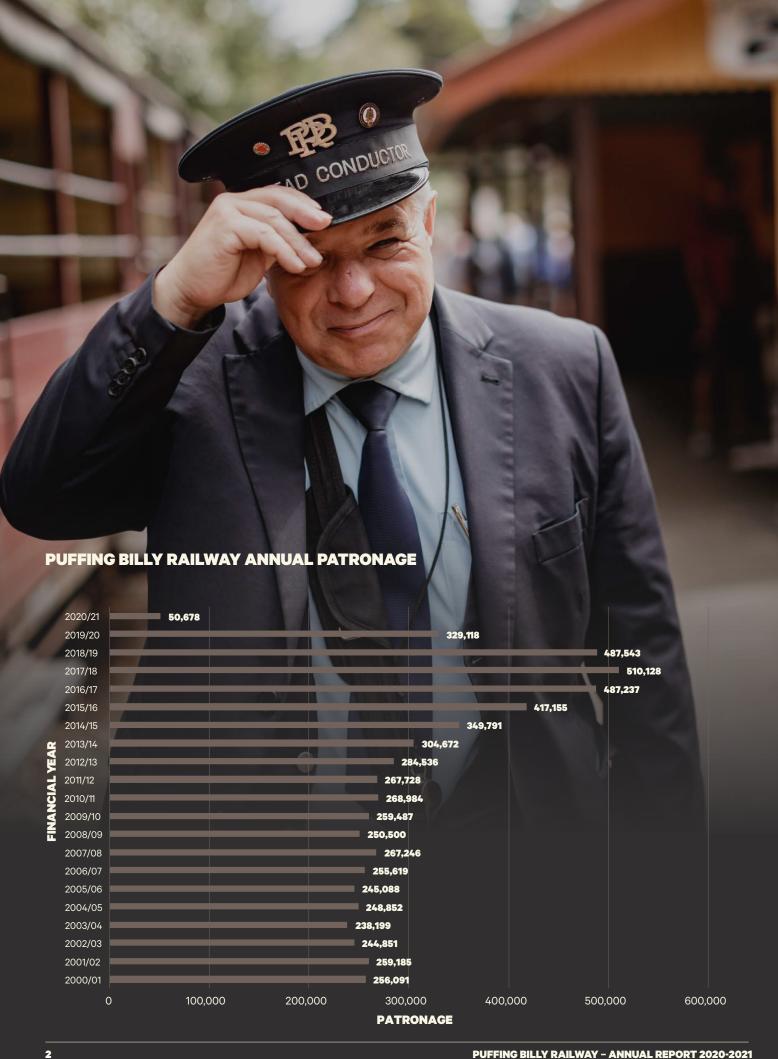




PUFFINGBILLY.COM.AU





Puffing Billy Railway (here on in referred to as Puffing Billy Railway or the Railway) is Australia's foremost operating steam railway, and one of the largest narrowgauge steam and heritage railways in the world. Its history spans a period of 121 years. Remarkably, for more than half that span, it has operated as a volunteer-based not-for-profit organisation. The Puffing Billy Railway is operated by the Emerald Tourist Railway Board (ETRB) and conducts services of up to four trains a day, every day except Christmas Day. This year, Puffing Billy Railway carried 50,678 passengers.

The narrow-gauge line between Belgrave and Gembrook in Victoria 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 replaced by more modern technology. This railway takes its "Era of Significance", dating from 1900 to 1930, seriously. This emphasis has held the organisation in good stead over the years and is the key to understanding the philosophy which drives the Emerald Tourist Railway Board in achieving heritage railway preservation goals.

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" steam train specials was organised by a Melbourne daily newspaper to farewell Puffing Billy.

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 world 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 at the railway, the organisation secured key funding from the State and Federal Government during the 2018-2019 financial year to commence the first of the Masterplan projects; the Lakeside Visitor Centre at Emerald Lake Park scheduled to open in 2021.

Puffing Billy Railway continues to offer 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.

After the release of the Victorian Ombudsman's report in 2018, the railway continues to reaffirm its commitment to the safety of the public, its volunteers and staff, as well as further progress on improvements to its governance structure.

Puffing Billy Railway is pleased to present this, the forty-fourth Annual Report of the Emerald Tourist Railway Board.

OUR VISION

To excel in Puffing Billy Railway's 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 railway stakeholders, including staff and volunteers.

KEY ASPIRATIONS

The Railway's ongoing success is a product of the following seven key strategic elements.



PRESERVE CULTURAL AND HERITAGE RAIL SIGNIFICANCE.

We are preserving an Era of Significance in harmony with current standards and practical requirements.



PROVIDE AN ICONIC HERITAGE RAIL EXPERIENCE FOR VISITORS.

Our heritage railway experience tells a story of the history of our railway, its importance to the community and the role it has played in the economy. We aim to deliver products and services associated with our railway, which create magical memories and encourage visitors to promote the experience through generations of local visitors, as well as international visitors being promoters of our attraction.



ACHIEVE SAFETY AND OPERATIONAL EXCELLENCE.

Safety is our number one priority and is fundamental to our ambition of operational excellence. Developing a reputation for an exemplar Child Safe Culture and leading partners in operational safety and compliance.



COMMIT TO ENVIRONMENTAL SUSTAINABILITY.

Our heritage railway experience is complemented by a rail corridor which passes through the stunning Dandenong Ranges. We are committed to minimising our impact on the environment in which we operate and collaborating with the community and key stakeholders in supporting the conservation of native wildlife and healthy ecosystems.



ENGAGE WITH OUR COMMUNITY, BUSINESS AND TOURISM PARTNERS.

Strong, valuable relationships with our staff, volunteers, local community, businesses and key stakeholders are fundamental for our success and dependent on genuine engagement and communications. We partner up with offers in the tourist and heritage sector, playing a lead role in sharing information and resources.



LEAD AN INSPIRED PEOPLE AND A RESPONSIVE, RESOURCEFUL ORGANISATION.

We harness and celebrate the passion and commitment of every one of our staff and volunteers. Nurturing and growing our valued staff and volunteers and their experience that represents our brand on the journey. Our organisation is resourceful, resilient and agile in responding to the inevitable challenges we face. We are transforming the culture into an environment that harnesses people's passion, accepts different views and works towards each other's success.



SUSTAINABLE FUTURE.

We embrace the resource opportunities we have with the Emerald Tourist Railway Board Directors to ensure good, effective governance for a sustainable business future. We will diversify our commercial activities to remain financially independent and reinvest in Puffing Billy Railway's future and community. We will do this by continually evolving and developing unique experiences for the visitors, incorporating quality local products and produce.

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 ended June 30, 2021. The report is prepared in accordance with all Victorian legislation.



SURVIVAL, READJUSTMENT AND RECOVERY.

This financial year has been one of survival, readjustment, and recovery as coronavirus (COVID-19) continues to plague Victoria, Australia, and the globe.

It appears there will likely be further COVID-19 road bumps to navigate, but the dedicated Puffing Billy Railway team have demonstrated enduring energy and passion to get past these and will continue to rebuild the railway for future generations to enjoy. It will continue to offer a great experience to its visitors and to all those involved in the railway.

Puffing Billy Railway has embraced change and innovation brought about by the numerous State Government imposed restrictions across the state during the year, whether it be getting passengers back on the train in a COVID-19 safe way; ensuring staff and volunteers stay connected; developing new products and services and keeping the administration and operational requirements functioning, to name just a few.

The Board acknowledge the ongoing financial support of the Commonwealth and State Governments during this year of unprecedented difficulties. Agreements were executed with both for the provision of grant funding for the continued construction of the Lakeside Visitor Centre.

Importantly, the State Government provided emergency solvency funding by way of grant which enabled Puffing Billy Railway to maintain its staffing levels during the immediate period, to operate train services as and when possible and to continue implementing the business plan as appropriate, while no operating revenue could be generated.

The Minister for Tourism Sport and Major Events, the Hon. Martin Pakula MP in support of Puffing Billy Railway, recently indicated to the Board that 'given the Railway's role as a tourism driver, it will play an important role in the recovery of the state's visitor economy from COVID-19'.

The Board, Management, staff and volunteers are committed to ensure that Puffing Billy Railway takes on such an important lead role for the State of Victoria and internationally as required.



OUR PEOPLE

Uncertainty and ongoing challenges over the year have been extremely difficult for everyone involved. Due to the State Government imposed COVID-19 lockdowns, Puffing Billy Railway was unable to run passenger services for over 21 weeks of this year and in fact 35 weeks from the commencement of COVID-19 lockdowns in March 2020.

All those involved at the Railway have shown flexibility, resilience, and adaptability to meet the changing demands.

The Puffing Billy Railway team of Management, staff and volunteers continued to work behind the scenes to plan and replan to be 'passenger ready' and to get services up and running as soon as practically safe to do so. Appropriate budgeting and re-forecasting was completed by the Management team to secure immediate emergency State Government operational funding for 2021-22. The Board expresses its appreciation for the support it received from the Department of Jobs, Precincts and Regions (the Department) during this time. In particular, I wish to acknowledge Natalie Phillips, Executive Director - Tourism, Events and Visitor Economy from the Department, for her lead role in driving many different facets in support of the Board, and for being such a

strong advocate for Puffing Billy Railway. Natalie attends the monthly Board meetings by invitation from the Board.

All volunteers and staff were required to be re-inducted before they could return on site. The volunteers continued to be on hand to provide assistance as and when required. Without any hesitation, they were there to assist with passenger services when trains services could recommence and aided in non-operational roles.

The key goal was to keep staff employed and for them to perform activities whether it be working from home (where possible), seconded to other areas within Puffing Billy Railway, and if appropriate and agreed, be placed on the Department re-deployment register. Some staff did take up this opportunity and performed activities for the Department.

I am delighted that a new Volunteer and Staff Recognition Program has been introduced. This will recognise the services of our valued people who ensure the railway continues into perpetuity.

The Puffing Billy Railway team are a special bunch of people who go above and beyond to ensure that everyone around the railway and visitors alike have a memorable experience.

OMBUDSMAN'S COMPLIANCE

The Board continued to lead the implementation of the various components of the governance requirements through its subcommittees or with the Management team directly. These activities are in accordance with the Minister's expectations, the Ombudsman's recommendations contained in the 'Investigation into child sex offender Robert Whitehead's involvement with Puffing Billy and other Railway bodies' report dated June 2018, and recommendations contained in a PwC report 'Emerald Tourist Railway Board – Governance Review' dated October 2019. I note this report was commissioned by the State Government as part of the Ombudsman's recommendations contained in the report mentioned above and is classified 'Cabinet in Confidence'.

The Board's key focus areas included but are not limited to:

- The ongoing implementation of child safe standards in accordance with the Commission for Children and Young People requirements. The Board appointed an expert in this area to advise the Board and to also provide support to the Management team to deliver on the various aspects of the standards in a timely manner.
- The development and the ongoing implementation of an enterprise risk management framework, including a Board risk appetite statement.
- The development and ongoing implementation of a legislative and compliance framework which brings together policies developed and implemented over the past three years and provides assurance to the Board that gaps are being appropriately filled and risks managed.
- The ongoing records management improvement program of work and the scoping and consideration of a new Enterprise Data Management System.
- The continued implementation of the 'four pillars of separation' (as recommended by PwC in its report 'Emerald Tourist Railway Board – Governance Review' dated October 2019), which consists of:
- 1. Emerald Tourist Railway Board Separation;
- 2. Management Separation;
- 3. Function Separation; and
- 4. Asset Separation.

The Management and Function separation have both been completed and continue to be refined.

This year, specific focus has been on the Asset Separation component of the 'four pillars of separation'. An Emerald Tourist Railway Board report has been completed in relation to asset ownership of rolling stock and museum artefacts. Such ownership is supported by relevant financial documentation since 1977, together with records of previous decision making from 1977-78 onwards.

CHANGE IN CEO

In addition to the Board's key focus areas mentioned above, a recruitment process was completed to appoint a permanent CEO. Mr Peter Abbott was appointed as CEO for a four-year term commencing on 1 February 2021. Peter comes with extensive experience in tourism and is working closely with the Board to implement the strategic plan and the COVID-19 readjustment and recovery program.

On behalf of the Board, I would like to thank Peter for his smooth transition given the ongoing COVID-19 affects and the recent devastating storm, which impacted many areas across Victoria including the Dandenong Ranges and Puffing Billy Railway. Puffing Billy Railway suffered from some 70+ trees falling along the railway corridor.

Steve O'Brien's Departure

The Board also acknowledges the very important contribution and dedication to Puffing Billy Railway over an extremely challenging 2 ½ years by the outgoing interim CEO, Mr Steve O'Brien. Following Steve's appointment, he cemented a very valuable operating platform from which Peter can now build upon. The Emerald Tourist Railway Board wishes Steve every success with his future endeavours.



INTERNAL AUDIT

Protiviti, the appointed Internal Auditor completed the 2020-21 internal audit program despite various COVID-19 interruptions. Protiviti have been engaged to complete a further internal audit program in 2021-22 in accordance with risks identified at an enterprise level.

Legal Services from the Honorary Solicitors

The preferred legal firm used by Puffing Billy Railway, MacPherson and Kelley, provided advice on numerous legal matters during the year and will continue to do so in 2021-22.

All governance works, where possible, continued during the lockdown periods but were impacted to some degree. This may have, in some instances, slowed the delivery of planned outcomes and deliverables. The Minister for Tourism, Sport and Major Events, the Hon. Martin Pakula MP's office, the Department and all relevant regulatory bodies have been kept abreast of progress against the various requirements.

STRATEGIC ACTIVITIES

It has been imperative that the Board review its strategic plan to incorporate necessary changes to Puffing Billy Railway operations and the recovery program of work as a result of COVID-19 impacts, which included the reprioritisation of key projects.

A new operating model is under consideration to encompass the required adjustments which include but are not limited to new revenue generating products and services; the change in demographics of visitors; Sitting on the Sills trial and the timing of its reintroduction; and the completion of the Lakeside Visitor Centre construction.

The opening of the Lakeside Visitor Centre is anticipated later this year and will open up the railway to Gembrook, with Belgrave offering other products and services to those visiting the Emerald Lake Park (Lakeside) precinct.

The Board are very proud of this state-of-the-art facility. A dedicated project team led by Campbell Rose AM, Deputy Chair of Emerald Tourist Railway Board, and Bret Butler, Puffing Billy Railway Infrastructure Manager, have done a phenomenal job to complete the project within tight budget constraints and during the COVID-19 period.

BOARD COMPOSITION

Cessations

During the year, there have been a number of changes to the Board. As Chair, I would like to personally thank the contribution that each of these members have made to the railway and the support they provided to me in my role as Chair. The changes are as follows:

 Judy Maddigan – Judy Maddigan's resignation was accepted on the 23rd of March 2021, after two and a half years on the Board to pursue other work commitments and interests. Over this period, Judy gave an inordinate amount of her time to work with the Board on various governance requirements, was chair of the Volunteer Engagement Subcommittee and participated in other Subcommittees.

In addition, Judy was the conduit between the Board and the Puffing Billy Preservation Society Executive Committee on all matters relating to the separation of the two entities to ensure they operate independent of one another and in accordance with the expectations of the State Government and the Ombudsman's recommendations. Judy was a valued Board member who provided support, knowledge and expertise to me, Board members, staff, and volunteers.

• Campbell Rose AM – Campbell's term expired as a Board member in June 2021 after three years on the Board. Campbell was Deputy Chair and provided strong knowledge of rail and governance. Campbell was also the Chair of the Project Governance Group for the Lakeside Visitor Centre. Stage 1 of this project has been completed with Stage 2 (the carpark) being completed later this year. This is a significant legacy that Campbell will leave behind. It was a substantial project for Puffing Billy Railway and the construction was complicated by COVID-19 interruptions, however, the project has produced a state-of-the-art complex to be used today and by future generations.

In addition, Campbell was Chair of the Operations and Safety Subcommittee for close to two years. This is a critical Subcommittee as it ensures that the Office of National Rail Safety Regulator requirements are met on an ongoing basis, together with operational risk and safety requirements more broadly across the railway. I cannot thank Campbell enough for his wisdom and the support he provided to me in his Deputy Chair role and to the Board during his tenure.

 Justine Heazlewood – Justine's term expired as a Board member in June 2021 after three years on the Board. Justine brought a wealth of experience in Records Management and Governance. Justine was Chair of the Corporate Culture, Ethics, Remuneration and Succession Planning Subcommittee and participated in other Board Subcommittees and Management Steering Committees.

In addition, Justine assisted with the appointment of relevant external consultants to complete a review of Information Management and Archive requirements going forward. This work continues in line with consultant recommendations. Justine formed part of the oversight team for the completion of this work.

Justine was also an integral Board member together with Judy Maddigan in the development and completion of the Puffing Billy Railway public apology to victims of child sexual abuse at the railway as documented in the Ombudsman's report 'Investigation into child sex offender Robert Whitehead's involvement with Puffing Billy and other Railway bodies' dated June 2018. I thank Justine for her dedication and perseverance during this challenging three year period.

 In addition to the above, Mr James Pinder stood down as a Board Director in August 2020. Mr Pinder was removed as a Director of ETRB by the Governor in Council under the State Owned Enterprises Act 1992 effective on 20 April 2021.

Appointments

Bart Clingin – Bart was appointed to the Board by the Governor in Council on 12 May 2021.

Bart brings strong financial risk and governance experience to the Board, and chairs the Finance Audit Risk and Compliance Subcommittee. He commenced his role as an invitee to the Board to assist in the area of governance, finance and risks and was then formally appointed. He brings a wealth of experience in this key area and an understanding of the operation level of the business of the Emerald Tourist Railway Board.

I would like to welcome Bart Clingin to the Board, and I look forward to working with him to achieve the Board's Strategic Plan and governance requirements expected by the State Government.

An open selection process was recently undertaken for further appointments to the Board, and it is anticipated new members will be appointed to the Board at the start of the 2021-2022 financial year. I would like to thank my fellow Board members Dianne Smith and Michael Mangos, who joined the Board in June 2020. Dianne and Michael have both been dedicated to the cause and provided valuable support to me, the Board, and the Management team over their first year at Puffing Billy Railway in very trying circumstances due to COVID-19. Each of them, upon appointment, immediately took on leading roles in the Board's Subcommittee structure. Dianne has acted as Chair of the Subcommittee of Partnerships and Visitor Economy and Michael is the Chair of Volunteer Engagement and now the Lakeside Visitor Centre Project Governance Group.

In addition to the formally appointed Board members, Dean Matthews, Jacqui DeKievit, Ian Burton, and Jeanie Dean are invited by the Board to attend Board meetings and Sub Committee meetings. Each bring relevant expertise, which includes rail, marketing, partnerships, visitor economy, child safe standards, risk, and governance. They provide a significant amount of experience and knowledge to Puffing Billy Railway. Dean Matthews is also Chair of the Operations and Safety Subcommittee.

STAKEHOLDER RELATIONS

The Board continue to develop and maintain strong relationships with all key stakeholders of Puffing Billy Railway.

Puffing Billy Preservation Society

The Board continued to work with the Puffing Billy Preservation Society Executive Committee members to define:

- Its ongoing relationship with the Emerald Tourist Railway Board as the operating body of the railway; and
- The Puffing Billy Preservation Society's future purpose.

This stakeholder relationship is sensitive in light of the recommendations contained in the Ombudsman's report and the PwC Review report and given the history of the Puffing Billy Preservation Society and the supporting role it has played to the Emerald Tourist Railway Board in the past.

The key focus is to ensure the ongoing contribution of the Puffing Billy Preservation Society is to support:

- The success of the Railway; and
- The preservation of heritage assets for the sustainability of the Railway for future generations.

The Board will continue to work with the Puffing Billy Preservation Society Executive Committee and its members to define a new role going forward and to ensure correct and accurate messaging is received by members of the Puffing Billy Preservation Society in a timely manner.

Government and Department

The Board and Management continued to work with the Minister for Tourism, Sport and Major Events, the Hon. Martin Pakula and his office and other relevant State Ministers throughout the year.

The Board and Management continued to work with the Department of Jobs, Precincts and Regions on many different aspects of the strategic and operational requirements required from the Board and Puffing Billy Railway, in particular the funding requirements for 2020-21 and for the coming year 2021-22.

International Associations and Alliances

Even during this difficult period with no international travel in and out of Australia, the Board continued to foster relationships with our overseas counterparts. This year it has occurred virtually. We are currently renewing or establishing new arrangements with relevant international bodies. Puffing Billy Railway is recognised and envied globally as a well-established, operational heritage railway.

Heritage Railway

Puffing Billy Railway is a foundation member of the Tourist and Heritage Sector Coordinating Board, with the aim to preserve and secure our rail history in this state. It was established following a blueprint for the future involving a long dialogue between the Victorian Government, VicTrack and Sector Representatives. I have the honour of being appointed as the Interim Co-Chair with Mr John Croft (who is also the President) and I look forward to assisting the Sector in establishing its governance structure.



CEO'S REPORT

Firstly, I want to thank former Chief Executive Officer Steve O'Brien who concluded his service to the Emerald Tourist Railway Board in January 2021, before I started as the new CEO on 1 February 2021. Steve provided an extensive handover document that was extremely valuable as I took over many projects that had already commenced or were being concluded as I commenced.

I also want to formally thank all the Board, Puffing Billy Railway staff and volunteers for their patience, support and hard work through this most extraordinary of years. Across Australia all tourism and heritage attractions have found 2020-21 to be one of the most challenging periods mainly focused on organisational survival. As noted in the 2019-20 Annual Report, Puffing Billy Railway operations were suspended in March 2020 with the COVID-19 shutdowns continuing until November 2020. This extended shutdown essentially stopped all meaningful revenue to Puffing Billy Railway for this period.



Through this shutdown period, the Board and Management worked diligently to sustain core staffing and volunteer operating skills so that when COVID-19 restrictions lifted the railway could begin the process of rebuilding operations. It should be noted that the Emerald Tourist Railway Board received considerable support from the Victorian State Government to allow for this operational resilience to be sustained.

