

EMERALD TOURIST RAILWAY BOARD

ANNUAL REPORT | 2017-18





Photography by Karen Gunn

What is Puffing Billy?

Puffing Billy is Australia's foremost operating steam railway, and one of the largest steam and heritage railways in the world. Its history spans a period of 118 years. Remarkably, for more than half that span, it has operated as a volunteer-based not-for-profit body. It operates up to seven trains a day, every day except Christmas Day and it has carried over 510,000 patrons in the current financial year, again an all-time record.

The narrow-gauge line between Belgrave and Gembrook survives as one of the most intact examples of pioneering railway infrastructure in Australia. Its steeply graded banks, trestle bridges, line-side telegraph, signalling and rolling stock are of an era elsewhere supplanted by more modern technology. This railway takes its "era of significance", from 1900 to 1930, seriously and its guiding philosophy has held it in good stead.

The 2'6" gauge line to Gembrook opened in 1900, initially to carry produce, livestock and timber to Ferntree Gully, where the freight was transferred to broad gauge trains. However, it quickly became a great favourite of Melburnians, seeking a leisurely way of visiting "the hills". The Railway closed in 1954 after a major landslide near Menzies Creek, and a succession of "Young Sun" specials was organised by the Melbourne daily newspaper to farewell the Railway. The success of these specials brought about the formation of the Puffing Billy Preservation Society which quickly reopened the Railway for the public to enjoy.

Unprecedented visitation from people across the globe has seen the Railway at close to full capacity on many days of the year. To enhance the visitor experience and ensure volunteers also enjoy their time on the Railway, the management team secured key funding from the State and Federal Governments during the year to commence the first of the Masterplan projects, the Discovery Centre development at Emerald Lake Park.

Puffing Billy offers a unique volunteer experience. It is recognised throughout the country for its quality, dedication and diversity of community minded people who operate this iconic railway through the scenic Dandenong Ranges

In 1977, the Emerald Tourist Railway Board was formed pursuant to the Emerald Tourist Railway Act, as a means of taking over the infrastructure previously owned by the Victorian Railways.

The Board is responsible for corporate governance and management of the business whilst the Society provides financial support and specialist expertise as well as a significant proportion of the Railway's knowledge base.

After the release of the Ombudsman's report in June 2018, the Railway reaffirmed its commitment to the safety of the public, its volunteers and staff, as well as further improvements to its governance structure.

We are pleased to present this, the forty-first Annual Report of the Emerald Tourist Railway Board.

"Unprecedented visitation from people across the globe has seen the Railway at close to full capacity on many days of the year."

Board and Management

Members of the Board



Tim North

QC Chair Legal

Member of Queen's Counsel. Admitted to practice as a barrister in 1980 and signed the Victorian Bar Roll in 1983 specialising in commercial litigation for over 35 years. Appears regularly as an International Mediator and Arbitrator in Asia-Pacific region. President of the Victorian Rugby Union (elected by Victorian community-based clubs and associates). President of Melbourne Rebels Rugby Union.



Campbell Rose

AM Deputy Chair Rail, Governance, Tourism

Chief Executive of VicTrack. Seasoned senior executive with experience across major events, infrastructure development, construction and business transformation. Recently chaired Retired Tram Stakeholder Reference Group. Former Chief Executive of Melbourne Major Events Company. Led successful 2006 Melbourne Commonwealth Games Bid.



Jennifer Fleming

Governance, Child Safe Standards, Volunteers

Corporate Chief Strategy Officer for DEDJTR with expertise in strategic market positioning and complex organisational change in commercial and not-for-profit. Former CEO of Girl Guides Victoria.



Paul Lappin

Finance, Legal, Governance

Experienced executive and non-executive director. Chairman of Bastion Reputation Management. Director of Virgin Australia Fashion Festival. Trained accountant and auditor. Former Senior Manager at PWC.



Secretary to the Board:

D. G. Parbery B. Sc. Agr (Syd), M. Agr.Sc (Qld.), Ph.D(Melb.)

Retired Board members during 2017/18 year:

J. R. Brady* FIE Aust CPEng (Jul 16 - retired Sep 17)

D. L. Eaton (Jul 16 - Aug 17)



Roger Clifton

Change Management

Experienced senior business strategist with extensive marketing and advertising knowledge. Former Chairman of Prahran Market. Former Managing Director of marketing and advertising agencies Shannon's Way, McCann Erickson, and Singleton Ogilvy & Mather.



Justine Heazlewood

Records Management

Director of Public Record Office Victoria (PROV), the State's archival authority, and Victoria's fifth Keeper of Public Records. Worked for PROV since 1996. Involved in initiatives to set national & international standards for recordkeeping across Victoria and Australia.



Judy Maddigan

Volunteers, Governance

Former Australian politician, Member for Essendon and first female Speaker of the Victorian Legislative Assembly. Joint founder of 'Defend Public Libraries'. Former Chairperson of Portrayal of Women in Outdoor Advertising Committee, Essendon Historical Society, Friends of Essendon Library & Ministerial Advisory Council on libraries. Currently a member of the History Council of Victoria and Chair of the Public Records Advisory Council.



Peter Bingeman

Special Advisor to Board on Tourism Matters

CEO of Visit Victoria. Experienced in global business, change management, & strategic marketing & sales. Held senior leadership positions in sales & marketing for Kraft Foods, Cadbury, & Procter & Gamble. Former Managing Director (Malaysia, Thailand, Singapore, Vietnam & Indochina) for Mondelez International.

The following Board members stood down during the year. These were:

Chair

R. S. Cochrane*
B.A., B.Ed., T.T.C.
(Reappointed
Nov17 – Jun 18)

Deputy Chair

R. L. Leivers
Dip.Ag.Sci., B. Ag. Sci
(Hons). (Reappointed
Jul 16 – Jun 18)

R.D. Bowen*
CA, CPA (Canada)
(Appointed
Aug 17 – Jun 18)

J. R. Brady*
FIE Aust CPEng
(Jul 16 - retired Sep 17)

J.K. Goodwin
(Appointed
Aug 17 – Jun 18)

J. L. Clowes*
(Reappointed
Nov17 – Jun 18)

D. L. Eaton
(Jul 16 – Aug 17)

A. J. Ponton
(Reappointed
Nov17 – Jun 18)

J. Prentice
(Dec 16- Jun 18)

* = Nominated by
the Puffing Billy
Preservation Society
(PBPS).

Committees and Officers of the Board

The Audit and Remuneration Committee, as at 22th June 2018 comprised the following:

Chair D. L. Eaton
Members R. S. Cochrane, R.D. Bowen, A. J. Ponton

**This body has been restructured to the Finance Audit Risk and Compliance Sub Committee
The members are:**

Chair P Lappin
Members R. Clifton, J Maddigan, M. Jouvelet.

The Rail Safety Management Systems Committee

Membership and Officers are the same as the Board as at 22nd of June 2018. This committee has been restructured to the Operation and Safety Management Subcommittee. The members are:

Chair C. Rose
Members N. Hutchins, V. Ducrow.

The Heritage Advisory Committee, as at 30th June 2018 comprised the following:

Chair A. D. Rayment.
Members M. Bracher, R. S. Cochrane, B. Saunders, G. Tasker, J.E. Thompson, R. Smith, P Rayment

The Heritage Advisory Committee held a total of 5 meeting during the year

Additional new subcommittees were identified in 2017/18 and will commence in 2018/19. These are:

Volunteer, PBPS Engagement subcommittee

Chair J. Maddigan
Members J. Flemming, D. Gadsden

People & Culture, Ethics, Remuneration & Succession Planning subcommittee

Chair T. North
Members J. Heazlewood, J Clancy, D. Gadsden

Emerald Lake Park Discovery Centre subcommittee

Chair C. Rose
Members R.Clifton, P. Lappin, J. Clancy, A.B. Butler

Marketing/Tourism subcommittee

Chair R. Clifton
Members P. Bingeman, N. Hutchins, E Hutchinson.

Senior Managers Team as at 30th June 2018

Interim Chief Executive Officer	J. Clancy
Chief Operating Officer	N. M. Hutchins
Manager, Finance & Administration	M Jouvelet CPA
Manager, Infrastructure Projects	A.B. Butler
Manager, Engineering	P. Essig
Manager, Train and Passenger Services	J. L. Clowes
Manager, Commercial	A. Williams
Manager, Way & Works	J. M. Bell
Manager, Human Services	D. M. Gadsden

Management Officers as at 30th June 2018

Manager, Marketing	E. M. Hutchinson
Manager, Special Events	M. J. Collopy
Manager, Safety	V. Ducrow
Manager, Traffic	B. McKenzie
Manager, Menzies Creek Museum	D. Baker
Manager, Signals & Telegraph	A. D. Wheatland
Manager, Information Technology Systems	D. Smith
Manager, Human Resources	Vacant



Chairman's Report

The Year of Transition

This has been a significant year in the history of the Puffing Billy Railway following the resignation of the existing Board in June 2018 and the release of the Victorian Ombudsman Report.

The Governor-in-Council appointed a new Board from the date until 22 June 2020. The Board comprises of the following persons:

- Tim North QC (Chair)
- Campbell A Rose AM (Vice Chair)
- Roger C.F. Clifton
- Paul J Lappin ACA
- Justine Heazlewood
- Judy Maddigan
- Jennifer Fleming
- People & Culture, Ethics, Remuneration & Succession Planning
(Chair -Tim North, Justine Heazlewood, Jonathan Clancy and Di Gadsden)
- Emerald Lake Park Discovery Centre
(Chair -Campbell Rose, Roger Clifton, Paul Lappin, Jonathan Clancy and Brett Butler)
- Marketing/Tourism
(Chair – Roger Clifton, Peter Bingeman, Nadine Hutchins and Emma Hutchinson).

The Responsible Minister has also provided further advisors to assist the Board being Peter Bingeman (the CEO of Visit Victoria), Andrew Abbott (Deputy Secretary, Creative and Visitor Economies and Chief Executive of Department of Economic Development, Jobs, Transport and Resources)

The Board immediately accepted all the recommendations of the Ombudsman's Report and has already sought to implement appropriate improvements to existing processes including historical and current record keeping, working with children and safety practices and providing support for victims of historical issues associated with child abuse.

We have implemented a new openness between the Board/Management with our staff, with the Puffing Billy Preservation Society and with all our valued volunteers. Initial meetings have been conducted with all facets of the operation of the Railway. The Board has established new working subcommittees of the Board which are as follows:

- Finance, Audit, Risk and Compliance
(Chair- Paul Lappin, Roger Clifton, Judy Maddigan, Mark Jouvelet)
- Operations and Safety Management
(Chair- Campbell Rose, Nadine Hutchins and Vikki Ducrow)
- Volunteer, PBPS Engagement
(Chair – Judy Maddigan and Jennifer Fleming, Di Gadsden)

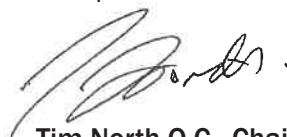
The Board has approved capital projects which were planned as part of the Master Plan. It has executed agreements with Commonwealth and State Governments to have grant funds made available for proposed the Discovery Centre. We have continuously liaised with the State Government Responsible Minister (the Honourable John Eren) and his Department heads. We have entered into a new lease agreement to accommodate our staff needs in closely adjacent premises at 6 Bayview Road Belgrave. We have implemented a bottom up review process with a facilitator so that all staff, society members and volunteers will have a voice which will be heard into the Board.

The Railway will be holding a range of marketing workshops with management to ensure the record level of patronage is enhanced.

The new Board would like to recognise the significant work undertaken by the Executive Management, staff and volunteers with the increasing demands on time to maintain the exceptional experiences offered by the Railway when taken with the need for constant maintenance of high safety standards and need for review of capital expenditure in core infrastructure.

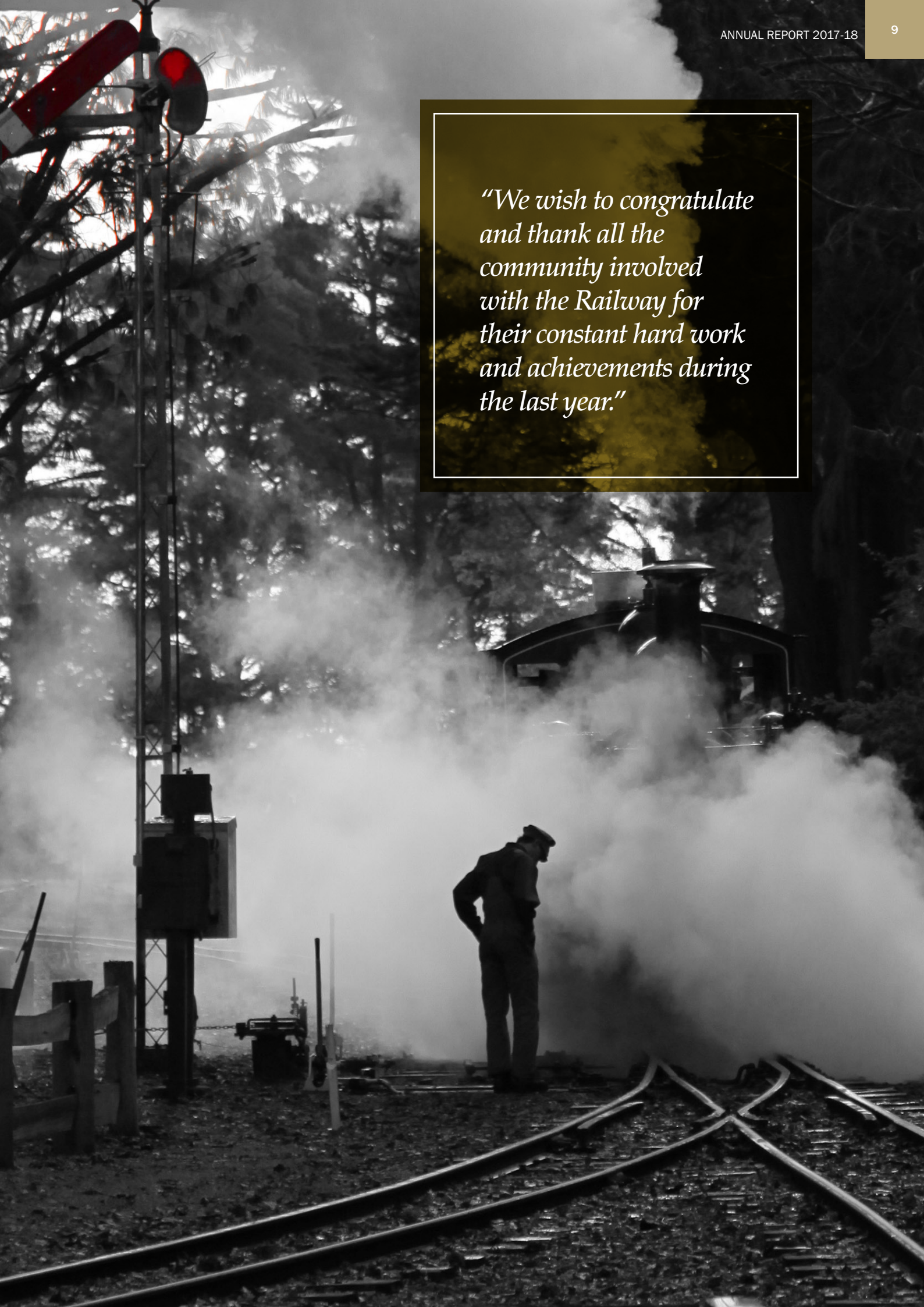
We wish to congratulate and thank all the community involved with the Railway for their constant hard work and achievements during the last year.

