

PUFFING BILLY RAILWAY

ANNUAL REPORT 2019/2020



PUFFINGBILLY.COM.AU



ABOUT US

Puffing Billy Railway is Australia's foremost operating steam railway, and one of the largest narrow-gauge steam and heritage railways in the world. Its history spans a period of 120 years. Remarkably, for more than half that span, it has operated as a volunteer-based not-for-profit body. The Puffing Billy Railway is operated by the Emerald Tourist Railway Board (ETRB) which conducts services of up to six trains a day, every day except Christmas Day. This year the Railway carried 329,118 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 the Melbourne daily newspaper to farewell the Railway. The success of these specials brought about the formation of the Puffing Billy Preservation Society, which quickly reopened the Railway for the public to enjoy.

Unprecedented visitation from people across the 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 on the Railway, the organisation secured key funding from the State and Federal Government during the last financial year to commence the first of the Masterplan projects; the Lakeside Visitor Centre at Emerald Lake Park for 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 1977* with the authority to acquire the undertaking and the land, rolling stock, and other assets of the Victorian Railways Board which constitute the narrow-gauge steam railway and to take over the ownership, management, and control of the said narrow-gauge steam railway.

The Board is responsible for the preservation, development, promotion, operation and maintenance of the historical narrow-gauge steam railway. The Board is also responsible for the overall governance and strategic direction of the organisation. Staff and volunteers provide specialist services for our visitors and the Railway's knowledge base.

After the release of the 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.

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

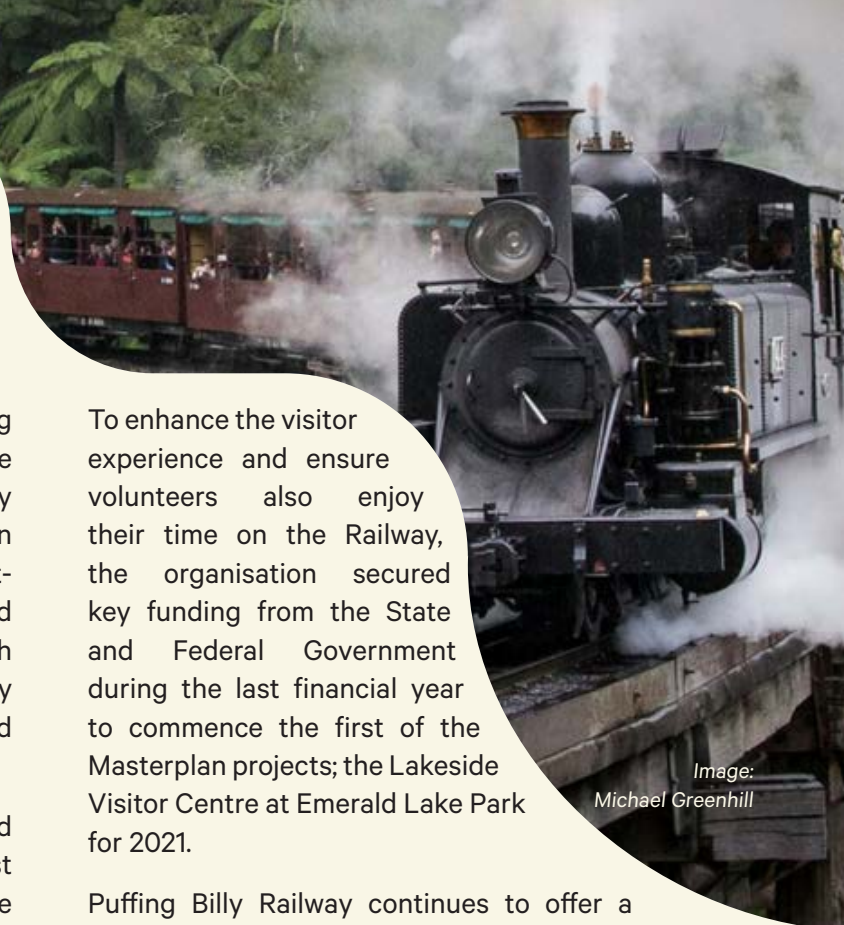


Image:
Michael Greenhill

OUR PURPOSE

To preserve and share Puffing Billy Railway, its stories, community, and environment.

OUR VISION

To preserve and share a world renowned, community-based heritage rail experience, which captures both the natural beauty and rich social history of Victoria's Dandenong Ranges.

OUR MISSION

We provide a unique opportunity for visitors to immerse themselves in our rich local history, environment, and communities; foster and harness the passion our volunteers and staff have for heritage rail or community interaction.

KEY ASPIRATIONS



Preserve cultural and heritage rail significance



Provide an iconic heritage rail experience for visitors



Achieve safety and operational excellence



Engage with our community, businesses and tourism partners



Commit to environmental sustainability



Lead an inspired people and a responsive, resourceful organisation



Sustainable future

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 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 President of Melbourne Rebels Rugby Union. Appointed: 22 June 2018.



CAMPBELL ROSE AM

Deputy Chair | Rail, Governance, Tourism

Chief Executive Officer of VicTrack. Seasoned Chief Executive Officer 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 Officer of Melbourne Major Events Company. Led successful 2006 Melbourne Commonwealth Games Bid. Appointed: 22 June 2018.



JAMES PINDER*

Director | Operational Risk and Asset Management

Mr Pinder is the former Chief Executive Officer of V/Line and has more than 35 years' experience in the rail industry, including as Managing Director and Owner at TXM Transform. General Manager Rolling Stock at Metro Trains Melbourne and Fleet Manager at Southern Railway in the UK. Appointed: 25 June 2019.

* Stood aside from the Board on his own request on 21 August 2020. (See page 53).



JUSTINE HEAZLEWOOD

Director | Records Management

Director of Public Record Office Victoria (PROV), the State's archival authority, and Victoria's fifth Keeper of Public Records. Worked for Public Office Record Victoria since 1999. Involved in initiatives to set national and international standards for recordkeeping across Victoria and Australia. Chair of Bendigo Regional Archives Centre of Management, Monash University Information and Knowledge Management Course Advisory Committee, Australasian Digital Records Initiative. Appointed: 22 June 2018.

MEMBERS OF THE BOARD



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. Appointed: 22 June 2018.



DIANNE SMITH

Director | Change Management

Ms Dianne Smith is the Chief Executive Officer at the Melbourne Chamber of Commerce since 2016 and held various senior positions including Chief Executive Officer of the Victoria Tourism Industry Council, Manager of Tourism Partnerships at Parks Victoria, and Chief Executive Officer of Ballarat Tourism. Dianne has a strong background in government relations, advocacy and communications, business and industry development and commercial operational management. Appointed: 22 June 2020.



MICHAEL MANGOS

Director | Stakeholder Engagement, Community & Governance

Director of Stakeholder Partnerships and Community Relations at Deakin University. Mr Mango’s core competencies include managing and influencing key stakeholders and customers, provision of strategic advice, and developing and implementing strategic plans and corporate communication strategies. Appointed: 22 June 2020.

OUTGOING MEMBERS OF THE BOARD



PAUL LAPPIN

Director | Finance, Legal, Governance

Experienced executive and non-executive director. Chairman of Bastion Reputation Management, Nico-Lab Limited and UCI projects, Director of Australian Grand Prix Corporation and Virgin Australia Fashion Festival. Trained accountant and auditor. Former Senior Manager at Price Waterhouse Coopers. Appointment period: 22 June 2018 to 21 June 2020.



