minister for Public Transport	The Hon. Melissa Horne, MP	01 July 2019 to 22 June 2020
Treasurer	Mr Tim Pallas, MP	01 July 2019 to 30 June 2020
Chief Executive Officer	Mr James Pinder	01 July 2019 to 30 June 2020

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Corporation during the reporting period was in the range of $520,000 – $529,999 (2019: $490,000 – $499,999).

Amounts relating to the Ministers are reported in the financial statements of the Department of Parliamentary services.

8.6 Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officer, and their total remuneration during the reporting period are shown in the table below. Executives include members of the Executive Leadership Team (ELT) of the Corporation and does not include directors of the Corporation. Total annualised employee equivalents provide 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. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave 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. Executives receive free public transport throughout Victoria which is not included as remuneration in this note as it is not material in value.

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

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

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.9)

	2020	2019
	$	$
Short-term employee benefits	3,099,578	2,909,888
Post-employment benefits	250,489	236,050
Termination benefits	–	219,869
Total remuneration	**3,350,067**	**3,365,807**
Total number of executives [(a)]	**10**	**12**
Total annualised employee equivalent (AEE) [(b)]	**10**	**10**

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel under AASB 124 *Related Party Disclosures* and are also reported within the related parties disclosure note (Note 8.9).

(b) Annualised employee equivalent is based on the time fraction worked during the reporting period. This is calculated as the total number of days the employee is engaged to work during the week by the total number of full-time working days per week (generally five full working days per week).

8.7 Remuneration of auditors

	2020	2019
	$'000	$'000
Amounts received or due and receivable by the auditors for auditing the Corporation:		
Audit of the financial statements – Victorian Auditor-General's Office	98	96
	98	**96**

8.8 Equity

	2020	2019
	$'000	$'000
Accumulated deficit		
Balance at beginning of the year	(89,902)	(59,547)
Net result	14,345	(30,355)
Balance at end of the year	**(75,557)**	**(89,902)**
Physical asset revaluation surplus (1)		
Balance at beginning of the year	123,971	123,971
Revaluation increments	6,590	–
Balance at end of the year	**130,561**	**123,971**
Cash flow hedge reserve (2)		
Balance at beginning of the year	(721)	3,152
Net (decrease)/increase in Cash flow hedge reserve	(3,663)	(3,873)
Balance at end of the year	**(4,384)**	**(721)**

(1) The physical assets revaluation surplus arises on the revaluation of the classic fleet rolling stock, net of income tax effect.
(2) The cash flow hedge reserve arises from recording the valuation of hedge transactions net of income tax effect.

8.9 Related parties

The Corporation is a Victorian statutory corporation and is a controlled entity of the State of Victoria.

Related parties of the Corporation include:

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

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

During the year, the Corporation had the following government-related entity transactions:

			2020	2019
Related party	**Nature of transaction**	**Terms and conditions**	**$'000**	**$'000**
Expenses				
Department of Transport	Provision of network marketing and accommodation licenses	In accordance with the Partnership Agreement	469	930
Victorian Rail Track	Provision of communication services	In accordance with agreement between the parties	17,261	16,976
Department of Environment Land Water and Planning	Valuation services, heritage applications and purchase of native vegetation credits	In accordance with agreement between the parties	40	88
Treasury Corporation Victoria	Provision of hedge transaction services	In accordance with agreement between the parties	58	54

Related party	Nature of transaction	Terms and conditions	2020 $'000	2019 $'000
Revenue				
Department of Transport	Provision of funding to the Corporation	In accordance with the Partnership Agreement	622,845	546,607
Department of Transport	myki/Ticket sales	In accordance with the Revenue Sharing agreement	54,360	72,607
Department of Transport	Reimbursement of project expenditure	In accordance with agreement between the parties	219,551	202,190
Department of Transport	Free use of VLocity trains (i)	In accordance with agreement between the parties	–	45,881
Department of Transport	Network access charges	In accordance with agreement between the parties	92	40
Victorian Rail Track	Reimbursement of project expenditure	In accordance with agreement between the parties	2,938	1,140
Victorian Rail Track	Network access charges	In accordance with agreement between the parties	–	11
VicRoads	Reimbursement of project expenditure	In accordance with agreement between the parties	85	6
VicRoads	Network access charges	In accordance with agreement between the parties	3	16

(i) Whilst the V/Locity trains are still available for the Corporation's use, the Corporation no longer recognises the related value-in-kind income upon the application of AASB 1058 on 1 July 2019. Refer to Note 2.4.

Key Management Personnel (KMP) of the Corporation include the Portfolio Ministers, the Hon. Ben Carroll, MP, the Hon. Melissa Horne, MP and Treasurer, Mr Tim Pallas, MP, the Accountable Officer, Directors, and members of the Executive Leadership Team.