We look forward to the future of the Railway in the next period.



Tim North Q.C., Chairman.

1st October, 2018



"We wish to congratulate and thank all the community involved with the Railway for their constant hard work and achievements during the last year."

CEO's Report

For the sixth consecutive year Puffing Billy has achieved record volumes, carrying 510,128 passengers, made possible by the generosity of volunteers and its small team of professional staff.

Safety continues to be our number one priority. Following a level crossing accident, where there were no injuries, management suspended the long-practised experience of sitting on the sides of the carriages. A thorough investigation involving multi-discipline expertise is being undertaken to inform our decisions and consideration of returning to our traditional seating configuration.

This year's increase in patronage represents growth of 4.7% on the previous year's growth of 16.8% and comes on top of the previous five years of extraordinary double-digit growth. The Railway continues to be one of Victoria's fastest growing tourist attractions. In the recently released report from Visit Victoria, Puffing Billy continues to be a leader in regional tourism experiences, with the economic contribution to the regional communities in which Puffing Billy operates being significant.

Puffing Billy is a much-loved Australian icon, continuing to create intergenerational magical memories from visiting our unique heritage railway. Together with the unsurpassed beauty of its scenic route through the Dandenong Ranges, the journey and experience is also gaining global

popularity. This is evidenced by the ever increasing participation by the international traveller who is looking for a special, yet authentic experience. It is this international sector which has driven the bulk of the passenger growth over the last six years. This sector is a key consideration in our plans for growth and the generation of reinvestment level returns into our heritage railway, with last year's data showing expenditure from international visitors to Victoria, growing to \$ 8 billion.

The moderate growth of 4.7% this year was anticipated and reflected the capacity constraints the Railway experienced processing such high passenger numbers. The organisation foresaw this in the Masterplan for facilities and infrastructure and has already commenced the first stages of its recommendations to improve the utilisation of the existing rail line.

Other steps being taken to accommodate the ever-increasing demand, include the construction of additional rolling stock, the conversion of locomotive 14A from coal to oil burning and the completion of the preliminary planning of the new Discovery Centre in Emerald Lake Park. These investments aim to release additional capacity while improving both the amenities and the experience for customers and volunteers alike. Additionally, the marketing team has exciting plans we will be seeking to implement



next year. These include both enhancements to the heritage experience product offering, while introducing technology platforms which will enable our visitors to enjoy an enhanced, informative and entertaining experience with multi-generational appeal.

Puffing Billy recognises the challenges in achieving such ambitious plans and the enviable challenge we have to accommodate anticipated future demand. To this end, the Railway applied for and gratefully received key funding grants from both the Federal and State Government. The Federal Government pledged \$5.5m in 2016/2017 for the new Discovery Centre. This was matched by the Victorian Government in November 2017 for \$8.2m.

Further financial assistance is being sought from the State Government to progress funding the other items of key infrastructure outlined in the Masterplan which are integral to our growth requirements.

On Monday 25 June the Victorian Ombudsman tabled her report after investigating various Victorian railway organisations and their historic involvement with convicted child sex offender, Robert Whitehead.

“The Board acknowledges and accepts all conclusions and recommendations the Ombudsman has handed down. We take ownership of the matter, recognising it is utterly at odds with Puffing Billy Railway’s mission”

In anticipation of the findings of the Ombudsman’s report, the prior Emerald Tourist Railway Board resigned. The former CEO John Robinson also stood down, and a new Board was appointed, bringing renewed governance and leadership to the Railway.

The Board acknowledges and accepts all conclusions and recommendations the Ombudsman has handed down. We take ownership of the matter, recognising it is utterly at odds with Puffing Billy Railway’s mission and its standing as a tourist icon much loved by the community for more than one hundred years.

The victims have been incredibly courageous in coming forward to talk about what they have endured – we commend and thank them for this.

Finally, I would like to thank the current volunteers and staff who continue to do great work and serve the Victoria community with the greatest integrity, in the preservation and safe operation of our historic railway.

**Jonathan Clancy,
Interim CEO.**

4th October, 2018

*“..... unsurpassed
beauty of its scenic
route through
the Dandenong
Ranges.....”*

Year in Review and Financial Statements

Our Vision

To excel in our presentation of a heritage rail experience, which captures both the natural beauty and rich social history of Victoria's Dandenong Ranges.

Our Mission

To restore and operate the Puffing Billy Railway as Australia's premier heritage steam railway, in a safe, efficient and economically sustainable manner for the ongoing education, benefit, and satisfaction of the community, customers and the Railway stakeholders, including members, staff & volunteers.

Our Strategic Plan

The Railway's ongoing success is considered to be a product of the following eight key strategic elements. These key elements are listed below:

Safety - Promote a Safety Culture, Railway Safety Management

Finance - Oversee financial and risk management, Financial Sustainability

Environmental Management - Manage Stakeholder & Community Partnerships, Environmental Plans & Measures

Operational Capabilities - Deliver plans for business on time and on budget

Customer Satisfaction - Expand & Strengthen the Puffing Billy Railway Customer experience

Heritage Integrity - Promote, Preserve & Maintain a Heritage Railway and the Rail Corridor

Organisational Culture - Volunteers and Staff, Succession Planning, Governance, Culture & Change Management

Tourism Contribution - Community, Neighbour & Stakeholder Partnerships

Pursuant to the provisions of the *Financial Management Act 1994* and the *Audit Act 1994*, the Board presents its Annual Report in respect of the year ending 30th June 2018. The report is prepared in accordance with all Victorian legislation.



The Year's Operations

Patronage for 2018 (the fifty-sixth year of operation since re-opening in 1962) was 510,128 – an increase of 22,891 (4.7 percent) on 487,237 in 2017. This is the highest number of passengers in a single year in the Railway's history. 2018 was the fifth consecutive record year.

The Railway is scheduled to run every day (except Christmas day). This year had a number of wild weather days, with the Railway operating for 360 days and completing 1,848 revenue earning return trips (2017 – 1,910 trips). Trips included scheduled daily excursion trains, charter trains, lunch time Steam and Cuisine trains, Dinner Trains, "Day out with Thomas" trains, Murder Mystery and Jazz trains, Footplate Experience trains, and various special events trains.

Ninety-five percent of train kilometres, including non-passenger train kilometres, were steam hauled (ninety-three percent in 2017). Non-steam-train kilometres were mostly diesel-hauled works trains, and diesel-hauled passenger trains operating on total fire ban days during the fire season. Also, some trains that ran beyond Emerald Lake Park during the driest part of the fire season were diesel-hauled to reduce fire risk. Total train kilometres travelled in 2018 were 52,791 down 6.5 percent on the 56,520 kilometres travelled in 2017. This is an excellent efficiency result to carry additional passengers across, less available days and services.

Financial Position and Business Review

The operations of the Board after depreciation and grants resulted in a Net Result for the year of \$1,466,517 compared with a Net Profit of \$2,556,512 in the previous year on a like for like basis.

No significant asset revaluations were performed in 2018. Surplus before depreciation, asset revaluations and grants were \$3,230,160 compared with \$4,138,099 in the previous year. Cancellation of a number of key services due to extreme heat or wild weather impacted much of the Thomas season, and some of the catered services and retail shops. Financial returns in these areas were positive but understandably reduced.

Grants from Government bodies:

No Grants were received from the State Government or Federal Government this Financial year, however funding for the new Discovery Centre, has been pledged by these two Governments over the next four years.

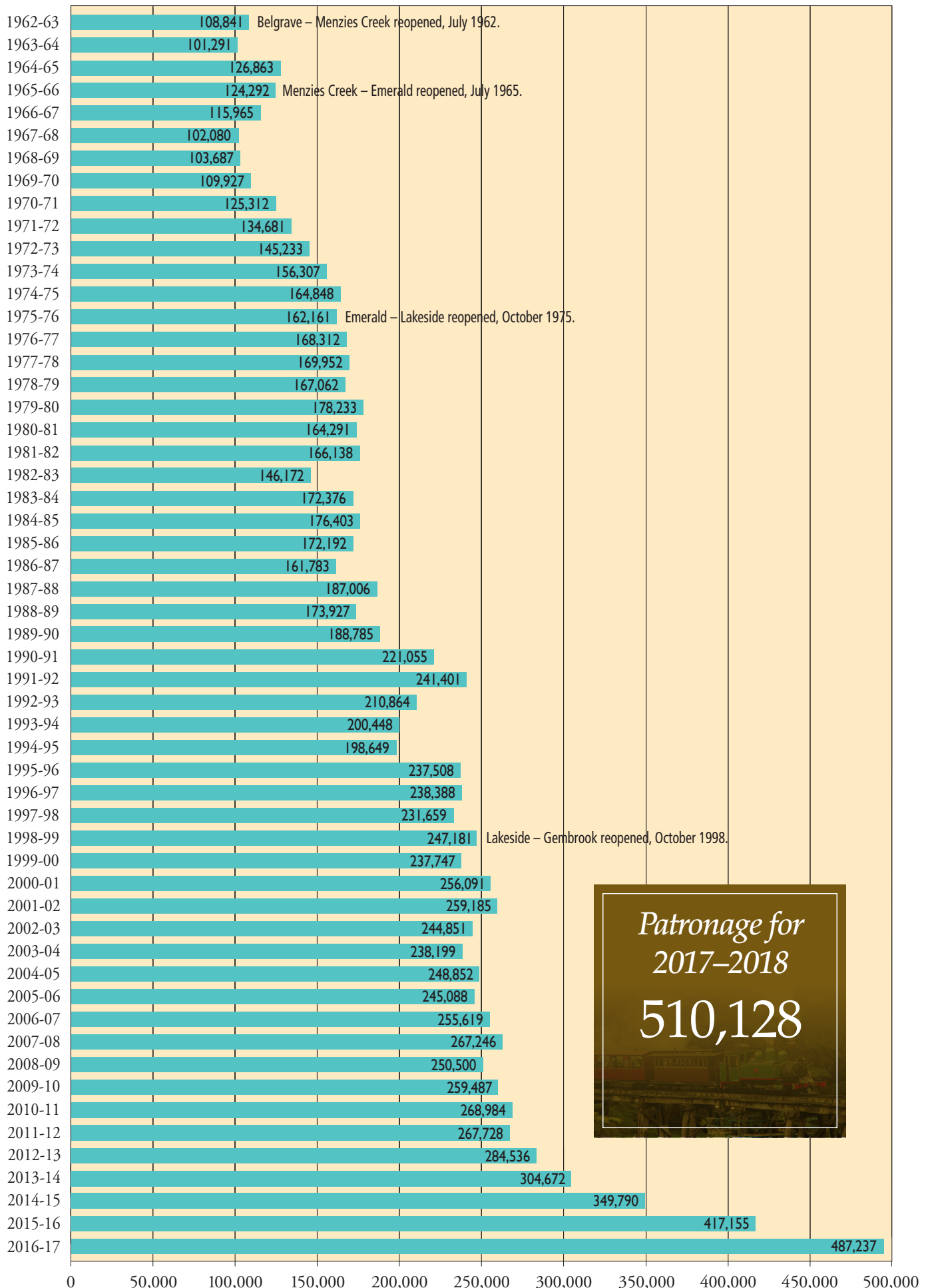
The result was achieved on gross income of \$16,681,490 (2017 - \$15,706,964) less total expenditure of \$15,218,466 (2017 - \$13,150,451) and represents a return of 2.3 percent (2017 being 4.07 percent) on equity of \$64,209,805 (2017 - \$62,743,287).

Income earned by the Railway, (which consists of excursion fares, revenue from dining trains, "Day out with Thomas" weekends, special events, and shop revenue), increased by 6.2 percent versus last year, due to a combination of greater passenger numbers and fare increases. Revenue per passenger increased by 2.5 percent, from \$27.68 to \$28.38. This was driven by a five percent increase in regular excursion train fares in July 2017, offset by a change in mix towards tour operators who predominantly book cheaper one-way fares. The 2.8 percent favourable growth in retail revenue was driven by the improvement in shop sales, with the greatest improvement coming from the Emerald Lake Park tearooms.

Total expenses year-on-year increased by 15.7 percent, compared to the 6.2 percent revenue increase. The 2017/2018 year was a resource investment year, with a number of new roles created to assist with the expanding patronage, compliance and construction activities.

The Puffing Billy Preservation Society provided grants totalling \$81,097 (2017 - \$167,557) for the refurbishment of the Museum.

PUFFING BILLY RAILWAY ANNUAL PATRONAGE 1962–2018



Financial Position – Balance Sheet

Asset Revaluations

For 2018, no further asset revaluations were deemed to be necessary.

Cash Flows

During the year cash, or cash equivalents increased by \$1,268,692 (2017 –\$994,000 increase). Term deposits increased by \$166,658 (2017 increased by \$2,611,237)



Capital Projects/ Asset Investment Programs

Capital Expenditure

Capital works expenditure in 2018 increased by \$1,128,432, from \$783,821 to \$1,912,253. Refer to note 4.1.3.