ROGER CLIFTON

Director | Change Management

Experienced senior business strategist with extensive marketing and advertising skills for multiple sectors including FMCG, advocacy, institutional, retail, toys, fashion, fund raising, and tourism. Former Managing Director over four decades in local and Melbourne offices of multinational advertising agencies, including CCS Ogilvy & Mather of which he was a Principal. Chair of Victorian Veterans Council, Trustee Melbourne Shrine of Remembrance and Director William Angliss Institute. Appointment period: 22 June 2018 to 21 June 2020.



SECRETARY TO THE BOARD:

Angela Jamieson B.Bus, CPA, ACFE, AICD

All current Board members have been reappointed except Mr. Paul Lappin and Mr. Roger Clifton who could not continue due to other professional commitments. The Board welcomed new appointees in June 2020, Ms. Dianne Smith and Mr. Michael Mangos. The re-appointments and new appointments were approved by the Minister under the *State-Owned Enterprises Act 1992*.

EXTERNAL ADVISORS TO THE BOARD:

Peter Bingeman (Former CEO of Visit Victoria) - until November 2019

Ron Bria (Managing Director at LPMM Consultancy)

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

COMMITTEES AND OFFICERS OF THE BOARD

The Finance, Audit Risk and Compliance Subcommittee

Chair	P. Lappin
Members	J. Maddigan, R. Clifton
By Invitation	S. O'Brien, M. Jouvelet, A. Jamieson

The Operations & Safety Subcommittee

Chair	J. Pinder
Members	D. Matthews, R. Bria
By Invitation	S. O'Brien, V. Ducrow, J. Bell, P. Essig, D. Gadsden, A. Jamieson

Volunteer Engagement Subcommittee

Chair	J. Maddigan
Members	Relevant Board Members as appropriate
By Invitation	S. O'Brien, D. Gadsden, E. Oxworth, S. Corbier, A. Jamieson

Corporate Culture, Ethics, Remuneration & Succession Planning Subcommittee

Chair	T. North QC
Members	J. Heazlewood, J. Maddigan
By Invitation	S. O'Brien, D. Gadsden, E. Oxworth, A. Jamieson

COMMITTEES AND OFFICERS OF THE BOARD

Lakeside Visitor Centre Project Governance Group

Chair	C. Rose AM
Members	J. Pinder, R. Clifton, P. Lappin
By Invitation	S. O'Brien, B. Butler, M. Jouvelet, A. Jamieson, D. Gadsden
External Attendees	A. Vafaei, R. William, N. Byrne

Commercial (Marketing & Tourism) Subcommittee

Chair	R. Clifton
Members	J. Pinder
Special Advisors	P. Bingeman (Former CEO of Visit Victoria) - until November 2019
By Invitation	S. O'Brien, N. Giurgiu, E. Hutchinson, A. Jamieson

COMMITTEES AND OFFICERS OF MANAGEMENT

Information Management Steering Committee

Chair	A. Jamieson
Members	J. Heazlewood, J. Ellis, S. O'Brien, D. Smith, M. Jewell, D. Gadsden, M. Jouvelet

Asset Management Steering Committee, as at 30 June 2020 comprised the following:

Chair	S. O'Brien
Members	M. Jouvelet, B. Butler, P. Essig, J. Bell, J. Clowes

Risk Register Program Steering Committee

Chair	S. O'Brien
Members	A. Jamieson, D. Matthews, D. Gadsden, N. Giurgiu, J. Clowes

Volunteer Recruitment and Retention Steering Committee

Chair	D. Gadsden
Members	S. O'Brien, S. Corbier, A. Jamieson, N. Giurgiu, E. Hutchinson, J. Clowes, E. Oxworth, V. Ducrow, P. Essig, J. Bell, M. Collopy

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, B McKenzie, S O'Brien.

Rail Safety Committee

Chair	V. Ducrow
Members	S. O'Brien, D. Woodward, L. Campbell, P. Essig, D. Clowes, J. Clowes, J. Bell, S. Morrison, A. Wheatland, B. McKenzie

ETRB ONRSR Co Regulatory Meeting

Chair	V. Ducrow
Members	D. Woodward, L. Campbell, T. Doffay (ONRSR), T. Ayres (ONRSR)
Invitees	Other PBR Managers/Delegates and ONRSR Managers/Rail Safety Officers as appropriate

Volunteer Representative group

Chair	D. Gadsden
Members	T. Cotter, S. Condon, J. Goodwin, S. Bartley, A. Scott, P. Harcourt, J. Park, A. Blinks, P. Candela, R. Richards, D. Horsburgh, M. Dunkley, S. Corbier
Invitees	R. Nivas

Young Volunteer Representative Group

Chair	J. Park
Members	H. Wood, L. Osbourne, 3 vacant positions

COMMITTEES AND OFFICERS OF THE BOARD

Leadership Team as at 30 June 2020

Chief Executive Officer and Accountable Officer	S. O'Brien
Manager, Finance	M. Jouvelet
Group Manager, Visitor Experience	N. Giurgiu
Manager, Infrastructure	B. Butler
Manager, Engineering	P. Essig
Manager, Safety	V. Ducrow
Manager, Human Services	D. Gadsden
Company Secretary	A. Jamieson

Management Officers as at 30 June 2020

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	D. Smith
Manager, Human Resources	E. Oxworth
Information and Archive Coordinator	M. Jewell
Manager, Commercial	J. Cranton
Manager, Way & Works	J. Bell
Infrastructure Buildings Coordinator	N. Adams

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, 2020.

The report is prepared in accordance with all Victorian legislation.



Image: Dean Gifford

CHAIRMAN'S REPORT



Image: Dean Gifford

2020 THE YEAR OF CHALLENGES

These are extraordinary times. Due to the coronavirus (COVID-19) pandemic lockdown, Puffing Billy Railway had to mandatorily close its passenger operations for the first time since it reopened some 58 years ago.

2020 will be a year remembered in history for the global impacts of the coronavirus (COVID-19) pandemic. This period will also be remembered in Australia for the severe bushfires in December 2019 which decimated many communities in Victoria and New South Wales.

The Board and Management offer their condolences and thoughts to the families and communities impacted by the fires and coronavirus (COVID-19) pandemic. It commends the medical profession, fire fighters, the SES and the volunteers who have put their own lives at risk during these times including many of our own Puffing Billy Railway volunteers and staff who form part of fire brigades and the SES in the local communities. The Puffing Billy Railway provided financial support to the local fire brigade in recognition of the work they have done and will continue to do.

Prior to the coronavirus (COVID-19) pandemic Puffing Billy Railway had already encountered a decline in passenger numbers as a result of reduced and or cancelled services due to severe weather conditions and total fire ban day requirements. Then the total closure of all passenger services was implemented from 23 March 2020 to meet the coronavirus (COVID-19) State and Federal Government restrictions.

As Puffing Billy Railway is designated to be a self-funded Public Entity, and due to these unprecedented times, no income could be generated from 23 March 2020. The Victorian Government has stepped in to provide relief funding until the end of June. Further short to medium term funding options continue to be considered by the State Government.

During this financial year the Board was required to adapt its strategy to accommodate the extreme risks to lives and property and the broader issues faced by the railway, including financial, health and safety, employment, volunteer, and associated risks.

Putting aside the impacts of coronavirus (COVID-19) and the bushfires, in the first half of the financial year the Railway was on track to meet all operational and strategic requirements in accordance with proposed timeframes.