The names of the Directors during the financial year were:

- Ms Gabrielle Bell – Chair (appointed Chair from 1 September 2019)
- Mr Jeroen Weimar – Chair (resigned 1 September 2019)
- Mr Craig Cook – Deputy Chair
- Ms Rachel Thomson (re-appointed from 31 October 2019)
- Ms Elizabeth Roadley (appointed from 31 October 2019)
- Mr Thomas Sargant (appointed from 31 October 2019)
- Mr Kevin McLaine (appointed from 31 October 2019)
- Mr John Donovan (term completed on 30 October 2019)
- Ms Kay Macaulay (term completed on 30 October 2019).

The names of the Executive Leadership Team members during the financial year were:

• Chief Executive Officer	James Pinder	Employment terminated 29 October 2020
• Chief Financial Officer	Albert Giorgini	Ongoing
• EGM Corporate Planning & Risk	Brendan Geary	Ongoing
• EGM Health, Safety & Environment	Dean Matthews	Ongoing
• EGM Program & Delivery	Colin Taylor	Ongoing
• EGM Asset Management	Alex Panayi	Ongoing
• EGM Operations	Paul D'Alessio	Ongoing
• EGM Corporate Affairs	Daniel Hoare	Ongoing
• EGM Network Development & Integration	Jonathan McKeown	Ongoing
• EGM People	Elaine Seckold	Ongoing
• EGM Corporate Governance	Rebecca Northeast	Ongoing

Remuneration of Key Management Personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers and Treasurer receive. Their remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

Compensation of KMPs

	2020 $	2019 $
Short-term employee benefits	3,827,681	3,565,698
Post-employment benefits	298,144	273,321
Termination benefits	–	219,869
	4,125,825	**4,058,888**

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and the Corporation's Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Corporation, there were no related party transactions that involved key management personnel, their close family members, and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

8.10 Subsequent events

The financial statements were authorised for issue on 25 November 2020.

The Independent Broad-based Anti-corruption Commission (IBAC) has initiated an anti-corruption investigation into allegations of serious corrupt conduct in Victoria's public transport sector. Hearings commenced on 26 October 2020. The scope of the investigation includes, but is not limited to, the transparency and integrity of procurement and tendering processes within the transport sector in Victoria, including the behaviour of Public Officers, and the systems and controls concerning procurements and tendering for major contracts. The employment of the Corporation's CEO, Mr James Pinder was terminated effective 29 October 2020. The Corporation is satisfied that the investigation does not give rise to an adjusting event, and that the V/Line Corporation financial statements present fairly the financial transactions during the year ended 30 June 2020 and financial position of the Corporation at 30 June 2020.

As a result of the escalation of the coronavirus (COVID-19) pandemic, the extent of the impact on the Corporation's fare revenue in the 2020-21 financial year is uncertain.

There were no other matter or circumstance not otherwise dealt with in the financial statements, which has the potential to significantly affect the operations of the Corporation, the results of those operations or the state of affairs of the Corporation in subsequent financial years.

8.11 Dividends

No dividends were paid, declared or recommended during the year, or subsequent to the year end.

8.12 Change in accounting policies

8.12.1 Leases

The Corporation has applied AASB 16 *Leases* with a date of initial application on 1 July 2019.

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

Previously, the Corporation determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 *Determining whether an arrangement contains a Lease*. Under AASB 16, the Corporation assesses whether a contract is or contains a lease based on the definition of a lease as explained in Note 6.2.

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

Lease classified as operating leases under AASB 117

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

On adoption of AASB 16, the Corporation recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

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

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

Leases where the Corporation is a lessor

There are no adjustments required on transition to AASB 16 for leases where the Corporation acts as the lessor. The Corporation accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on financial statements

On transition to AASB 16, the Corporation recognised $20.0 million of right-of-use assets and $20.0 million of lease liabilities. When measuring lease liabilities, the Corporation discounted lease payments using its incremental borrowing rate on 1 July 2019. The weighted average rate applied was 2.44 per cent.

A reconciliation of operating lease commitments as at 30 June 2019 disclosed applying AASB 117 and lease liabilities recognised in the statement of financial position on 1 July 2019 applying AASB 16 is as follows:

	$'000
Total operating lease commitments (including GST) disclosed at 30 June 2019	62,354
Discounted using the incremental borrowing rate at 1 July 2019 (excluding GST)	**51,847**
Exclusion of committed lease expected to commence subsequent to 1 July 2019	(29,159)
Less: Recognition exemption for	
Short-term leases	(2,380)
Leases of low-value assets	(237)
Lease liabilities recognised at 1 July 2019	**20,071**

8.12.2 Service Concession Arrangements: Grantors

AASB 1059 Service Concession Arrangements: Grantors applies to annual reporting periods beginning on or after 1 January 2020. However, in line with FRD 124 *Transitional Requirements on the Application of AASB 1059 Service Concession Arrangements: Grantors*, the Corporation has early adopted the standard from 1 July 2019.