Capital works expenditure in the current year, funded internally or by the Puffing Billy Preservation Society included:

- On-going restoration of Garratt locomotive NGG16-129.
- Construction of the new NBH carriages.
- Conversion of locomotive NA14 from coal firing to oil burning.
- The commencement of the design phase of the Discovery Centre.
- The Belgrave data centre and computer fleet replacements.
- The 4 NAL catering carriage refurbishments.
- Locomotive workshop concrete apron.

Five year financial summary	2018	2017	2016	2015	2014
Total income from transactions	16,681,491	15,706,964	13,246,787	10,503,090	8,842,306
Total expenses from transactions	(15,368,817)	(13,150,252)	(10,822,849)	(9,476,994)	(9,424,069)
Net result for the year	1,466,517	2,556,512	2,423,938	1,026,096	(581,763)
Asset revaluations			2,556,512		
Comprehensive result for the year	1,466,517	2,556,512	4,980,450	1,026,096	(581,763)
Net cash flow from operating activities	3,790,269	4,505,951	3,778,992	2,264,685	1,188,076
Total assets	66,791,767	65,145,980	62,378,280	53,366,443	52,668,443
Total liabilities	2,581,964	2,402,693	2,191,505	1,801,305	2,129,401
Days operated	360	364	362	363	363
Passengers	510,128	487,237	417,155	349,790	304,672
Revenue Trips	1,848	1,910	1,891	1,788	1,702
Fare Revenue per passenger	\$28.38	\$27.68	\$26.72	\$25.48	\$23.54

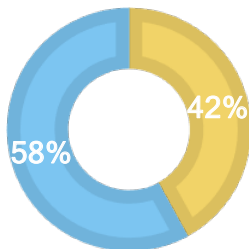
Note: The Railway run limited trains to Gembrook on weekdays from May to August except for school and public holidays).

Workforce Data

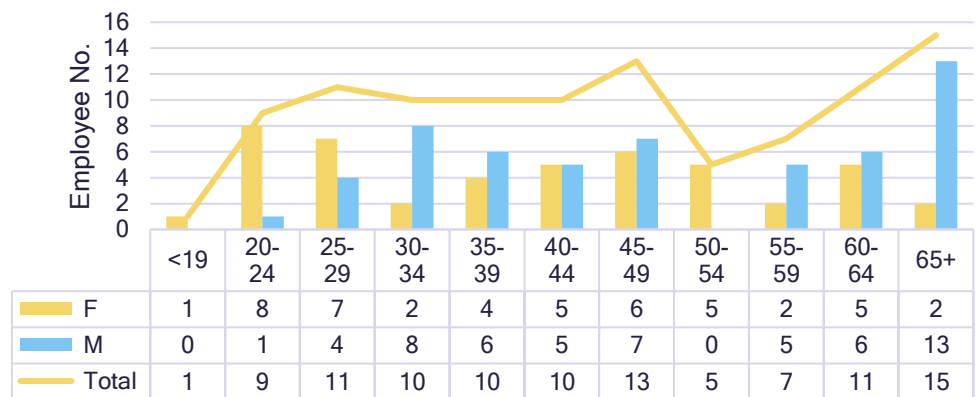
Paid staff numbers	Full Time	Permanent Part Time	Total
As at 30 June 2017	49	16	65
Commenced during year	13	0	13
Sub Totals	62	16	78
Departures	8	1	9
As at 30 June 2018	54	15	69

Gender Diversity

■ Female ■ Male



Age Diversity



In addition, averages of 33 casual employees were engaged to assist with seasonal peaks (2017 - 30).



Health & Safety

During the year 44 staff days (last year 211) were lost because of minor industrial accidents and ailments.

No accidents or ailments were related to rail safety.

The Railway has a Health and Safety Committee, made up of staff and volunteers from all areas of the Railway, which meets bi-monthly to discuss current health and safety matters.

Human Services

The 2017/2018 year brought about some exciting changes to the Human Services function. It was the first full year of the newly appointed Human Resources role. This individual was a welcome addition, expanding the skills portfolio of this department to cover all the Railway's staff, volunteers, training and recruitment.

The recent growth across the Railway over the last couple of years has been remarkable. Dealing with higher patronage requires more staff and volunteers. During this time the Railway has identified the need to employ a range of specialised positions. It is critical the organisation resource these areas and to remain compliant with all regulatory bodies in a satisfactory manner. The Human Resource specialist role its enabling the organisation to deal with is emerging complexity, working with all areas of the Railway to ensure it has all the correct personnel in place.

Volunteer recruitment and recognition became the focus with a specifically assigned Volunteer Recruitment Officer and Volunteer Recognition Officer. The new appointment of a dedicated Human Resources Manager was also a welcomed by the Railway.

The Volunteer Recognition Program continues to be well received. Through this program the Railway offers a number of activities and incentives to our precious Volunteers. In the last 12 months there have been numerous Volunteer Recognition events. Some of these programs involved both the staff and management giving their time back to the volunteers to foster a strong working relationship between two key groups of personnel. The special breakfast days along with other enjoyable activities were very well received. The goal is to increase volunteer retention.

Puffing Billy's volunteers account for 92% of the workforce. The Railway operates each day with



The Railway operates each day with hundreds of passionate volunteers, who give their time willingly, freely and for the common good to ensure all passengers and visitors have an enjoyable and memorable day.

hundreds of passionate volunteers, who give their time willingly, freely and for the common good to ensure all passengers and visitors have an enjoyable and memorable day.

Volunteers are involved in every aspect – administrative support, special events (examples being the Day Out with Thomas events and The Great Train Race) driving the trains, restoring the heritage carriages, maintaining buildings and infrastructure along the Railway, and selling the Railway's commercial retail offering to its patrons.

Training at Puffing Billy has undertaken a more formalised approach. Blended training across most volunteer roles has been introduced at entry level of the organisation. All registered volunteers undergo training and skills development. All training courses have been reviewed, and refreshed, to ensure they will comply with training developments and new legislative requirements.

Puffing Billy Railway works closely with local communities, and every year donates hundreds of family passes to education and non-profit organizations to support their fundraising activities. The Railway also makes annual donations to local CFA branches to assist with their valuable work in protecting the community.

Additionally, Puffing Billy has been fortunate enough to have established links with many corporate volunteers through the very successful Corporate Volunteer Program. The 2017/2018 financial year saw nearly 300 corporate volunteers contributing to many projects around the Railway.

Upon the release of the Ombudsman report, the State Government provided additional support and counselling to the Railway's staff and volunteers.

Menzies Creek Museum



Menzies Creek Museum has been closed and has been undergoing major renovation since 2010. The restoration of the Railways' historic exhibits in the Museum has progressed well over the last 12 months. Over 400 items have now been catalogued on the Victorian collections web site. Interpretive stories have been created for the items in the display building.

A significant amount of the work at the museum has been on internal fencing of the main building.

Exhibits that were pulled apart many years ago are being reassembled. Asphalt paths and garden beds and other forms of landscaping now complement the newly completed path ways.

The final exhibit safety barriers have been installed and the multilingual interpretation signs are currently being printed and mounted.

Most of the work involved in renovating the museum has been carried out by a group of dedicated volunteers. The museum will be opened later in 2018.

Marketing

Puffing Billy was once again recognised for its commitment to the tourism industry, proudly taking home silver in the “Major Tourist Attraction” category of the RACV Victorian Tourism Awards. This result is a credit to the dedication and hard work of our volunteers and staff.

The Railway was also pleased to see another win in the RACV Victorian Tourism Awards, with David Eaton, current board member, and past Marketing Manager, winning the Outstanding Contribution by an Individual in recognition for his 28-year dedication and passion for the tourism industry.

Following the bus incident on Tuesday 6 March, a decision was made to temporarily suspend the practice of sitting on the carriage sides behind the safety bars while an investigation takes place. Both the bus incident and the temporary suspension received significant media attention Australia-wide, with a subsequent impact on our domestic visitation over the last quarter.

Our domestic marketing initiatives focused on promoting the Emerald Lake Park to Gembrook section of the railway line when tickets were made available online in December 2017. This was designed to create public awareness and visitation to the Railway’s lesser known but equally beautiful Gembrook section of the line.

In September 2017, the marketing department launched a two-day Instameet campaign aimed at increasing the railways brand and product awareness. The campaign was appropriately named the *Insteam-meet*. A mix of professional and amateur Australian social media influencers participated and shared their inspirational images and content across several blogging websites and key social media platforms. The campaign proved highly successful with increased engagement across our social media, promoting relevant and high-quality content to our audience.

The Railway increased its digital campaigns for the Steam & Cuisine Luncheon train since the refurbishment of the carriages in early 2018, running a number of successful competitions and promotions increasing visitation on this product by 6.9% compared to 2017.

The Marketing team is currently monitoring the impact on the Railway from the Ombudsman’s report issued in the last week of June 2018.

International Marketing

The railway experienced an increase in international visitation. Much of the record passenger numbers can be attributed to the 33% growth in visitation from the China market. As the Chinese market matures, the Railway is experiencing exponential growth in the number of Free & Independent bookings. Our China representative conducted trade sales calls throughout the year to source new business and maintain relationships with existing agents, in conjunction with targeting cities in China where new direct flights were commencing.

The Railway secured several major Meetings, Incentives, Conventions and Exhibitions (MICE) groups, including the Cathay Life group from Taiwan where we carried 2,500 passengers over nine days.

Puffing Billy worked closely with key industry bodies, and Puffing Billy representatives attended:

- Tourism Australia events including the Australian Tourism Exchange (ATE), India Travel Mission and Japan Walkabout Mission.
- Visit Victoria missions to India, Japan, and Korea.
- Sales Calls into Sydney and Melbourne with fellow Victorian tourism operators.
- Australian Tourism Export Council (ATEC) including Meeting Place and VICbound.

Product familiarisations were held at the Railway for wholesalers, travel agents and media from; China, Taiwan, Singapore, Malaysia, Hong Kong, Japan, South Korea, India, Germany the United Kingdom and Vietnam.



“Much of the record passenger numbers can be attributed to the 33% growth in visitation from the China market.”



Key Media Opportunities

In conjunction with our PR company, two high profile journalists, Miranda Luby and Michael Portillo, were hosted on board our dining and excursion trains during the year. To maximise the coverage for the respective guests and to promote the 'ultimate' getaway to the Dandenong Ranges, we collaborated with Yarra Ranges Accommodation. The respective articles received notable media coverage.

The annual Great Train Race received record media coverage, featuring across all major Australian broadcast networks. The announcement of the State Government funding for the Discovery Centre featured strongly in Victorian media.



Website & Social Media

2018 saw the launch of the new website, aimed at improving the customer experience and delivering visually appealing content, images and video. The website recorded 5,227,217 Page Views (13% more than 2017) with an average of 435,601 Page Views per month.

We strengthened our presence on social media, investing in sponsored posts to drive website visitation, disseminate promotions and increase booking conversions.

The 'Puffing Billy Railway' Facebook page has 34,855 followers (22% more than 2017) and 36,178-page likes (18% more than 2017). Instagram remains an important social media platform recording a total of 5,839 followers (42% more than 2017). The railway continues to utilise other social media platforms, such as Twitter and Chinese social media channels such as WeChat and Weibo.

The 'Great Train Race' Facebook page has 781 followers, (270% more than 2017) and 752 page likes (272% more than 2017). A new Instagram account was created in January, with a total of 356 followers, adding 162 posts over the period of six months.

The railway achieved excellent results with TripAdvisor, receiving our fifth consecutive Certificate of Excellence in 2018, resulting in a Hall of Fame award from TripAdvisor.



Events

Day out with Thomas

The Railways “Day out with Thomas” continues to draw crowds and generate excitement for young families and their children at Puffing Billy’s beautiful Gembrook station.

The popularity of the Thomas brand in association with Puffing Billy Railway continues to offer a family experience like no other – the opportunity to see Thomas the Tank Engine in full steam, along with his friends, Percy and Diesel.

Additional activities included in the experience ensure that customers enjoy a family fun day in the beautiful surrounds of Gembrook station and the Dandenong Ranges.

The Day out with Thomas event was scheduled for 14 days, across 7 weekends during Spring 2017 and Autumn 2018. In total, 22,400 tickets were sold prior to each of the 14 days of operation, confirming its popularity and for the Spring season alone, all tickets sold out within 40 days of ticket sales opening.

Unfortunately, due to the fickle autumn weather, four (4) of the six (6) days of operation were cancelled and refunded during the 2018 Autumn season – two (2) days due to a Total Fire Ban and two (2) days due to storms and extreme wet weather.

The Day out with Thomas event continues to provide thousands of Thomas and railways enthusiasts an opportunity to experience a fully operational railway whilst at the same time seeing their favourite trains, Thomas the Tank Engine and Puffing Billy in full steam.



Commercial

Retail Operations

The Retail Operations is an integral part of the business providing a consistent revenue stream for the railway. The opening of the ice-creamery has been well received by our passengers and staff alike contributing positively to the overall revenue for the Emerald Lake Park precinct. The revenue generated from retail was 2.7 percent over the previous financial year.