The Puffing Billy Railway financial position was sound prior to these events. It had sufficient reserves to self-fund operations through the initial impact period that is until the end of May at which point the State Government relief funding was critical to support ongoing skeleton operations.

The Board's actions over the year have involved overseeing a significant change management program. Some key change management program activities and achievements are discussed later in this report.



OUR PEOPLE

I wish to acknowledge the substantial comprehensive work undertaken by the Management team, not only with the bushfire issues and the coronavirus COVID-19 pandemic but in the significant 2 year period of substantial change in the operation of Puffing Billy Railway. This has meant that our Management team has risen to all challenges that have been placed in front of them, in order to ensure that Puffing Billy Railway has a bright future.

Our dedicated and passionate volunteers continue to support the operations of the Railway, the work they perform is invaluable. An annual volunteer 'thank you dinner' was held at the Menzies Creek Museum. Despite the inclement weather there was a large turnout of volunteers and representatives from Management and the Board.

A Volunteer Representative Group has now been formed. This group together with the Young Volunteer Representative group will liaise with the Board on a regular basis to raise and address various volunteer matters.

The Management team are continuing to program work to improve the volunteer amenities along the railway corridor.

The volunteers have been severely impacted by the closure of the Railway in March, as they have been unable to fulfil their passion for supporting our Railway and were unable to be with their long standing colleagues and friends. For many volunteers, the

regular commute to Belgrave and or other stations along the Railway corridor has occurred for decades. So, I am sure this has left a significant void in their daily lives. I am pleased to say that the Human Services team have been in regular contact with the volunteers during the coronavirus (COVID-19) period.

The Board and Management look forward to the time we can welcome back the volunteers, of course in a coronavirus (COVID-19) safe environment and in accordance with relevant government guidelines.

The Human Services team held 'Behind the Scenes' Volunteer Recruitment Programs. This year the uptake was exceptional, but unfortunately due to coronavirus (COVID-19) the induction programs have been put on hold until further notice.

Our management and staff at Puffing Billy Railway have also been impacted by the closure of the passenger operations. Most have been working from home since the restrictions were put in place. For some it was imperative to continue to work onsite, but of course this was and continues to be carried out in compliance with social distancing and cleaning requirements.

In other instances, staff whose work relies specifically on passenger operations were offered short term secondments and or placed on a redeployment register through the Department of Jobs, Precincts and Regions.

As soon as restrictions are eased, we will look forward to welcoming our people back on site.

VISITOR EXPERIENCE

The construction of the Lakeside Visitor Centre is well under way and is still scheduled to be completed in early 2021. This is an exciting project for Puffing Billy Railway which has been funded by both the Federal and State Governments. The facility will provide a central point for visitors to socialise and to engage with the history of the Railway. It will also open up the railway track and enable more services on the Gembrook line which will enhance the visitor experience.

OMBUDSMAN'S COMPLIANCE

The Board and Management continue to work very hard to ensure the full recommendations contained in the June 2018 Ombudsman's report 'Investigation into child sex offender Robert Whitehead's involvement with Puffing Billy Railway and other railway bodies' relevant to the Emerald Tourist Railway Board are implemented and have become ingrained in the new culture of the organisation. The Board were required to provide a further progress report to the Ombudsman's office in April 2020. The Ombudsman subsequently accepted all elements of this progress report. The Board are pleased with the efforts made by Management to date and obviously further work and enhancements will continually be made.

- A formal apology by the new Emerald Tourist Railway Board to any volunteer at Puffing Billy Railway who became a victim of child sexual abuse perpetrated by Robert Whitehead or any other adult member of Puffing Billy Railway was placed on the Puffing Billy Railway website on 27th November 2019. The publication of the Emerald Tourist Railway Board apology aligned with the State Government public apology which occurred in Parliament on the same day.
- The Children and Young People Commission completed an audit on the implementation of the Child Safe Standards at Puffing Billy Railway. An audit report was provided to the Board in late April 2020. This report has identified some ongoing requirements and some additional recommendations.

The new Board continue to take these matters very seriously and will ensure such recommendations will be implemented and adhered to in a timely manner.

- We are assisted by Directors and representation by having the Director and Keeper of Public Records, Public Office Record Victoria, appointed to the new Board in June 2018.

In 2018, the Board engaged two external consultants relating to Railway records, each provided a report to the Board in 2019. The Board endorsed the 22 recommendations across the two reports.

In December 2019, the Board employed an Information Management and Archive Coordinator to lead implementation of the consultants' recommendations.

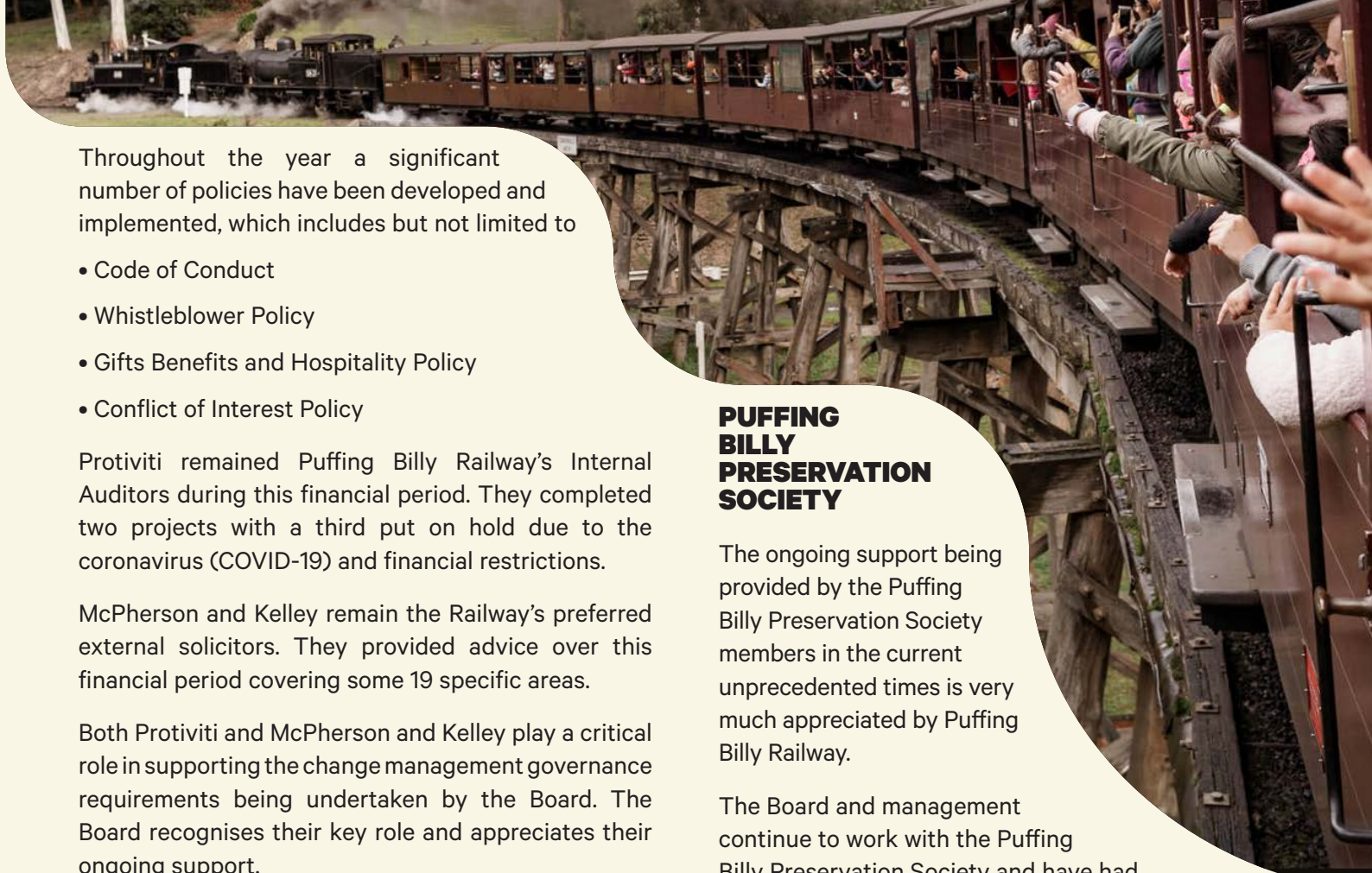
The Board has also established a governance structure for information management and approved an Information Management Policy and Corporate Archives Policy during this financial year.