It is a credit to staff and volunteers for the extent of work needed to restart a railway operation, in particular a heritage railway. This included infrastructure checks, re-engagement with staff and volunteers and updating procedures to align to the COVIDSafe plan. Operations were formally resumed on November 28, 2020 with great celebrations across the Dandenong Ranges region. This celebration further reinforced the importance that the railway has across the community.

Demand has been fluctuating since reopening, with further COVID-19 shutdowns requiring another round of slow growth in carrying capacity and passenger demands.

Puffing Billy Railway remains affected by COVID-19 in both fluctuations in allowable passengers per carriage, as well as the dramatic changes in the customer base given the closure of international borders. Management have sought to develop a range of new programs in an environment where nobody can be assured of when international borders will reopen, and what form international markets will display.

VOLUNTEERS

Volunteering Victoria has highlighted the challenges the volunteer sector has experienced since resuming post COVID-19 operations. Puffing Billy Railway has also experienced this challenge; however the railway has seen 85% of volunteers return to complete reinduction, and new volunteers are being recruited to join the team.

Whilst some volunteers have moved to other post-COVID-19 lifestyles, or have wanted to reassess their volunteering efforts, several volunteers have noted that they will return once COVID-19 vaccine rollouts are more advanced – the Railway understands these issues and will welcome back volunteers when they are ready and feel confident in the public roles they play.

Puffing Billy Railway has further strengthened the Volunteer Recognition Program and looks forward to creating a positive environment for all volunteers, now and into the future.

ENTERPRISE RISK PROGRAM

The Board and management have further refined the Enterprise Risk process to focus efforts on matters that have a material risk to the organisation.

An updated framework to assess and manage risk was adopted by the Board. This process is extremely important as Puffing Billy Railway continues to operate in a COVID-19 environment, but also look to other risks that could affect the railway.

A key risk noted is the availability of skilled volunteers to sustain the train operations area. Mitigations for this risk has included a revised Steam Driver Recruitment and Training process.

COMMUNITY ENGAGEMENT

Puffing Billy Railway has renewed its focus on engaging with the local community, industry and the people that support the railway. The introduction of a Puffing Billy Railway Locals Pass aims to encourage our local community to experience the railway across the year, in particular when they have friends and family visiting.

The Railway's new Business Partner Program also provides local businesses with the opportunity to partner with the Railway to promote their business to guests across our websites and social media channels. Over 40 businesses have already joined the program.

ACHIEVEMENTS

Re-Induction of Staff and Volunteers

Coming out of COVID-19 shutdown, all staff and volunteers completed full re-inductions as part of the Emerald Tourist Railway Board's updated COVIDSafe policy and procedures. This further supported the work completed in improved governance across all parts of the railway.

Intranet - Staff and Volunteers

Linked to the re-induction was the introduction of a Puffing Billy Railway Intranet supporting the ongoing training and refreshment of policies, online systems for rostering and information sharing. This system will be further expanded in the coming years.



COVIDSafe Plan and Operations

Considerable adaptation was needed to maintain operations through a constantly changing COVID-19 environment. All staff and volunteers should be proud of their ability to adapt so that Puffing Billy Railway could maintain and slowly grow services since restarting. It is clear that this adaptation will be needed for the months and possibly years to come.

Management is charting a course to return to sustainability through a focus on local markets, building experiences across the rail network and the opening of the Lakeside Visitor Centre. This focus on building spend per customer links to restricted capacity per train service and prioritising guests that are willing to complete longer services and additional experiences.

Lakeside Visitor Centre Build Continued

Whilst disrupted through the COVID-19 shutdown period, both Emerald Tourist Railway Board officers and contractors worked diligently to achieve Stage 1 – Effective Completion in 2021. Ongoing system testing continued, as well as the installation of interpretative materials for the centre. Stage 2 works are now contracted, with a target opening date of 2021. This centre will be an important element in diversifying revenue streams and risk mitigate any future Railway disruptions that may occur for a range of reasons.

Sitting on the Sills Reintroduction

The Board and Management have continued the work to finalise the review of this much-loved feature of the Puffing Billy Railway experience. A thorough trial process has been completed that used both internal and external guests to test updated engineering controls and guest procedures so that the railway is well placed to return this experience in the 2021-22 financial year.

Department Support

Throughout 2020-21, the Emerald Tourist Railway Board worked closely with the Department of Jobs, Precincts and Regions to maintain the liquidity of operations both to maintain operational capacity, but to also complete vital capital work programs that will benefit the Railway in the long term. This support through such a dynamic environment is appreciated by all at the Emerald Tourist Railway Board.

Finances

Just as our team worked hard to restart Puffing Billy Railway, the finance team completed considerable works to manage finances through this year. Continual reorganising of projects and close monitoring of cash flows allowed the Railway to navigate its way through considerable uncertainty.

Passenger numbers were severely impacted by the shutdown, restricted carrying limits, a lack of domestic travel confidence, and international border closures. There is a sustainable future for Puffing Billy Railway, however these key issues (often outside of the Railway's control) need to be addressed to take advantage of the heritage nature of being Australia's premier heritage rail experience.

Puffing Billy Railway Management have introduced a number of new programs and ticketing changes that will continue into 2021-22. This focus on the development of experiences on and off the train, and a move away from volume-based passenger targets is more sustainable for our infrastructure, heritage rail assets, volunteers, and people.



PETER ABBOTT

Chief Executive Officer Puffing Billy Railway 19 November 2021



Patronage for 2020-21 was 50,678 - a passenger decline of 85% compared to 2019-20. This year was marred by the impact caused by the rolling statewide COVID-19 public health closures experienced by the whole tourist industry.

Puffing Billy Railway is scheduled to operate 364 days of the year. Out of the usual 364 days annual program, the ETRB only opened for 121 "partial" days. The railway generates most of its income from mass gatherings of tourists and railway enthusiasts. Unfortunately, the ETRB was never able to fully maximise the days it was open due to the social distancing rules.

Five total fire ban days also reduced carrying capacity.

PAX & DAYS OPERATED



There were 1,230 revenue earning return trips in 2020-21 (1,234 in 2019-2020 with vastly different social distancing capacities). Trips included scheduled daily excursion trains, charter trains, lunch time Steam and Cuisine trains, and the "Day Out with Thomas" trains. No night train operated during the year; however, these are planned to return after the launch of the new Lakeside Visitor Centre next year.

A total of 92% of train kilometres, including non-passenger train kilometres, were steam hauled (96% in 2019-20).

Non-steam train kilometres were mostly diesel-hauled works trains and diesel-hauled passenger trains operating on five total fire ban days during the fire season. 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 2020-21 were 37,696 - up 8% on the kilometres travelled in 2019-20. The increase was due to additional driver training and line side maintenance.

FINANCIAL POSITION AND BUSINESS REVIEW

The operations of the Board after depreciation and grants resulted in a net profit for the year of \$1,000,402 compared with a net profit of (\$634,461) in the previous year on a like-for-like basis. After the quinquennial asset valuation, the Comprehensive Result for the year was \$28,417,591.

Asset revaluations of \$27,417,189 uplifted the result for the year, and significantly improved the holding value of ETRB's major asset categories. Deficit before depreciation and grants was \$7,760,590 compared with the deficit of \$2,668,053 in the previous year. Operational revenue was significantly reduced due to extraordinary facility closures following the COVID-19 pandemic outbreak. International borders continue to be closed, and both interstate and intrastate tourism was severely impacted leading to an unparalleled and protracted reduction in visitation.

The adverse financial position reflects the ongoing trade restrictions placed upon the ETRB by the COVID-19 pandemic public safety response. The ETRB continues to work with the Victorian Government to ensure the long-term sustainability of the railway including a transition plan post COVID-19 when social distancing measures are eased.

GRANTS FROM GOVERNMENT BODIES

Since the 2017-2018 financial year, both the Federal and State Governments have pledged a combined amount of \$13.7m to the construction of the new Lakeside Visitor Centre. The Emerald Tourist Railway Board is now at the tail end of the project with only \$1.65m in Federal grants remaining at the end of June 2021.

The State Government initially pledged \$8.2m towards the Lakeside Visitor Centre, while the Federal Government portion amounted to \$5.5m.

The 2020-21 year also saw the commencement of the State Government \$6.3m Masterplan grant commitment to the ETRB. There is \$1.24m remaining on this grant which will see a number of key infrastructure developments along the railway corridor, as well as providing additional funding to assist with the completion of complementary projects within the Lakeside Visitor Centre.

Trading difficulties continue to confront the tourism industry and many of the tourist operators like Puffing Billy Railway because of the COVID-19 pandemic that has continued throughout the year. The ETRB operated for only 121 days during the year at not more than half of its carrying capacity on any given day. That is a maximum operating capacity for the year of just 16.5%.

Recognising these challenges, the Victorian Government worked through a range of funding options to assist the Railway in remaining financially viable. During the 2020-21 year, the State Government contributed \$11.586m in working capital support. These funds were used to pay wages, maintain key equipment, and improve compliance and processes during any down time.

In May 2021, the State Government announced it would supply further funding to the ETRB's working capital to the sum of \$11.2 million. To ensure the ETRB avoids any liquidity issues at the commencement of the 2021-22 year, the State Government advanced \$2.066m one month early.

GRANTS FROM OTHER BODIES

The ETRB was also a successful recipient of a \$19,798 grant from the Andrews Foundation to support an educational initiative for youth who come from a background of social disadvantage. The ETRB is currently designing educational programs within this space.

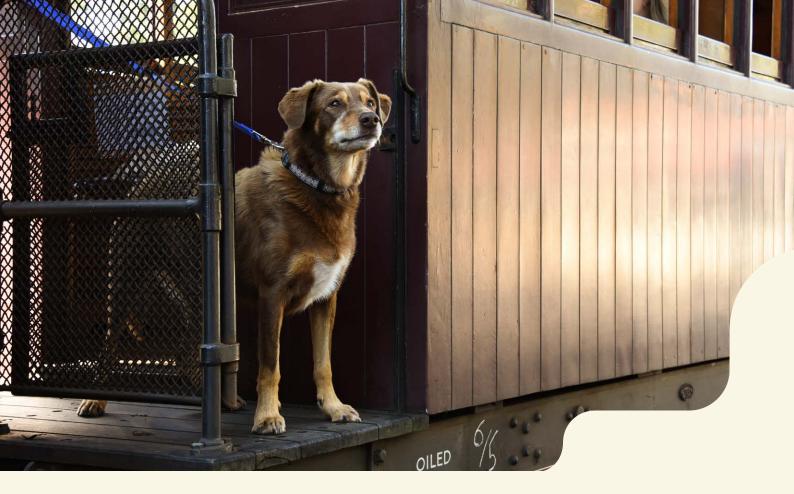
IMPACT OF COVID-19

In response to the COVID-19 pandemic, international border restrictions effectively closed international travel at the beginning of February 2020. The Railway has only operated intermittent domestic services since, spending much of the 2020-21 trading year closed. Both the passenger service incomes and the commercial sales reflected the reduced revenue expected of 121 days of trade. The repeated COVID-19 lockdowns impacted consumable stocks, particularly perishable food, and beverage stocks. The continued loss of these key cash inflows has caused a significant disruption to the organisation's profitability and cash flows, requiring the financial assistance outlined in the grant commentary.

The State Government continues to work with the Emerald Tourist Railway Board by supporting the organisation's ongoing needs and ensuring the preservation of one of Victoria's iconic tourist attractions into the future.

The ETRB continues to meet the *Public Administration Act 2004* obligations of proper disclosures of identified risks being a statutory obligation on the organisation and the Board.

The ETRB was also successful in securing a \$275,000 grant from the Victorian Government to assist with a range of COVID-19 prevention and COVID-19 security initiatives.



OPERATIONAL PERFORMANCE

On a like-for-like basis, the result was achieved on a gross income of \$2,847,535 (\$11,528,005 in 2020) less total expenditure of \$10,608,125 (\$14,196,058 in 2020) and represents an operating loss of (7,760,590) ((\$2,668,053) in 2020).

*Excludes contributions from volunteers, asset revaluations, and grants.

Operational income earned by the Railway (which consists of excursion fares, revenue from dining trains, Day Out with Thomas weekends, special events, and shop revenue) decreased by 64.6% compared to the previous year (2020 decrease of 75.3%), primarily due to passenger number decreases across the international and domestic market and the trading days lost to sitewide COVID-19 closures. Average ticket revenue per passenger increased by 30%, to \$39.35 from \$30.20. This was driven by a change in operating revenue mix, as there were no increases to fares during the year. The cheaper one-way tour group fare, popular with international tourists, was a notable high-volume loss. This portion of the ETRB's market will not return until international borders are allowed to open. The traditional return tickets continue to be the ticket of choice from the domestic market.

With the reduction in the public's purchasing power, it has been difficult for the ETRB to price its fares accordingly as a response to raising cost pressures, increasing compliance expenditure and reduced windows of allowable trade. In response, the organisation has undertaken a number of revenue initiatives to supplement future incomes, particularly the opportunity surrounding the new Lakeside Visitor Centre. However, the Railway needs to be open for trade for these opportunities to take hold.

Total expenses year-on-year decreased by 36%, compared to the 75% decrease in operational revenue. The objective of 2020-21 was to finalise the three-year stabilisation and compliance programs post the release of the Ombudsman's report in 2018. In a post COVID-19 era, the organisation remains committed to compliance, safety and building a better tourist railway experience for the Victorian people and is pursuing other opportunities to deliver these programs over the long term.

The net result for the year, excluding grants and Asset revaluations, was a loss of \$7,760,590 vs a \$2,668,053 loss last year.

FINANCIAL POSITION - BALANCE SHEET

ASSET REVALUATION

The ETRB had its quinquennial asset revaluation by the Valuer-General Victoria (VGV). Not all categories of assets come under the scope of the revaluation, however, all the material assets categories were reviewed. This was an extensive process, covering building, land, and other assets throughout a 25km rail corridor. The process took nearly five months to collate and covers all the major asset categories.

The VGV deemed the ETRB's assets be appreciated by a net amount of \$27.4m. The main increases stemmed from land, up 80%, building and structures, up 74%, locomotives and rolling stock, up by 26% and permanent way, up by 35%. Details of the revaluation can be viewed in the financial disclosure on page 89.

CASH FLOWS

Cash and cash equivalents represent all cash either deposited in bank accounts or held as physical cash on premises. The ETRB no longer maintain term deposits. In 2020, these combined amounts increased by \$9,646,506 (2019-20: \$4,896,544 decrease). In the month of June 2021, the State Government issued \$6.4m in grants to assist a range of large capital and operational outlays in July and August 2021.

The ETRB has undergone numerous cash challenge throughout COVID-19. During this time, the State Government pledged its operating support for the Railway issuing a range of capital and operating grants. The State Government have pledged a further \$11.2m in operational support for the upcoming 2021-22 year.

CAPITAL PROJECTS / ASSET INVESTMENT PROGRAMS

CAPITAL EXPENDITURE

Capital works expenditure in 2020-21 increased by \$11,629,898 from \$12,290,709 to \$23,920,607. Refer to note 4.1.3.

Capital works expenditure in the current year was funded by the Federal Government and the State Government covering a range of significant projects including:

- The Construction of the Lakeside Visitor Centre.
- Manufacture of new NBH carriages.
- Emerald preparation and painting booth.
- Emerald carriage workshop amenities.
- Sitting on the Sill carriage safety enhancements.

FIVE YEAR FINANCIAL SUMMARY	2021	2020	2019	2018	2017
Total income from transactions	15,044,848	19,975,144	16,848,229	16,681,490	15,706,964
Total expenses from transactions	14,045,719	20,609,605	16,253,212	15,218,466	13,150,252
Net result for the year	1,000,402	(634,461)	595,017	1,466,517	2,556,512
Asset revaluations	27,417,189	-	ı	-	-
Comprehensive result for the year	28,417,591	(634,461)	619,273	1,466,517	2,556,512
Net cash flow from operating activities	9,701,477	819,570	2,384,379	3,790,269	4,505,951
Total assets	111,415,888	70,405,167	68,031,197	66,791,767	65,145,980
Total liabilities	7,797,901	2,785,567	2,722,120	2,581,962	2,402,693
Volunteer value in Income and Expenses	1,282,515	4,506,932			
Days operated	121	262	362	360	364
Passengers	50,678	329,118	487,543	510,128	487,237
Revenue trips	1,231	1,234	1,837	1,849	1,910
Fare revenue per passenger	\$39.35	\$30.20	\$29.19	\$28.38	\$27.68

Note: The railway runs 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 2021	64	39	103
Commenced during year	5	3	8
Sub Totals	69	42	111
Departures	15	9	24
As at 30 June 2021	54	33	87

There were an additional six casual employees who assisted with seasonal peaks in 2020-21. Recent governance arrangements continued to see the addition of new roles within full time and part time categories.

The impact of the COVID-19 pandemic meant less seasonal workers were required for casual positions.

The table above excludes casuals and the seven ETRB directors.

PUBLIC SECTOR VALUES AND EMPLOYMENT PRINCIPLES

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

The Emerald Tourist Railway Board (ETRB) continues to introduce policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. The ETRB advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

COMPARATIVE WORKFORCE DATA

GENDER	<19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
2020											
Male Staff	-	2	5	8	7	5	4	2	2	9	15
Female Staff	-	1	7	2	4	4	7	10	2	4	3
Male Volunteers	6	11	21	17	6	11	9	10	26	48	210
Female Volunteers	-	1	2	3	1	1	-	5	10	11	33
Undetermined Volunteers	-	1	-	-	-	-	-	-	-	-	2
Total	6	16	35	30	18	21	20	27	40	72	263
2021				,							
Male Staff	-	0	3	2	10	5	1	4	2	6	5
Female Staff	-	1	3	4	3	6	6	4	4	2	5
Male Volunteers	4	8	14	15	5	2	10	8	13	32	151
Female Volunteers	-	-	3	2	-	1	-	1	5	8	18
Undetermined Volunteers	-	1	-	-	-	-	-	-	-	-	2
Total	4	10	23	23	18	13	17	17	24	48	181

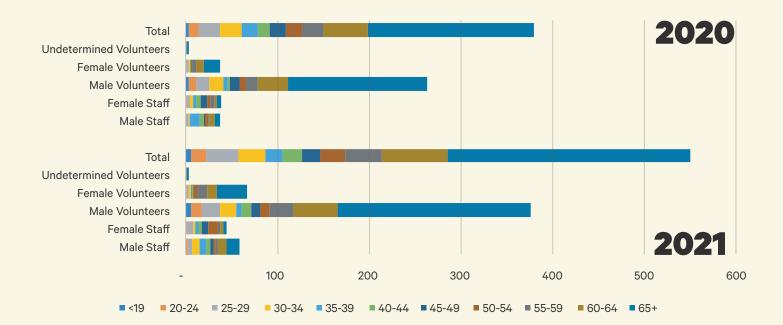


WORKFORCE INCLUSION POLICY

The Emerald Tourist Railway Board (ETRB) is working towards creating an inclusive working environment where equal opportunity and diversity are valued, and that reflects the communities we serve consistent with the *Gender Equality Act 2020*.

The ETRB values staff and volunteers with non-binary gender identities. The ETRB acknowledges that due to historic and current barriers to disclosure of non-binary gender identities, staff may not choose to disclose this information. The ETRB continues to promote opportunities for staff and volunteers from a diverse gender and ethnic background.

COMBINED VOLUNTEER AND STAFF WORKFORCE HEAD COUNT



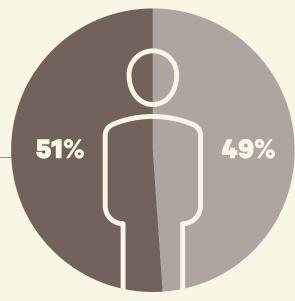


GENDER DIVERSITY

Female participation has increased by 2%.

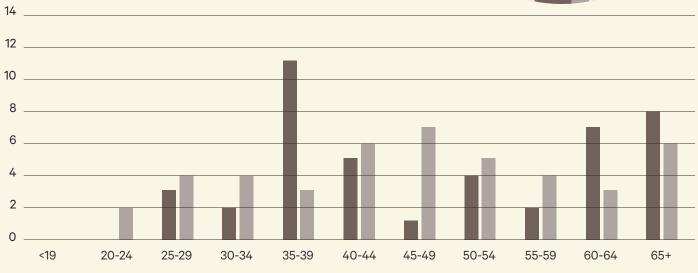
Male participation has declined.

■ Male ■ Female



AGE DIVERSITY

■ Male ■ Female



Puffing Billy Railway continues to support an aging demographic, however over recent times the railway has seen considerable growth through the 25 to 39 age bracket.



OVERVIEW

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

The Belgrave Workshop performs detailed locomotive maintenance, repair, and restoration. COVID-19 shutdowns and reduced train services have seen the workshop activity move to mothball Locomotive G42 and D21 ahead of major exams or repairs. Since the restart in November, the workshop has been busy keeping the five active steam locomotives in traffic in addition to servicing the Peckett Locomotive for Day Out with Thomas events. The workshop also maintains the three Diesel locomotives used for either moving carriages around the yard or for relieving steam locomotives during periods of high fire danger.

The Emerald Workshop performs the essential maintenance to the fleet of nearly 60 carriages and wagons, including mechanical systems, woodwork, and painting to ensure a safe and enjoyable experience for passengers.

It is a credit to all Puffing Billy Railway personnel, both staff and volunteers, that all locomotives and carriages have provided uninterrupted service. Major current workshop projects include the refurbishment of Locomotive 6A and the replacement of the ashpan on the NG/G16-129 Garratt locomotive, the continuing fit-out of new passenger carriages, carriage modifications for reintroduction of Sitting on Sills, and numerous other safety and technical advancements to locomotives and rolling stock.

The workshops are also engaged in several projects for other heritage railways, including wheel set manufacture for Steamrail Victoria's K183 and air brake valve overhauls for the Museum of Transport & Technology (MOTAT) in New Zealand. These projects are part of a growing number of external projects coming from a marketing campaign within the heritage rail community, initiated by the Rolling Stock Branch.

In support of the heritage rail community, the Rolling Stock Branch has built mutually beneficial working relationships with a number of tourist and heritage railways and museums, including the Walhalla Goldfields Railway, MOTAT in New Zealand, Welshpool & Llanfair Light Railway, Vale of Rheidol Railway, and The Ffestiniog & Welsh Highland Railways in Wales.