Retail Sponsorship

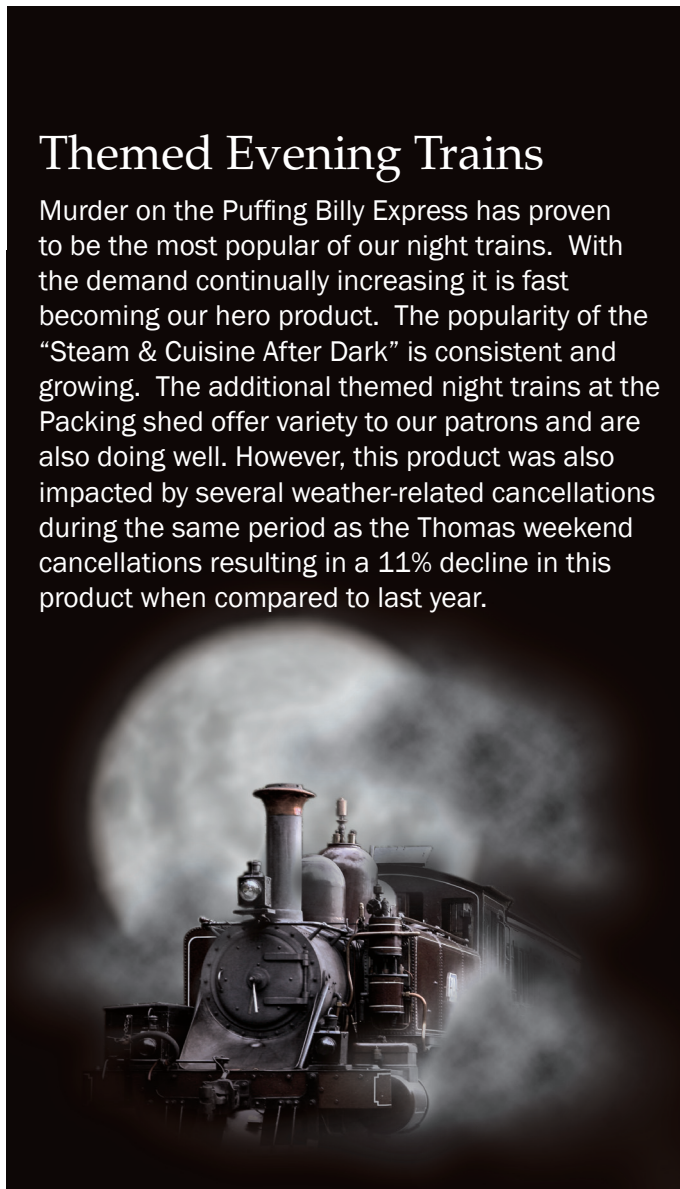
The Railway appreciates the continuing support from our major sponsor, Street's Ice-cream. We would also like to welcome the support of our newest sponsor Coca Cola Amatil.

Steam & Cuisine Luncheon

The Steam & Cuisine Luncheon product has been given a fresh new look with the upgrade of our first class NAL's. A new menu has been introduced with a focus on local produce complimented by regional wines. This product continues to perform well with passenger numbers increasing by 10.7 percent.

Themed Evening Trains

Murder on the Puffing Billy Express has proven to be the most popular of our night trains. With the demand continually increasing it is fast becoming our hero product. The popularity of the "Steam & Cuisine After Dark" is consistent and growing. The additional themed night trains at the Packing shed offer variety to our patrons and are also doing well. However, this product was also impacted by several weather-related cancellations during the same period as the Thomas weekend cancellations resulting in a 11% decline in this product when compared to last year.



Train & Passenger Operations

Record passenger numbers resulted in a number of "full capacity" days. This has resulted in developing the Emerald Lake Park – Gembrook section of the line to facilitate larger groups and assist in managing increasing numbers. The Railway has commenced on line ticket sales from Emerald Lake Park to Gembrook for the free and independent (FIT) market.

With the growth of tour group booking requests during the Lunar New Year period – Gembrook was also used as a departure station.

We continue to improve our passengers experience with the development of multi-language brochures (safety). Additional recorded messages at Belgrave and Emerald Lake Park are now multilingual and communicates key safety and way-finding announcements.

Training for operational roles is extensive and ongoing. Each year a course for safe working is conducted which includes extensive on job training. This training is essential for volunteers to train as guards, signalmen, firemen and drivers.

A Train Operations Advisory Group has been formed to provide effective communications between management, operational staff and volunteers. As part of succession planning additional qualified assessors for drivers, firemen and guards will be required. Selected volunteers will be offered a Certificate 4 in Training and Assessment.

The highly professional Train & Passenger Operations team is committed to carrying out their various roles to ensure both an efficient and safe visitor experience.



Locomotive & Carriage Workshops

The Locomotive Workshop at Belgrave and Carriage Workshop at Emerald maintain and restore locomotives, carriages and freight wagons, to meet the daily operational requirements of the Railway.

The Belgrave Workshop performs the detailed locomotive maintenance and restoration. The workshop has been busy keeping the six active locomotives in traffic in addition to servicing another four locomotives used for events. Four locomotives are usually in traffic while one is being maintained in the shop and one is on standby. During the busy summer season, the maintenance schedule was adjusted to allow all six main locomotives to be used in traffic. The workshop also maintains the three Diesel locomotives used for either moving carriages around the yard or for relieving steam locomotive during periods of

high fire danger. It is a credit to all Puffing Billy personnel, both staff and volunteers, that all locomotives have provided uninterrupted service.

The Emerald Workshop performs the essential maintenance of the carriages including mechanical systems, woodwork and painting to ensure a safe and enjoyable experience by our passengers. The existing fleet of more than fifty carriages provided uninterrupted operation over a busy year with record passenger numbers.

Major current workshop projects include the refurbishment of the Garratt locomotive NGG16-129, 12 new passenger carriages, oil firing of locomotive 14A and a number of other safety and technical advancements to locomotives and carriages.

Way and Works

The Way and Works branch relies heavily on the help and support of volunteers who perform a range of tasks such as track patrols, fire patrols, works trains, building maintenance, environmental works and track and infrastructure maintenance.

The Corporate Volunteer Program has contributed a total of 282 volunteers for the year, who have assisted many supervised projects, including weed control and revegetation works along the rail corridor. They have also been involved in the Menzies Creek museum redevelopment, assisting in garden design, planting, mulching, building of fences and other minor infrastructure and landscape works. The program has included participants from a wide range of backgrounds, including office workers, tertiary and secondary school students.

The 2017/2018 Fire Patrol Season commenced on Monday 18th December 2017 and concluded on 30th March 2018, with patrols finishing effectively with the return to Belgrave of train 44 on the 26th April 2018. Patrols behind the Gembrook train [13/38] effectively commenced on the 21st November 2017, prior to the declaration of the Fire Season. The operational season lasted 137 days with a total of 499 shifts scheduled to run.

The Railway's regular Gangers have converged on all remaining locations, inserting 1283 new sleepers throughout the Railway, addressing drainage matters, fallen trees and liaising with local government to improve run off issues.

An alternative sustainable plastic sleeper trial is being completed at two test sites, one inserted in 2015 and the other in 2016. All results from the testing to date have been positive and investigations are continuing, with different designed plastic sleepers being inserted for performance testing.

An independent arborist inspection has identified and indexed several dangerous trees along the rail corridor. Work to cut down or lop the identified trees has been undertaken to ensure the safe running of all trains. When trees are cut down or lopped the resulting timber is being recycled into mulch, fire wood for locomotives and, where possible, the timber is milled on site for fences or seating and other infrastructure within the rail corridor.

Signals & Telegraph

The major project this year has been the electrical design and upgrade to boom barriers at an additional 3 level crossings, via:- Old Monbulk Rd Belgrave, Edemont Rd, Clematis and Pinnocks Rd, Emerald. Successfully completed during March 2018, this has doubled the number of boom protected crossings to 6.

The pedestrian gates at Emerald Lake Park were automated last August as a result of the opening of the new Tea Rooms. Improved signal controls at the eastern end of the line were also incorporated into the design.

Other works have included bringing the previous boom barriers installations up to our current design with override circuits and the provision of timeout indications to train crews.

The new data centre at Belgrave was commissioned and responsibility subsequently transferred to the new I.T. Manager who commenced during the year.



Master Plan Projects Planning

In the first full year of operation, Infrastructure Project team has commenced sixteen projects with the focus of its attention directed to the Emerald Lake Park Discovery Centre development.

The Discovery Centre project has progressed significantly during the period with the design brief completed, procurement via a public Expression of Interest tender, and final selection of an architect following a design competition process. The successful architect, Terroir Pty Ltd, brings to ETRB a demonstrated experience in the tourism sector in Victoria. A Project Control Group and Project Working Group have been established and working in collaboration with DEDJTR and the Office of Victorian Government Architect, have progressed the project beyond the schematic design to the town planning phase.

To facilitate the timely execution of the project, an application for an Amendment under the Cardinia Planning Scheme has been sent to the Planning Minister for the Discovery Centre and a comprehensive public consultation process undertaken. Technical Documents required under the proposed Incorporated Document have been

prepared including the registration of a Cultural Heritage Management Plan and the completion of a Conservation Management Plan.

Funding of the Discovery Centre was strengthened with the November 2017 announcement by the Hon John Eren, Minister of Tourism and Major Events, of \$8.2M from the Victorian Government. This complements the previously announced \$5.5M from the Federal Government for the project. With a contribution from ETRB, this project is now fully funded.

As of June 2018, commencement of the construction of the Discovery Centre remains on target for the end of the third quarter of the 18-19 financial year with completion of the project due in the second quarter of the 20-21 financial year.

In June of 2018, an additional resource was added to the team with the appointment of an Infrastructure Projects Co-ordinator. This role has been appointed to ensure that momentum will be maintained across the Master Plan and Infrastructure projects necessary to accommodate the ongoing growth of the railway and the implementation of the Master Plan strategy.

Environmental Performance

The Railway actively promotes a culture of energy conservation and encourages staff and volunteers to minimise water, waste, electricity and gas consumption wherever possible.

Puffing Billy's largest negative environmental impact emanates from the coal burning locomotives that form an integral part of the heritage steam Railway's historical and tourism appeal. The Railway consumed approximately 1,133 tonnes of coal (1,350 in 2017) using historical steam locomotives designed over 100 years ago.

The Environmental crew have been concentrating on the removal of environmental weeds/trees along the rail corridor. The main target being cotoneaster, sweet pittosporum, cherry laurel, holy and ivy.



Energy Saving Initiatives

- **Electricity:** By creating a culture of awareness to turn off appliances and lights after hours, and when not in use, this has an immediate impact. LED lights have replaced traditional lighting where practical.
- **Water:** Puffing Billy is continually providing training to drivers and firemen to ensure engine efficiency, which helps to conserve the amount of water consumed by our trains. Many of Puffing Billy's buildings harvest water into tanks.
- **Paper:** Administration staffs are encouraged to carry out double-sided printing, scanning, emailing, and to print only what is needed, and mostly in black and white.
- **Waste:** The message of recycling is promoted on all areas of the Railway with the provision of recycling bins at each station, as well as in all administration areas
- **Fuel:** Log books are provided in all vehicles and are actively used to verify each vehicle's use.
- **Coal:** Given that the coal burned to fire Puffing Billy's steam engines is a large contributor to carbon emissions, the ongoing training of drivers and firemen, to operate engines as efficiently as possible, will help to reduce coal usage. Additionally, loco 14A was converted from Coal to Oil burning technology in early 2018.



Statutory Information

The Board has established procedures to implement the requirements of the *Protected Disclosure Act 2012*. In the current year, as in all prior years, there were no disclosures made or referred to the Board. However, Puffing Billy was one of a number of Government agencies investigated by the Ombudsman into Government institutional sexual abuse. The report was made public on the 25th of June 2018.

No information was requested by any person or organization pursuant to the *Freedom of Information Act 1982*.

The Board operates the Puffing Billy Railway in association with the Puffing Billy Preservation Society as an historical example of an early Victorian narrow gauge railway operation for the benefit of present and future generations of Victorian residents, and interstate and international tourists. Both organisations have been endorsed as a Deductible Gift Recipient by the Australian Taxation Office.

The principal office of the Board is located at Narrow Gauge Railway Station, Old Monbulk Road, Belgrave. Contact numbers are –

Phone: (03) 9757 0700

Fax: (03) 9757 0705

Email: info@pbr.org.au

The organisational structure of the Board, its staff and committees is set out in Appendix 1 of this report on page 29.

The Board produces an Operations and Financial Report pursuant to the requirements of the *Emerald Tourist Railway Act 1977* and the *Financial Management Act 1994*.

In addition, the Board markets a range of publications dealing with the history and operation of the Puffing Billy Railway. These publications can be purchased from the Board's retail outlets at various stations along the Puffing Billy Railway.

“The Board oversaw the access modifications on its new administration facility in line with the *Disability Act 2006*. Wheel chair access and interior changes for vision impaired have been improved over recent years in all recently acquired administration buildings. Additionally, the Board ordered a number of new “modified” carriages to be built to specifically meet the needs of customers with mobility aids. These carriages will come into service over the next 12 months“

No member, officer or employee of the Board was required to complete a declaration of Pecuniary Interest during the financial year with respect to their position or employment with the Board.

The Marketing Manager undertook one overseas trip, while the Marketing Officer made two trips (2017 – one), to continue the successful marketing of the Railway to international tourists. All of these trips were unaccompanied. No other overseas visits were undertaken during the financial year, either on behalf of, or paid for, by the Board.

No time has been lost during 2018 due to industrial disputation (2017 – nil).

Statutory Information cont.

Details of consultancies in excess of \$100,000

**In 2018 one consultant was engaged for \$253,934, (2017 – one at \$158,570), to continue with the Masterplan preparation for all the Emerald Tourist Railway Board's station precincts, as well as formulating an extended business plan.

Details of consultancies under \$100,000

In 2018 eighteen consultants were engaged for a total of \$234,219 (2017 – four consultants for \$187,426), to continue with the Masterplan preparation and crisis management in relation to the release of the Ombudsman's investigation into Government institutions which included the Puffing Billy Railway.

Details of information and communication technology (ICT) expenditure

For the 2017-18 reporting period, the Railway had a total ICT expenditure of \$200,860 (2017 - \$218,004) .53% of this cost was incurred as part of the ongoing new Netsuite business wide software platform being rolled out throughout 2018 & 2019.

Attestation on compliance with the Australian Risk Management Standard:

I, J. Clancy , certify that Emerald Tourist Railway Board has risk management processes in place consistent with Australian Standards AS4292 (rail safety) and AS 4360, and an internal control system is in place that enables members of the Board and senior management to understand, manage and satisfactorily control material risk exposures. The audit committee verifies this assurance that the risk profile of Emerald Tourist Railway Board has been critically reviewed within the last 12 months.

Attestation for compliance with Ministerial Standing Direction 3.7.1 – Risk management framework and processes:

I, J. Clancy certify that Emerald Tourist Railway Board has complied with the Ministerial Standing Direction 3.7.1- Risk management framework and processes.