- The Department of Jobs, Precincts and Regions on behalf of the Minister and in accordance with an Ombudsman Recommendation commissioned Price Waterhouse Coopers to complete a governance review of the Emerald Tourist Railway Board. Following the delivery of a Price Waterhouse Coopers Report to the Minister, all recommendations were accepted. Key directives have been made to improve the governance of the Puffing Billy Railway. These are publicly described as the Four Pillars of Separation that is: 1) Emerald Tourist Railway Board Structure; 2) Emerald Tourist Railway Board Board Separation; 3) Management and Function Separation; and 4) Asset Separation. The Board will continue to work with the Department to deliver on these 4 pillars.

REGULATORY REQUIREMENTS

Our relationship with our key regulator Office of the National Rail Safety Regulator remains strong. The Management team have been working closely with Office of the National Rail Safety Regulator in relation to the 'sitting on the sill' trials. This risk management work is critical to support and bring back tourism to Puffing Billy Railway and to improve the visitor experience. The Board believe this trial can be finalised shortly and be re-assessed for any operational activity when the Railway reopens its doors to passengers, obviously subject to meeting Office of the National Rail Safety Regulator requirements.

Statutory obligations continue to be met, with ongoing enhancements and developments to the Railway in line with the new governance requirements which form part of the broader Board change management program.



Throughout the year a significant number of policies have been developed and implemented, which includes but not limited to

- Code of Conduct
- Whistleblower Policy
- Gifts Benefits and Hospitality Policy
- Conflict of Interest Policy

Protiviti remained Puffing Billy Railway's Internal Auditors during this financial period. They completed two projects with a third put on hold due to the coronavirus (COVID-19) and financial restrictions.

McPherson and Kelley remain the Railway's preferred external solicitors. They provided advice over this financial period covering some 19 specific areas.

Both Protiviti and McPherson and Kelley play a critical role in supporting the change management governance requirements being undertaken by the Board. The Board recognises their key role and appreciates their ongoing support.

WORKING WITH THE BROADER COMMUNITY

The Board embraced the opportunity to partner with Swinburne University of Technology to mentor Master of Corporate Governance students. The students completed a project 'Review of Subcommittee Charters'. The Board acknowledged their great work and provided to the University a monetary gift for distribution to the students for their outstanding contribution to Puffing Billy Railway.

Throughout the year the Board have been working closely on various matters with the Minister, the Department of Jobs, Precincts and Regions, local Members of Parliament and Councils.

Puffing Billy Railway has also re-engaged with commercial associations and businesses to ensure collaboration of appropriate business opportunities with the local communities across the Dandenong Ranges.

PUFFING BILLY PRESERVATION SOCIETY

The ongoing support being provided by the Puffing Billy Preservation Society members in the current unprecedented times is very much appreciated by Puffing Billy Railway.

The Board and management continue to work with the Puffing Billy Preservation Society and have had many discussions over the past year with the Executive Committee in relation to the way in which we will engage and work together in the future.

The Board would like to acknowledge the Puffing Billy Preservation Society Executive Committee for their ongoing voluntary hard work in this period of significant change across Puffing Billy Railway specifically:

President - Anne MacLeish

Vice-President - Ben van der Linde

Secretary - Gareth Hunter

Executive Members

Jenny Baker

Andrea Coffey

Dylan Haywood

Graeme Kidgell

Phil Matthews

Rob McUtchen

The Board and management would also like to acknowledge and thank the Puffing Billy Preservation Society members who are also ETRB volunteers for their continued dedication and passion to support the Railway operations and to ensure it is sustainable into the future.



BOARD APPOINTMENTS

The current structure of the Emerald Tourist Railway Board was adopted in June 2018, with inaugural members appointed for a period of two years. Over this time, the Board members have been committed and dedicated to ensuring Puffing Billy Railway continues to be recognised as a heritage railway and iconic tourist attraction.

I would like to acknowledge the commitment displayed during their first term as Board members of each of the following; Campbell Rose AM, Judy Maddigan, James Pinder, Justine Heazlewood and advise they have agreed to be reappointed in order to finish the significant work which has been done so far following the recommendations of the Ombudsman and the directions of the Minister. We look forward to working together forming a new Board for the second term.

The Board members have worked tirelessly to support me as the Chairman, to deliver on the Minister's expectations, the Ombudsman's recommendations, and the recent Price Waterhouse Coopers governance review recommendations. In addition, they have been pivotal in overseeing and assisting Management with the strategic operational requirements.

The change management program is extensive, but a lot has been achieved over the past two years for which I am truly grateful for the time the Board members have made available to contribute to this work.

I would specifically like to thank on behalf of the Board the services provide by Paul Lappin and Roger Clifton

who due to other competing professional commitments are not able to continue with their Emerald Tourist Railway Board membership after 2020.

They each chaired a Board Subcommittee, the Finance Audit Risk and Compliance and the Commercial (Marketing & Tourism) respectively and were also members of other subcommittees. Their wealth of experience and expertise has assisted the Railway not only in these areas, but more generally in implementing the change management program.

The Board welcomed new appointments in June 2020. The re-appointments and new appointments were approved by the Minister under the *State Owned Enterprises Act 1977*.

A full review of the *Emerald Tourist Railway Act 1977* is being undertaken by the State Government.

I would also like to thank the staff once again for their continued dedication and contribution to the Puffing Billy Railway. They have embarked on this large Board change management program and are being led by the CEO, Steve O'Brien.

In addition to this already extensive program of work they have been required to adjust to the requirements governed by the coronavirus (COVID-19) restrictions, which at times has been challenging, but they have shown strong leadership to manage the imminent risks.



RE-OPENING OF THE RAILWAY

The Board and Management team are continuing to work behind the scenes to formulate and implement a strategic recovery program to lead the Railway out of the coronavirus (COVID-19) pandemic period and the associated government restrictions.

The Board is committed to re-opening Puffing Billy Railway to local and international patronage in accordance with the easing of Government restrictions and ensuring the Railway will continue to be a sustainable historical Railway and iconic tourist attraction.

I as the Chair of the Board look forward to making this happen in the coming year and working with all our people for the reinvigoration of the Puffing Billy Railway.