At both Belgrave and Emerald, volunteer workshop sessions have recommenced, and a renewed interest in these nights has seen increased volunteer participation, resulting in improved growth and development of volunteer skills and abilities.

KEY GOAL	MEASURE	RESULT
Preserve cultural and heritage rail significance. Practical preservation of our heritage	Sustainable long-term plan Develop and commence implementation of integrated	■ Plans for rolling stock into the future including planning for new locomotives and
assets in line with our sustainable long- term plan.	long-term plan for rolling stock, track & facilities.	carriages.
	Extend long term plan to implement Asset Management Plan to be broadened to include rolling stock and wider assets of railway.	
Provide an iconic heritage rail experience for visitors.	Restoration of Sitting on Sills.	Carried out carriage modifications for the
Develop and deliver heritage assets, experiences, and products to improve visitor, volunteer, and community engagement along the railway corridor.	Refurbishment of Rolling Stock to heritage standards.	restoration of Sitting on Sills. Prepared a new heritage grant submission for the restoration of locomotive 6A.
Achieve safety and operational excellence. Ensure best practice in compliance	Maintain Office of the National Rail Safety Regulator (ONRSR) Co-regulatory relationship.	■ Involved with ONRSR to achieve restoration of Sitting on Sills.
with National Rail Safety regulations, or advocate to change to relevant conditions.	Complete Safety Management System and Risk Register revision.	■ Working with Safety Branch to revise the SMS .
Engage with our community, business and tourism partners .	Implement Business Partnerships program.	■ Working with other Heritage Rail organisations to provide
Develop a collaborative working partnership approach to enhancing and promoting tourism in the region and Tourist & Heritage railway sector.		workshop support.

PARTNERS / COMMUNITY ENGAGEMENT

- Engaged with Steamrail Victoria for machining services for locomotive wheelsets. This initiated a strategy to diversify the range and source of work carried out by the workshops.
- Engaged with Bendigo Tramways for opportunities to work collaboratively on rolling stock restoration work projects.
- Completed Refurbishment of brake valves for MOTAT in New Zealand.
- Engaged with the Southern Sherbrooke Historical Society and the Emerald & District Museum to provide regional and community context for heritage rolling stock.

WORKING TOWARDS 2021 - 2022

Completed ■ In progress ■ Ongoing ■

Continued focus on:

- Improving workshop safety and housekeeping.
- Improving workshop systems and processes.
- Improving the productivity of the workshops.
- Improving volunteer engagement and opportunities.



OVERVIEW

The Train Operations Department oversees the daily rail operations of Puffing Billy Railway. This includes management of approximately 180 safe working qualified workers to provide the drivers, firemen, guards, signalmen and engine cleaners necessary to run the daily services. Train Operations is also responsible for the allocation of rolling stock to trains to meet the capacity requirements of the Passenger Operations Branch, as well as ensuring the timely transfer of carriages for maintenance by the Rolling Stock Branch.

The rapid spread of COVID-19 across the globe saw the cessation of all train services and the immediate standing-down of all volunteers and staff from March 2020 until the end of November 2020. Unfortunately several staff and volunteers have not returned due to the disruption this shutdown has caused.

For the restart of train operations, the team introduced a modified timetable that has progressively changed to meet the reintroduction of services with the easing of COVID-19 restrictions. The requirements for additional works trains and training trains has been an additional feature of the restart.

Behind the scenes, a new Train Operations Training Framework has been developed to provide a new, defined structure of training for all operational roles. The framework incorporates changes to align with the Australian Qualifications Framework and includes Association of Tourist and Heritage Rail Australia (ATHRA) driver and fireman training within the overall Puffing Billy Railway training framework.

Training for operational roles that were suspended during COVID-19 recommenced with safe working training for selected staff. A new program of Expressions of Interest (EOI) for training has also commenced with the EOI for Steam Locomotive Drivers. The EOI program and Training Framework aims to increase the number of qualified volunteers to be ready for increasing services as the railway recovers.

KEY GOAL	MEASURE	RESULT
Provide an iconic heritage rail experience for visitors.	Deliver excellence in visitor experience.	 Operations staff interact with passengers to make their visit to the railway an enjoyable and memorable experience. Train operations continued to meet operating demand to deliver excellent visitor experience.
Achieve safety and operational excellence. Ensure all operations are geared towards achieving zero harm.	 Ensure best practice in compliance with national rail safety regulations, or advocate to change to relevant conditions. Maintain ONRSR co-regulatory relationship. Implement a plan to comply with, or advocate to change to National Rail Safety guidelines - maintain regulatory compliance. 	 Operations priority is for safety of staff and passengers. Working with the Safety Branch, improvements in worker safety are progressively making operations safer. Continued to engage in coregulatory meetings and develop relationships with ONRSR. Continued to support safety in plan implementation and continue to maintain regulatory compliance.
Engage with our community, business and tourism partners.	Recognise and increase the railway's contribution to the local and regional economy.	Operations works collaboratively with Marketing and Events Departments to support community, business, and tourism partners.

KEY INITIATIVES

- Initiated development of Train Operations Training Framework.
- Review of existing rules and procedures.
- Development of Train Operations Branch Manual, which includes new procedures, systems, and strategies.

PARTNERS / COMMUNITY ENGAGEMENT

- Initiated discussions to develop an engagement strategy with the Tourist and Heritage Rail Industry.
- Adopted an emphasis on volunteer involvement and training in rostering.

WORKING TOWARDS 2021 - 2022

Completed ■ In progress ■ Ongoing ■

Continued focus on:

- Review of rules, systems, and procedures.
- Improving compliance and safety for operations.
- Improving volunteer engagement and opportunities.
- Engagement with ATHRA and other Tourist & Heritage railways in Australia.



OVERVIEW

Safety is Puffing Billy Railway's number one priority.

During the 2020-21 financial year, the Safety Team continued to coordinate Puffing Billy Railway's response to the COVID-19 pandemic. Multiple COVID-19-specific procedures were introduced and continuously reviewed and updated. The Safety Team coordinated the reopening of Puffing Billy Railway in a COVIDSafe Manner.

The previous Rail Safety Policy was reviewed and updated, becoming the Safety, Health, and Wellbeing Policy. Doing this reflects the change in culture, away from a business exclusively focussed on rail safety and taking an organisation-wide, holistic approach to safety.

The continued development of a positive safety culture has led to increased reporting of occurrences, in proportion to the number of days Puffing Billy Railway operated trains. The railway's reporting culture of "If you see something, say something" has resulted in greater awareness.

Operational opportunities for improvement were identified through external audits and internal audits; investigations; and monitoring trends from previous reporting periods. Where appropriate, corrective action plans were developed and monitored by the Safety Team.

During 2020-21, the following was recorded:

- 402 Incident Defect Reports (IDRs) were submitted.
- 43 Notifiable Occurrences were made to the ONRSR.
 All incidents were addressed and closed.
- Zero incident notifications were made to WorkSafe.
- 17 people were injured at Puffing Billy Railway or sought the Railway's assistance, including:
 - 11 employees of which, two resulted in Workcover Claims.
 - 3 passengers
 - 2 volunteers
 - 1 public (not travelling on Puffing Billy Railway)
- Zero statutory notices were issued by both regulators
- Two Safety Investigations were launched.

While the number of occurrences and notifications continued to decrease compared with previous years, this was significantly disrupted due to the COVID-19 closure of the Railway.

Note that while many of the KPIs continue to be in progress, these have been significantly delayed as a result of the prolonged COVID-19 shutdown.

KEY GOAL	MEASURE	RESULT
Ensuring all operations are geared towards achieving zero harm.	Compliance with Rail Safety Non-Conformance Reports within designated timeframe and zero Prohibition Notices, WorkCover or Insurance Claims.	•
	Monitor, investigate and action findings into near hits or injuries.	
	Introduction of Health and Safety Representatives.	
Ensure best practice in compliance with National Rail Safety Law, or advocate change to relevant conditions.	 Proactive safety, compliance, and housekeeping audits. Maintain co-regulatory relationship with Office of the National Rail Safety Regulator. Implement plan to advocate change to standards and law as required. 	•
Engage, develop, and implement a fit-for-purpose Safety Management System (SMS), accessible for all.	Implementation of the new SMS.	•
Adopt an enterprise-wide approach to risk management.	• Implementation of a new Risk Register.	
Develop a collaborative working partnership approach to enhancing and promoting tourism in the industry, region, and tourist & heritage railway sector.	Actively participate with ATHRA.	

Completed ■ In progress ■ Ongoing ■

KEY INITIATIVES

- Ensured the Railway opened and continued to operate in a COVIDSafe manner.
- Continued to coordinate the Sitting on Sills project.
- Revised Emergency Management Manuals and Plans developed.
- Implemented a Chemical Safety Data System.

PARTNERS / COMMUNITY ENGAGEMENT

- Maintain membership of:
- Rail Industry Safety and Standards Board (RISSB)
- Australian Tourist and Heritage Rail Association (ATHRA)
- Australian Railway Association (ARA)
- Liaise closely with above bodies and Office of the National Rail Safety Regulator when opportunities for consultation arise.

WORKING TOWARDS 2021 - 2022

- Implementation of Fire Wardens and Health and Safety Representatives (HSRs) across the organisation.
- Finalisation of the Sitting on Sills project.
- Aim for all workers and volunteers to "start safe, work safe, finish safe."
- Continued work to ensure full compliance to chemical safety requirements.



OVERVIEW

The role of the visitor experience group is to lead and drive initiatives that attract and welcome visitors to Puffing Billy Railway and provide an exceptional visitor experience.

Puffing Billy Railway's services recommenced on 28 November 2020, after being closed for 250 days. With only the domestic market to attract to the Railway, and the challenging operating environment, the Railway ran on a restricted timetable, with services running Fridays to Sundays, and daily during the Victorian school holidays.

A combination of no international market, hygiene safety, low consumer confidence, reduced carriage capacity to align with COVID-19 restrictions, and lockdowns, resulted in the Railway's lowest ever visitation on record.

The temporary ban on the practice of Sitting on Sills continues to impact domestic visitation.

MARKETING & COMMUNICATIONS

The 2020-21 financial year was a challenging year for the organisation, and the tourism industry as a whole. The COVID-19 pandemic, and subsequent risk to the Australian community, resulted in international borders remaining closed for the foreseeable future. In Victoria, COVID-19 clusters continued to emerge; to mitigate the spread of the virus and protect the health and safety of the wider community, several lockdowns were implemented across Melbourne and the state, forcing the railway to close and suspend services and events on these occasions.

During the lockdown, the team developed new products and experiences to drive domestic visitation to the Railway and increase spend. These initiatives included excursion train combined with pre-sold food and beverage packages, exclusive carriage hire, the Menzies Creek Museum experience, and The Dog Express train which received widespread media coverage.

The ever-popular Day Out with Thomas event proceeded in March 2021, however, the Puffing Billy Running Festival was deferred to 2022.

Stage 1 of the new \$24-million Lakeside Visitor Centre building was completed, and preparations for the launch event have begun.

Puffing Billy Railway welcomed a total of 50,678 passengers over 121 operating days.

KEY GOAL	MEASURE	RESULT
Return the business to a self- sustainable profit-making business.	Develop programs to engage with key stakeholders to gain external funding through grants, sponsorship, and partnerships.	•
	Implement Marketing Recovery Plan.	
Increasing reasons to build back domestic market and repeat visitation, with attractions like more frequent events, rail and ride and suggested itineraries.	Develop suggested itineraries for visitors' direct journeys and promotion program.	•
Enhance the experience of going back to the Era of Significance.	Implement brand strategy.	
Build on relationships and seek mutual benefits with the local community and businesses.	Maintain and build on Business Partnership Program.	•
Implement our plan to shift from pure growth in numbers to improved visitor experience and valued complementary services.	Achieve 65,000 visitors. Increase visitor yield.	•

DOMESTIC MARKETING

Puffing Billy Railway welcomed 13,992 travelling on a family fare. The total fare yield was \$39.35, an increase of 30% compared to the same period in the previous year. Key domestic activities included:

- Hosting a social media influencer program for the Easter School holidays to increase brand awareness and drive visitation. The coverage that was captured reached a potential audience of 964,200 with 166 pieces of coverage across social media posts, stories, and reels.
- Collaborating with local business partners to promote suggested itineraries, run social media giveaway competitions and partner special offers for Puffing Billy Railway visitors.
- Partnering with Eastland shopping centre to create and distribute exclusive offers for their digital audience and member database.
- Working with several key attractions across Victoria to cross-promote products and increase social media activity with ticket giveaways.

 Attending the Business Events Victoria Virtual Regional Showcase Event to generate awareness of the Lakeside Visitor Centre's facilities and meet new domestic corporate conference and event planners.

Completed ■ In progress ■ Ongoing ■ Not Completed ■

- Continuing to roll out special offers for corporate employee benefit programs, and community and sporting club members.
- Distributing special offer packages to senior and community groups to secure group bookings.
- Implementing an integrated marketing and communications plan to increase awareness of new products, selling 50 Carriage Hire, 337 Lunch at the Packing Shed and 3,071 Museum Morning Tea packages.
- Continuing exclusive Menzies Creek Museum and Devonshire Tea Package with the Royal Automobile Club of Victoria (RACV).



International borders remained closed for the 2020-21 financial year. Puffing Billy Railway's visitation before the COVID-19 pandemic comprised of approximately 65% international visitors. The impact of international borders has had a significant impact on the Railway's revenue and visitation.

To keep Puffing Billy Railway's brand top of mind for international wholesale and retail agents, the Railway participated in Tourism Australia's Aussie Specialist Program training webinars and trade missions in key priority markets, including Europe & United Kingdom, Southeast Asia, China, Japan, Korea, and North America.

MEDIA OPPORTUNITIES

Despite the challenging conditions faced by the tourism industry, Puffing Billy Railway welcomed multiple positive media opportunities throughout the course of the year.

After eight months of temporary closure, the Railway's reopening was a significant moment supported by local, major metropolitan and international media. Over 35 pieces of coverage spanning print, digital, social, and broadcast were received, including exposure through Victorian daily newspapers the Herald Sun and The Age and TV news bulletins with Seven News and Nine News, amongst others.

Puffing Billy Railway also secured a long format feature on nationally broadcast 7 News program, Travel Oz.

Visit Victoria in partnership with Seven News delivered a series of live weather crosses with Jane Bunn, which featured the launch of the new Dog Express product and a sneak-peak of the \$24-million Lakeside Visitor Centre development.

The Railway was later offered an opportunity via Tourism Australia, leveraging an international audience with a major New Zealand Breakfast news and talk show on channel TVNZ 1.

Puffing Billy Railway was impacted by a third statewide lockdown and severe weather that caused trackside damage. Due to these events, the Railway was unable to operate from 30 May 2021 to 15 June 2021. The Railway received additional support from major metropolitan media outlets across print and broadcast, with positive stories surrounding the tourism sector returning to normality and the recovery of those regions impacted by the recent storms.

PARTNERS / COMMUNITY ENGAGEMENT

- Supported the Emerald RSL ANZAC Day Dawn Service, where Puffing Billy Railway delivered a traditional whistle salute at the end of the remembrance service. To further commemorate the day, passengers could alight at Emerald Town Station to visit the ANZAC Walk.
- A representative from the marketing team joined the Dandenong Ranges Tourism Network committee as secretary.
- A representative from Puffing Billy Railway is on the Yarra Ranges Tourism Marketing Subcommittee and Eastern Dandenong Ranges Association Committee.
- The Railway supported the Rotary Club of Emerald & District and Rotary Club of Belgrave in celebrating 100 years of service in Australia. 100 passengers travelled from Belgrave to Menzies Creek, Menzies Creek to Emerald, and Emerald to the final stop, the Nobelius Packing Shed for a light lunch.
- Launched the Locals Pass initiative to residents living within a 10-kilometre radius of Puffing Billy Railway.
 The pass is an opportunity for the Railway to give back to the local community and provides value for money.
- Continued to cross-promote and support local business partners across owned and paid digital marketing channels and printed collateral.

WORKING TOWARDS 2021 - 2022

In the new financial year, Puffing Billy Railway will work towards creating new and diverse experiences to enhance the visitor experience, including:

- Launch the new Lakeside Visitor Centre.
- Develop and launch the new Education and Business Event experiences and packages for the Lakeside Visitor Centre.
- Implement the event and promotions program calendar.

- Relaunch of the much-loved Sitting on Sills experience.
- Continue to maintain and build relationships with local tourism businesses to develop collaborative products and marketing opportunities.
- Implement the brand strategy and rebranding across the Railway.
- Focus on developing new products to attract repeat domestic visitors to the Railway.



OVERVIEW

The key focus of the Events Branch is to develop exciting all-year-round events to increase domestic visitation and length of stay and build meaningful partnerships with key stakeholders and community groups in the region.

Puffing Billy Railway's Day Out with Thomas events continue to attract thousands of visitors and generate excitement for young families at Puffing Billy Railway's Gembrook station.

The inaugural Puffing Billy Running Festival was developed with a range of different course options to attract runners of all ages and capabilities – from two short courses designed for parents and children to a full length 25km race from Belgrave to Gembrook for those runners looking for the ultimate challenge.

A yearly events calendar was prepared that includes major events, school holiday activations across the stations, themed dining events, partnerships with tourism industry operators, as well as the community.

KEY GOAL	MEASURE	RESULT
Developing and delivering	Day Out with Thomas events.	
heritage assets, experiences, and products to improve visitor,	Development of the new Puffing Billy Running Festival.	_
volunteer, and community	Partnerships with tourism industry operators.	-
engagement along the railway corridor.	Community events.	•
	Development of new and exciting railway events.	

DAY OUT WITH THOMAS

The popularity of the Thomas the Tank Engine brand, in association with Puffing Billy Railway, offers a unique family experience like no other – the opportunity to see Thomas and his friends in full steam. Additional activities included within the experience ensure that visitors enjoy a family fun day in the beautiful surrounds of the Dandenong Ranges.

A series of Day Out with Thomas events had been scheduled for 16 days across eight weekends throughout Spring 2020 and Autumn 2021. Unfortunately, due to COVID-19, only the Autumn weekends proceeded. The average attendance at each event was 900 people per day resulting in a total of 4,300 people attending for the year. The event was the first held under COVID-19 regulations and provided the Railway an opportunity to introduce new activities, which included a scavenger hunt for passengers whilst on the train and a Thomas play starring Thomas and the Fat Controller. Both activities were well received by passengers and will continue for upcoming Day Out with Thomas events.

The event is largely run by a dedicated and committed team of volunteers and staff who continue to carry out their roles, ensuring a safe and memorable experience for all visitors.

All proceeds from event parking were donated to the Gembrook Primary School and the local community group, EDEC, who provide assistance for children with disabilities.

PUFFING BILLY RUNNING FESTIVAL

The new Puffing Billy Running Festival was developed and launched in February 2020 based on new opportunities being presented at the Lakeside Visitor Centre.

All event proceeds would go towards the preservation of the heritage railway, however, due to COVID-19 restrictions, a decision was made to postpone the event to 2022.

PARTNERS & COMMUNITY ENGAGEMENT

KIDS FUN RUN WITH THOMAS

Organised by the Emerald Rotary, the Kids Fun Run with Thomas is an annual fundraising event with all proceeds going to a nominated children's charity. The event is supported by Puffing Billy Railway and takes place at Gembrook Station. Due to COVID-19 restrictions, a decision was made to cancel the event.

FUN FEST AND PAVE

Puffing Billy Railway also partner up annually with the PAVE and Fun Fest Community event in Emerald. This year both events scheduled in late March, early April were cancelled due to COVID-19 restrictions.

WORKING TOWARDS 2021 - 2022

The next year will be an exciting one for Events at Puffing Billy Railway, with plans to:

- Continue to build on the successful Day Out with Thomas events.
- Develop the new Puffing Billy Running Festival.
- Develop new and exciting events across
 the railway, including the Polar Express
 in December, prior to Christmas, and the
 Train of Lights event in mid-2022. Both
 events will be located at the Lakeside
 Visitor Centre and include a train trip from
 Lakeside to Gembrook.
- Develop a calendar of events and activations all-year-round at the Lakeside Visitor Centre.
- Continue to support and increase the Railway's involvement with community events.



OVERVIEW

The Commercial Branch is part of the Visitor Experience Group, with front-line staff welcoming passengers from all walks of life. The Commercial outlets are located along the railway corridor at Belgrave, Menzies Creek, Lakeside, and Gembrook, and are responsible for enhancing the visitor experience and generating vital funds to support the ongoing preservation of the Railway.

Over the 2020-21 financial year, the Commercial Branch continued developing the product offering and

improving the visitor experience with the introduction of new excursion train pre-sold food packages, increased retail lines and new products. This resulted in an increase to commercial yield by 79% compared to the same period previous year.

The popular train dining experience was reintroduced in March 2021 and a new excursion train combined with the Nobelius Packing Shed lunch experience was launched in December. The new and revamped online store also opened in March.

Completed ■ In progress ■ Ongoing ■

KEY GOAL	MEASURE	RESULT
Preserve and share the knowledge, practices, technologies, and art-form of the heritage railway.	Develop and trial plan to open and celebrate the Menzies Creek Museum experience.	•
Utilise untapped existing facilities and buildings to introduce new options for experiences along the journey.	Develop and implement improved retail, food & beverage facilities at Menzies Creek.	•
Improve the environmental sustainability of our current and future operations, reduce waste and emissions.	 Increase sustainable retail products such as reusable water bottles and water stations. Introduce sustainable food & beverage waste management procedures. 	•
Recognise and increase our contribution to the local and regional economy.	Develop and implement programs to increase local and regional products and produce.	•
Implement our plan to shift from pure growth in numbers to improved visitor experience & valued complementary services.	Plan and implement launch and operation of the Lakeside Visitor Centre and Puffing Billy Railway central food and beverage preparations.	•

The Commercial Department saw an increase in yield across all areas of the commercial branch this financial year, due to several initiatives that included:

- New suppliers with modern product, keeping in theme with local fauna and flora.
- Introducing pre-sold food packages across the stations.
- Increasing the train related and location related retail range.
- Increased Thomas the Tank Engine range and variety.
- Undertaking all food and beverage offerings at Day Out with Thomas events.
- Creating more retail space across all outlets.
- The opening of the Menzies Creek Museum's the Little Toot Cafe with daily pre-sold excursion train combined with morning tea packages.
- Introduction of new Nobelius Packing Shed lunch experience.