This report is made by a resolution of the Board dated 24th August 2018, in accordance with the Financial Management Act 1994, and signed on behalf of the Board by:



Tim North QC

Chair

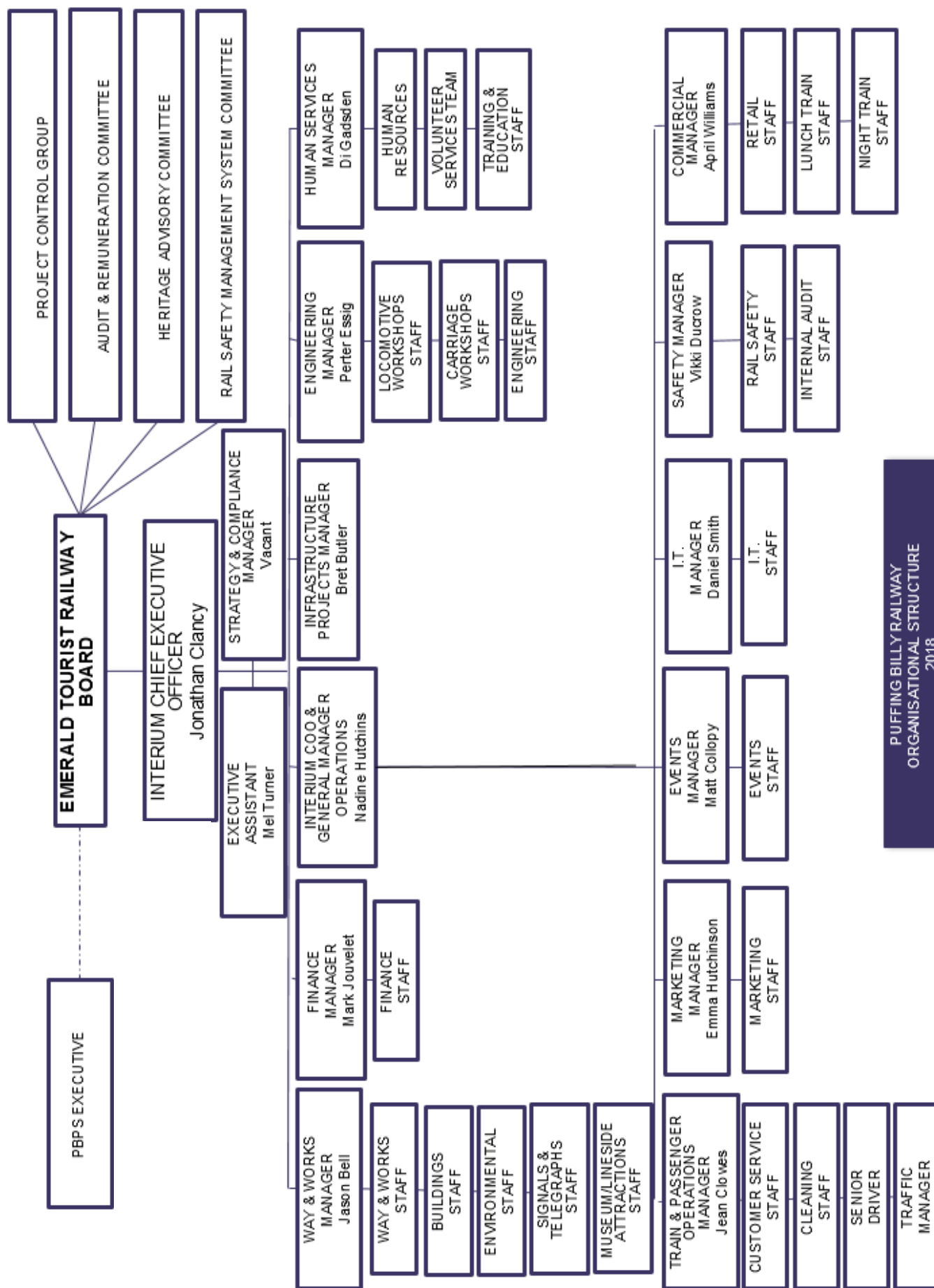


Jonathan Clancy

*Interim Chief Executive Officer
and Accountable Officer*



Appendix 1



PUFFING BILLY RAILWAY ORGANISATIONAL STRUCTURE 2018



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board Members of the Emerald Tourist Railway Board

Opinion I have audited the financial report of the Emerald Tourist Railway Board (the entity) which comprises the:

- balance sheet as at 30 June 2018
- 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 entity as at 30 June 2018 and its 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 entity 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.

Other information The Board Members are responsible for the other information, which comprises the information in the entity's annual report for the year ended 30 June 2018 but does not include the financial report and my auditor's report thereon.

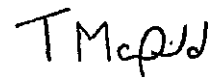
My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion on the other information. However, in connection with my audit of the financial report, my responsibility is to read the other information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the other information, I am required to report that fact. I have nothing to report in this regard.

<p>Board Members' responsibilities for the financial report</p>	<p>The Board Members are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board Members are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
<p>Auditor's responsibilities for the audit of the financial report</p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members • conclude on the appropriateness of the Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

**Auditor's
responsibilities
for the audit
of the financial
report
(continued)**

- 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 Members 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
9 October 2018



Timothy Maxfield
as delegate for the Auditor-General of Victoria

Financial Report

For the Year Ended 30 June 2018

Declaration in the Financial Statements

The attached financial statements for the Emerald Tourist Railway Board (the Board) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and financial position of the Board at 30 June 2018.

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 4th October 2018



.....
Tim North Q.C.

Chairman
Emerald Tourist Railway Board

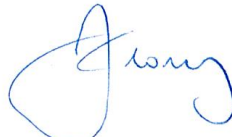
Belgrave
4th October 2018



.....
Mark Jouvelet

Manager, Finance and Administration
Emerald Tourist Railway Board

Belgrave
4th October 2018



.....
Jonathan Clancy

Interim Chief Executive Officer and Accountable Officer
Emerald Tourist Railway Board

Belgrave
4th October 2018

Comprehensive Operating Statement

For the year ended 30 June 2018

The Comprehensive Operating Statement should be read in conjunction with the accompanying notes.

Income		2018	2017
		\$	\$
Revenue from Fares, Shops and External Contracts	2.1	16,163,398	15,061,368
Other Income	2.1	<u>518,092</u>	<u>645,596</u>
	2	<u>16,681,490</u>	<u>15,706,964</u>
Expenses			
Employee Benefits Expense	3.1.1	7,235,641	5,794,637
Depreciation Expense	4.1.1	1,844,740	1,824,143
Supplies and Services	3.2	2,749,747	2,624,825
Finance Costs	3.1	3,322	9,388
Advertising and Promotion	3.1	341,131	315,557
Insurance Costs	3.1	321,450	254,505
Administration Expenses	3.3	1,321,252	993,301
Grants and other transfers	3.4	15,000	15,000
Electricity & Gas	3.1	137,359	119,709
Other Expenses	3.5	<u>1,248,824</u>	<u>1,199,387</u>
		<u>15,218,466</u>	<u>13,150,451</u>
Net Results from Transactions		<u>1,463,023</u>	<u>2,556,513</u>
Other Economic Flows included in Net Result			
Net (loss) gain on Non-Financial Assets		<u>3,494</u>	<u>-</u>
Net Result for the Year		<u>1,466,517</u>	<u>2,556,513</u>
Comprehensive Result for the Year		<u>1,466,517</u>	<u>2,556,513</u>

The Comprehensive Operating Statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2018

		2018	2017
		\$	\$
FINANCIAL ASSETS			
Cash and Cash Equivalents	6.2	3,643,460	2,374,768
Receivables	5.1	528,723	562,837
Other Financial Assets	5.4	<u>7,185,768</u>	<u>7,019,110</u>
Total Financial Assets		<u>11,357,951</u>	<u>9,956,715</u>
NON-FINANCIAL ASSETS			
Prepayments		170,594	220,054
Inventories	5.3	595,724	728,323
Property, Plant and Equipment	4.1	49,499,488	50,429,051
Capital Works in Progress	4.1.3	<u>5,168,011</u>	<u>3,811,837</u>
Total Non-Financial Assets		<u>55,433,816</u>	<u>55,189,265</u>
Total Assets		<u>66,791,767</u>	<u>65,145,980</u>
LIABILITIES			
Payables	5.2	960,506	803,934
Interest Bearing Liabilities	6.1	0	87,061
Provisions	3.1.2	1,135,742	993,960
Other	5.5	<u>485,716</u>	<u>517,738</u>
Total Liabilities		<u>2,581,964</u>	<u>2,402,693</u>
Net Assets		<u>64,209,805</u>	<u>62,743,287</u>
EQUITY			
Contributed Capital		17,361,115	17,361,115
Physical Asset Revaluation Surplus	8.2	42,276,552	42,276,552
Accumulated Gain		<u>4,572,138</u>	<u>3,105,620</u>
Total Equity		<u>64,209,805</u>	<u>62,743,287</u>

The Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2018

	Physical Asset Revaluation Surplus \$	Accumulated Gain / (Loss) \$	Contributed Capital \$	Total \$
Balance at 1st July 2016	42,276,552	549,108	17,361,115	60,186,775
Net Result for the Year:	-	2,556,513	-	2,556,513
Balance at 30th June 2017	42,276,552	3,105,621	17,361,115	62,743,288
Net Result for the Year	-	1,446,517	-	1,446,517
Balance at 30th June 2018	42,276,552	4,572,138	17,361,115	64,209,805

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

Cash Flow Statement

For the year ended 30 June 2018

Cash Flows from Operating Activities	2018	2017
	\$	\$
Receipts from Customers	16,776,412	15,961,414
Payments to Suppliers and Employees	(13,117,960)	(11,702,936)
Goods & Services Tax Paid to the ATO	(129,725)	(119,793)
Interest Received	180,446	124,709
Grants from Commonwealth Government Bodies	-	75,000
Capital Grants from Puffing Billy Preservation Society	81,097	167,557
	<u>3,790,269</u>	<u>4,505,951</u>
Net Cash Flows from Operating Activities	6.2(b) <u>3,790,269</u>	<u>4,505,951</u>
Cash Flows from Investing Activities		
Payment for Property, Plant and Equipment	(915,178)	(264,657)
Payment for Capital Works in Progress	(1,356,174)	(593,280)
Payment for Investments	(166,658)	(2,611,237)
Proceeds from sale of Property, Plant and Equipment	3,494	-
	<u>(2,434,516)</u>	<u>(3,469,174)</u>
Net Cash Used in Investing Activities	<u>(2,434,516)</u>	<u>(3,469,174)</u>
Cash Flows from Financing Activities		
Repayment of Borrowings	<u>(87,061)</u>	<u>(42,339)</u>
Net Cash Flows from/Used in Financing Activities	<u>(87,061)</u>	<u>(42,339)</u>
Net Increase in Cash and Cash Equivalents	1,268,692	994,438
Cash and Cash Equivalents at Beginning of the Year	<u>2,374,768</u>	<u>1,380,330</u>
Cash and Cash Equivalents at End of the Year	6.2 (a) <u><u>3,643,460</u></u>	<u><u>2,374,768</u></u>

The Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to Financial Statements

For the Year Ended 30 June 2018

1. About This Report

Basis of preparation

The annual financial statements represent the audited general-purpose financial statements for the Emerald Tourist Railway Board (the Board).

The accrual basis of accounting has been applied in the preparation of 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.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Board.

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

The estimates and associated assumptions are reviewed on an ongoing basis. 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 made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

The report has been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

Exceptions to the historical cost convention include:

- 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 made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- the fair value of an asset other than land is generally based on its current replacement value.
- provision for long service leave – (refer to Note 3.1.2)

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018 and the comparative information presented for the year ended 30 June 2017.

(A) Statement of compliance

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS), which includes interpretations issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. The annual financial statements were authorised for issue by the Chairman, the interim Chief Executive Officer and the Manager, Finance and Administration of the Emerald Tourist Railway Board on 4th of October 2018.

Accounting policies are selected and applied in a manner which ensures 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.

(B) Reporting entity

The financial statements cover the Emerald Tourist Railway Board (the Board) as an individual reporting entity. The Board is a statutory authority established under the *Emerald Tourist Railway Act 1977*.

Its principal address is:
Emerald Tourist Railway Board
Old Monbulk Road
Belgrave 3160

2. Funding the Delivery of our Services

The Emerald Tourist Railway's overall mission is to restore and operate the Puffing Billy Railway as Australia's premier heritage steam railway, in a safe, efficient and economically sustainable manner for the ongoing education, benefit, and satisfaction of the community, customers and the Railway stakeholders, including members, staff & volunteers

To enable The Railway to fulfil its objective and provide outputs as described in Section 4, it receives revenue from fares, the sales of retail goods and services, minor grants, interest and rental income.

NOTE 2.1 - Summary of income that funds the delivery of our services

Revenue from fares, shops and external contracts		2018	2017
		\$	\$
Sale of Goods and Services	2.2.1	<u>16,163,398</u>	<u>15,061,368</u>
Other income			
Grants	2.2.2	81,097	242,557
Interest Received		180,445	134,921
Rents Received	2.2.3	190,820	197,030
Other Income	2.2.3	<u>65,730</u>	<u>71,088</u>
		<u>518,092</u>	<u>645,596</u>
Total income		<u>16,681,490</u>	<u>15,706,964</u>

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

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

Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

NOTE 2.2.1 - Sale of goods and services income

	2018	2017
	\$	\$
Fares	14,474,975	13,485,843
Sales - Shop	1,563,438	1,521,536
Sales - External Contracts	124,985	53,989
Total sale of goods and services	<u>16,163,398</u>	<u>15,061,368</u>

Income from the provision of services is recognised at the day of travel for fares income, immediately for shop sales, or by reference to the stage of completion of the services for revenue being performed in relation to external contracts. The income is recognised when:

- the amount of the income, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Board. Under the stage of completion method, income is recognised by reference to labour hours supplied or to labour hours supplied as a percentage of total services to be performed in each annual reporting period.

Income from the sale of goods is recognised by the Board when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- the Board retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of income, and the costs incurred or to be incurred in respect of the transaction can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Board.

NOTE 2.2.2 - Grants

	2018	2017
	\$	\$
Puffing Billy Preservation Society Grant	81,097	167,557
Grant from Federal Government Bodies	-	75,000
Total sale of goods and services	<u>81,097</u>	<u>242,557</u>

Grants from third parties (other than contribution by owners) are recognised as income in the reporting period in which the Board gains control over the underlying assets.