TIM NORTH

Chairman Puffing Billy Railway

17 November 2020

CEO'S REPORT

EMERALD
GEN OF THE HILLS



Image: Karen Gunn

The past year has been an extremely challenging one for Puffing Billy Railway and I would like to first and foremost acknowledge the valuable contribution by our staff, volunteers, and Board members. The willingness of all who showed support for those impacted by the devastating bushfires, followed by coronavirus (COVID-19), has been nothing short of inspiring.

These unprecedented times provide us with the greatest opportunity for change and improvements the Railway has ever had in its 120-year history.

Our visitor numbers this financial year were down to 329,118 visitors, equivalent to those of 2012. Locked international borders gives us a great opportunity to attract our domestic market, with more attractive offerings at affordable pricing and the return of Puffing Billy Railway's unique sitting on the sills experience.

Over the last financial year, the Board and Management continued to work together to transform the organisation and address critical areas. In 2019, the Board adopted a four-year Strategic Plan that was supported by Management's Annual Business Plan. The Strategic and Business Plans were designed to continue to build on the 10-year Masterplan, whilst ensuring clarity on our priorities were achievable and measurable. We also shifted to a four-year recurrent budget and capital works plan, aligned with the Strategic Plan priorities.

It has been a big year of achievements, some of which include:

- An organisational restructure that aligns all the highly interdependent departments critical for train and passenger operations into one group.
- Commencing the construction of our \$20M state-of-the-art Lakeside Visitor Centre at Emerald Lake Park. Designed to be a new hub that will enhance the journey across all sections - for our visitors, volunteers, and staff.
- Completing Customer Centric Research to understand the existing and future Puffing Billy Railway customer. A proposal was then presented to adjust services and product offerings that better aligned with the visitor experience, which also included refreshed branding for Puffing Billy Railway.
- An update to the Bushfire Readiness plan, which now outlines the processes that have been undertaken throughout the year to keep risks low, understand when it is safe to continue to operate, and inform and coordinate those that may be involved in the event of a need to respond.
- The adoption of a Volunteer Commitment Policy, which included the establishment of a Volunteer Representative Group. The group will ensure volunteers remain engaged and are included in the future decisions and direction of the organisation.
- The launch and opening of the Menzies Creek Museum to the public, which houses over 80 exhibits, including rare operational steam and diesel locomotives, carriages, and an operational boiler house. Additionally, the Museum also features a brand-new food and beverage offering with the Little Toot Café.



- The completed construction of three boom gates at level crossings to make the experience safer and support the return of sitting on the sills. The Railway also continued to work with the Board and Regulators on a comprehensive risk management plan to gain confidence and approval in returning this unique aspect of the experience.
- The introduction of holistic oversight to asset management and migration to one advanced management system.
- The introduction of more locally sourced product offerings to give visitors a better regional experience.
- Developing and launching a Partnership program that focuses on collaborating and showcasing local tourism businesses within the region.
- Strong progress with delivering on the Board directions for implementing the Ombudsman's recommendations, which include the introduction and training of the Child Safe policy and procedures, resourcing and development of best practice records and archives management and access.
- Preservation of the narrow-gauge steam railway is one of our core responsibilities, and, in consultation with our volunteers we have developed a plan to establish a new Heritage Advisory Panel to provide advice to Management and the Board on heritage conservation and interpretation. The Panel will be established once restrictions are adequately lifted and made up of knowledgeable volunteers, historians and specialist.

- Prepared a framework for the preparation of the Operational Plan designed to ensure a holistic, coordinated and balanced provision of rolling stock, rail infrastructure, passenger facilities, stabling and resources to run services required to meet targeted demand.

We are now focusing on our post coronavirus (COVID-19) Recovery Plan. Our key focus is safeguarding our workforce, neighbours and visitors as well as our economic recovery to return to a self-sustainable position as soon as possible.

This change, while a big adjustment for all, will provide opportunities for the Railway, including elevating the standard of services and the resulting experience whilst resources are high and demand is low; accelerating the transformation from a growth model to a total visitor experience model; partnering up with regional, complimentary businesses to enable unique Yarra Valley and Dandenong Ranges experiences. Our aspiration as an exemplar child safe culture is even more possible.

We will be following expert health and government advice and taking a careful and measured approach about which activities can resume and when. Our plan is to gradually reintroduce different services such as the Menzies Creek Museum and short, more affordable trips to attract the domestic market.

STEVE O'BRIEN

Chief Executive Officer Puffing Billy Railway

17 November 2020



YEAR IN REVIEW AND FINANCIAL STATEMENTS

Image: Dean Gifford

THIS YEAR'S REPORT ON OPERATIONS

Patronage for 2019-2020 (the 58th year of operation since re-opening in 1962) was 329,118 - a decline of 158,130 (32%) passengers compared to 2018-2019. This reflects a year marred by major bushfires and public health closures enforced nationally and internationally due to the coronavirus (COVID-19).

The Railway is scheduled to run every day (except Christmas day). Extreme weather conditions, including bushfires in the Gembrook district for a second year in a row, plus the three-and-a-half-month closure of the Railway due to the coronavirus (COVID-19) resulted in a substantial amount of days where the Railway was closed. The large bushfires stretched from Eastern Gippsland, through NSW and QLD, made touring within Australia an unattractive position throughout December and January, impacting patronage well before coronavirus (COVID-19) closed the Railway.

The Railway operated for 262 days (362 days last year) and completed 1,234 revenue earning return trips in 2019-2020. Trips included scheduled daily excursion trains, charter trains, lunch time Steam and Cuisine trains, Dinner Trains, "Day Out with Thomas" trains, Murder Mystery and Jazz trains, Footplate Experience trains and various special events trains.

A total of 96% train kilometres, including non-passenger train kilometres, were steam hauled (99% in 2019). Non-steam train kilometres were mostly diesel-hauled works trains and diesel-hauled passenger trains operating on total fire ban days during the fire season. Additionally, 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 were 53,029 - down 26% on the 38,981 kilometres travelled in 2019. This is a strong efficiency result, tracking in line with last year's record result.

FINANCIAL POSITION AND BUSINESS REVIEW

The operations of the Board after depreciation and grants resulted in a net profit for the year of \$2,310,539 compared with a Net Profit of \$1,099,273 in the previous year on a like for like basis.

No significant asset revaluations were performed in 2020. Deficit before depreciation and grants was \$2,668,048 compared with a surplus of \$1,885,885 in the previous year. Operational revenue was significantly reduced due to an unparalleled sequence of natural and social disasters caused by bushfires and the coronavirus (COVID-19) pandemic. International borders were closed, and the domestic movement of people was severely restricted leading to an unprecedented extended reduction in patronage and the closure of the Railway in response to Government restrictions.

The unfavourable financial position reflects both these events and their impact on the Emerald Tourist Railway Board. With the assistance of the Victorian Government, it is envisaged the Railway will open once social distancing measures are eased and commence its road to recovery.

GRANTS FROM GOVERNMENT BODIES

In the 2017/2018 financial year, both the Federal and State Governments have pledged a combined amount of \$13.7mil to the construction of the new Puffing Billy Lakeside Visitor Centre. The Emerald Railway Tourist Board is now two years into this project, receiving \$2.9mil from the State Government and \$1.9mil from the Federal Government as part of this Grant. This project is scheduled for completion in 2020/2021 financial year.

With the trading difficulties confronting the tourism industry, many operators like Puffing Billy Railway were severely weakened by the impact of the bushfires and coronavirus (COVID-19). In June 2020, the State Government provided the Emerald Railway Tourist Board with an initial \$2mil grant to assist with its operational cash flows and support its workforce during the coronavirus (COVID-19) pandemic.