PARTNERS AND COMMUNITY ENGAGEMENT

The Commercial Branch have been very appreciative of the continued support provided by the Railway's major commercial partners Coca Cola Amatil, Nestle and Allens, and look forward to working with new partner Peters Ice Cream.

A substantial increase in the number of local and regional suppliers that have partnered up with Puffing Billy Railway include the Gembrook Bakery, Springfern Farm Cockatoo, Caldermeade Dairy, Cheffields Providore, Warragul, and Wood with Words Ringwood. This is in addition to long-term local partners Ranges Coffee Yarra Valley, Elevations Emerald, Warratina Lavender Farm Wandin North, and Slow Turnings Monbulk.

The Gembrook craft group enhanced Puffing Billy Railway's Gembrook experience throughout the April school holidays with their pop-up craft display and shop placed within the Gembrook Station.

KEY INITIATIVES

DAY OUT WITH THOMAS

The Day Out with Thomas 2020-21 season saw a 7.55% increase in merchandise yield from \$4.50, inclusive of ice creams, confectionary and beverages sold within the Gembrook station shop, to a \$4.84 yield solely in merchandise sales. This is due largely to the updated Thomas displays, new suppliers and product as well as the updated layout.

The Commercial Department provided all food and beverage offerings for this year's Day Out with Thomas season, resulting in an \$8.37 yield across the events. Throughout the season, the Railway was able to showcase new local produce partners, specifically the Gembrook Bakery, Springfern Farm Cockatoo and Cheffields Providore in Warragul. The average passenger yield in store across the three Day Out with Thomas weekends in March 2021 was \$13.16. Thomas themed food items baked at the Lakeside Tearooms were also well received.

EXCURSION TRAIN PRE-SOLD FOOD PACKAGES

Across the 2020-21 year, Puffing Billy Railway introduced the following pre-sold food packages across:

- Belgrave Child and adult lunch packs, child and adult snack packs
- Menzies Creek Morning tea

- Lakeside Couple and family picnic packs
- Gembrook Specifically for Day Out with Thomas, Junior Driver lunch packs, adult lunch packs and Junior Driver lunch packs and showbag.

With a total of 3,796 pre-booked food packages sold across all locations in the 2020-21 financial year, an additional \$58,800 in revenue was generated for the Commercial Branch.

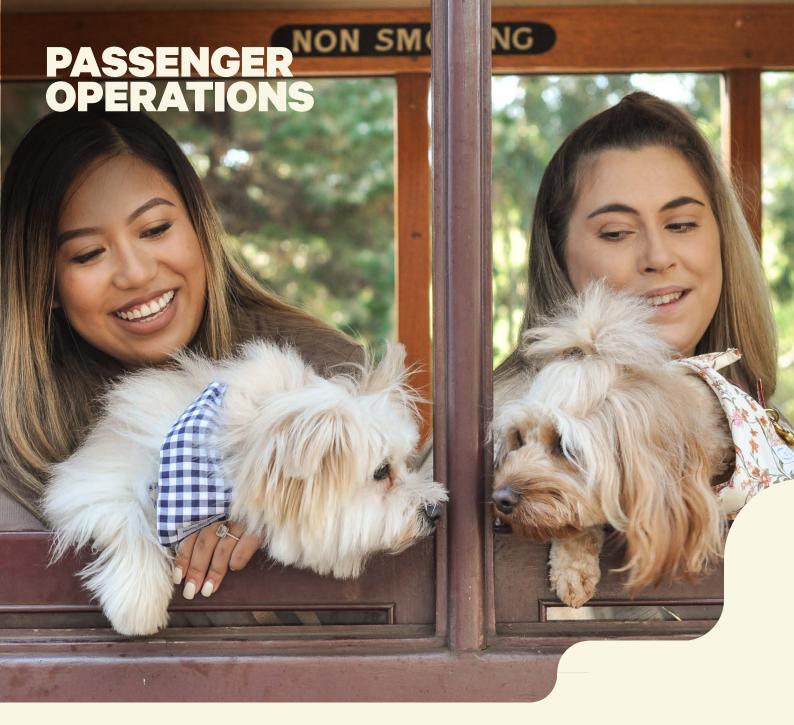
INCREASING FLOOR SPACE AND PASSENGER AREAS

With COVID-19 restrictions, reduced capacity, and reduced passenger numbers, the Commercial Branch has had the opportunity to change the floor layouts, increase aisle width, which will highlight products through visual merchandising, an increase in props and railway related items.

WORKING TOWARDS 2021 - 2022

Looking ahead to 2020-21, Puffing Billy Railway's Commercial branch are excited to implement further activity across the railway, including:

- Opening the Lakeside Visitor Centre café, function space and retail shop.
- Introducing new product lines that showcase local fauna and flora and the iconic locomotives in retail areas, new menus and food and beverage offerings as well as specialised function menus and packages.
- Introducing new food and beverage offerings as a packaged experience with an excursion train ticket.
- Working with local producers to showcase their products.
- Working with the Marketing and Events Team to support the new corporate functions market and upcoming major events.
- Increasing the Railway's workforce to include a chef and experienced hospitality staff to support the new Lakeside Visitor Centre, functions, and events.
- Continuing to grow the Catered Train offering and Packing Shed products.
- Continuing to introduce sustainable practices across the branch.



After months of planning, new timetables, updated booking requirements, contact tracing, carriage allocations for all bookings, amended role descriptions and new procedures for all team members, the Railway successfully and safely reopened operating passenger services in late November 2020, after closing in March 2020 for 250 days due to the COVID-19 pandemic.

All COVID-19 requirements and restrictions were introduced successfully and have continued to be managed since reopening. This includes the need for customers to pre-book their train tickets online, with return journeys only available to all passengers. Revised timetables were introduced, which increased the dwell time at Lakeside Station, and all bookings had a set return departure time from Lakeside with allocated carriages, to increase the visitor experience.

Passenger Operations volunteer roles were modified to reflect the need to work safely within COVID-19 guidelines. Most volunteers returned to the Railway and enthusiastically adapted to the changes. Puffing Billy Railway introduced a new role, Passenger Guide, which focuses on welcoming passengers and providing information to further enhance the visitor experience.

With the limitations of international travel, the Railway is focusing on reviewing the products offered and developing experiences appropriate for local and interstate visitors. Passenger Operations supports these new initiatives and the opportunities for volunteers to be part of a reinvigorated railway.



Closure of train operations from March until November 2020 had an enormous impact on the Puffing Billy Railway workforce. Where possible, those that could work from home did work from home, however approximately 60% of the employee workforce were directed to non-attendance at work during the worst period of the COVID-19 2020 lockdown.

Those directed to non-attendance were able to participate in the State Government's Industrial Framework for Managing the Coronavirus (COVID-19) Pandemic scheme. Employees who nominated to be under the scheme as ready, willing, and able to participate in deployment programs across the broader government sector to assist with increased workloads due to the impact of COVID-19, maintained their base salary during this lockdown period.

Twelve employees were deployed to this surge work assisting the Department of Jobs, Precincts, and Regions (DJPR) in processing COVID-19 grant applications. For some, an initial two-week placement extended to over 6 months.

Ongoing State Government grant funding has ensured that salaries for all existing employees have been able to be maintained during closures and limited operations.

Puffing Billy Railway experienced a natural decline in employee and volunteer numbers during the shutdown period. Recruitment in both employee positions and volunteer roles has become a focus since the November 2020 reopening and as the railway builds to full seven-day operations as part of the COVID-19 recovery plan.

Without customer facing operations, the lockdown period was well used with the creation of more key policy and procedure documentation, the launch of an electronic intranet platform and track maintenance.

The long break in operations and subsequent reopening provided the opportunity to put the entire workforce through a reinduction program. All compliance requirements were addressed including the completion of criminal history checks for the whole workforce and the participation in internally created e-learning training modules.

ENGAGEMENT SURVEY

In April 2021, the first formal Employee Engagement Survey was conducted to ascertain base line statistics on employee engagement, participation, and wellbeing levels. Designed and administered by Voice Project, the extremely strong response of 90% demonstrated a keen interest to have a say and contribute to the future of Puffing Billy Railway.

Results of the key measurement areas were as follows:

- 61% Engagement moderate response, 5% lower than industry average.
- 48% Wellbeing low response, 9% lower than industry average.
- 41% Progress low response, 20% below than industry average.

The impact of the COVID-19 shutdown and consequent uncertainty about the future of the organisation and job security had a strong impact on responses. How this is managed as the Railway focuses on the COVID-19 recovery will have a strong impact on addressing employee concerns, particularly around wellbeing and job and organisational sustainability.

Strong responses were received in questions pertaining to Safeguarding Children, which demonstrates the recent education programs and messaging about child safety is heard and understood. There was also strong response to a belief in the values and purpose of the organisation.

Action plans will be derived to focus on improvements in identified priority areas, including recognition, processes and learning and development.

Employees also participated in the Victorian Public Sector Commission (VPSC) People Matter Survey 2021. Results were made available in August 2021 and findings will provide key experience data for required analysis as preparation for the creation of Puffing Billy Railway's first Gender Equality Action Plan (GEAP) in late 2021.

Volunteers were able to participate in a volunteer specific engagement survey in July 2021.

WORKFORCE

PAID STAFF NUMBERS	FULL TIME	PERMANENT PART TIME	TOTAL
As at 30 June 2020	64	39	103
Commenced during year	5	3	8
Sub Totals	69	42	111
Departures	15	9	24
As at 30 June 2021	54	33	87

As of 30 June 2021, there are 8 fixed term contracts.

Puffing Billy Railway have a pool of seven casuals which assist primarily in the commercial area during seasonal peaks. The casual pool has been substantially impacted by COVID-19 closures. Two casuals converted to part time during the period.



"OUR VOLUNTEERS ARE VALUED, CONNECTED AND INSPIRED."

The Volunteer Services Team is made up of three full-time employees: the Human Services Manager, the Volunteer Recruitment and Recognition Officer, and Administration Support.

KEY GOAL	MEASURE	RESULT
Through the COVID-19 shutdown of 2020, all ETRB volunteers were requested to complete a re-induction process.	Only fully re-inducted volunteers are active on the railway.	100% Compliance
The Emerald Tourist Railway Board have endorsed a documented Puffing Billy Volunteer Recognition Program that formalises many benefits of volunteering at Puffing Billy Railway, adding extended benefits that link the organisation to other tourist and travel attractions.	This program will continue to be developed as further arrangements are made with new partners.	
Volunteerism has been heavily affected by COVID-19 shutdowns. Volunteering Australia notes that on average, organisations are reporting a drop in volunteer numbers of 25% - 30%.	This is consistent with Puffing Billy Railway's volunteer base effects – although many are still planning to return when they have greater COVID-19 immunisation rates or confidence.	
Maintain volunteerism as a key element of the Railway's Workforce to fill holes in volunteers roles.	Develop recruitment into key operational roles of the Railway. The Driver and Fireman Expression of Interest was developed and will see new training in this area.	

KEY INITIATIVES

- Achieve Safety and Operational Excellence Child Safety focus – with a greater focus on building internal skills to manage the ongoing requirements.
- Lead Inspired People and a Responsive, Resourceful Organisation – Skill Base risks to begin to be mitigated.
- Recognise volunteers environment has changed post-COVID-19.
- Continue to enhance staff/volunteer recognition and facilities.
- Build profile of Volunteer Representative Group.
- Build on the benefits of 'Better Impact' volunteer management software, to include logging of volunteer hours contributions.
- Volunteer Survey organisation response will consider volunteers input to survey results.
- Ongoing recognition monthly events.
- National Volunteer Week 17th May 23rd May 2021 Recognise, Reconnect and Reimagine.

PARTNERS / COMMUNITY ENGAGEMENT

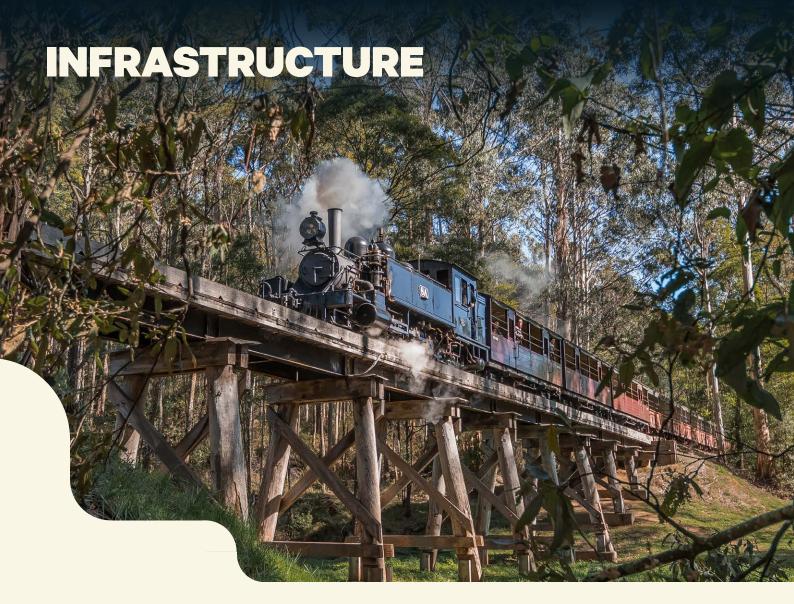
Members of the Cultural Volunteer Managers Network
 supporting each other with knowledge and help.

Completed ■ In progress ■ Ongoing ■

- Members of Volunteering Victoria
- Australasian Association for Managers of Volunteers

WORKING TOWARDS 2021 - 2022

- Developing a reputation of having a child safe culture.
- Ensuring Puffing Billy Railway has a diverse, solid, and significant volunteer base and that they are valued and feel engaged.
- Provide improved amenities for volunteers.
- Volunteer Representative Group operates three activities whilst lifting the profile of the group amongst the railway's volunteer base.



OVERVIEW

The key focus for the Infrastructure Branch in the 2020-2021 financial year was ensuring the safety, compliance, functionality, and reliability of Puffing Billy Railway's existing physical fixed assets (excluding operational rolling stock) whilst delivering a range of capital works to meet the future strategic requirements of the Railway. These include buildings, track, bridges, signals, civil works, the corridor environment, land assets, statutory planning liaison and the Menzies Creek Museum complex.

The 2020-21 financial year for infrastructure could be summarised as a focus on managing operational readiness, capital project commitments and strategic opportunities between natural disasters, be they COVID-19 lockdowns, the effect of the elements on underutilised systems, or short term, high impact damage from storms. Despite the disruptions and a reduction in Infrastructure branch workforce in the latter half of the period, it was a very productive year for the team with significant progress made in asset management and readiness, administrative systems

formalisation and maintaining momentum on strategic capital works.

With the first part of the year disrupted by COVID-19 lockdowns, the lifting of restrictions to Stage 3 or less allowed the Infrastructure Branch to return in 'bubbles'. The team attended to pre-start works and took advantage of the lack of train services to replace critical track infrastructure, particularly points, yard precinct sleepers and the first of a series of planned level crossing rail replacements. A particular challenge of closing the Railway for 250 days of passenger services was the need to recommission systems such as signals which best maintain integrity through regular use. This was effectively "new territory" for the railway with the COVID-19 lockdown being the longest period the railway had ceased to operate since closure in the 1950s. Despite this, the team performed diligently to ensure systems were reliably working as designed. As a result, passenger services returned, as planned, on 28 November 2020.

KEY GOAL	MEASURE	RESULT
Safety & Operational Excellence	 Operational readiness of the railway corridor. Installation of a new boom barrier set at level crossings in Menzies Creek. Contribution toward the return of Sitting on Sills initiative. Develop corporate Asset Management Strategy and systems. Implementation of the Infosafe chemical management and information system. Preparation for implementation of Computerised maintenance management system (CMMS) programmed maintenance system. 	•
	Implementation of enhanced operational procedures	
Environmental Sustainability	 Recycling of timbers felled within the railway corridor. Consultation on enhanced fugitive emission management. Solar energy installation proposal commissioned. Environmental management. Tree management protocols and fauna recovery program implemented for the Lakeside Visitor Centre development. To be complemented by a Vegetation offset Management Program from 2021. Utilisation of Corporate, Volunteer and Community groups in managing the corridor environment. 	•
Preserving Cultural & Heritage Rail Significance	 Planning and design of new buildings in consultation with heritage subject matter experts available to the Railway. Utilisation of the Heritage Standards Manual and Puffing Billy Railway Cultural Heritage and Conservation Management Plans. 	
Providing an Iconic Visitor Heritage Rail Experience for Visitors	 Planning to commence heritage-based infrastructure to support expansion of operations in the second half of the line with a capital program covering Cockatoo and Gembrook. Maintenance of timber structures and heritage listed assets such as the Monbulk Creek Trestle Bridge. 	•
	Completed ■ In progress ■	Ongoing

BUILDINGS - MAINTENANCE & CAPITAL PROJECTS

The Infrastructure Building Department is responsible for maintaining the railway's buildings and various other structural assets to a satisfactory operational standard. The Infrastructure Department's resources are very enthusiastic and dedicated and currently comprise of a Buildings Maintenance Supervisor, two Volunteer Building Groups and a Buildings Coordinator. This team is well supported by the Infrastructure Manager, Office Manager, Admin Officer, Way & Works Manager and Team, Heritage Advisory Committee Members, and all other staff across the railway.

The team performs a variety of tasks that include but are not limited to management of all trade contractors, in house repairs to all building related maintenance, minor building projects, fencing, gates, cattle grids, exterior decking and pathways, signage and some garden maintenance and landscaping projects, essential safety measures and other legislative compliance, security and fire safety equipment.

A summary of some of the works completed and in progress over the last 12-month period includes:

- Station buildings repairs and refresh of painted surfaces.
- Administration office alterations and repairs to internal walls and doors.
- Coordinating asbestos removal works.
- Cockatoo Station construction of new Lamp Room.
- Exterior decking wash down and recoating.
- Building break-in and vandalism repairs.
- Roof repairs.
- Multiple hot water service and zip boil unit replacements across various sites.
- Pest control across various sites.
- Assistance to the Auditor General with Building Assets Evaluations.
- Trade contractor repairs to plumbing including sewer, septic and grease trade maintenance, heating, ventilation and air conditioning maintenance, commercial kitchen, carpentry, and electrical services across multiple sites.

In addition to the management of maintenance and defect rectification requests, attention to enhancing management procedures, risk identification and a more programmed approach to the maintenance of existing structures has continued. The planned implementation of a CMMS (MEX) has progressed while the volunteer building teams have again provided a key contribution to the maintenance function. Post COVID-19 lockdown, activity focused on ensuring that all buildings and equipment were operating optimally and reliably prior to a return to service.

Managing the reactive and programmed maintenance activities during the year has also become more streamlined with the implementation of the Restricted Vendor process which ensures that service providers have the appropriate up to date certifications and insurances, limiting risk to the railway. The Infrastructure Department has been central in the successful implementation of the ChemSafe chemical register and management system.

Planning and design for capital projects under State and Federal grant funded projects have been able to continue despite the financial impact of the forced shutdowns. These have, however, curtailed several projects. Capital project activity other than the Lakeside Visitor Centre (LVC) has been primarily focused on planning and design for a range of approved Master Plan projects to be delivered by the end of FY22. These include upgraded track and level crossing works, support for Sitting on Sills modifications to carriages and improved visitor amenities and operational support infrastructure at Menzies Creek and Gembrook.

The focus of attention for the team continued to be on the LVC development during the 2020-21 Financial Year, with Practical Completion being achieved on the main building (Stage 1) in 2021. Stage 2 carparking and landscaping works were put to the market via an open tender in December 2020 and a preferred tender appointed in May 2021. Works on site commenced in June 2021 and are expected to be completed in December 2021. The project remains within the approved project budget and contingency to date.



WAY & WORKS

The Way & Works Branch ensures that the track is fit for purpose and clear of any obstruction during train running times. The Way & Works Branch has a dedicated team of staff, as well as relying heavily on the help and support of volunteers. A number of tasks are performed, including track patrols, fire patrols, works trains, building maintenance, environmental works and track and infrastructure maintenance.

The 2020-21 fire patrol season commenced on 18 December 2020 and concluded on 21 March 2021. The operational season lasted 60 days with a total of 253 shifts scheduled to run. A total of 52 volunteers dedicated their time to assist the railway throughout the season which is 30 down from last season. This was an effect from the COVID-19 lockdown period.

The Corporate Volunteer Program contributed 48 volunteers for the year over two days. These numbers were from one corporate organisation. Productivity using corporate volunteers was lower due to COVID-19, as restrictions greatly impacted the opportunity to work with local friends' groups within the railway land.

With COVID-19 restrictions and limited staff, the Way & Works team worked on updating Standard Operating Procedures and work procedures while in lockdown. The team have carried out other regular works along the corridor, inserting 617 new sleepers and conducting re-gauging, including replacement of 20-point timbers across Gembrook Yard.

There has been over 1566 hours of line side clearing works. Vegetation clearance three metres from the rail has been carried out from Belgrave to Lakeside and this also included the "Mantis" corridor gauging trolley to check for clearances and assist in the return of the Sitting on Sills experience.

The 3 Road Lakeside (platform #3) project has commenced at the Lakeside Visitor Centre and is scheduled to be complete on time.

The storm that ravaged the Dandenong Ranges in June 2021 put an unexpected workload on the team but was successful in clearing the track to keep the railway running for its visitors. In total, 61 trees were removed that had fallen over the track, and 11 dangerous trees that were compromised felled by contractors.

A great team effort helped achieve this with 10 staff and various volunteers' efforts, which came to a total of approximately 300-man hours by staff and over 400-man hours provided by volunteers. This was a great example of how all the different branches throughout the railway united to keep the railway running in a safe manner.