NOTE 2.2.3 - Other Income

	2018	2017
	\$	\$
Rental income – Income	190,820	197,030
Miscellaneous		
Advertising	45,000	23,000
Commissions Received	1,459	1,483
Other income	<u>19,271</u>	<u>46,605</u>
Sub Total Other Income	<u>65,730</u>	<u>71,088</u>
Total other income	<u>256,550</u>	<u>268,118</u>

Rental income from the leasing of property, plant and equipment is recognised on a straight-line basis over the lease term. Advertising income is derived from retail sponsorships.

The Board received a number of resources and volunteer services free of charge as part of its operations. As the value of these resources and services cannot be reliably measured, they have not been recognised as revenue.

3. THE COST OF DELIVERING SERVICES

This section provides an account of the expenses incurred by The Railway 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 provision of services are recorded.

NOTE 3.1 - Expenses incurred in delivering services

		2018	2017
		\$	\$
Employee benefit expenses	3.1.1	7,235,641	5,794,637
Supplies and Services	3.2	2,749,747	2,624,825
Finance Costs		3,322	9,388
Advertising and Promotion		341,131	315,557
Insurance Costs		321,450	254,505
Administration Expenses	3.3	1,321,252	993,301
Grants and other transfers	3.4	15,000	15,000
Electricity and Gas		137,359	119,709
Other operating expenses	3.5	1,248,824	1,199,387
<u>Total expenses incurred in delivery of services</u>		<u>13,373,726</u>	<u>11,326,308</u>

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

Finance Costs

The Finance costs represent the charges paid by the Railway towards the organisations hire purchase arrangements.

Advertising and Promotion

The Emerald Tourist Railway Board actively markets itself as a major tourist destination of choice. It regularly advertises to attract customers and advise the community of key events.

Interest expense

Included in Administration costs are the Railways interest expenses. Interest expenses are recognised as expenses in the period in which they are incurred.

Electricity and Gas

Electricity and Gas represents the electrical and natural gas resources used throughout the Railway.

Grants

Grants and other transfers represent grants given to local community groups by the Emerald Tourist Railway Board. The main recipients of this Grant are local fire brigades operated by the Country Fire Authority.

Other operating expenses

Other operating expenses generally represent the day to day running costs incurred in normal operations.

NOTE 3.1.1 - Employee benefits in the comprehensive operating statement

	2018	2017
	\$	\$
Defined contribution superannuation expense	707,745	658,737
Salaries and wages, annual leave and long service leave	6,527,896	5,135,900
<hr/>		
Total employee expenses	7,235,641	5,794,637

Superannuation

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

Termination

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

Employee expenses

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

NOTE 3.1.2 - Employee benefits in the balance sheet

	2018	2017
	\$	\$
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	107,460	212,721
Unconditional and expected to settle after 12 months	340,068	210,662
Long service leave		
Unconditional and expected to settle within 12 months	36,841	29,481
Unconditional and expected to settle after 12 months	361,635	360,611
Provisions for on-costs		
Unconditional and expected to settle within 12 months	26,796	19,485
Unconditional and expected to settle after 12 months	131,939	75,849
Total current provisions for employee benefits	1,004,739	908,809
Non-current provisions:		
Employee benefits	111,416	72,805
On-costs	19,588	12,346
Total non-current provisions for employee benefits	131,004	85,151
Total provisions for employee benefits	1,135,743	993,960

Reconciliation of movement in on-cost provision

	2018	2017
	\$	\$
Opening balance	107,680	89,996
Provision made throughout the year	135,864	85,276
Settlements	(65,221)	(67,592)
Closing balance	178,323	107,680
Current	158,735	95,334
Non-current	19,588	12,346

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave which are expected to be settled within 12 months of the reporting period, are recognised in the provision for employee benefits. These liabilities are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Current liability – unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Board

does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value – component that the Board expects to settle within 12 months; and
- present value – component that the Board does not expect to settle within 12 months.

Non-current liability – conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised 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.

Employee benefits on-costs

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised in the provision for employee benefits.

NOTE 3.1.3 - Superannuation contributions

	<i>Paid contribution for the year</i>		<i>Contribution outstanding at year end</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	\$	\$	\$	\$
Defined contribution plans	707,745	658,737	-	-
Total	707,745	658,737	-	-

NOTE 3.2 - Supplies and services

	2018	2017
	\$	\$
Cost of shops sales	689,948	637,343
Coal and light up wood	347,401	340,053
Catering	433,590	424,092
Cost external Contracts	20,901	5,942
Repairs, Maintenance and Consumables	<u>1,257,907</u>	<u>1,217,395</u>
	<u>2,749,747</u>	<u>2,624,825</u>

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 distribution are expensed when the inventories are distributed.

NOTE 3.3 - Administration

	2018	2017
	\$	\$
Printing and stationary	81,852	84,981
Telephone and postage	100,089	87,499
Masterplan expenses	441,605	325,344
Information Technology	200,860	186,861
Other	<u>496,846</u>	<u>308,616</u>
	<u>1,321,252</u>	<u>993,301</u>

NOTE 3.4 - Grant Expenses

	2018	2017
	\$	\$
Payments for specific purposes (CFA)	<u>15,000</u>	<u>15,000</u>
Total grant expenses	<u>15,000</u>	<u>15,000</u>

General Community grants have been dispersed to the local branches of the Country Fire Authority (CFA) along the railway corridor.

NOTE 3.5 - Other operating expenses

	2018	2017
	\$	\$
Other Expenses		
Auditor's Remuneration:		
- Auditor General	17,100	11,000
Electricity & Gas	320,445	256,392
Payroll Tax	306,244	351,940
Special Events	228,834	198,012
Training and Education	166,516	181,792
Train Operation Expenses	88,334	124,467
Rates Taxes and Levies	<u>121,352</u>	<u>75,784</u>
Training and Education	<u>1,248,824</u>	<u>1,199,387</u>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed.

4. Key Assets Available to Support Output Delivery

The Emerald Tourist Railway Board controls infrastructure which is utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to The Railway to be utilised for delivery of those outputs.

NOTE 4.1 - Total property, plant and equipment

	2,018	2,017
Non-Current:	\$	\$
Land - at fair value	<u>11,066,570</u>	<u>11,025,000</u>
	<u>11,066,570</u>	<u>11,025,000</u>
Buildings, Structures and Improvements - at fair value	9,495,524	9,389,204
Accumulated Depreciation	<u>(791,679)</u>	<u>(394,443)</u>
	<u>8,703,845</u>	<u>8,994,761</u>
Total Land and Buildings	<u>19,770,415</u>	<u>20,019,761</u>
Locomotives and Rolling Stock - at fair value	16,428,919	16,379,923
Accumulated Depreciation	<u>(1,325,562)</u>	<u>(662,781)</u>
Total Locomotives and Rolling Stock	<u>15,103,357</u>	<u>15,717,142</u>
Motor Vehicles - at fair value	723,777	429,411
Accumulated Depreciation	<u>(402,124)</u>	<u>(335,318)</u>
	<u>321,653</u>	<u>94,093</u>
Office Furniture and Equipment - at fair value	371,365	327,083
Accumulated Depreciation	<u>(293,868)</u>	<u>(253,354)</u>
	<u>77,497</u>	<u>73,729</u>
Plant and Equipment - at fair value	3,637,687	3,526,598
Accumulated Depreciation	<u>(1,189,881)</u>	<u>(940,999)</u>
Total Plant and Equipment	<u>2,447,806</u>	<u>2,585,599</u>
Total Motor Vehicles, Plant and Equipment	<u>2,846,956</u>	<u>2,753,421</u>
Permanent Way - at fair value	12,634,866	12,366,313
Accumulated Depreciation	<u>(856,107)</u>	<u>(427,587)</u>
Total Permanent Way	<u>11,778,759</u>	<u>11,938,727</u>
Property, Plant and Equipment	<u>49,499,488</u>	<u>50,429,051</u>

Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value measurement to changes in significant unobservable inputs
Land	Market based direct comparison, discounted for public use zoning (community service obligation)	Community service obligation	40%	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value
Buildings, Structures & Improvements	Current replacement cost	Heritage restrictions Useful life of buildings and bridges	Impact of heritage restrictions is considered but not quantified. 20 to 60 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value
Locomotives and Rolling Stock	Current replacement cost	Heritage restrictions Remaining useful life of locomotives and rolling stock	Impact of heritage restrictions is considered but not quantified. 10 to 40 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value
Plant & Equipment	Current replacement cost	Useful life of the Plant, equipment and Museum exhibits.	5 to 100 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value
Permanent Way	Current replacement cost	Useful life of the railway track and earthworks	30 to 150 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value

Revaluation gains/(losses) of non-financial physical assets

Refer to accounting policy on Property, plant and equipment, provided in Note 4.1.3

Impairment of assets

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

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

NOTE 4.1.1 - Depreciation and impairment

	2018	2017
	\$	\$
Building, Structures and Improvements	397,236	394,443
Locomotives and Rolling Stock	662,780	662,781
Motor Vehicles	66,806	44,987
Office Furniture and Equipment	40,515	49,744
Plant and Equipment	248,882	244,602
Permanent Way	428,520	427,587
	<u>1,844,739</u>	<u>1,824,144</u>

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

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for both current and prior years. Asset class useful lives are as follows:

Buildings, Structures and Improvements	20 – 60 years
Locomotives and Rolling Stock	10 – 40 years
Motor Vehicles	5 – 10 years
Office Furniture and Equipment	5 – 10 years
Plant and Equipment	10 – 40 years
Permanent Way	50 years
Museum	100 years
Under Track Earthworks	150 years

Land, earthworks, land under declared roads, and core cultural assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets as their service potential has not, in any material sense, been consumed during the reporting period. Earthworks under the railway track are considered to have an almost indefinite life and are depreciated over 100 years.

NOTE 4.1.2 - Reconciliation of Movements in Carrying amount of property, plant and equipment

Fair Value Hierarchy	Land	Buildings, Structures & Improvements	Locomotives and Rolling Stock	Motor Vehicles Plant and Equipment	Permanent Way	Total
	3 \$	3 \$	3 \$	3 \$	3 \$	\$
Carrying Amount at 1st July 2016	11,025,000	9,361,850	16,559,000	2,713,727	12,328,961	51,988,538
Additions	-	11,771	-	62,343	-	74,114
Reclassification	-	-	(179,078)	179,078	-	-
Transfers from Work in Progress	-	15,583	-	137,605	37,353	190,541
Revaluation	-	-	-	-	-	0
Depreciation Expense	-	(394,443)	(662,781)	(339,333)	(427,587)	(1,824,144)
Carrying Amount at 30th June 2017	11,025,000	8,994,761	15,717,142	2,753,420	11,938,727	50,429,051
Additions	41,570	-	-	317,528	-	359,098
Reclassification	-	-	-	-	-	-
Transfers from Work in Progress	-	106,320	48,997	132,210	268,552	556,079
Revaluation	-	-	-	-	-	-
Depreciation Expense	-	(397,236)	(662,781)	(356,202)	(428,520)	(1,844,739)
Carrying Amount at 30th June 2018	11,066,570	8,703,845	15,103,358	2,846,956	11,778,759	49,499,488

NOTE 4.1.3 - Capital Work in Progress - Fair Value Hierarchy

	Buildings, Structures & Improvements	Locomotives and Rolling Stock	Permanent Way	Total
	\$	\$	\$	\$
Carrying Amount at 1st July 2016	480,211	2,738,346	-	3,218,557
Additions	209,876	319,883	254,062	783,821
Transfers to Property Plant and Equipment	(153,188)	-	(37,353)	(190,541)
Carrying Amount at 30th June 2017	536,899	3,058,229	216,709	3,811,837
Additions	692,018	1,168,392	51,844	1,912,253
Transfers to Property Plant and Equipment	(238,530)	(48,996)	(268,553)	(556,079)
Carrying Amount at 30th June 2018	990,387	4,177,625	-	5,168,011

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

All property, plant and equipment categories have been categorised into a hierarchy of three levels, which are as follows:

- Level 1 – are assets which can be purchased in an active market in which there are identical or similar assets readily available
- Level 2 – are assets in a market in which there are other like or observable assets, other than those included in Level 1, which can be quoted either directly or indirectly.
- Level 3 – are assets which are not observable against any other assets to determine a comparable cost.

Non-financial physical assets such as land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's current replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for current replacement cost because of the short lives of the assets concerned.

Restrictive nature of cultural and heritage assets

The Board holds some heritage assets and infrastructure, which are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. Consequently, there are certain limitations and restrictions imposed on their use and/or disposal.

The fair value of Museum Exhibits has been measured at cost and these Exhibits are not depreciated as it is considered by the Board that these Exhibits may well be appreciating in value.

Non-financial physical assets arising from finance leases

Refer to Note 5.2.1.

Non-financial physical assets constructed by the Board

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

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value in accordance with FRD 103F issued by the Minister for Finance. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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 movements in equity" and accumulated in equity under the asset revaluation surplus, except that the net revaluation increase shall be 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 immediately as expenses (other economic flows) in the net result, except that the net revaluation decrease shall be recognised in "other economic flows – other movements in

equity” to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in ‘other economic flows – other movement in equity’ reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not normally transferred to accumulated funds on de-recognition of the relevant asset.

5. Other Assets and Liabilities

This section sets out those assets and liabilities that arose from The Railway’s controlled operations.

NOTE 5.1 - Other receivables

Current	2018	2017
Contractual	\$	\$
Trade Debtors	317,272	411,871
Provision for Doubtful Debtors	-	(1,500)
Other Receivables	<u>33,225</u>	<u>31,943</u>
	350,497	442,314
Statutory		
GST Receivables	<u>178,226</u>	<u>120,523</u>
	<u>528,723</u>	<u>562,837</u>

Receivables consist of:

- statutory receivables which include predominantly amounts owing from the government and GST input tax credits recoverable; and
- Contractual receivables which include mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables (refer to Note 6.1).

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortise cost, using the effective interest method, less an allowance for impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected, and bad debts are written off when identified (refer to table below).

NOTE 5.1.1 - Movement in the provision for doubtful debts

Movement in the provision for doubtful debts

	2018	2017
	\$	\$
Balance at beginning of the year	(1,500)	(1,500)
Reversal of unused provision recognised in the net result	<u>1,500</u>	-
Balance at end of the year	-	(1,500)

Doubtful debts expenses and its adjustments are part of the “other expenses” contained in the Other Operating Expenditure Note 3.5.