The coronavirus (COVID-19) pandemic has also led to a slight deferment of the State Government's \$6.3mil pledge towards the Railways' other Masterplan initiatives. This is planned to be rolled out over the next two years.

OPERATIONAL PERFORMANCE

On a like for like basis, the result was achieved on gross income of \$18,413,212* (\$17,328,299 in 2019) less total expenditure of \$16,102,673 (\$16,253,212 in 2019) and represents a return of 3.4% (1.7% in 2019) on equity of \$67,619,617 (\$65,309,278 in 2019).

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 2.6% compared to the previous year, primarily due to passenger number decreases across the international and domestic market. Average ticket revenue per passenger increased by 3%, to \$30.20 from \$29.19. This was driven by a change in operating revenue mix. As the discounted international packaged one-way fares closed at the beginning of February, fares prices shifted to the premium domestic return journey until the Railway closed in mid-March. Last year's rate rise deferral fare increased due to the release of the Ombudsman's report. This year's selective and minor price in the face of declining patronage has challenged the organisation considering a steady rise in both operating and compliance costs.

As a result, the 2020 result was not able to benefit from a rate increase this year.

Total expenses year-on-year increased by 1%, compared to the 29% decrease in operational revenue. The 2019/2020 was to be a continuation of the two-year stabilisation and compliance program. Unfortunately, the increased costs in doing so during a market in rapid decline has not been economically compatible. In a post coronavirus (COVID-19) world, the organisation remains committed to compliance, safety and building a better tourist railway experience for the Victorian people and are seeking other opportunities to deliver these programs over the long term.

The Puffing Billy Preservation Society contributed grants of \$15,207 this year (\$314,697 in 2019). The Puffing Billy Preservation Society continues to be a generous benefactor to the Emerald Railway Tourist Board contributing to numerous restoration and infrastructure projects throughout the years.

IMPACT OF CORONAVIRUS (COVID-19)

In response to the coronavirus (COVID-19) pandemic, International border restrictions effectively closed international travel at the beginning of February 2020. The Railway was closed to all domestic travel just one month later. With greatly reduced revenues for February and March, the final three months generated no fare or commercial revenue at all. The loss of these key cash inflows has caused a significant disruption to the organisations' profitability and cash flows. As a result, the Victorian Government has come to the ETRB's assistance in June 2020 providing key operational funding of \$2 million.

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

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

*Excludes contributions from volunteers

FINANCIAL POSITION – BALANCE SHEET

ASSET REVALUATION

Assets are anticipated to be revalued as part of the five-year Valuer General's revaluation cycle in 2020/21. No further asset revaluations were deemed to be necessary in 2019/20. The Valuer General's Land Indexation tables did not recommend an increase for the rural land along the Emerald Tourist Railway Board's rail corridor.

CASH FLOWS

Cash, cash equivalents and term deposits represent all cash either deposited in bank accounts or held as physical cash on premises. In 2020, these combined amounts declined by \$4,896,544 (2019: \$1,180,579 decrease). This was caused by a reduction in operating activities during the year, driven by four months coronavirus (COVID-19) impacted operational closures. Refer to the five-year summary.

CAPITAL PROJECTS /ASSET INVESTMENT PROGRAMS

CAPITAL EXPENDITURE

Capital works expenditure in 2019/2020 increased by \$4,831,892 from \$3,829,216 to \$8,661,108. Refer to note 4.1.3.

Capital works expenditure in the current year, was funded internally or by the Puffing Billy Preservation Society, the Federal Government and the State Government and included:

- The completion of restoration of Garratt locomotive NGG16-129
- Construction of the new NBH carriages
- The construction of the Lakeside Visitor Centre
- Installation of key boom gates
- Sitting on the sill carriage modifications
- Operational completion of the Menzies Creek Museum

FIVE YEAR FINANCIAL SUMMARY	2020	2019	2018	2017	2016
Total income from transactions	22,920,144	17,328,229	16,681,490	15,706,964	13,246,787
Total expenses from transactions	20,609,605	16,253,212	15,218,466	13,150,252	10,822,849
Net result for the year	2,310,539	1,075,017	1,466,517	2,556,512	2,423,938
Asset revaluations	-	-	-	-	2,556,512
Comprehensive result for the year	2,310,539	1,075,017	1,466,517	2,556,512	4,980,450
Net cash flow from operating activities	3,764,570	2,624,380	3,790,269	4,505,951	3,778,992
Total assets	70,405,184	68,031,197	66,791,767	65,145,980	62,378,280
Total liabilities	2,785,567	2,722,120	2,581,962	2,402,693	2,191,505
Volunteer value in Income and Expenses	4,506,932				
Days operated	262	362	360	364	362
Passengers	329,118	487,543	510,128	487,237	417,155
Revenue trips	1,234	1,837	1,849	1,910	1,891
Fare revenue per passenger	\$30.20	\$29.19	\$28.38	\$27.68	\$26.72

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 2019	62	38	100
Commenced during year	15	6	21
Sub Totals	77	44	121
Departures	13	5	18
As at 30 June 2020	64	39	103

In addition to the 19 casual employees to assist with seasonal peaks (2019-21). New governance arrangements continued to see the addition of new roles within full time and part time categories.

The impact of the bushfires and coronavirus (COVID-19) meant less seasonal workers were required for casual positions.

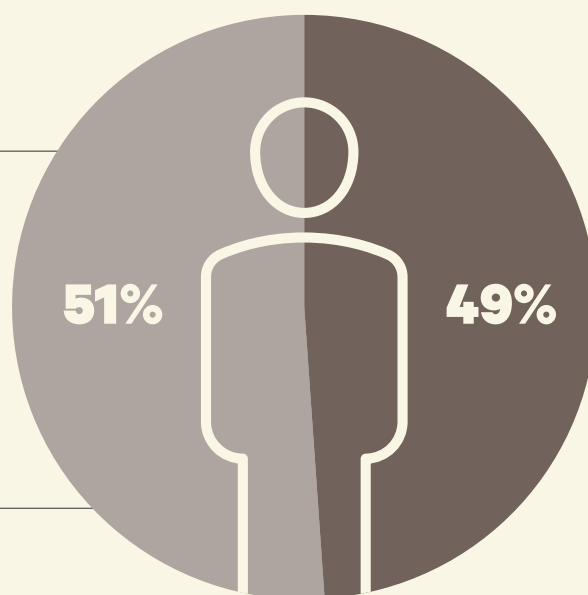
The table above excludes casuals and our seven directors.