The Way & Works Branch have also been involved in two external audits in conjunction with national rail safety regulator, ONRSR, and one internal audit through Puffing Billy Railway's Safety Team.

SIGNALS & TELEGRAPH (S&T)

Signals & Telegraph provide the regular service and maintenance requirements for the rail of signals, telephony and electrical. The S&T Department has focused on a number of key areas of activity during the 2020-21 financial year, including the installation of the second set of boom barriers at Menzies Creek, continued signals infrastructure upgrades of the Lakeside area, and support of the Lakeside Visitor Centre project with electrical, signals and communications and interpretation inputs.

Critically, S&T activities were key to the safe return of passenger services in November 2020, requiring the verification of every signal as operating correctly.

Installation of an additional set of boom barriers at Menzies Creek was critical in improving risk of vehicle collision at these busy crossings and gaining support from ONRSR, for the return of the Sitting on Sills experience.

The new signal box at Lakeside continues to be fitted out. With a significant change in the precinct due to the construction and planned operation of the Lakeside Visitor Centre, S&T has undertaken substantial infrastructure upgrades to support future signalling and points operations from this centralised site which, in keeping with its location, has been designed to match the heritage style of the era.

LINESIDE ATTRACTIONS

After opening the Menzies Creek Museum in 2020, it has been fantastic being able to welcome visitors in a COVIDSafe manner to the Museum to enjoy both the displays and interpretive information.

To further improve the visitor experience and facilities for volunteers, the team has been working on enhancements throughout the site and ongoing developments. This includes an instrumental role in helping to curate the objects for display at the new Lakeside Visitor Centre.

ENVIRONMENTAL PERFORMANCE

Implementing environmental initiatives on the railway over the last year has been challenging with the lockdown period, staff numbers and minimal running of locomotives. This inactivity had an impact on the amount of weeds and foliage growth along and around the track and also affected the ability to undertake partnership works with local friends and community groups.

The focus of environmental works in the 2020-21 financial year was on clearing back vegetation for the track clearance zone between Belgrave and Lakeside, an expanded requirement to meet the Sitting on Sills reinstatement and trial specifications. Due to large amounts of growth over the closed period and a focus on reopening the Belgrave to Lakeside section as a priority for operations and Sitting on Sills trials, initial works were concentrated in that area. Works have since started to extend the Sitting on Sills clearance requirement throughout the Lakeside to Gembrook section.

Fire prevention works were carried out through the fire season, with the line side clearing and extra works from the first bout of storm damage in October 2020. The team has since been involved in the clean-up from the severe weather storm in June 2021, requiring 60-man days of paid staff and 44-man days of volunteers to clear the corridor of obstacles and make safe for operations.

Line of sight works have been carried out between Belgrave and Gembrook ensuring vegetation was trimmed or removed to provide the locomotive crews maximum vision at road, occupation, and pedestrian level crossings as per legislative requirements.

Stream frontage grant works have commenced at the Landslide site and also at the Trestle Bridge area at Selby where revegetation works have taken place with a total of 100 plants installed in the Monbulk Creek area. Environmental weed eradication of agapanthus, ragwort and blackberry was carried out and remains an ongoing task along the railway corridor as part of the Trackside Management Plan.



ENVIRONMENTAL IMPACTS

The ETRB is committed to improving its environmental footprint and actively pursues sustainable outcomes as a matter of priority. Manual based compliance processes have gone through a transition over the last year with a significant portion of these polices being digitally and centrally held where appropriate, and further reducing the organisation's reliance on paper-based systems. The ETRB tracks a range of indicators for energy and water consumption, transportation, waste generation, paper purchasing, green procurement and greenhouse gas emissions. Consumption and usage are captured through reports and surveys conducted at both office and non-office sites. Some of which are reported through to the Australian Bureau of Statistics (ABS).

Many of the ETRB existing polices objectives include:

- reducing greenhouse gas emissions.
- reducing the amount of waste and maximising the amount of reused and recycled resources.
- ensuring new capital works incorporate environmentally sustainable design and operation principles.
- making environmentally sound purchasing decisions for capital items and consumables.
- encouraging staff to reduce environmental impacts through behaviour change; and
- communicating environmental impact through regular subcommittee meetings.

 Implementation of the 2018 Puffing Billy Railway Trackside Management Plan to manage the natural environment of the railway corridor including invasive weed eradication, replanting and bushfire prevention measures.

The ETRB takes it environment obligations seriously, requiring the same level of dedication as any other asset along the rail corridor. The organisation has a dedicated department focused solely on protection and maintenance of this natural resource. This Environmental Department actively maintains waterways, such as creeks and streams, performing bushfire clearing, engages in endangered species management, such as the Emerald Star, evasive weed control, including erosion control and restorative planting.

Although the COVID-19 lockdown impacted the movement of staff and resources over the year, the team still managed to achieve the following:

- 7055.54m2 (2020 14,299m2) of fuel reduction works including clearing the track and controlled burning,
- 94,086.8 m2 (2020 1,122) of vegetation control including line of site works to ensure that the required 2.5m clearance zone was maintained for safe operations and brushcutting
- 9,996.2m2 (2020 20,378) of weed control
- Moisture testing to monitor fire risk conducted once a week from December 2020 to March 2021 (2020 – November 2019 to March 2020)

ENERGY USE

The ETRB consumes energy for an array of different uses including office facilities, railway stations, public utilities, Railway signalling and maintenance and operational workshops.

The data represented below was collected through energy retailer billing information. The table below, refers to office and operational consumption.

GREEN HOUSE EMISSIONS	2021	2020	2019
Electricity (KWHS)	527,753	531,365	620,231
Natural gas (GJ)	277	521	504
Diesel (Ltrs)	14,844	22,614	129,567
Petrol (Ltrs)	14,851	24,906	30,910
Coal (T)	285	655	1,141

CO2 EMISSIONS

Electricity (Co2t)	570	574	670
Natural gas (Co2 t)	14	27	26
Diesel (Co2t)	38	58	333
Petrol (Co2 t)	34	57	71
Coal (Co2 t)	693	1,592	2,773
Total CO2 Emissions (t)	1,349	2,308	3,873

ACTIONS UNDERTAKEN

- The ETRB recently converted the 14a Steam locomotive in 2019 from coal to diesel to protect the Railway's operations during fire season. Additionally, this conversion was an experimental project to compare the carbon footprint of coal driven steam locomotives versus diesel driven steam locomotives. Initial performances are promising, but a full COVID-19-free period of assessment is still required.
- The Signals and Telegraph department has been refitting buildings with LED lighting. This process has been active over the last two years and now covers a significant portion of the railway. LED lighting is a highly efficient form of lighting and is aimed at reducing electricity consumption.

- The new Puffing Billy Lakeside Discovery Centre has been constructed form a range of modern materials to ensure its environment footprint is as low as possible.
- The ETRB purchased native vegetation credits during the construction of the Puffing Billy Lakeside Discovery Centre. Additionally, the ETRB has also committed to 16,000 new plants, trees and shrubs to be included in the Centre development and landscaping.

WATER USAGE, WASTE, AND RECYCLING

The ETRB monitors its consumption of water and waste. Water through the power of steam is the life blood of the Railway so its consumption is of particular interest to the organisation. Waste is a combination of retail, food and beverage waste, office waste, engineering waste and railway operations waste. The latter two directly impact the performance of the ETRB's locomotives.

WATER AND WASTE CONSUMPTION	2021	2020	2019
Water usage (KL)	8,424	15,179	13,988
Waste (t)	4,853	4,035	1,743

ACTIONS UNDERTAKEN

- Puffing Billy Railway 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 Railway's buildings harvest water into tanks.
- Administration staff are encouraged to carry out double-sided printing, scanning, emailing and to print only what is needed and mostly in black and white.
- 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.
- Ash is inspected to both assess the performance of coal consumption and to monitor the amount of waste it produces. Higher quality coal contains fewer stone particles and therefore less waste. The ETRB will alternate between coal suppliers if the quality of coal does not meet operating standards.



PARTNERS / COMMUNITY ENGAGEMENT

The Infrastructure Branch actively engages with:

- Local Governments (Cardinia, Yarra Ranges)
- State Government (Department of Jobs, Precincts and Regions, Department of Environment, Land, Water and Planning)
- Emergency Services
- Country Fire Authority
- Victoria State Emergency Services
- Police
- VicTrack
- V-Line
- Community Groups and Committees in towns and special interest groups along the corridor regarding capital developments via committees and public consultation forums.
- Community Environment Groups
- Schools and Corporate Volunteer Groups
- Key external contractors and subject matter experts including but not limited to environment, arboriculture, architects, traffic, civil, utilities, all abilities access, and planning.

WORKING TOWARDS 2021 - 2022

- Completion of the Stage 2 Carparking and Landscaping works at the Lakeside Visitor Centre by December 2021.
- Implementation of the Asset Management strategy and systems.
- Undertake the second phase of the Planning Scheme Amendment for the Railway to complement the Master Plan implementation and enhance stakeholder engagement related to future developments.
- Completion of the State Government funded Lakeside Visitor Centre and Other Master Plan Capital Projects with a focus on operational efficiency, visitor amenity, and increasing utilisation of the second half of the corridor.
- Continue to implement the Trackside Management Plan to further enhance environment management along the corridor.
- Critical Way and Works infrastructure repairs and upgrades to road crossings and bridges.
- Providing the necessary infrastructure and corridor preparation for the Sitting on Sills trials and return of service.
- Completion of a new rail loop at the Lakeside Visitor Centre Platform #3.
- Ongoing commissioning of the Lakeside signal box.
- Installation of boom barriers to the second crossing at Menzies Creek and on the second half of the line, at Gembrook.
- Further enhancements to communications capability with the Gembrook Radio Mast planned installation.
- Full implementation of the Infrastructure CMMS (MEX).

BOARD AND MANAGEMENT

MEMBERS OF THE BOARD



TIM NORTH QC Chair | Legal, Child Safe Standards.

Queens Counsel. Member of the Australian Institute of Judicial Administration. 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 a Barrister, an International Mediator and Arbitrator in Asia-Pacific region. Former President of the Victorian Rugby Union (elected by Victorian community-based clubs and associates). Former Chairman of Melbourne Rebels Rugby Union and remains a current Board Member.



CAMPBELL ROSE AM

Deputy Chair | Rail, Governance, Tourism.

Chief Executive of VicTrack. Seasoned Chief Executive and Non-Executive Director with experience across Freight and Logistics, all aspects of Transport Operations and Telecommunications, Rail Infrastructure and Development, Construction, Major Events 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. Appointment Period: 23 June 2018 to 21 June 2021.



JUSTINE HEAZLEWOOD

Director | Records Management.

Director of Public Record Office Victoria (PROV), the State's archival authority, and Victoria's Keeper of Public Records. Involved in initiatives to set national and international standards for recordkeeping across Victoria and Australia. Chair of Bendigo Regional Archives Centre of Management and Australasian Digital Records Initiative. Appointment Period: 23 June 2018 to 21 June 2021



JUDY MADDIGAN

Director | 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 and Ministerial Advisory Council on libraries. Currently a member of a number of Historical Societies, Committee member of Airport West History Group Inc. and Chair of the Public Records Advisory Council. Appointment Period: 23 June 2018 to 23 March 2021.



DIANNE SMITH

Director | Change Management - Marketing and Advertising, Tourism, Governance.

Chief Executive of the Industry Capability Network (Victoria) Limited and has held various senior positions including Chief Executive at the Melbourne Chamber of Commerce, Chief Executive of the Victorian Tourism Industry Council, Manager of Tourism Partnerships at Parks Victoria, and Chief Executive of Ballarat Tourism. Dianne has a strong background in government relations, advocacy and communications, business and industry development and commercial operational management. Appointed: 29 June 2020



MICHAEL MANGOS

Director | Stakeholder Engagement, Community & Governance.

Michael is an experienced communicator who has a demonstrated track record in successful stakeholder engagement and relationship management. Michael's core competencies include providing strategic advice; managing and influencing key stakeholders; and implementing strategic plans and corporate communication strategies. Appointed: 29 June 2020



BART CLINGIN

Director | Finance, Governance.

Bart Clingin is an Interim Executive and Consultant. He is a Chartered Accountant and has held various interim executive positions across the public sector and not-for-profit organisations. Bart is a member of Finance Committees in the health and education sectors. Areas of experience include finance and accounting, enterprise risk management, governance, process improvement and system implementation. Appointed: 12 May 2021

SECRETARY TO THE BOARD:

Angela Jamieson B.Bus, CPA, ACFE, AICD until 27 April 2021.

Tanu Goyal, the Board Support Administrator continues to support the Board and Management in regard to Company Secretariat and Governance requirements.

All current Board members continued their Directorship except for Judy Maddigan, who could not continue due to other professional commitments, Campbell A Rose and Justine Heazlewood whose term expired. An open selection process was recently undertaken to replace various vacancies on the Board, and it is anticipated new members will be appointed to the Board at the start of the 2021-22 financial year. New members to the Board will be recommended by the Minister and appointed by the Governor in Council under the *State Owned Enterprises Act 1992*. James Pinder was removed as a Board Director by the Governor in Council on 20 April 2021.

*EXTERNAL ADVISORS TO THE BOARD:

Ron Bria (Managing Director at LPMM Consultancy) - until September 2020

Dean Matthews (Executive General Manager - Safety and Environment at V/Line)

lan Burton (Executive General Manager Project Delivery Group, VicTrack)

George Lekkas (Manager Rail Safety and Compliance, Business Services Group, VicTrack)

Jacqui DeKievit (Executive Manager, Strategy and Stakeholder Engagement, The Royal Agricultural Society of Victoria & Melbourne Showgrounds)

Angela Jamieson (Director, 3rd Millennium Business Solutions Pty Ltd)

Jeanie Dean (Managing Director, FamSafe)

* All the external advisors have completed a Conflictof-Interest declaration form and Confidentiality Agreement with the Emerald Tourist Railway Board.

COMMITTEES AND OFFICERS OF THE BOARD

	Risk and Compliance	Lakeside Visitor Cer	ntre Project Governance Group
Subcommittee Chair	Bart Clingin	Chair	Campbell A Rose until May 2021 and M. Mangos from June 2021.
Members Py Invitation	Tim North QC	Members	Relevant Board members as appropriate
By Invitation M. Jouvelet, P. Abbott. The Operations & Safety Subcommittee		By Invitation	P. Abbott, B. Butler, M. Jouvelet, N. Giurgiu.
Chair	D. Matthews	External Attendees	A. Vafaei, R. William, N. Byrne, I. Burton, D. Teo.
By Invitation	V. Ducrow, J. Bell, P. Essig, D. Gadsden, P. Abbott.	Partnerships and Visitor Economy Subcomm	
External Attendees Ian Burton, George Lekkas.		Chair	D. Smith
Volunteer Engagement Subcommittee		By Invitation	N. Giurgiu, E. Hutchinson, P. Abbott.
Chair Members	M. Mangos Relevant Board members as	External Attendees	
	appropriate.	Asset Management Steering Committee	
By Invitation	D. Gadsden, E. Oxworth, S. Corbier, P. Abbott.	Chair	P. Abbott
Corporate Culture, Ethics, Remuneration & Succession Planning Subcommittee		Members	M. Jouvelet, B. Butler, P. Essig, J. Bell, J. Clowes.
Chair J. Heazlewood		Risk Register Program Steering Committee	
Members	T. North	Chair	P. Abbott
By Invitation	P. Abbott, D. Gadsden, E. Oxworth.	Members	D. Matthews, D. Gadsden, N. Giurgiu, J. Clowes.



Information Management Steering Committee

Chair A. Jamieson

Members J. Heazlewood, J. Ellis,

P. Abbott, D. Smith, M. Jewell, D. Gadsden, M. Jouvelet.

Management Review of Rail Safety

Chair V. Ducrow

Members D. Woodward, L. Campbell,

P. Essig, D. Clowes, J. Clowes, J. Bell, S. Morrison, A. Wheatland, P. Abbott, B. Butler, N. Giurgiu,

M. Jouvelet.

Rail Safety Committee

Chair V. Ducrow

Members D. Woodward, L. Campbell,

P. Essig, D. Clowes, J. Clowes, J. Bell, S. Morrison, A. Wheatland, P. Abbott, D Gale, A Chapman.

ETRB ONRSR Co Regulatory Meeting

Chair V. Ducrow

Members D. Woodward, L. Campbell,

T. Doffay (ONRSR), D Jansz

(ONRSR).

By Invitation Other PBR Managers, Delegates

and ONRSR Managers and Rail Safety Officers as appropriate.

Volunteer Representative Group

Chair D. Gadsden

Members S. Bartley, P. Candela, S. Condon,

M. Dunkley, M French,

J Goodwin, P Harcourt, J Park,

A. Richards, B. Saunders.

By Invitation S. Corbier, P. Abbott.

Child Safety Implementation Working Group

Chair P. Abbot

Members D. Gadsden, S. Corbier,

V. Ducrow, M. Jouvelet,

E. Oxworth, P. Essig, J. Clowes,

N. Giurgiu, S. Dang.

External Attendees J. Dean

Leadership Team as at 30 June 2021

Chief Executive Officer

and Accountable Officer P. Abbott

Manager, Finance, CFO

M. Jouvelet

Group Manager, Visitor Experience

N. Giurgiu

Group Manager, Infrastructure

B. Butler

Group Manager, Train Operations

P. Essig

Manager, Safety

V. Ducrow

Manager, Volunteer Services

D. Gadsden

Manager, Human Resources

E. Oxworth

Management Officers as at 30 June 2021

Manager, Passenger Operations

J. Clowes

Manager, Marketing

E. Hutchinson

Manager, Events

M. Collopy

Manager, Menzies Creek Museum

D. Baker

Manager, Signals & Telegraph

A. Wheatland

Manager, Information Technology

Vacant

Manager, Commercial

J. Cranton

Manager, Way & Works

J. Bell

Infrastructure Buildings Coordinator

N. Adams



mising comr as general s Railway sup	staff health
2019-20	2020-21
7	46
10	0
3	0
О	43
2019-20	2020-21
798	396
25	5
	10 3 0 2019-20 798

2. Compliance with the Child Wellbeing and Safety Act 2005

Since 2017, Puffing Billy Railway has been mandated to comply with the Victorian Child Safe Standards ("the standards"). The standards are regulated by the Victorian Commission for Children and Young People ("CCYP") under the Child Safety and Wellbeing Act 2005.

This year CCYP announced changes to the standards that will further assist in ensuring the safety of children and young people at Puffing Billy Railway.

Puffing Billy Railway will be required to comply with these changes by 01 July 2022. The new standards will require Puffing Billy Railway to:

- Improve the current approach to creating a safe environment for Aboriginal children and young people and their families.
- Understand children's diverse circumstances and give attention to the needs of non-binary and gender diverse children and make adjustments and provide equal protection for all children and young people.
- Involve families and communities in promoting child safety.
- Equip staff and volunteers to identify the signs of harm to children and ensure that children and young people are informed of their rights.
- Prepare comprehensive policies and procedures to support implementation of child safe practices already required by the current Child Safe Standards.
- Review and continuous improvement will include obligations to analyse complaints, concerns and safety incidences to identify causes and systemic failures and report on findings.
- Identify and mitigate risks in environments without compromising a child or young person's right to privacy, access to information, social connections, and learning opportunities to ensure that the wellbeing of children and young people is promoted.
- Train and support staff and volunteers and provide ongoing education and training.
- Ensure complaints processes are child focused and understood by children and young people and their families, in addition to staff and volunteers.
- Inform staff and volunteers about the organisation's record keeping processes in relation to child safety and wellbeing and information sharing and reporting obligations.
- Place a greater emphasis on information sharing, record keeping and governance arrangements to create a child safe culture at all levels in an organisation.

Puffing Billy Railway has the support of FamSAFE in meeting the above obligations and are pleased to report that the current Child Safety Implementation Plan has been developed with the above changes in sight. Puffing Billy Railway, with the support of FamSAFE, will continue in its commitment to creating a safe place for children, young people and their families.

S.NO.	COMPLIANCES	CONTENT
3.	Information Management Compliance	Puffing Billy Railway recognises information as a vital asset. Sound information management practices and systems ensure that Puffing Billy Railway preserves valuable information to better assist the functions of the railway. Puffing Billy Railway is a government entity and therefore, all the documents produced are public records and must be managed in accordance with all standards issued by the Public Records Office Victoria under the <i>Public Records Act 1973</i> .
		A project to procure and implement an Electronic Document and Records Management System (EDRMS) was endorsed by the Board in December 2019. This project began in January 2020, however was placed on hold due to the 2020 COVID-19 lockdown. This system and the supporting training programs and procedures will result in the railway managing electronic and hardcopy records in a more efficient and compliant manner and again supports Puffing Billy Railway's commitment to Recommendation 7 contained in the Ombudsman's report.
		• Through 2020-21, works were completed to separate the Emerald Tourist Railway Board's Corporate Records from the Puffing Billy Preservation Society's records. This provides a basis to structure records management for the future;
		The EDRMS Project was taken off hold in 2021, scoped and an Expression of Interest process was completed with final vendor selection yet to be finalised;
		A wider Information Management Review was undertaken to ensure that EDRMS will be structured to align with the wider IT environment;
		An implementation Plan for EDRMS and Records Management is being developed.
4. Compliance with <i>Privacy and Data Protection</i>	The <i>Privacy and Data Protection Act 2014</i> (PDP Act) governs Victoria's public sector privacy obligations. The PDP Act sets out 10 Information Privacy Principles (IPPs), with which Victorian Government agencies must comply.	
	Act 2014	The IPPs aim to balance the public interest in the free flow of information in protecting the privacy of an individual's personal information.
		Puffing Billy Railway is committed to maintaining the privacy of personal information.
		The Puffing Billy Railway's privacy policy is available from:
		Tanu Goyal/Company Secretariat The Privacy Officer Puffing Billy Railway Telephone: 03 9757 0766 Email: Company.secretary@pbr.org.au
		In 2020-21, no matter regarding Puffing Billy Railway's compliance with the IPPs were referred to the Victorian Information Commissioner.