NOTE 5.1.2 Ageing analysis of contractual receivables

	Carrying Amount \$	Not Past Due \$	Past due but not Impaired				Impairment \$
			Less than 1 month \$	1 - 3 Months \$	3 Months - 1 Year \$	1 - 5 Years \$	
2018							
Investment and other Contractual							
Financial Assets							
Cash and cash equivalent	3,643,460	3,643,460	-	-	-	-	-
Term Deposits	7,185,768	7,185,768	-	-	-	-	-
Receivables:							
- Sale of goods and services	317,272	213,774	87,119	16,379	-	-	-
- Other receivables	33,225	33,225	-	-	-	-	-
Total Financial Assets	11,179,725	11,076,227	87,119	16,379	-	-	-
2017							
Investment and other Contractual							
Financial Assets							
Cash and cash equivalent	2,374,768	2,374,768	-	-	-	-	-
Term Deposits	7,019,110	7,019,110	-	-	-	-	-
Receivables:							
- Sale of goods and services	410,372	275,373	74,226	20,769	41,503	-	(1,500)
- Other receivables	31,943	31,943	-	-	-	-	-
Total Financial Assets	9,836,192	9,701,194	74,226	20,769	41,503	-	(1,500)

Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an ideal original maturity of three months or less in the majority of cases, 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.

For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as borrowings on the balance sheet.

Investments and other financial assets

Investments are classified in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

Impairment of financial assets

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

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The bad debts not written off by mutual consent and allowance for doubtful receivables are classified as 'other economic flows' in the net result.

In assessing impairment of statutory (non-contractual) financial assets which are not financial instruments, the Board applies professional judgement in assessing materiality using estimates, averages and other computational methods in accordance with *AASB 136 Impairment of assets*.

The average credit period for sales of goods/services and for other receivables is 30 days. There are no material financial assets that are individually determined to be impaired. Currently the Railway does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

NOTE 5.2 - Payables

	2018	2017
Contractual	\$	\$
Trade Creditors	255,475	213,132
Sundry Creditors and Accrued Expenses	436,030	352,429
Statutory		
GST payable	147,215	144,307
Employee Tax Withheld	121,786	94,066
Total payables	960,506	803,934
<i>Represented by:</i>		
Current payables	960,506	803,934
Non-current payables	-	-

Payables consist of:

- contractual payables, such as accounts payable, and unearned income which is the income received but related to the service to be rendered in the future period ('income in advance'). Accounts payable represent liabilities for goods and services provided to the Board prior to the end of the financial year that are unpaid, and arise when the Board becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables 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 a contract.

Payables are initially recognised at fair value, being the cost of the goods and services, and subsequently measured at amortised cost.

NOTE 5.2.1 - Maturity analysis of contractual financial liabilities

	Carrying Amount	Nominal Amount	Less than 1 month	Maturity dates		
				1 - 3 Months	3 Months - 1 Year	1 - 5 Years
	\$	\$	\$	\$	\$	\$
2018						
Payables						
Supplies and services	255,475	255,475	255,475	-	-	-
Other payables	436,030	436,030	436,030	-	-	-
Borrowings						
Hire purchase liabilities	-	-	-	-	-	-
Total	<u>691,505</u>	<u>691,505</u>	<u>691,505</u>	<u>-</u>	<u>-</u>	<u>-</u>
2017						
Payables						
Supplies and services	213,132	213,132	213,132	-	-	-
Other payables	352,429	352,429	352,429	-	-	-
Borrowings						
Hire purchase liabilities	87,061	87,061	7,255	14,510	65,296	-
Total	<u>652,622</u>	<u>652,622</u>	<u>572,816</u>	<u>14,510</u>	<u>65,296</u>	<u>-</u>

NOTE 5.3 Inventories

	2018	2017
Current:	\$	\$
Finished Goods held for resale, at cost	374,875	409,700
Coal, at cost	20,209	19,620
Workshop Inventories and Spare Parts, at cost	200,640	299,003
	<u>595,724</u>	<u>728,323</u>
Total Inventories	<u>595,724</u>	<u>728,323</u>

Inventories include goods held either for sale or for distribution at zero or nominal cost, or for consumption in the ordinary course of business operations.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value.

Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost for all inventory is measured on the basis of weighted average cost. Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

NOTE 5.4 - Other Non-Financial Assets

	2018	2017
Current:	\$	\$
Australian dollar term deposits	7,185,768	7,019,110
	<u>7,185,768</u>	<u>7,019,110</u>

NOTE 5.5 - Other Liabilities

	2017	2016
	\$	\$
Current - Other Liabilities		
Passenger Bookings in Advance	393,401	408,112
Rent Received in Advance	92,315	109,626
Current - Other Liabilities	<u>485,716</u>	<u>517,738</u>
Total Other Liabilities	<u>485,716</u>	<u>517,738</u>

The Railway's Other Liabilities relate predominantly to unearned income which is the income received but related to the service to be rendered in the future period ('income in advance').

6. How We Financed Our Operations

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

NOTE 6.1 - Interest Bearing Liabilities Leases

	2018	2,017
	\$	\$
(a) Commitment for Hire Purchase Payments		
Payable not later than 1 year	-	90,384
Payable later than 1 year but not later than 5 years	-	-
	-	90,384
Deferred Hire Purchase Charges	-	(3,322)
	-	87,062
Current Hire Purchase Liability (net)	-	87,061
Non-current Hire Purchase Liability (net)	-	-
	-	87,061

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

Finance leases Board as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

NOTE 6.2 - Reconciliation of Net result for the period to cash flow from operating activities

	2018	2017
(a) Reconciliation of Cash and Cash Equivalents	\$	\$
Cash on Hand	31,250	29,970
Cash at Bank	718,790	366,001
Cash invested at call	<u>2,893,420</u>	<u>1,978,797</u>
Balance as per cash flow statement	<u><u>3,643,460</u></u>	<u><u>2,374,768</u></u>
 (b) Reconciliation of Cash Flows from Operations		
Net Result for the Year	1,466,517	2,556,513
Non-cash movements		
- Depreciation	1,844,740	1,824,143
- Loss (Profit) on Disposal of Property, Plant and Equipment	<u>(3,494)</u>	<u>-</u>
	3,307,763	4,380,656
Movements in assets and liabilities		
- Decrease/ (Increase) in Receivables	34,114	(97,822)
- Decrease/ (Increase) in Inventories	132,599	22,101
- Decrease/ (Increase) in Prepayments	49,460	(52,511)
- (Decrease)/ Increase in Payables	156,572	13,340
- Increase/ (Decrease) in Provisions	141,782	171,394
- Increase/ (Decrease) in Other Liabilities	<u>(32,022)</u>	<u>68,794</u>
Net Cash Flows from Operations	<u><u>3,790,269</u></u>	<u><u>4,505,952</u></u>

NOTE 6.3 – Commitments for Expenditure**NOTE 6.3.1 – Total Commitments Payable - Operating**

<i>Nominal amounts</i>	<i>Less than</i>	<i>1 – 5</i>	<i>5+</i>	<i>Total</i>
2018	1 year	years	years	
Operating and lease commitments payable ^(b)	-	-	..	-
Deferred HP charges	-	-	..	-
Other non capital financial commitments	-	-	-	-
Total commitments (inclusive of GST)	-	-	-	-
Less GST recoverable				-
Total commitments (exclusive of GST)				-
	<i>Less than</i>	<i>1 – 5</i>	<i>5+</i>	<i>Total</i>
2017	1 year	years	years	
Operating and lease commitments payable ⁽ⁱⁱ⁾	99,422	-	..	99,422
Deferred HP charges	-	-
Other non-capital financial commitments	3,654	-	-	3,654
Total commitments (inclusive of GST)	95,768	-	-	95,768
Total commitments (exclusive of GST)				87,062

Commitments are disclosed at their nominal value and inclusive of the goods and services tax (GST) payable. All hire purchase (HP) commitments were paid out during 2018. There were no further HP as at the 30th of June 2018.

NOTE 6.3.2 – Commitments for Capital

<i>Nominal amounts</i>	<i>Less than</i>	<i>1 – 5</i>	<i>5+</i>	<i>Total</i>
<i>2018</i>	<i>1 year</i>	<i>years</i>	<i>years</i>	
Locomotive conversion from coal to oil power - Complete undergoing testing.	-	-	-	-
New rolling stock	1,540,000	556,041	-	2,096,041
Total commitments (inclusive of GST)	1,540,000	556,041	-	2,096,041
Less GST recoverable				209,604
Total commitments (exclusive of GST)				1,886,437
2017	<i>Less than</i>	<i>1 – 5</i>	<i>5+</i>	<i>Total</i>
	<i>1 year</i>	<i>years</i>	<i>years</i>	
Locomotive conversion from coal to oil power	31,774	291,627	-	323,400
New rolling stock	-	3,080,000	-	3,080,000
Total commitments (inclusive of GST)	31,774	3,371,627	-	3,403,400
Less GST recoverable from the Australian Tax Office				-
Total commitments (exclusive of GST)				3,403,400

The Locomotive conversion from coal to oil power was completed earlier than anticipated and was under the final testing process during June.

7.Risks, Contingencies and Valuation Judgements

The Emerald Tourist Railway Board (the Board) 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 Board related mainly to fair value determination.

NOTE: 7.1 Financial instruments specific disclosures

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

Guarantees issued on behalf of The Railway are financial instruments because, although authorised under statute, terms and conditions for each financial guarantee may vary and are subject to an agreement.

Categories of Financial Instruments

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

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

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result.

Held to maturity financial assets: If The Railway has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. These are recognised

initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

The held to maturity category includes certain term deposits for which The Railway intends to hold to maturity.

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

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

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

De-recognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. There were no de-recognition of financial assets in 2017/18 (Nil - 2016/17).

NOTE 7.1.1 - Financial Instruments: Categorisation**Categorisation of Financial Instruments**

	Contractual Financial Assets Loans and Receivables \$	Contractual Financial Liabilities at amortised cost \$	Total \$
2018			
Contractual Financial Assets			
Cash and cash equivalent	3,643,460	-	3,643,460
Term Deposits	7,185,768	-	7,185,768
Receivables	350,497	-	350,497
Total Contractual Financial Assets	11,179,725	-	11,179,725
Contractual Financial Liabilities			
Payables	-	691,505	691,505
Hire Purchase Liabilities	-	-	-
Total Contractual Financial Liabilities	-	691,505	691,505
2017			
Contractual Financial Assets			
Cash and cash equivalent	2,374,768	-	2,374,768
Term Deposits	7,019,110	-	7,019,110
Receivables	442,314	-	442,314
Total Contractual Financial Assets	9,836,192	-	9,836,192
Contractual Financial Liabilities			
Payables	-	565,561	565,561
Hire Purchase Liabilities	-	87,061	87,061
Total Contractual Financial Liabilities	-	652,622	652,622

NOTE 7.1.2 - Net Holding Gain/(Loss) on Financial Instruments by Category**Categorisation of Financial Instruments**

	Net Holding gain/(loss)	Total Interest income/(expense) \$	Impairment Loss \$	Total \$
2018				
Contractual Financial Assets				
Financial Assets - loans and receivables	-	180,446	-	180,446
Total Contractual Financial Assets	-	180,446	-	180,446
Financial Liabilities				
Financial Liabilities at amortised cost	-	-	-	-
Total Financial Liabilities	-	-	-	-
2017				
Contractual Financial Assets				
Financial Assets - loans and receivables	-	134,921	-	134,921
Total Contractual Financial Assets	-	134,921	-	134,921
Financial Liabilities				
Financial Liabilities at amortised cost	-	(9,388)	-	(9,388)
Total Financial Liabilities	-	(9,388)	-	(9,388)

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

- for cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and
- for financial asset and liabilities that are held for trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

NOTE 7.1.3 - Financial risk management objectives and policies

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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 8.3 to the financial statements. The main purpose in holding financial instruments is to prudentially manage the Railway's financial risks within the government policy parameters.

The Railway's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Railway manages these financial risks in accordance with its financial risk management policy.

The Railway 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 financial risk management committee of the Railway.

NOTE 7.1.3 - Credit Quality of contractual financial assets that are neither past due nor impaired.

	Financial Institutions		
	AA- credit rating	Other	Total
	\$	\$	\$
2018			
Cash and cash equivalent	3,643,460	-	3,643,460
Term Deposits	7,185,768	-	7,185,768
Receivables	-	350,497	350,497
Total contractual financial assets	10,829,228	350,497	11,179,725
2017			
Cash and cash equivalent	2,374,768	-	2,374,768
Term Deposits	7,019,110	-	7,019,110
Receivables	-	442,314	442,314
Total contractual financial assets	9,393,878	442,314	9,836,192

Financial instruments: Credit risk

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

Credit risk associated with the Railway's contractual financial assets is minimal because the majority of sales are cash or prepaid fares. Credit sales represent an approximate range of 20% to 30% of total revenue. Variation in the range is due to monthly seasonal factors.

In addition, the Railway does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Railway will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 90 days overdue, and changes in debtor credit ratings.

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 Railway's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the Railway's credit risk profile in 2017-18.

Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Railway operates fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Railway is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The Railway manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets;
- careful maturity planning of its financial obligations based on forecasts of future cash flows; and
- Banking with only financial institutions a high and stable credit rating (Moody's Investor Services and Standard & Poor's double A-).

The Railway's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

NOTE 7.1.4 - Interest Rate Exposure of Financial Instrument

	Weighted Average Effective Interest %	Interest Rate Exposure			
		Carrying Amount \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2018					
Financial Assets					
Cash and cash equivalent	0.51	3,643,460	-	2,893,420	750,040
Term Deposits	2.10	7,185,768	7,185,768	-	-
Receivables					
- Sale of goods and services		317,272	-	-	317,272
- Other receivables		33,225	-	-	33,225
Total Financial Assets		11,179,725	7,185,768	2,893,420	1,100,537
Financial Liability					
Payables					
- Supplies and services		255,475	-	-	255,475
- Other payables		436,030	-	-	436,030
Borrowings					
- Hire purchase liabilities		-	-	-	-
Total Financial Liabilities		691,505	-	-	691,505

Interest Rate Exposure of Financial Instrument (cont'd)

	Weighted Average Effective Interest %	Interest Rate Exposure			
		Carrying Amount \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2017					
Financial Assets					
Cash and cash equivalent	0.60	2,374,768	-	395,971	1,978,797
Term Deposits	2.20	7,019,110	7,019,110	-	-
Receivables					
- Sale of goods and services		410,371	-	-	410,371
- Other receivables		31,943	-	-	31,943
Total Financial Assets		9,836,192	7,019,110	395,971	2,421,111
Financial Liability					
Payables					
- Supplies and services		213,132	-	-	213,132
- Other payables		352,429	-	-	352,429
Borrowings					
- Hire purchase liabilities	6.89	87,061	87,061	-	-
Total Financial Liabilities		652,622	87,061	-	565,561

Financial instruments: Market risk

The Railway's exposures to market risk are primarily through interest rate risk. Foreign currency risk and equity price risk are less prevalent. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

The Railway's 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. The Railway's fund management cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only.