GENDER DIVERSITY

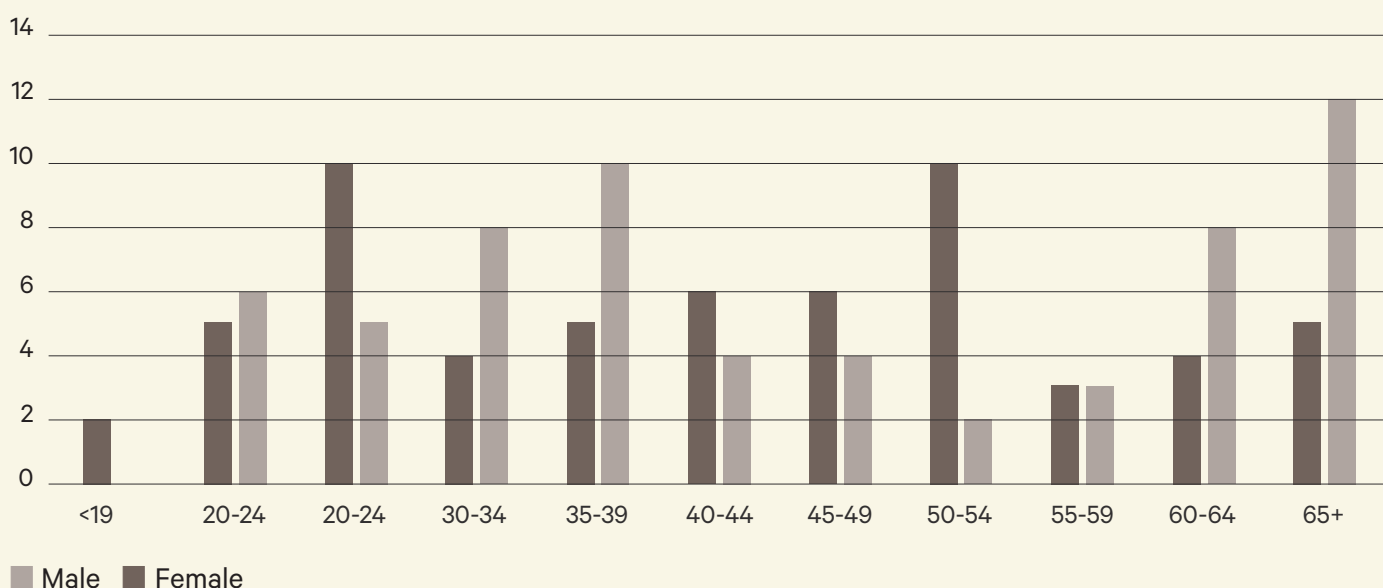
Female participation has increased by 2%.

Male participation has declined.

■ Male ■ Female



AGE DIVERSITY



Puffing Billy Railway continues to support an aging demographic and a range of entry level positions.

VISITOR EXPERIENCE

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.

MARKETING AND COMMUNICATIONS

The 2019-2020 financial year presented unprecedented challenges for the organisation with two major crises significantly impacting visitation. The Australian bushfire emergency in early January 2020 caused a severe smoke haze for several days in Melbourne and received extensive global negative media attention, and the coronavirus (COVID-19) pandemic, which resulted in Puffing Billy Railway closing on 23rd March 2020.

During the year, we celebrated several key milestones, including the commencement of construction of the new \$20 million Lakeside Visitor Centre in Emerald and the opening of our much-anticipated Menzies Creek Museum.

Puffing Billy Railway welcomed a total of 329,118 passengers.

OVERVIEW

The first two months of this year started strong with visitation exceeding the budget. A softening in the international tour group market and domestic market in the second quarter of 2019, combined with the Australian bushfires, resulted in an overall decline in visitation pre - coronavirus (COVID-19). The temporary ban on the practice of sitting on the carriage sills continues to impact domestic visitation.

Following the release of the Ombudsman's report in July 2018, the Victorian Government delivered its formal public apology in Parliament House on the 27th November 2019, receiving statewide media attention.

KEY GOAL	MEASURE	RESULT
Develop and share our interpretation of personal human stories of the Railway through the experiences of its communities and its social contribution to the Dandenong Ranges region.	• Interpretative stories for the Lakeside Visitor Centre	■
Enhance relationships with key stakeholders	• Development of a stakeholder and community engagement plan to build on relationships and seek mutual benefits	■
Enhance the experience of going back to the Era of Significance	• Brand identity and strategy completed by February 2020	■
Build on relationships and seek mutual benefits with the local community and businesses.	• Develop and implement partnerships program	■
Implement our plan to shift from pure growth in numbers to improved visitor experience and valued complementary services.	• Achieve 520,000 visitors • Growth in domestic market of 35,000.	■ ■

Completed ■ In progress ■ Not Completed ■



DOMESTIC MARKETING

We welcomed 108,707 domestic visitors, with 59,682 travelling on a family fare. Domestic visitation made up 33% of overall bookings, with 81% being intrastate visitors and 19% interstate.

Key domestic activities included:

- The implementation of a mid-week promotion and Kids Town activation for the winter school holidays. We achieved a 75% increase in ticket sales to Gembrook compared to the same period last year.
- Partnering with the Tesselaar Tulip Festival for a joint cross-promotion across the spring school holidays, along with creating a tulip display and kids' activation at Gembrook Station. Ticket sales to Gembrook increased by 68% over the two weeks compared to the same period last year.
- Hosting several key journalists and social media influencers on the newly launched High Tea Express train to increase the brand awareness of our first-class dining products. The lunch train products recorded a decrease this year compared to the same period last year due to an introduction of the Heat Policy and maintenance work required on the NAL dining carriages.
- Leveraging off the 75th anniversary of Thomas the Tank Engine and launching exclusive prizes to increase our media activity and promote the Day Out with Thomas event.
- Thanks to the tireless efforts of the Volunteer Speaker Panel Group, we engaged with 31 senior groups to promote our range of products such as the Steam & Cuisine Luncheon train.
- Partnering with the Royal Automobile Club of Victoria (RACV) to create an exclusively new product at the Menzies Creek Museum for their members.

KEY INITIATIVES

We developed and implemented the following new initiatives:

- Undertook a Consumer Centric Research project to assist with creating a long-term strategy for the future identity, visitor experience and operation of Puffing Billy Railway.
- Developed and launched a new brand identity and brand strategy.
- Partnered with local high tea extraordinaire Mary Eats Cake to launch the new High Tea Express in the train's historic first-class dining carriages.
- Opened the Menzies Creek Museum to the public. The museum is home to over 80 historic railway related artifacts and features the Little Toot Café and a themed children's play area.
- Developed and launched a Partnership program. The program focuses on collaborating and showcasing local tourism businesses that fall into the Eat, Stay and Do categories. A total of 38 businesses have signed up for the program.
- Implemented family-friendly activations and promotions at Gembrook Station during the Victorian School Holidays to increase visitation on the newest part of the Puffing Billy Railway line – Lakeside to Gembrook.

INTERNATIONAL MARKETING

This year we welcomed 220,706 international visitors.

China represented 36% of overall visitation. The in-market representation company based in China continued to engage with trade to strengthen our profile in Greater China, whilst also elevating our presence on Chinese social media platforms. Despite not receiving double-digit growth this year, Chinese visitation increased by 8% compared to the same period last year. We attended Tourism Australia's China Trade Mission, followed by sales calls to priority tier one and two cities. We hosted several key journalists at the Railway who joined Visit Victoria's Australian Open media familiarisation.

We participated in Tourism Australia's India Trade Mission. During the International Women's T20 World Cup 2020, in conjunction with Visit Victoria and Tourism Australia, we hosted high profile Indian media celebrities, including Mandira Bedi and the Mohan sisters. Visitation from India increased by 173% compared to the same period last year.

Notable increases from emerging Asia markets from January year to date were recorded, including Vietnam 79%, Thailand 50%, and Indonesia 37%. An increase from priority western markets was also reported including UK 19% and Europe 17%.

The Railway secured several Meetings, Incentives, Conventions and Exhibitions (MICE) groups, including a Jehovah's Witnesses group which resulted in 2,321 passengers.