S.NO.	COMPLIANCES	CONTENT
5.	Freedom of Information Act 1982	Puffing Billy Railway is subject to the <i>Freedom of Information Act 1982</i> . The Act allows the public a right of access to documents held by Puffing Billy Railway. The purpose of the FOI Act is to extend as far as possible the right of the community to access information held by government departments, local councils, ministers, and other bodies subject to the FOI Act.
		Lodging FOI requests
		A request must be made in writing and accompanied by the application fee of \$29.60. Applicants should ensure requests are in writing and clearly identify the material and documents being sought.
		Requests should be addressed to:
		Tanu Goyal/Company Secretariat
		Freedom of Information Officer
		1, Old Monbulk Road, Belgrave Station
		Belgrave VIC 3160
		Company.secretary@pbr.org.au
		FOI requests can also be lodged online at www.foi.vic.gov.au.
		During the year under review, there were two requests for consultation under FOI Act received by Puffing Billy Railway. The Puffing Billy Railway has responded to these requests on time and no requests were subject to VCAT appeals.



s.No.	COMPLIANCES	CONTENT
6.	Public Interest Disclosure Act 2012	The Public Interest Disclosure Act 2012 (Vic) (PID Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The PID Act provides protection to people who make disclosures in accordance with the PID Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.
		Puffing Billy Railway does not tolerate improper conduct by employees, or the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.
		Puffing Billy Railway will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.
		Disclosures of improper conduct or detrimental action by Puffing Billy Railway or any of its employees and/or officers may also be made directly to the Independent Broad-Based Anti-Corruption Commission (IBAC):
		Level 1, North Tower, 459 Collins Street Melbourne Victoria 3000 Phone: 1300 735 135 Internet: ibac.vic.gov.au (which has a secure form for making anonymous complaints).
		Alternatively, disclosures of improper conduct or detrimental action by Puffing Billy Railway or any of its employees and/or Managers may be made to:
		The Public Interest Disclosure Coordinator, (the Company Secretary/Company Secretariat)
		Human Services Manager
		Human Resources Manager
		Employee Assistance Program
		<u>Further information</u>
		The Whistle-blower Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action is available on the Puffing Billy Railway website.
		During the year under review, there were no disclosures made to Puffing Billy Railway.

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s.No.	COMPLIANCES	CONTENT
7.	Gift Benefits and Hospitality Policy	Puffing Billy Railway is committed to assisting workplace participants identify and resolve ethical issues and build and maintain a sound ethical culture. It is committed to creating a process for managing situations where offers of gifts, benefits and hospitality (GBH) are made by non-Puffing Billy Railway workplace participants or organisations to Puffing Billy Railway workplace participants and providing GBH to Puffing Billy Railway workplace participants.
		The Finance Audit Risk and Compliance Sub Committee has taken an active role in promoting and strengthening Puffing Billy Railway's integrity policies. These include the Gifts Benefits and Hospitality Policy. There was one reported GBH during the period under review.
8.	Local Jobs First - implementation of the Victorian Industry Participation Policy	Victorian Government agencies implement a Local Industry Development Plan (LIDP) to provide more opportunities for local companies to be involved in government procurement and major projects and encourage local industry participation and industry development. The LIDP is a key evaluation criterion in tender selection at the shortlist stage for all State Government purchasing contracts and industry grants worth \$3 million or more in metropolitan Melbourne and \$1 million or greater in regional Victoria. LIDP plans are certified by Industry Capability Network (ICN) Victoria. For these plans, ICN Victoria provides the agencies with an evaluation of each shortlisted bidder's LIDP plan, which is considered during the tender evaluation process.
9.	Carers Recognition Act 2012	The Emerald Tourist Railway Board has taken all practical measures to comply with its obligations under the Act. These include: • promoting the principles of the Act to people in care relationships who receive our services and to the wider; and/or • ensuring our staff have an awareness and understanding of the care relationship principles set out in the Act; and/or • considering the care relationships principles set out in the Act when setting policies and providing services; and/or • implementing priority actions in Recognising and supporting Victoria's carers: Victorian carer strategy 2018-22.

OTHER STATUTORY INFORMATION

GOVERNMENT ADVERTISING EXPENDITURE

In 2020-21, there were no individual ETRB advertising campaigns exceeding a media spend of \$100 000 or greater (2019/20 Nil).

CONSULTANCY EXPENDITURE

DETAILS OF CONSULTANCIES (VALUED AT \$100 000 OR GREATER)

In 2020-21, there were two consultancies where the total fees payable to the consultants were \$100 000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies is \$227,875 Details of individual consultancies are outlined below

CONSULTANT	PURPOSE OF CONSULTANCY	EXPENDITURE 2020-21 (EXCL. GST)
Famsafe	To assist with the design and implementation of child safe systems and processes.	\$121,963
Department of Environment	Purchase of native vegetation credits and asset valuations,	\$105,912

DETAILS OF CONSULTANCIES UNDER \$100 000

In 2020-21, there were 19 consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$100 000. The total expenditure incurred during 2020-21 in relation to these consultancies was \$381,041 (2019 \$80,511).

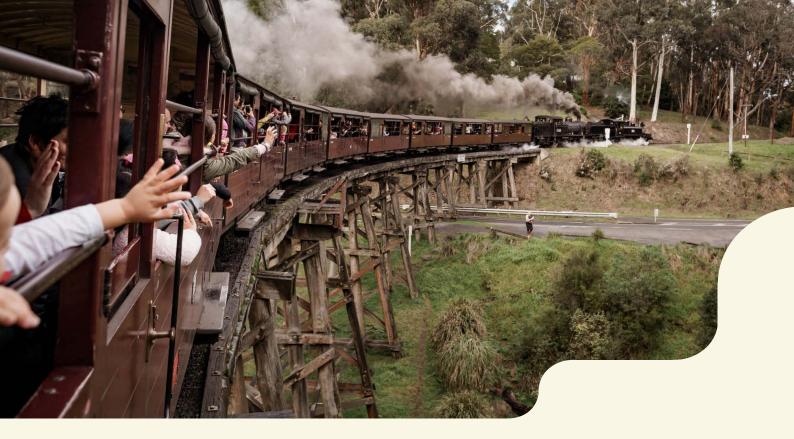
INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2020-21 reporting period, the ETRB had a total ICT expenditure of \$214,135, with the details shown below.

ALL OPERATIONAL ICT EXPENDITURE	ICT EXPENDITURE RELATED TO PROJECTS TO CREATE OR ENHANCE ICT CAPABILITIES		
Business as Usual (BAU) ICT expenditure	Non Business as Usual (non BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure		
\$214,000	\$214,000	\$214,000	-

ICT expenditure refers to the ETRB's costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the ETRB's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.



DISCLOSURE OF MAJOR CONTRACTS

Excluding the existing large contract with Kane Construction signed in prior years, the ETRB has not engaged in any large-scale contracts in 2020-2021 which exceed \$10 million in value.

Details of contracts that have been disclosed in the Victorian Government Contracts Publishing System can be viewed at: www.tenders.vic.gov.au.

Contractual details have not been disclosed for contracts where disclosure is exempted under the *Freedom of Information Act 1982* and/or government guidelines.

COMPLIANCE WITH THE BUILDING ACT 1993

The ETRB owns, occupies and controls a number of properties along the 41.8km or 26miles of track it maintains. The ERTB invents considerable maintenance funds each year to ensure all its existing and new dwellings are maintained to minimum standards and complies with the building and maintenance provisions of the *Building Act 1993*.

During the 2020/21 year the ETRB received 8 permits issued from a range of authorities, all of which contributed to either structural maintenance or the construction of new building such as the Puffing Billy Lakeside Visitor Centre.

COMPETITIVE NEUTRALITY POLICY

Competitive neutrality requires Victorian Government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Victorian Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

The ETRB ensures Victoria fulfils its requirements on competitive neutrality reporting as required under the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

COMPLIANCE WITH THE DISABILITY ACT 2006

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The ETRB has complied with its obligations under the *Disability Act 2006* to prepare a Disability Action Plan for the purpose of: reducing barriers to access goods, services and facilities, reducing barriers to person with a disability obtaining and maintaining employment, promoting inclusion and participation in community and achieving tangible changes in attitudes and practices that discriminate against people with a disability as outlined below:

REDUCING BARRIERS TO ACCESSING GOODS, SERVICES AND FACILITIES

The ETRB has invested over \$3m over the last two years on the construction of 12 new carriages, 4 of which have been specifically modified to enhance the visitor experience for those with special needs. These carriages are expected to come into traffic during the 2021/22 year.

Additionally, the new Puffing Billy Lakeside Discovery Centre in Emerald has been designed to be *Disability Discrimination Act 1992* compliant and feature ambulant facilities, disability toilets and the new changing places restrooms complete with a change tables and hoist.

REDUCING BARRIERS TO PERSONS WITH A DISABILITY OBTAINING AND MAINTAINING EMPLOYMENT

The ETRB is an equal opportunity and supports safe employment opportunities for individuals of all abilities.

PROMOTING INCLUSION AND PARTICIPATION IN THE COMMUNITY

The ETRB is conscious of the difficulty in the terrain in which the Railway operates. The spectacular natural mountainous bush setting creates a range of accessibility challenges. However, the ETRB continues to actively engage with community groups and Local and State Governments in providing positive experiences for all visitors. The Puffing Billy Lakeside Visitor Centre design process went through significant consultation and open community forums, in which the welfare of disadvantaged groups was considered and incorporated into the final design.

ACHIEVING TANGIBLE CHANGES IN ATTITUDES AND PRACTICES THAT DISCRIMINATE AGAINST PEOPLE WITH A DISABILITY

The ETRB believes in respecting people from all backgrounds regardless of ethnicity, race, gender, or disability. As a not-for-profit community organisation, the ETRB relies on its inclusive profile as a key principle on which it trades. All employees and volunteers are on boarded via "The Puffing Billy Way" which reflects these ideals. The ETRB encourages all visitors to share their experiences with the Railway and can be contacted via the registered office disclosed below.

OTHER STATUTORY INFORMATION

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 are set out on Page 64 to 65 of this report.

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.

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.

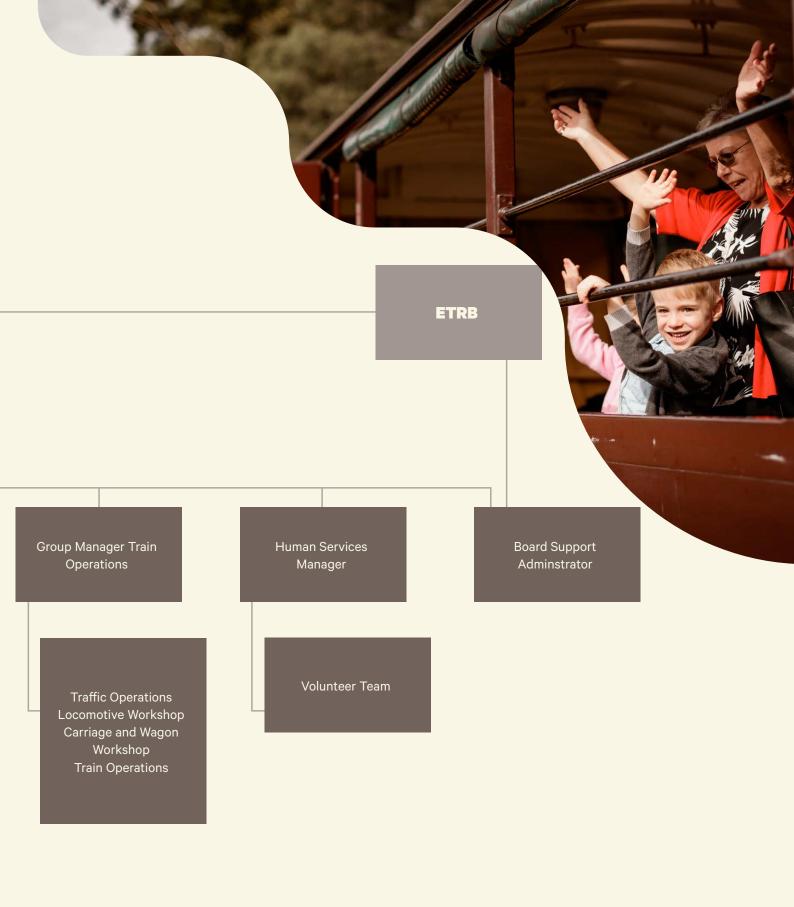
The Management team undertook no international travel due to the COVID-19 border closures during the financial year (2020 - 6 trips).

No time has been lost during 2021 due to industrial disputation (2020 - nil).



PUFFING BILLY RAILWAY ORGANISATIONAL STRUCTURE





DETAILED REPORT OF OPERATIONS OUR YEAR IN REVIEW 2020-2021



ATTESTATION ON COMPLIANCE WITH THE AUSTRALIAN RISK MANAGEMENT STANDARD:

I, Peter Abbott, certify that Emerald Tourist Railway Board (ETRB) 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 in relation to rail safety. The audit Operations and Safety Sub-committee verifies this assurance that the rail safety risk profile of Emerald Tourist Railway Board has been critically reviewed within the last 12 months.

THE EMERALD TOURIST RAILWAY BOARD FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

I Peter Abbott, on behalf of the Responsible Body, certify that the Emerald Tourist Railway Board has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act* 1994 and Instructions.

This report is made by a resolution of the Board dated 19 November 2021, and signed on behalf of the Board by:

Tim North QC

Chair Emerald Tourist Railway Board Belgrave

19 November 2021

Pithott

Peter Abbott

Chief Executive Officer and Accountable Officer Emerald Tourist Railway Board Belgrave

19 November 2021

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

DECLARATION IN THE FINANCIAL STATEMENTS

The attached financial statements for the Emerald Tourist Railway Board (the Railway) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer 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 2021 and financial position of the Railway at 30 June 2021.

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 19

November 2021

Tim North QC

Chair Emerald Tourist Railway Board Belgrave

19 November 2021

Peter Abbott

Chief Executive Officer and Accountable Officer Emerald Tourist Railway Board Belgrave

19 November 2021

Mark Jouvelet

Manager, Finance and Administration (CFO) Emerald Tourist Railway Board Belgrave

19 November 2021



Independent Auditor's Report

To the Board 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 2021
- 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 2021 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 of the entity are responsible for the other information, which comprises the information in the entity's annual report for the year ended 30 June 2021, 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.

Level 31 / 35 Collins Street, Melbourne Vic 3000 T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au Board's responsibilities for the financial report The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is 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.

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

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

- identify and assess the risks of material misstatement of the financial report, whether
 due to fraud or error, design and perform audit procedures responsive to those risks,
 and obtain audit evidence that is sufficient and appropriate to provide a basis for my
 opinion. The risk of not detecting a material misstatement resulting from fraud is
 higher than for one resulting from error, as fraud may involve collusion, forgery,
 intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 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 23 November 2021 Simone Bohan as delegate for the Auditor-General of Victoria



COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021	2020
INCOME		\$	\$
Revenue from Fares, Shops and External Contracts	2.1	2,461,667	11,159,306
Volunteer Labour Services Donated	2.1	1,282,515	4,506,932
Other Income	2.1	11,300,666	4,308,906
	2	15,044,848	19,975,144
EXPENSES			
Employee Benefits Expense	3.1.1	7,052,233	8,303,543
Volunteer Labour Services Cost	3.2 (a)	1,282,515	4,506,932
Depreciation Expense	4.1.1	2,153,806	1,906,615
Supplies and Services	3.2 (b)	1,456,269	2,387,639
Finance Costs	3.1	-	597
Advertising and Promotion	3.1	44,892	419,077
Insurance Costs	3.1	325,258	346,915
Administration Expenses	3.3	763,980	833,879
Grants and other transfers	3.4	20,000	20,100
Electricity and Gas	3.1	182,413	188,624
Other Expenses	3.5	764,353	1,695,684
		14,045,719	20,609,605
NET RESULTS FROM TRANSACTIONS		999,129	(634,461)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net (loss) gain on Non-Financial Assets		1,273	
NET RESULT FOR THE YEAR		1,000,402	(634,461)
Comprehensive Other Income – Asset Revaluations		27,417,189	
COMPREHENSIVE RESULT FOR THE YEAR		28,417,591	(634,461)

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

BALANCE SHEET

AS AT 30 JUNE 2021

	NOTE	2021	2020
FINANCIAL ASSETS		\$	\$
Cash and Cash Equivalents	6.1	9,646,506	4,752,105
Receivables	5.1	166,597	1,597,444
Total Financial Assets		9,813,103	6,349,549
NON-FINANCIAL ASSETS			
Prepayments		253,650	217,666
Inventories	5.3	345,796	478,055
Property, Plant and Equipment	4.1	77,082,732	51,729,999
Capital Works in Progress	4.1.3	23,920,607	11,629,898
TOTAL NON-FINANCIAL ASSETS		101,602,785	64,055,618
TOTAL ASSETS		111,415,888	70,405,167
LIABILITIES			
Payables	5.2	1,138,272	835,217
Provisions	3.1.2	1,248,531	1,504,937
Income received and grants in advance	5.5	2,912,894	445,413
TOTAL LIABILITIES		5,299,697	2,785,567
Net Assets		106,116,191	67,619,600
EQUITY			
Contributed Capital		30,625,115	20,546,115
Physical Asset Revaluation Surplus	8.2	69,693,741	42,276,552
Accumulated Gain		5,797,335	4,796,933
TOTAL EQUITY		106,116,191	67,619,600

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	Physical Asset Revaluation Surplus \$	Accumulated Gain / (Loss) \$	Contributed Capital \$	Total \$
Balance at 1st July 2019		42,276,552	5,431,394	17,601,115	65,309,061
Net Result for the Year:		-	(2,310,539)	-	(2,310,539)
Balance at 30th June 2020		42,276,552	7,981,933	17,361,115	67,619,600
Adjustment Grants to Contributions by owners	8.2.1	-	-	1,985,000	1,985,000
Adjustment to Net Result for the Year	8.2.1	-	(3,185,000)	-	(3,185,000)
Restated Balance as at 30 June 2020		42,276,552	4,796,933	19,346,115	66,419,600
Balance at 1 July 2020		42,276,552	4,796,933	19,346,115	66,419,600
Net Result for the Year		-	1,000,402	-	1,000,402
Comprehensive Other Income – Asset Revaluations		27,417,189	-	-	27,417,189
Contributions by Owner	2.2.2.1			11,279,000	11,279,000
Balance at 30th June 2021		69,693,741	5,797,335	30,625,115	106,116,191

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	\$	\$
Receipts from Customers	2,892,534	11,734,283
Payments to Suppliers and Employees	(8,180,488)	(13,315,219)
Goods and Services Refunded / (Paid) to the ATO	376,206	(418,962)
Interest Received	222	79,261
Grants from Commonwealth Government Bodies	1,375,000	1,925,000
Grants from Victorian Government Bodies	9,520,000	2,000,000
Capital Grants from Puffing Billy Preservation Society	19,798	15,207
NET CASH FLOWS FROM OPERATING ACTIVITIES 6.1 (b)	6,003,272	2,019,570
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Property, Plant and Equipment	(97,162)	(4,799,749)
Payment for Capital Works in Progress	(12,290,709	(3,861,364)
Proceeds from Investments	-	5,191,317
NET CASH USED IN INVESTING ACTIVITIES	(12,387,871)	(3,469,796)
CASH FLOWS FROM FINANCING ACTIVITIES		
Owner Contributions by State Government	11,279,000	1,745,000
NET CASH USED IN FINANCING ACTIVITIES	11,279,000	1,745,000
Net Increase/(Decrease) in Cash and Cash Equivalents	4,894,401	294,775
Cash and Cash Equivalents at Beginning of the Year	4,752,105	4,457,330
CASH AND CASH EQUIVALENTS AT END OF THE YEAR 6.1 (a)	9,646,506	4,752,105

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. ABOUT THIS REPORT

Basis of preparation

The annual financial statements represent the general-purpose financial statements for the Emerald Tourist Railway Board (the Railway). 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 Railway. 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 – (refer to Note 4.1.2).
- 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 2021 and the comparative information presented for the year ended 30 June 2020.

(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 Chief Executive Officer and the Manager, Finance and Administration of the Emerald Tourist Railway Board on xx November 2021.

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 Railway) as an individual reporting entity. The Railway 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 and 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, grants, interest and rental income.

NOTE 2.1 - SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

	NOTE	2021	2020
Revenue from fares, shops and external contracts		\$	\$
Fares		2,077,351	10,072,250
Sales - Shop		384,316	1,087,056
Sale of Goods and Services		2,461,667	11,159,306
Volunteer Labour Services Donated	2.2.4	1,282,515	4,506,932
Other income			
Grants	2.2.2	10,914,798	3,940,207
Interest Received		222	79,261
Rents Received	2.2.3	177,226	181,383
Other Income	2.2.3	208,420	108,055
		11,300,666	4,306,906
Total income		15,044,848	19,975,144

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

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

NOTE 2.2.1 - SALE OF GOODS AND SERVICES INCOME

Performance obligations and revenue recognition policies:

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

- Customers obtain control of the supplies and consumables at a point in time when the goods received by the customer at the retail outlet.
- Revenue from the sale of goods are recognised when the goods have been accepted by the customer at the Railway's retail outlet.
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.
- Fare bookings (revenue) made in advance are held as liabilities until the day of travel. On the day of travel, these transactions are then recognised as revenue.
- 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.

Customers are invoiced and revenue is recognised when the goods are sold at the Railway's retail outlet. For services rendered, where customers simultaneously receive and consume the services as it is provided. This is consistant with train fares being recognised as revenue on the day of travel. Revenue is recognised progressively as contract assets until the customer is subsequently invoiced in accordance with the terms of the service agreement. For other customers that are only able to consume the services when they have been completed, revenue is only recognised upon completion and delivery of the services. In rare circumstance where there may be a change in the scope of services provided, the customer will be provided with a new contract for the additional services to be rendered and revenue is recognised consistent with accounting policy above.

For contracts that permit the customer to return an item, revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for the expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover the returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Railway reviews its estimate of expected returns at each reporting date and updates the amount of the asset and liability accordingly. As the sales are made with a short credit term, there is no financing element present.