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

The Corporation has reviewed all of its arrangements to assess whether AASB 1059 applies, and has concluded that there were no contracts that fall within the scope of AASB 1059. The Corporation has also reviewed its leasing arrangements and determined that none of these are within the scope of AASB 1059.

8.12.3 Revenue from Contracts with Customers

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

The Corporation has reviewed its revenue recognition policies and noted that its existing policies were in line with AASB 15, and therefore the application of this standard on 1 July 2019 did not result in any changes in revenue recognition policies or any financial impact.

8.12.4 Income of Not-for-Profit Entities

In accordance with the requirements of FRD 122, the Corporation has applied the transitional provision of AASB 1058 *Income of Not-for-Profit Entities* under the modified retrospective method, with the cumulative effect of initially applying this standard against opening retained earnings as at 1 July 2019. Under this transition method, the Corporation applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application. Comparative information has not been restated.

The Corporation has concluded that the provision of trains previously recognised as value-in-kind transfers (income) do not qualify as either a service concession arrangement under AASB 1059 or a lease arrangement under AASB 16, and consequently AASB 1058 would not be applicable to this transaction.

There is no financial impact to the opening retained profit from the application of AASB 1058 as the quantum of the VIK income recognised equated the cost of services charged, with no net impact on the Comprehensive Operating Statement.

8.12.5 Transitional Impact on Financial Statements

This note sets out the impact of the adoption of the following new accounting standards for the first time from 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 *Leases*
- AASB 1059 *Service Concession Arrangements: Grantors*.

The impact on the opening Balance Sheet as at 1 July 2019 of the adoption of AASB 16 has been summarised in the following table:

	As at 30 June 2019, as previously stated **$'000**	Impact of application of AASB 16 **$'000**	As at 1 July 2019, as restated **$'000**
Property, plant and equipment	128,176	20,071	148,247
Total assets	210,268	20,071	230,339
Lease liabilities	–	20,071	20,071
Total liabilities	176,920	20,071	196,991

There was no financial impact from the adoption of AASB 1059, AASB 15 and AASB 1058.

8.13 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2019-20 reporting period. These accounting standards have not been applied to the Corporation's financial statements. The Corporation is reviewing its existing accounting policies and assessing the potential implications of these accounting standards, which include:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*

  This standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. It applies to reporting periods beginning on or after 1 January 2020 with earlier application permitted. The Corporation has not earlier adopted the Standard.

  The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.

  The Corporation is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

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

  This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applies to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However the AASB has recently issued ED 301 *Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* with the intention to defer the application by one year to periods beginning on or after 1 January 2023. The Corporation will not early adopt the Standard.

  The Corporation is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

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 Corporation's reporting:

- AASB 17 *Insurance Contracts*
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*
- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*
- AASB 1029-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*
- *Conceptual Framework for Financial Reporting*

Disclosure Index

The annual report of V/Line is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of V/Line's compliance with statutory disclosure requirements.

Ministerial Directions & Financial Reporting Directions

Financial statements

Declaration		Page
SD 5.2.2	Declaration in financial statements	71

Other requirements under Standing Directions 5.2

SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	79
SD 5.2.1(a)	Compliance with Standing Directions	71, 79
SD 5.2.1(b)	Compliance with Model Financial Report	N/A

Other disclosures as required by FRDs in notes to the financial statements [(a)]

FRD 9B	Departmental Disclosure of Administered Assets and Liabilities by Activity	N/A
FRD 11A	Disclosure of Ex gratia Expenses	N/A
FRD 13	Disclosure of Parliamentary Appropriations	N/A
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	135-136
FRD 103H	Non Financial Physical Assets	93
FRD 110A	Cash Flow Statements	76, 108
FRD 112D	Defined Benefit Superannuation Obligations	88
FRD 114C	Financial Instruments – general government entities and public non-financial corporations	113-126

Note: (a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.

V/Line Corporation
ABN 91 273 289 190
GPO Box 5343
Melbourne VIC 3001

Head Office/Administration
Level 6, 452 Flinders Street
Melbourne VIC 3000
Telephone (03) 9619 5900
vline.com.au

Customer information,
reservations, sales
and feedback
Freecall 1800 800 007

Project team
Rebecca Northeast
Scheree Mularczyk
Les Lovell
Stephen Creasey
Jennifer Lau

Printed by
Finsbury Green,
Port Melbourne.

Accessibility

If you would like to receive this publication in an accessible format, such as large print or audio, phone **03 9619 5900** or email **accessibility@vline.com.au**

Authorised by the Victorian Government, 1 Treasury Place, Melbourne.