The following movements are 'reasonably possible' over the next 12 months:

- a movement of 100 (i.e. 1%) basis points up and down (100 basis points up and down) in market interest rates (AUD);

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 Railway 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 Railway has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Railway manages this risk by mainly undertaking fixed rate or non-interest-bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate.

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

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Railway's sensitivity to interest rate risk are set out in the table that follows.

NOTE 7.1.5 - Interest Rate Risk Sensitivity

	Carrying Amount \$	Interest Rate Risk			
		-1% Profit \$	Equity \$	+1% Profit \$	Equity \$
2018					
Financial Assets					
Cash and cash equivalent	3,643,460	(36,435)	-	36,435	-
Term Deposits	7,185,768	(71,858)	-	71,858	-
Receivables	350,497	-	-	-	-
Contractual Financial Liabilities					
Trade and other payables	691,505	-	-	-	-
Borrowings	-	-	-	-	-
		(108,292)	-	108,292	-
2017					
Financial Assets					
Cash and cash equivalent	2,374,768	(23,748)	-	23,748	-
Term Deposits	7,019,110	(70,191)	-	70,191	-
Receivables	442,314	-	-	-	-
Contractual Financial Liabilities					
Trade and other payables	565,561	-	-	-	-
Borrowings	87,061	-	-	-	-
		(93,939)	-	93,939	-

NOTE 7.2 – Contingent assets and contingent liabilities

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

The Board is aware of the potential adverse outcomes resulting from the recent Ombudsman's report into "Investigation into child sex offender Robert Whitehead's involvement with Puffing Billy and other railway bodies". The quantum at this stage is unknown, and therefore the contingent liability is non-quantifiable.

There was no contingent assets and liabilities in 2017.

NOTE 7.3 – Fair value determination

Fair Value

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

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Board considers that the carrying amounts of financial instrument assets and liabilities recorded in the financial statements to be fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full. The Board has no financial assets measured at fair value.

The following table shows that the fair value of all of the contractual financial assets and liabilities are the same as the carrying amounts.

NOTE 7.3.1 - Fair Value Determination

	Level	2018		2017	
		Carrying	Fair	Carrying	Fair
		Amount	Value	Amount	Value
		\$	\$	\$	\$
Contractual Financial Assets					
Cash and cash equivalent	1	3,643,460	3,643,460	2,374,768	2,374,768
Term Deposits	1	7,185,768	7,185,768	7,019,110	7,019,110
Receivables	2	350,497	350,497	442,314	442,314
Total Contractual Financial Assets		<u>11,179,725</u>	<u>11,179,725</u>	<u>9,836,192</u>	<u>9,836,192</u>
Contractual Financial Liabilities					
Trade and other payables	2	691,505	691,505	565,561	565,561
Borrowings	2	-	-	87,061	87,061
Total Contractual Financial Liabilities		<u>691,505</u>	<u>691,505</u>	<u>652,622</u>	<u>652,622</u>

8. Other Disclosures

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

NOTE: 8.1 - Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it 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 operating cash flow.

NOTE: 8.2 - Reserves

	2018	2017
Physical asset revaluation surplus ^(a)	\$	\$
Balance at beginning of financial year	42,276,552	42,276,552
Revaluation increments/(decrements)	-	-
Impairment losses	-	-
Balance at end of financial year	42,276,552	42,276,552

Contributions by owners

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

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

NOTE: 8.3 - Responsible Person

Responsible persons during the year ended 30th June 2018 were:

Responsible Minister: The Hon. John Eren, Minister for Tourism, Sport and Veterans from 1st of July 2017 to the 30th of June 2018.

Former Accountable Officer: J. Robinson (Former Chief Executive Officer) 1st of July 2017 to the 22th of June 2018.

Accountable Officer: J. Clancy (Interim Chief Executive Officer) 22nd of June 2018 to the 30th of June 2018.

Members of the Board prior to the 23rd of June 2018:

J.R.S. Cochrane (Chairman) 22 November 2017 to 22 June 2018

R.L. Leivers ((Deputy Chairman) 1 July 2015 to 22 June 2018

R.D. Bowen 29 August 2017 to 22 June 2018

J.K. Goodwin 29 August 2017 to 22 June 2018

J.L. Clowes 22 November 2017 to 22 June 2018

D.L. Eaton 1 July 2015 to 13 Sept 2017

A.J. Ponton 22 November 2017 to 22 June 2018

J. Prentice 1 December 2015 to 22 June 2018

No remuneration was paid or is payable to any of the prior Board Members acting in their capacity as a Board Member.

The newly appointed Board post the 22nd of June 2018:

T. North QC 23rd of June 2018 to 30 June 2018

C. Rose AM 23rd of June 2018 to 30 June 2018

J Fleming 23rd of June 2018 to 30 June 2018

P Lappin 23rd of June 2018 to 30 June 2018

R Clifton 23rd of June 2018 to 30 June 2018

J Heazlewood 23rd of June 2018 to 30 June 2018

J Maddigan 23rd of June 2018 to 30 June 2018

No remuneration was paid to any of the new Board Members during this initial period of tenure.

Remuneration received or receivable by the Accountable Officer in connection with the management of the Railway during the reporting period was in the range: \$290,000 – \$299,999 (\$200,000 – \$209,999 in 2016/17). 2018 includes both the former CEO and interim CEO remuneration.

Note: 8.4 - Remuneration of executives

Remuneration paid to Executive Officers and the Accountable Officer is as follows:

Total Remuneration Base Remuneration

Compensation of Executives

	2018	2017
	\$	\$
Short-term employee benefits(a)	1,440,549	1,080,902
Post-employment benefits	136,852	97,377
Other long-term benefits	136,442	18,015
Total	1,713,843	1,196,294
Total Number of Executives	10	9
Total Annualised Employee Equivalents	9	7.75

Notes:

- (a) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2016-17 reporting period.
- (b) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.5).
- (c) Annualised employee equivalent is based on the time fraction worked over the reporting period.
- (d) Payments to contractors charged with significant management responsibility:
There were no payments made to contractors charged with significant management responsibility (2017: Nil).

Note: 8.5 – Related parties

Members of the Board during the year who are also members of the Puffing Billy Preservation Society Executive Committee were R. Cochrane, J Goodwin, R Bowen and J. L. Clowes. There were no related party transactions with any of these members.

R.D. Bowen (retired 28th of June 2018) and J.L.Clowes are employees of the ETRB. Their remuneration forms part of the table below, along with the Chief Executive, J.A Robinson (resigned on the 22nd June 2018) and Interim Chief Executive J. Clancy.

Other than the transactions of the Society disclosed elsewhere in this report, there were no other related party transactions.

Members of The Puffing Billy Preservation Society provide volunteer services to the Board.

Additionally, Puffing Billy Preservation Society has provided grants totalling \$81,097 (2017: \$167,557) towards capital works in progress, as disclosed in Note 2. The Board has purchased books and DVD's to the value of \$4,654 (2017: \$2,942) from the Society for sale in its station kiosks.

The compensation details below excludes the salaries and benefits the portfolio Minister receives. The Ministers remuneration and allowance's is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services Financial report.

Period	Key Management Personnel	Position title
1st July 2017 to 22nd June 2018	J.A. Robinson	Chief Executive Officer & Accountable Officer
22nd June 2018 to 30th June 2018	J Clancy	Interim Chief Executive Officer & Accountable Officer
1st July 2017 to 28nd June 2018	R.D. Bowen	Board Member and Strategy & Compliance Manager
1st July 2017 to 30th June 2018	J.L. Clowes	Board Member and Train & Passenger Services Manager

Compensation of KMPs

	2018	2017
	\$	\$
Short-term employee benefits(a)	535,472	441,582
Post-employment benefits	50,870	39,615
Other long-term benefits	62,913	7,360
Total	649,255	488,557

Notes:

(a) Total remuneration paid to KMPs employed the Accountable Officer during the reporting period.

(b) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

(c) All the directors are outlined in note 8.3. Directors not mentioned in the related party section above are not part of the management team and do not have a related party influence between the management team and the Board.

Note: 8.6 – Remuneration of the auditors

	2018	2017
Victorian Auditor-General's Office	\$	\$
Audit of the financial statements	17,100	11,000
Total remuneration of auditors	17,100	11,000

Note 8.7 - Ex-gratia expenses

No form of Ex-gratia payment or debt forgiveness or waiver was made by The Railway during the financial year 2017/2018.

Note: 8.8 – Subsequent events

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period.

Other than the items disclosed in Note 7.2 in relation to the findings and adverse outcomes of the recent Ombudsman's report into the "Investigation into child sex offender Robert Whitehead's involvement with Puffing Billy and other railway bodies", the Emerald Tourist Railway Board has no further subsequent events to report for 2017/18 (Nil 2016/17).

Note: 8.9 – Australian Accounting Standards issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of these new standards and advises the Board of their applicability and early adoption where applicable.

As at 30 June 2018, the following standards and interpretations that are applicable to the Board had been issued but are not mandatory for the financial year ending 30 June 2018. Standards and interpretations that are not applicable to the Board have been omitted. The Board has not early adopted these standards. No significant impact on the financial statements is expected from the following standards:

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the ETRB's financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p>

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the ETRB's financial statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 January 2019	<p>The assessment has indicated that as most operating leases will come onto the balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p>
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard will replace AASB 1004 <i>Contributions</i> and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives. The restructure of administrative arrangement will remain under AASB 1004.	1 January 2019	<p>General assistance grant funding - income will be recognised when the entity obtains control of the cash, which is broadly consistent with current practice.</p> <p>Specific purpose grant funding - The expectation is that there will only be a change to the accounting recognition of specific purpose grant funding where it meets the sufficiently specific and enforceable criteria. As a result, income will be deferred and recognised only on satisfaction of the performance obligation.</p> <p>Capital grants for the construction or acquisition of non-financial assets - The expectation is that there will be a change to the accounting recognition of capital grant funding income will only be recognised upon satisfaction of the performance obligation. In circumstances where the asset cannot be recognised under Australian Accounting Standards, then income will be recognised immediately upon receipt consistent with current practice.</p> <p>Donations - If the Organisation has identified that there is a non-refundable component and/or the entity has the status of a deductible gift recipient, you must allocate the transaction price separately for the promised goods and/or services. The remainder of the transaction price shall be accounted for in accordance with AASB 1058.</p> <p>Volunteer Services - The impact of this standard is yet to be determined.</p>

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the ETRB's financial statements
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 January 2019	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p>

Changes in accounting policies

No new accounting policies have been adopted in the 2017-18 year.

Note: 8.10 - Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero
- (xxx.x) negative numbers
- 200x year period
- 200x 0x year period

The financial statements and notes are presented based on the illustration for a government department in the 2017-18 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Railway's annual reports, but have been re-arranged to reflect the Victorian Department of Treasury and Finance's new reporting format.

Disclosure index

[The disclosure index is best disclosed as the first appendix of an entity's annual report.]

The annual report of the Department is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
Ministerial Directions & Financial Reporting Directions		
<i>Report of operations</i>		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	Page 3,39,76
FRD 22H	Purpose, functions, powers and duties	Page 12,27,28
FRD 8D	Departmental objectives, indicators and outputs	Page 12-13, 27-28
FRD 22H	Key initiatives and projects	Page 12-13
FRD 22H	Nature and range of services provided	Page 12-25
Management and structure		
FRD 22H	Organisational structure	Page 29
Financial and other information		
FRD 8D	Performance against output performance measures	Page 13-19
FRD 10A	Disclosure index	Page 83
FRD 12B	Disclosure of major contracts	Page 28
FRD 15D	Executive officer disclosures	Page 76-79
FRD 22H	Occupational health and safety policy	Page 17
FRD 22H	Summary of the financial results for the year	Page 15
FRD 22H	Significant changes in financial position during the year	Page 37,61
FRD 22H	Major changes or factors affecting performance	Page 13-15
FRD 22H	Subsequent events	Page 79
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	Page 27
FRD 22H	Details of consultancies over \$100 000	Page 28
FRD 22H	Details of consultancies under \$100 000	Page 28
FRD 22H	Disclosure of ICT expenditure	Page 28
FRD 22H	Statement of availability of other information	Page 27
FRD 24C	Reporting of office-based environmental impacts	Page 26
FRD 29B	Workforce Data disclosures	Page 16
Compliance attestation and declaration		
SD 3.7.1	Attestation for compliance with Ministerial Standing Direction	Page 28
SD 5.2.3	Declaration in report of operations	Page 28
<i>Financial statements</i>		
Declaration		
SD 5.2.2	Declaration in financial statements	Page 33
Other requirements under Standing Directions 5.2		
<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
Ministerial Directions & Financial Reporting Directions		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 38
SD 5.2.1(a)	Compliance with Ministerial Directions	Page 28

SD 5.2.1(b) Compliance with Model Financial Report Page 39

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

FRD 11A Disclosure of Ex gratia Expenses Page 79

FRD 21C Disclosures of Responsible Persons, Executive Officers and other Personnel
(Contractors with Significant Management Responsibilities) in the Financial
Report Page 76

FRD 102 Inventories Page 59

FRD 103F Non-Financial Physical Assets Page 53-54,59

FRD 110A Cash Flow Statements Page 37

FRD 112D Defined Benefit Superannuation Obligations Page 46

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.

Legislation

Freedom of Information Act 1982 Page 27

Audit Act 1994 Page 12

Building Act 1993 N/A

Protected Disclosure Act 2012 Page 27

Carers Recognition Act 2012 N/A

Victorian Industry Participation Policy Act 2003 N/A

Financial Management Act 1994 Page 12,28,33,39