NOTE 2.2.2 - GRANTS RECOGNISED AS REVENUE

NOTE	2021	2020
	\$	\$
Private Grants	19,798	15,207
Grant from Federal Government Bodies – Capital projects	1,375,000	1,925,000
Grant from State Government Bodies – Operating	9,245,000	2,000,000
Grant from State Government Bodies – COVID-19 projects	275,000	
Total Grants recognised as revenue	10,914,798	3,940,207

The Railway has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15. In some circumstances specific capital grants will be classified as an equity contribution from the owners under certain conditions outlined in AABS 1004 and FRD 119a.

Income from grants to construct the Puffing Billy Lakeside Visitor Centre has been recognised progressively as the asset is constructed. This aligns with the Railway's obligation to construct the asset. The progressive staged completion of works determined the percentage costs incurred is used to recognise income or non State based capital grant contributions. This most closely reflects the construction progress as costs are incurred as the works are done.

Income from grants other than state capital contributions that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers. These grants relate to the construction of key capital assets. Revenue is recognised when the Railway satisfies the performance obligation outlined by the relevant Government agency or community body. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the department has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the department recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards.

Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004 and FRD119a;
- (b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- (c) a lease liability in accordance with AASB 16;
- (d) a financial instrument, in accordance with AASB 9; or
- (e) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Income received for specific purpose grants for on-passing is recognised simultaneously as the funds are immediatelyon passed to the relevant recipient entities on behalf of the Commonwealth Government.

RECLASSIFICATION

ETRB was recently requested by the State Government to adjust its accounting treatment for grants received historically in relation to the Puffing Billy Lakeside Discovery Centre and the Master Plan. This has resulted in a reclassification of these grants received in 2020 and 2019 from revenue to equity. This reclassification will ensure alignment with the State Government treatment of these grants. This has resulted in the following reclassification from Revenue and Accumulated Gains to Contributed Capital in the comparative 2020 period:

- \$240,000 received in 2019
- \$2,945,000 received in 2020
- \$3,145,000 total reclassification

Relevant comparative notes and statements have been adjusted to reflect this change and Note 8 demonstrates the movement to the previously reported Operating Statement, Balance Sheet and Cash Flow Statement.

ETRB wish to highlight the positive contribution the State Government has made to these projects in the table above.

NOTE 2.2.2.1 - GRANTS RECOGNISED AS EQUITY

	2021	2020
	\$	\$
Grant from State Government Bodies - LVC and Masterplan Capital projects	11,279,000	1,745,000

NOTE 2.2.3 - OTHER INCOME

	2021	2020
	\$	\$
Rental income – Income	177,226	181,383
Miscellaneous Advertising	-	22,000
Commissions Received	-	6
Sundry income	208,420	86,049
Other Income	208,420	108,055
Total other income	385,646	289,438

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.

NOTE 2.2.4 - VOLUNTARY LABOUR SERVICES DONATED

	2021	2020
	\$	\$
Volunteer Labour Services Donated	1,282,515	4,506,932

Voluntary Labour Services Donated: Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Refer to note 8.10.

The ETRB is rolling out an automated volunteer recording system in the upcoming year.



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

	Notes	2021	2020
Employee benefit expenses	3.1.1	7,052,233	8,303,543
Volunteer Labour Services Cost	3.2 (a)	1,282,515	4,506,932
Supplies and Services	3.2 (b)	1,456,269	2,387,639
Finance Costs		-	597
Advertising and Promotion		44,892	419,077
Insurance Costs		325,258	346,915
Administration Expenses	3.3	763,980	833,879
Grants and other transfers	3.4	20,000	20,100
Electricity and Gas		182,413	188,624
Other operating expenses	3.5	764,353	1,695,684
Total expenses incurred in delivery of services		11,891,913	18,702,990

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 Railway's 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 AND DONATIONS

Grants and other transfers represent grants or donations given to local community groups by the Emerald Tourist Railway Board. The Emerald Tourist Railway Board donated \$20,000 to the local fire brigades operated by the Country Fire Authority (CFA) after the December and January bushfires. The Emerald Tourist Railway Board continues to be a perpetual supporter of the CFA and is grateful for all their important community work.

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

	2021	2020
	\$	\$
Defined contribution superannuation expense	705,672	820,625
Salaries and wages, annual leave and long service leave	6,346,561	7,482,918
Total employee expenses	7,052,233	8,303,543

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

	2021	2020
CURRENT PROVISIONS:	\$	\$
ANNUAL LEAVE		
Unconditional and expected to settle within 12 months	380,951	474,432
Unconditional and expected to settle after 12 months	200,874	172,917
LONG SERVICE LEAVE		
Unconditional and expected to settle within 12 months	31,522	31,919
Unconditional and expected to settle after 12 months	378,778	440,123
PROVISIONS FOR ON COSTS		
Unconditional and expected to settle within 12 months	81,091	110,498
Unconditional and expected to settle after 12 months	102,464	205,793
TOTAL CURRENT PROVISIONS FOR EMPLOYEE BENEFITS	1,175,680	1,435,682
NON CURRENT PROVISIONS:		
Employee benefits	54,435	59,256
On costs	8,974	9,999
Total non current provisions for employee benefits	63,409	69,255
TOTAL PROVISIONS FOR EMPLOYEE BENEFITS	1,239,089	1,504,937
PROVISIONS IN CLEARING	9,442	
TOTAL PROVISIONS	1,248,531	1,504,937
RECONCILIATION OF MOVEMENT IN ON-COST PROVISION		
	2021	2020
	\$	\$
OPENING BALANCE	326,290	171,318
Provision made throughout the year	187,480	188,050
Settlements	(321,240)	(33,078)
CLOSING BALANCE	192,530	326,290
Current	183,556	316,291
Non current	8,974	9,999

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 Railway 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 Railway expects to settle within 12 months; and
- present value component that the Railway 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 another 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 3.2 - SUPPLIES AND SERVICES

	2021	2020
	\$	\$
Volunteer Labour Services Cost (a)	1,282,515	4,506,932
Other Supplies and Services (b)		
Cost of shops sales	221,418	505,896
Coal and light up wood	57,487	215,558
Catering	292,801	344,313
Cost external Contracts	164,056	196,640
Repairs, Maintenance and Consumables	720,507	1,125,232
	1,456,269	2,387,639
	2,738,784	6,894,571

⁽a) AASB 1058 Income of Not-for-Profit Entities requires the contribution of volunteers to be valued and reflected in the operating statements commencing in the 2020/2021 year. The volunteer contribution has been valued at \$1,282,515.

NOTE 3.3 - ADMINISTRATION

	2021	2020
	\$	\$
Printing and stationary	58,184	78,485
Telephone and postage	132,157	127,392
Masterplan expenses	83,187	68,054
Consultants	143,851	80,766
Information Technology	214,136	157,100
Other	132,465	322,082
	763,980	833,879

⁽b) 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 3.4 - GRANT AND MAJOR DONATION EXPENSES

	2021	2020
	\$	\$
General purpose grants	-	100
Payments for specific purposes (CFA)	20,000	20,000
Total grant expenses	20,000	20,100

The Emerald Tourist Railway Board donated \$20,000 to the Country Fire Authority post the January bushfires. Last year the Emerald Tourist Railway Board donated \$20,000 to the same cause.

NOTE 3.5 - OTHER OPERATING EXPENSES

OTHER EXPENSES	2021	2020
AUDITOR'S REMUNERATION:	\$	\$
- Auditor General	13,700	12,500
Payroll Tax	309,345	387,372
Other Operating Expenses	353,500	342,593
Doubtful Debts	(119,120)	328,912
Special Events	47,390	254,233
Train Operation Expenses	81,018	215,079
Rates Taxes and Levies	71,399	86,561
Training and Education	7,121	68,434
	764,353	1,695,684

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

Non-Current:	2021 \$	2020 \$
Land - at fair value	19,901,600	11,066,570
	19,901,600	11,066,570
Buildings, Structures		
- at fair value	16,746,132	11,279,282
Accumulated Depreciation		_ (1,652,891)
	16,746,132	9,626,391
Total Land and Buildings	36,647,732	20,692,961
Locomotives and Rolling Stock - at fair value	21,911,024	20,015,885
Accumulated Depreciation		(2,667,286)
Total Locomotives and Rolling Stock	21,911,024	17,348,600
Motor Vehicles - at fair value	737,463	723,777
Accumulated Depreciation	(645,335)	(563,856)
·	92,128	159,921
Office Furniture and Equipment - at fair value	412,381	412,381
Accumulated Depreciation	(363,785)	(339,628)
	48,596	72,753
Plant and Equipment - at fair value	5,185,629	4,237,991
Accumulated Depreciation	(1,536,377)	(1,698,436)
Total Plant and Equipment	3,649,252	2,539,555
Total Motor Vehicles, Plant and Equipment	3,789,976	2,772,229
Permanent Way - at fair value	14,734,000	12,651,257
Accumulated Depreciation		(1,735,048)
Total Permanent Way	14,734,000	10,916,209
Property, Plant and Equipment	77,089,732	51,729,999

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 and Structures	Current replacement cost	Heritage restrictions	Impact of heritage restrictions is considered but not quantified.	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value
		Useful life of buildings and bridges	10 to 60 years	
Locomotives and Rolling Stock	Current replacement cost	Heritage restrictions	Impact of heritage restrictions is considered but not quantified.	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value
		Remaining useful life of locomotives and rolling stock	20 to 40 years	
Plant and Equipment	Current replacement cost	Useful life of the Plant, equipment and Museum exhibits.	4 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	10 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

	2021	2020
	\$	\$
Building and Structures	549,098	456,568
Locomotives and Rolling Stock	801,056	676,951
Motor Vehicles	81,478	77,087
Office Furniture and Equipment	24,158	22,499
Plant and Equipment	257,129	233,152
Permanent Way	440,887	440,358
	2,153,806	1,906,615

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

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

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	10 – 60 years
Locomotives and Rolling Stock	20 - 40 years
Motor Vehicles	5 – 10 years
Office Furniture and Equipment	4 – 10 years
Plant and Equipment	5 – 40 years
Permanent Way	10 - 50 years
Museum	100 years
Under Track Earthworks	150 years

Land 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 150 years.

NOTE 4.1.2 - RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS, STRUCTURES	LOCOMOTIVES AND ROLLING STOCK	MOTOR VEHICLES PLANT AND EQUIPMENT	PERMANENT WAY	TOTAL
FAIR VALUE HIERARCHY LEVELS	3	3	3	3	3	
	\$	\$	\$	\$	\$	\$
Net carrying amount at 1st July 2019	11,066,570	8,736,856	14,735,217	2,946,956	11,351,273	48,836,872
Transfers from						
Work in Progress	-	1,346,103	3,290,334	158,012	5,293	4,799,742
Depreciation Expense		(456,568)	(676,951)	(332,740)	(440,358)	(1,906,615)
Net Carrying Amount at 30th June 2020	11,066,570	9,626,391	17,348,600	2,772,228	10,916,209	51,729,999
Additions	-	-	-	13,685	-	13,685
Transfers from						
Work in Progress	-	5,132	-	70,532	-	75,664
Revaluation	8,835,030	7,663,707	5,363,480	1,296,294	4,258,678	27,417,189
Depreciation Expense	<u>-</u> .	(549,098)	(801,056)	(362,765)	(440,887)	(2,153,806)
Net Carrying Amount at 30th June 2021	19,901,600	16,746,132	21,911,024	3,789,976	14,734,000	77,082,732

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.

NOTE 4.1.3 - CAPITAL WORK IN PROGRESS- FAIR VALUE HIERARCHY

CAPITAL WORK IN PROGRESS - FAIR VALUE HIERARCHY	BUILDINGS AND STRUCTURES	LOCOMOTIVES AND ROLLING STOCK	PLANT AND EQUIPMENT	PERMANENT WAY	TOTAL
	\$	\$	\$	\$	\$
Carrying Amount at 1st July 2019	2,638,052	5,132,896	-	(2,414)	7,768,535
Additions	7,088,997	1,566,816	-	5,295	8,661,108
Transfers Property In/(Out)	451,498	(453,912)	-	2,414	-
Transfers Plant & Equipment In/(Out)	(1,462,004)	(3,332,445)		(5,295)	(4,799,744)
Net Carrying Amount at 30th June 2020	8,716,543	2,913,355	-	-	11,629,898
Additions	12,345,952	20,421	-	-	12,366,373
Transfers to Property	-	-	-	-	-
Plant and Equipment	(75,664)				(75,664)
Net Carrying Amount at 30th June 2021	20,986,831	2,933,776		<u>-</u>	23,920,607

RESTRICTIVE NATURE OF CULTURAL AND HERITAGE ASSETS

The Railway 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 Railway that these Exhibits may well be appreciating in value.

NON-FINANCIAL PHYSICAL ASSETS CONSTRUCTED BY THE RAILWAY

The cost of non-financial physical assets constructed by the Railway 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 103I issued by the Assistant Treasurer. 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.

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

The Valuer-General Victoria (VGV) is the Emerald Tourist Railway Board's independent valuation agency. The Emerald Tourist Railway Board, in conjunction with VGV monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

In 2020/2021 the VGV independently revalued the ETRB's major assets groups and determined a net fair value increase of \$27,642,172 for the Railway (Zero – 2020). The next scheduled revaluation will be in the 2025/2026 financial year. The valuer has advised that the current market environment, impacted by COVID-19, creates significant valuation uncertainty. Future changes to the economic environment may require variations to assumptions which could have a material impact on the valuation outcome. The next scheduled revaluation will be in the 2025/2026 financial year.

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

NOTE 5.1 - OTHER RECEIVABLES

	2021	2020
Current		
Contractual		
Trade Debtors	376,382	1,690,415
Provision for Doubtful Debtors	(209,791)	(328,912)
Other Receivables	6	62
	166,597	1,361,565
Statutory		
GST Receivables		235,879
	166,597	1,597,444

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

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), are not classified as financial instruments for disclosure purposes. The Railway applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Railway represent funding for all commitments incurred and are drawn from cash reserves as the commitments fall due.

Some of the large grants received at the end of the year contained GST. In 2021 this amount will be a net payable instead.

NOTE 5.2 - PAYABLES

	2021	2020
CONTRACTUAL	\$	\$
Trade Creditors	459,055	404,304
Sundry Creditors and Accrued Expenses	512,055	430,913
STATUTORY		
GST payable	167,162	-
Employee Tax Withheld		
TOTAL PAYABLES	1,138,272	835,217
Represented by:		
Current payables	1,138,272	835,217
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 Railway prior to the end of the financial year that are unpaid, and arise when the Railway 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

				P	MATURITY DATES	5
2021 PAYABLES	CARRYING AMOUNT \$	NOMINAL AMOUNT \$	LESS THAN 1 MONTH \$	1-3 Months \$	3 MONTHS - 1 YEAR \$	1-5 YEARS \$
Supplies and services	459,055	459,055	459,055	-	-	-
Other payables	512,055	512,055	512,055	-	-	-
STATUTORY						
GST Payable	167,162	167,162	167,162			
TOTAL	1,138,272	1,138,272	1,138,272			
2020 PAYABLES						
Supplies and services	404,304	404,304	404,304	-	-	-
Other payables	430,913	430,913	430,913	-	-	-
STATUTORY						
GST Payable						
Total	835,217	835,217	835,217			

NOTE 5.3 - INVENTORIES

CURRENT:	2021	2020
Finished Goods held for resale, at cost	133,837	258,011
Coal, at cost	11,319	19,404
Workshop Inventories and Spare Parts, at cost	200,640	200,640
TOTAL INVENTORIES	345,796	478,055

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 LIABILITIES

	2021	2020
	\$	\$
OTHER CONTRACT LIABILITIES		
Passenger Bookings in Advance	482,595	339,457
Revenue Received in Advance	89,299	105,956
Grants received in advance	2,341,000	
CURRENT - OTHER LIABILITIES	2,912,894	445,413
TOTAL OTHER LIABILITIES	2,912,894	445,413

The Railway's Other Contract 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

NOTE 6.1 - RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES

	2021	2020
(a) Reconciliation of Cash and Cash Equivalents	\$	\$
Cash on Hand	15,550	9,976
Cash at Bank	8,872,875	3,984,294
Cash invested at call	758,081	757,835
Balance as per cash flow statement	9,646,506	4,752,105
(b) Reconciliation of Cash Flows from Operations		
Net Result for the Year	1,000,402	(634,461)
Net Nesult for the real	1,000,402	(034,401)
Non-cash movements		
- Depreciation	2,153,806	1,906,615
Loss / (Profit) on Disposal of Property, Plant and Equipment	(1,273)	
	3,152,935	1,272,154
Movements in assets and liabilities		
- Decrease/ (Increase) in Receivables	230,847	595,663
- Decrease/ (Increase) in Inventories	132,259	92,794
- Decrease/ (Increase) in Prepayments	(26,897)	(4,497)
- (Decrease)/ Increase in Payables	303,054	(260,494)
- (Decrease)/ Increase in Provisions	(256,406)	399,959
- (Decrease)/ Increase in Other Liabilities	4,467,481	(76,009)
Net Cash Flows from Operations	6,003,272	2,019,570

NOTE 6.2 - COMMITMENTS FOR EXPENDITURE

NOTE 6.2.1 - TOTAL COMMITMENTS PAYABLE - OPERATING

No operating lease commitments for 2020 as the lease contract expired on the 9 June 2021.

2021	Less than 1 year	1-5 years	5+ years	Total
Operating and lease commitments payable	10,000	-	-	10,000
Total commitments (inclusive of GST)	11,000			11,000
Total commitments (exclusive of GST)	10,000			10,000
NOTE 6 2 - CADITAL COMMITMENTS				

Nominal amounts 2021	Less than 1 year	1-5 years	5+ years	Total
Discovery centre	4,184,000	-	-	4,184,000
New NBH rolling stock	144,000	-	-	144,000
Sills and ONRSR Compliance project	867,000			867,000
Total commitments (inclusive of GST)	5,195,000			5,195,000
Less GST recoverable	472,273	-	-	472,273
Total commitments (exclusive of GST)	4,722,727			4,722,727
2020	Less than 1 year	1-5 years	5+ years	Total
Discovery centre	16,533,371	-	-	16,533,371
New NBH rolling stock	363,303	-	-	363,303
Other Masterplan projects	56,872			56,872
Total commitments (inclusive of GST)	16,953,546			16,953,546
Less GST recoverable	1,541,231	-	-	1,541,231
Total commitments (exclusive of GST)	15,412,215	-	-	15,412,315

The Puffing Billy Lakeside Visitor Centre received the Grant funding of both the Federal and State Government during the year. Refer to Note: 2.2.2 regarding the breakdown of the Federal and State Capital Project related Grants.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

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

NOTE: 7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

CATEGORIES OF FINANCIAL ASSETS UNDER AASB 9

Financial assets at amortised cost

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

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

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

The Railway recognises the following assets in this category:

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

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

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

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

CATEGORIES OF FINANCIAL LIABILITIES UNDER AASB 9

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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement. There was no de-recognition of financial liabilities in 2020-21 (Nil - 2019-20).

OFFSETTING FINANCIAL INSTRUMENTS

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

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



NOTE 7.1.1 - FINANCIAL INSTRUMENTS: CATEGORISATION

CATEGORISATION OF FINANCIAL INSTRUMENTS	CASH AND CASH EQUIVALENT	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
2021 CONTRACTUAL FINANCIAL ASSETS	\$	\$	\$	\$
Cash and cash equivalent	9,646,506	-	-	9,646,506
Receivables	-	166,597	-	166,597
Total Contractual Financial Assets	9,646,506	166,597		9,813,103
CONTRACTUAL FINANCIAL LIABILITIES				
Payables	-	-	971,110	971,110
Total Contractual Financial Liabilities		<u>-</u>	971,110	971,110
2020 CONTRACTUAL FINANCIAL ASSETS				
Cash and cash equivalent	4,752,105	-	-	4,752,105
Receivables	-	1,361,565	-	1,361,565
Total Contractual Financial Assets	4,752,105	1,361,565		6,113,670
CONTRACTUAL FINANCIAL LIABILITIES				
Payables	-	-	835,217	835,217
Total Contractual Financial Liabilities		-	835,217	835,217

The table above excludes statutory amounts.

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
2021 CONTRACTUAL FINANCIAL ASSETS		\$	\$	\$
Financial Assets at amortised cost		222		222
Total Contractual Financial Assets		222		222
FINANCIAL LIABILITIES				
Financial Liabilities at amortised cost				
TOTAL FINANCIAL LIABILITIES				
2020 CONTRACTUAL FINANCIAL ASSETS				
Financial Assets at amortised cost		79,261		79,261
Total Contractual Financial Assets		79,261		79,261
FINANCIAL LIABILITIES				
Financial Liabilities at amortised cost				
TOTAL FINANCIAL LIABILITIES				

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

- for financial assets measured at amortised cost, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, 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.

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 above are disclosed in Note 7.1.1 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, and interest rate 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 (A)- CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	FINANCIAL INSTITUTIONS AA- CREDIT RATING	OTHER	TOTAL
2021	\$	\$	\$
Cash and deposits	9,646,506	-	9,646,506
Receivables	_ .	166,597	166,597
TOTAL CONTRACTUAL FINANCIAL ASSETS	9,646,506	166,597	9,813,103
2020			
Cash and deposits	4,752,105	-	4,752,105
Receivables		397,444	397,444
TOTAL CONTRACTUAL FINANCIAL ASSETS	4,752,105	397,444	5,149,549

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 2020-21.

IMPAIRMENT OF FINANCIAL ASSETS UNDER AASB 9

The Railway records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Railway's contractual receivables, statutory receivables and its investment in debt instruments.

CONTRACTUAL RECEIVABLES AT AMORTISED COST

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

NOTE 7.1.3 (B)- CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	CARRYING AMOUNT	CURRENT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS PLUS
2021 CONTRACTUAL RECEIVABLES:	\$	\$	\$	\$	\$
Expected Loss Rate	56%	0%	0%	0%	78%
Gross carrying amount of contractual receivables	376,382	97,865	7,572	1,632	269,313
LOSS ALLOWANCE	209,791				209,791
TOTAL RECEIVABLES	166,591	97,865	7,572	1,632	59,522
2020 INVESTMENT AND OTHER CONTRACTUAL CONTRACTUAL RECEIVABLES:					
Expected Loss Rate	19%	0%	0%	100%	100%
Gross carrying amount of contractual receivables	1,690,415	1,361,503	(174)	19,650	309,436
Loss Allowance	328,912		(174)	19,650	309,436
Total Receivables	1,361,503	1,361,503			

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

	2021	2020
OPENING LOSS ALLOWANCE	-	(328,912)
Increase in the allowance recognised in the net result	(328,912)	
Reversal of allowance for receivables written off during the year as uncollectible	119,121	
BALANCE AT THE END OF THE YEAR	(209,791)	(328,912)

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

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.

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. As with the policy for debtors, the Railway's policy is to only deal with banks with high credit ratings.

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

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the 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 2020-21 from the previous year. The coronavirus (COVID-19) pandemic continues to contribute to a range of operational and financial challenges, however, unlike 2019/2020, the ETRB has secured government assistance in advance, with guaranteed funding in place for the upcoming 2021/2022 year. The closure of many supporting businesses and key clients ceased has caused significant logistical supply chain difficulties with in the tourism, hospitality and entertainment inductries.

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.

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.

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 7.1.4 - INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENT

INTEREST R	ATE EX	KPOSUR	Ε
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	WEIGHTED AVERAGE EFFECTIVE INTEREST	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON INTEREST BEARING
2021	%	\$	\$	\$	\$
FINANCIAL ASSETS					
Cash and cash equivalent	0.10	9,646,506	-	9,630,956	15,550
Receivables					
- Sale of goods and services		166,591	-	-	166,591
- Other receivables	-	6		<u> </u>	6
TOTAL FINANCIAL ASSETS	=	9,813,103		9,630,956	182,147
Financial Liability					
Payables					
- Supplies and services		459,055	-	-	459,055
- Other payables	-	512,055	<u>-</u> .	<u> </u>	512,055
TOTAL FINANCIAL LIABILITIES	=	917,110			917,110
			INTEREST RAT	E EXPOSURE	
	WEIGHTED AVERAGE EFFECTIVE INTEREST	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON INTEREST BEARING
2020	AVERAGE EFFECTIVE		INTEREST	INTEREST	INTEREST
2020 FINANCIAL ASSETS	AVERAGE EFFECTIVE INTEREST	AMOUNT	INTEREST RATE	INTEREST RATE	INTEREST BEARING
	AVERAGE EFFECTIVE INTEREST	AMOUNT	INTEREST RATE	INTEREST RATE	INTEREST BEARING
FINANCIAL ASSETS	AVERAGE EFFECTIVE INTEREST %	AMOUNT \$	INTEREST RATE \$	INTEREST RATE	INTEREST BEARING \$
FINANCIAL ASSETS Cash and cash equivalent	AVERAGE EFFECTIVE INTEREST %	AMOUNT \$	INTEREST RATE \$	INTEREST RATE	INTEREST BEARING \$
FINANCIAL ASSETS Cash and cash equivalent Term Deposits	AVERAGE EFFECTIVE INTEREST %	AMOUNT \$	INTEREST RATE \$	INTEREST RATE	INTEREST BEARING \$
FINANCIAL ASSETS Cash and cash equivalent Term Deposits Receivables	AVERAGE EFFECTIVE INTEREST %	\$ 4,752,105	INTEREST RATE \$	INTEREST RATE	### INTEREST BEARING \$ 1,113,888 -
FINANCIAL ASSETS Cash and cash equivalent Term Deposits Receivables - Sale of goods and services	AVERAGE EFFECTIVE INTEREST %	\$ 4,752,105 - 397,444	INTEREST RATE \$	INTEREST RATE	\$ 1,113,888
FINANCIAL ASSETS Cash and cash equivalent Term Deposits Receivables - Sale of goods and services - Other receivables	AVERAGE EFFECTIVE INTEREST %	\$ 4,752,105 - 397,444 62	\$ 2,136,080	\$ 1,502,137 -	\$ 1,113,888 - 397,444 62
FINANCIAL ASSETS Cash and cash equivalent Term Deposits Receivables - Sale of goods and services - Other receivables TOTAL FINANCIAL ASSETS	AVERAGE EFFECTIVE INTEREST %	\$ 4,752,105 - 397,444 62	\$ 2,136,080	\$ 1,502,137 -	\$ 1,113,888 - 397,444 62
FINANCIAL ASSETS Cash and cash equivalent Term Deposits Receivables - Sale of goods and services - Other receivables TOTAL FINANCIAL ASSETS Financial Liability	AVERAGE EFFECTIVE INTEREST %	\$ 4,752,105 - 397,444 62	\$ 2,136,080	\$ 1,502,137 -	\$ 1,113,888 - 397,444 62
FINANCIAL ASSETS Cash and cash equivalent Term Deposits Receivables - Sale of goods and services - Other receivables TOTAL FINANCIAL ASSETS Financial Liability Payables	AVERAGE EFFECTIVE INTEREST %	\$ 4,752,105 - 397,444 62 5,149,611	\$ 2,136,080	\$ 1,502,137 -	\$ 1,113,888 - 397,444 62 1,511,394

NOTE 7.1.5 - INTEREST RATE RISK SENSITIVITY

INTEREST RATE RISK

		-0.5%		+0.	5%
	CARRYING AMOUNT	PROFIT	EQUITY	PROFIT	EQUITY
2021	\$	\$	\$	\$	
FINANCIAL ASSETS					
Cash and cash equivalent	9,646,506	(48,233)	-	48,233	-
Term Deposits	-	-	-	-	-
Receivables	166,597	-	-	-	-
CONTRACTUAL FINANCIAL LIABILITIES					
Trade and other payables	971,110				
		(48,233)		48,233	

INTEREST RATE RISK

		-0.5%		+0.5%	
	CARRYING AMOUNT	PROFIT	EQUITY	PROFIT	EQUITY
2020	\$	\$	\$	\$	
FINANCIAL ASSETS	4,752,105	(23,761)	-	23,761	-
Cash and cash equivalent	-	-	-	-	-
Term Deposits	1,361,565	-	-	-	-
Receivables					
CONTRACTUAL FINANCIAL LIABILITIES	835,217				
Trade and other payables		(23,761)		23,761	

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 Railway continues to work through the legal issues surrounding the "Investigation into child sex offender Robert Whitehead's involvement with Puffing Billy and other railway bodies", there are still some aspects outstanding, as the child safe standards are being implemented. The quantum is yet to be finalised, and therefore the contingent liability is non-quantifiable.

The ETRB will have access to \$10,784,000 in grant funding, for the upcoming 2021/2022 years contingent on whether a range of operational and capital criteria can be met. Contingent asset for the same period last year was Nil (2020). Contingent assets for 2021 was Nil. For the same period last year was also Nil (2020).

NOTE 7.3 - FAIR VALUE DETERMINATION

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

The following assets and liabilities are carried at fair value:

- land, buildings, infrastructure, plant and equipment; and,
- investment properties.

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

The Emerald Tourist Railway Board determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

FAIR VALUE HIERARCHY

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

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

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

The Valuer-General Victoria (VGV) is the Emerald Tourist Railway Board's independent valuation agency (or) the Emerald Tourist Railway Board, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

HOW THIS SECTION IS STRUCTURED

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

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

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 8.3.1) and non-financial physical assets).

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

	2021	2020
PHYSICAL ASSET REVALUATION SURPLUS	\$	\$
Balance at beginning of financial year	42,276,552	42,276,552
Revaluation increments/(decrements)	27,417,189	-
Impairment losses		
BALANCE AT END OF FINANCIAL YEAR	69,693,741	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.

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

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners. Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

NOTE: 8.2.1 ADJUSTMENT TO PRIOR PERIODS RECLASSIFICATION OF GRANTS IN EQUITY

ETRB was recently requested by the State Government to adjust its accounting treatment for grants received historically in relation to the Puffing Billy Lakeside Discovery Centre and the Master Plan. This has resulted in a reclassification of these grants received in 2020 and 2019 from revenue to equity. This reclassification will ensure alignment with the State Government treatment of these grants. This has resulted in the following reclassification from Revenue and Accumulated Gains to Contributed Capital in the comparative 2020 period:

- \$240,000 received in 2019
- \$2.945.000 received in 2020
- \$3,145,000 total reclassification

Relevant comparative notes and statements have been adjusted to reflect this change and Note 8 demonstrates the movement to the previously reported Operating Statement, Balance Sheet and Cash Flow Statement.

IMPACT OF THE RECLASSIFICATION ON THE CONSOLIDATED OPERATING STATEMENT

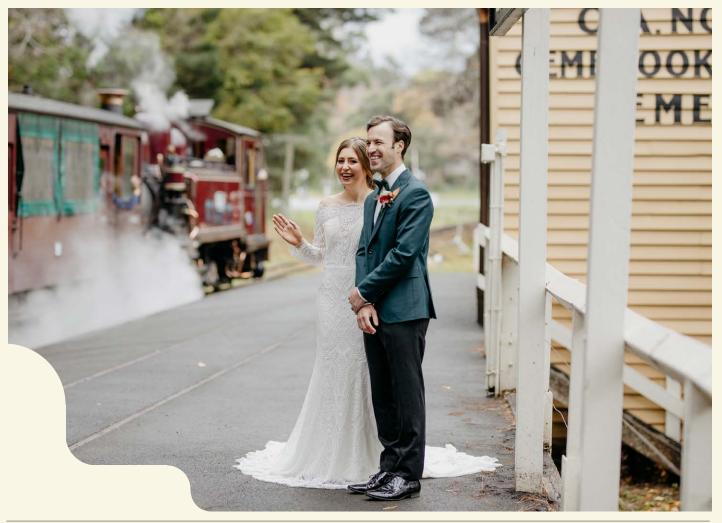
	2021	2020 RESTATED	CHANGE	2020 PREVIOUSLY REPORTED
INCOME	\$	\$	\$	\$
Revenue from Fares, Shops and External Contracts	2,461,667	11,159,306	-	11,159,306
Volunteer Labour Services Donated	1,282,515	4,506,932	-	4,506,932
Other Income	11,300,666	4,308,906	(2,945,000)	7,253,906
	15,044,848	19,975,144	(2,945,000)	22,920,144
TOTAL OPERATING EXPENSES	14,045,719	20,609,605		20,609,605
NET RESULTS FROM TRANSACTIONS	999,129	(634,461)	(2,945,000)	2,310,539
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT				
Net (loss) gain on Non-Financial Assets	1,273			
NET RESULT FOR THE YEAR	1,000,402	(634,461)		2,310,539
Comprehensive Other Income - Asset Revaluations	27,417,189	-	-	-
COMPREHENSIVE RESULT FOR THE YEAR	28,417,591	(634,461)	(2,945,000)	2,310,539

IMPACT OF THE RECLASSIFICATION ON THE BALANCE SHEET

	2021	2020 RESTATED	CHANGE	2020 PREVIOUSLY REPORTED
RECEIVABLES	\$	\$	\$	\$
Receivables	166,567	397,444	(1,200,000)	1,597,444
TOTAL RECEIVABLES	166,567	397,444	(1,200,000)	1,597,444
EQUITY				
Contributed Capital	30,625,115	19,346,115	1,985,000	17,361,115
Physical Asset Revaluation Surplus	69,693,741	42,276,552	-	42,276,552
Accumulated Gain	5,797,335	4,796,933	(3,185,000)	7,981,933
TOTAL EQUITY	106,116,191	66,419,600	(1,200,000)	67,619,600

IMPACT OF THE RECLASSIFICATION ON THE CASH FLOWS

	2021	2020 RESTATED	CHANGE	2020 PREVIOUSLY REPORTED
CASH FLOWS FROM OPERATING ACTIVITIES	\$	\$	\$	\$
Grants from Victorian Government Bodies	9,520,000	2,000,000	(2,945,000)	4,945,000
Other Cash Flows from operating activities	(3516,727)	19,570	1,200,000	(1,180,430)
NET CASH FLOWS FROM OPERATING ACTIVITIES	6,003,273	2,019,570	(1,745,000)	3,764,570
CASH FLOWS FROM INVESTING ACTIVITIES	(12,387,872)	(3,469,795)		(3,469,796)
CASH FLOWS FROM FINANCING ACTIVITIES				
Owner Contributions by State Government	11,279,000	1,745,000	1,745,000	
NET CASH FLOWS FROM/USED IN FINANCING ACTIVITIES	11,279,000	1,745,000	1,745,000	
Net Increase/(Decrease) in Cash and Cash Equivalents	4,884,401	294,774	-	294,774
Cash and Cash Equivalents at Beginning of the Year	4,752,105	4,457,331		4,457,331
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9,646,506	4,752,105		4,752,105



NOTE 8.3 RESPONSIBLE PERSONS

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

Responsible Minister: The Hon. Martin Pakula MP, Minister for Tourism, Sport and Major Events.

Accountable Officer: P. Abbott

Members of the Board as at 30th June 2021:

T. North QC appointed 22nd June 2018

D. Smith appointed 22nd June 2020

M. Mangos appointed 22nd June 2020

B. Clingin appointed 12th May 2021

REMUNERATION

Remuneration was paid to the four non Government Board Members during 2020/2021. Three of these members received a remuneration of \$20,000 for their services, while the remaining Director received \$40,000. The two Government representatives on the Board received no remuneration for their services. One outgoing Board member was also on a retainer of \$20,000 per annum. Actual amount received by each director was paid pro-rata to their appointment period with in the year.

The compensation details below excludes the salaries and benefits the portfolio Minister receives. The Minister's remuneration and allowance is set by the *Parliamentary Salaries, Allowances and Superannuation Act 1968*.

PERIOD	KEY MANAGEMENT PERSONNEL	POSITION TITLE
1st July 2020 to 31st January 2020	S. O'Brien	Chief Executive Officer & Accountable Officer
1st February 2021 to 30th June 2021	P. Abbott	Chief Executive Officer & Accountable Officer

COMPENSATION OF KMPS	2021	2020
	\$	\$
Short-term employee benefits	324,710	409,596
Post-employment benefits	22,213	38,521
Other long-term benefits	5,824	37,297
TOTAL	352,747	485,414

As consistent with the Victorian Public Sector Entity Executive Remuneration Survey

NOTE 8.4 REMUNERATION OF EXECUTIVES

	2021	2020
COMPENSATION OF EXECUTIVES	\$	\$
Short-term employee benefits	1,735,879	1,581,285
Post-employment benefits	148,993	162,071
Other long-term benefits	233,635	232,141
TOTAL	2,118,507	1,975,497
Total Number of Executives	12	11
Total Annualised Employee Equivalents	11.5	11

NOTE 8.5 RELATED PARTIES

Four of the eight Members of the Board are employees or Directors of other Government agencies. In June 2018, emergency executive processes were introduced, which requires all appointments to be made by the Governor in Council under the State Owned Enterprises Act 1992 on the recommendation of the Minister. These powers are in effect until governance changes are executed. Members of the Board are selected for their specialised skills to assist in stabilising the organisation and to ensure the objectives of the Ombudsman's recommendations are met.

The 50% Puffing Billy Preservation Society (PBPS) Executive contribution to the Railway as outlined under the Emerald Tourist Railway Board Act (1977) was replaced by government appointed board members by the Government in Council. This remains in effect. As a result, there is no PBPS executive related party connections with the Board in 2021.

The PBPS still maintain close ties with the Emerald Tourist Railway Board, however, other than the transactions of the Society disclosed elsewhere in this report, there were no other related party transactions. Members of The PBPS continues to provide a limited range services to the Railway.

The PBPS frequently has been an appreciated provider of grant funding in previous years. However, given the disruption of the COVOD-19 impacted year, the PBPS was unable to resume any significant fund-raising activity. As a result, no funds were received in the 2020/2021 year (2020: \$15,207) towards capital works in progress, as disclosed in Note 2. The Railway did not purchase any books and DVDs in 2021 (2021: Nil) from the PBPS Previously these were made available for sale at station kiosks.

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

NOTE 8.6 REMUNERATION OF AUDITORS

	2021	2020
VICTORIAN AUDITOR GENERAL'S OFFICE	\$	\$
Audit or review of the financial statements	13,700	12,500
TOTAL REMUNERATION OF AUDITORS	13,700	12,500

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 2020/2021.

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.

IMPACT OF COVID-19

The COVID-19 pandemic continues to create an unprecedented economic certainty. Actual economic events and conditions in the future may be materially different from those estimated by the Railway at the reporting date.

As responses by government continue to evolve, management recognises that it is difficult to reliably estimate, with any degree of certainty, the potential impact of the COVID-19 pandemic after the reporting date on the Railway, and its operations, future results and financial position. However, the ETRB has secured \$11.2m in operating funding for the 2021/2022 year to enable the Railway to navigate its way through the impacts of COVID-19.

NOTE 8.9 - GOING CONCERN

Notwithstanding the net current working capital position as of 30 June 2021 of \$8,692,958 (2020 - \$5,147,807) for the Emerald Tourist Railway Board, the financial report is prepared on a going concern basis. The Railway believes the going concern basis is appropriate, based on the following factors:

- 1. The State Government has committed \$11.2m of operational support for the 2021/2022 year. \$2.01m was received in advance in June 2020 to ensure cash flows were available for key operation at the commencement of the 2021/2022 year.
- 2. The Federal Government remains committed in providing the remaining \$1.65m of their \$5.5m commitment to the Puffing Billy Lakeside Discovery Centre over the 2021/2022 year.
- 3. The State Government remains committed in providing the remaining \$1.24m of their \$6.3m commitment to the Master plan projects over the 2021/2022 year.
- 4. The State Government provided a further \$275,000 in June for COVID critical projects over the 2021/2022 year.
- 5. The State Government issued a letter of support regarding their commitment to the Emerald Tourist Railway Board for the upcoming 2021/2022 year.

These factors provide the Railway with assurance and comfort that the going concern basis is appropriate for Railway in the preparation of this financial report.

NOTE 8.10 - AUSTRALIAN ACCOUNTING STANDING ISSUED THAT ARE NOT YET EFFECTIVE

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period. These accounting standards have not been applied to the Model Financial Statements. The Railway is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

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

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

The Emerald Tourist Railway Board is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact. Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the ETRB's reporting.

- AASB 17 Insurance Contracts.
- AASB 1060 General Purpose Financial Statements Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).
- AASB 2020-2 Amendments to Australian Accounting Standards Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.
- AASB 2020-3 Amendments to Australian Accounting Standards Annual Improvements 2018-2020 and Other Amendments.

NOTE 8.11- FOREIGN CURRENCY BALANCES/TRANSACTIONS

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in other economic flows in the comprehensive operating statement and accumulated in a separate component of equity, in the period in which they arise.

NOTE: 8.12 - 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

20xx year period20xx xx year period

The financial statements and notes are presented based on the illustration for a government department in the 2020 21 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 rearranged to reflect the Victorian Department of Treasury and Finance's new reporting format.



DISCLOSURE INDEX

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

Legislation	Requirement	Page reference		
Ministerial Directions & Financial Reporting Directions				
REPORT OF OPERATIONS				
CHARTER AND PURPOSE				
FRD 22H	Manner of establishment and the relevant Ministers	Page 3,4,50-53,116		
FRD 22H	Purpose, functions, powers and duties	Page 4,50-62		
FRD 8D	Departmental objectives, indicators and outputs	Page 4,42-62		
FRD 22H	Key initiatives and projects	Page 4,42-49		
FRD 22H	Nature and range of services provided	Page 15-49		
MANAGEMENT AND STRUCTURE				
FRD 22H	Organisational structure	Page 64-65		
FINANCIAL AND O	THER INFORMATION			
FRD 8D	Performance against output performance measures	Page 15-49		
FRD 10A	Disclosure index	Page 120		
FRD 12B	Disclosure of major contracts	Page 42-49,61		
FRD 15D	Executive officer disclosures	Page 115-116		
FRD 22H	Occupational health and safety policy	Page 26-27		
FRD 22H	Summary of the financial results for the year	Page 18		
FRD 22H	Significant changes in financial position during the year	Page 16-18,80-81,113-114		
FRD 22H	Major changes or factors affecting performance	Page 15-18		
FRD 22H	Application and operation of Freedom of Information Act 1982	Page 57,61		
FRD 22H	Details of consultancies over \$100 000	Page 60		
FRD 22H	Details of consultancies under \$100 000	Page 60		
FRD 22H	Disclosure of ICT expenditure	Page 60		
FRD 22H	Statement of availability of other information	Page 62		
FRD 24C	Reporting of environmental impacts	Page 47-49		
FRD 29B	Workforce Data disclosures	Page 19-21,28-29		
COMPLIANCE ATTESTATION AND DECLARATION				
SD 3.7.1	Attestation for compliance with Ministerial Standing Direction	Page 68		
SD 5.2.3	Declaration in report of operations	Page 68		
Financial statements				

DECLARATION

SD 5.2.2

Other requirements under Standing Directions 5.2			
Legislation	Requirement	Page reference	
Ministerial Directions & Financial Reporting Directions			
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 77	
SD 5.2.1(a)	Compliance with Ministerial Directions	Page 68-69	
SD 5.2.1(b)	Compliance with Model Financial Report	Page 77	
Other disclosures as required by FRDs in notes to the financial statements			
FRD 11A	Disclosure of Ex gratia Expenses	Page 118	
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 115	
FRD 102	Inventories	Page 96	
FRD 103H	Non Financial Physical Assets	Page 95-97,102-104	
FRD 110A	Cash Flow Statements	Page 76	
FRD 112D	Defined Benefit Superannuation Obligations	Page 84	
Note: (a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain			

Declaration in financial statements

requirements that are of the nature of disclosure.	·
Legislation	Page reference
Audit Act 1994	Page 4
Protected Disclosure Act 2012	-
Child Wellbeing and Safety Act 2005	Page 55
Public Records Act 1973	Page 56
Privacy and Data Protection Act 2014	Page 56
Freedom of Information Act 1982	Page 57,61
Financial Management Act 1994	Page 4,62,68,69,77,115

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