MEDIA OPPORTUNITIES

July 2019 saw Puffing Billy Railway celebrate Belinda McKenzie qualifying as first female volunteer steam train driver in the Railway's 119-year history. To mark the historic milestone, an all-female crew supported her first official trip as a driver. The story received significant media coverage, resulting in 24 recorded news stories and nearly 40 minutes of television coverage across the major broadcast network channels.

Other notable media coverage included inspection of the early works of the \$20 million Lakeside Visitor Centre by the Victorian Minister for Tourism, Sport and Major Events, the Hon Martin Pakula MP, while the commissioning of the restored South African Garratt locomotive NGG16-129 received local press coverage and featured in international railway publications.

PARTNERS / COMMUNITY ENGAGEMENT

- We hosted the Eastern Dandenong Ranges Association and their members for a networking event at the Menzies Creek Museum.
- Continued to attend the Belgrave Traders Association meetings as a guest invitee.
- A representative from the marketing team joined the Dandenong Ranges Tourism Network committee as Vice President.
- We have representation on the Yarra Ranges Tourism Marketing Sub-Committee.
- We developed a commissionable ticket structure for the Partnership program. A total of 13 local businesses can exclusively sell Puffing Billy Railway tickets to their customers.

WORKING TOWARDS 2020-21

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

- Launch the new Puffing Billy Lakeside Visitor Centre.
- Develop a range of new products, services, and packages for the Lakeside Visitor Centre, Menzies Creek Museum and catered trains.
- Launch the reintroduction of the much-loved Sitting on Sills experience.
- Develop curriculum-based activities for the education market.



EVENTS

Our key focus is developing exciting all year round events to increase domestic visitation and length of stay and building meaningful partnerships with key stakeholders and community groups in the region.

OVERVIEW

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

We have developed the inaugural Puffing Billy Running Festival with four new and exciting races to enjoy, including two courses designed for parents and their little ones.

We have developed a monthly events calendar that includes school holiday activations across our stations, themed dining events, partnerships with tourism industry operators, as well as community.

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

Completed ■ In progress ■ Not Completed ■



Image: Kahla Webb

KEY INITIATIVES

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 our visitors enjoy a family fun day in the beautiful surrounds of the Dandenong Ranges.

The events have been scheduled for 16 days across eight weekends throughout Spring 2019 and Autumn 2020. Unfortunately, due to total fire bans, extreme weather conditions and coronavirus (COVID-19), four days were cancelled and the event ran for 12 days instead. The average attendance at each event was 1,340 people per day resulting in a total of 16,080 people attending for the year.

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

All proceeds from event parking have been donated to the Gembrook Scouts, Cockatoo Scouts and Gembrook Primary School.

Puffing Billy Running Festival

The new Puffing Billy Running Festival was developed and launched in February 2020 based on new opportunities being presented because of the construction of the Lakeside Visitor Centre. The concept included:

- Accommodating an increasing number of the running community looking for a longer distance and providing shorter walking and running distances around the Gembrook precinct for families.
- Utilising the existing infrastructure in Gembrook.
- Promoting the Gembrook end of the line in preparation for the opening of the new Lakeside Visitor Centre; and
- New partnership opportunities including working with local businesses and community groups.

All event proceeds would go towards the preservation of the heritage Railway, however, unfortunately due to coronavirus (COVID-19) restrictions we had to make the difficult decision to cancel the event.



Image: Dean Cifford

PARTNERS & COMMUNITY ENGAGEMENT

Kids Fun Run with Thomas

Run by the Emerald Rotary, the Kids Fun Run with Thomas is an annual fundraising event with all proceeds going to the Monash Children's Hospital. The event is supported by Puffing Billy Railway and takes place at the Gembrook Station. This year's event held on November 25th, was a very successful event, raising approximately \$40,000 for Monash Children's Hospital.

Fun Fest and PAVE

Puffing Billy Railway also partners up annually with the PAVE and Fun Fest Community event in Emerald. This year both events scheduled between March 29 – April 5 were cancelled due to coronavirus (COVID-19).

WORKING TOWARDS 2020-21

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 Lakeside Visitor Centre, Menzies Creek Museum, Packing Shed and on-board catered trains
- Continue to support and increase our involvement with community events

COMMERCIAL

The Commercial Branch is part of the Visitor Experience front-line team welcoming passengers from all over the world. 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.

OVERVIEW

The 2019/2020 financial year has seen many changes to the Commercial Branch, including new retail lines across all sites, new shop fit outs to both the Belgrave and Gembrook Stations, 'pop up' shops located over the peak period at both Menzies Creek and Belgrave Station, new menus at the Lakeside Tearooms, more goods produced at Lakeside and distributed across the railway and the opening of the Menzies Creek Museums Lil Toot Café, which saw an 18% increase in revenue from the 2018/2019 financial year.

We have continued to build and develop the Catered Train products, including our themed Murder Mystery evenings, the Steam and Cuisine luncheon service and our High Tea experience. While the number of passengers that experienced these products were down due to many challenging periods this year – the reduction of operating days, cancellations due to Total Fire Ban days and extreme heat policy, bushfires and the coronavirus (COVID-19) – revenue increased by 12%.



Image: Michael Greenhill



Image: Dean Gifford

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	<ul style="list-style-type: none"> • Increase sustainable retail products such as reusable water bottles, 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	■

Completed ■ In progress ■ Not Completed ■

We saw an increase in yield across all areas of the commercial branch this financial year due to several initiatives including:

- New suppliers with modern product keeping in theme of local fauna and flora
- Increasing the train related range and introducing new Puffing Billy Railway branded merchandise
- Pop ups at key locations during peak period
- The opening of the Menzies Creek Cafe, 'the Lil Toot'
- Introduction of new Menus and local product and produce

PARTNERS AND COMMUNITY ENGAGEMENT

We appreciate the continued support from our major commercial partners: Streets Ice Cream, Coca Cola Amatil, Nestle and Allens.

We have also increased the number of local suppliers: Ranges Coffee, Yarra Valley; The Blacksmiths and Sushi Express Belgrave, Elevations Emerald; Mary Eats Cake, Montrose; Warratine Lavender Farm Wandin North, Slow Turnings Monbulk.



Image: Dean Gifford

KEY INITIATIVES

Day Out with Thomas

Day Out with Thomas 2019/2020 season saw a 71% increase in merchandise yield from \$2.63 the same period previous financial year to \$4.50 average merchandise yield this financial year. This is due largely to the updated Thomas displays and Gembrook retail fit out, new Thomas lines celebrating his 75th birthday, Thomas retail promotions and Thomas themed food items baked at the Lakeside Tearooms.

Belgrave Shop refit

In December 2019, the Belgrave Station shop underwent a refit that provided a better traffic flow and passenger movement within the shop. As a result of the fit-out we have seen an increase in passenger length of stay and received positive feedback on the new range and variety of items on display.

WORKING TOWARDS 2020-21

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 our iconic locomotives in our 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 the train ticket.
- Working with local producers to showcase their products.
- Continuing to introduce sustainable practices across the branch.

PASSENGER OPERATIONS



Passenger Operations is predominantly operated by dedicated volunteers working as Station Masters, Booking Clerks, Conductors and Passenger Guides who ensure our visitors have a safe and enjoyable experience.

Although there was a downturn in passenger numbers during the year, we experienced numerous days at capacity across Belgrave, Menzies Creek and Lakeside. Over the peak period of Christmas, January, and Lunar New Year, many staff assisted the passenger operations volunteers at all stations with ticket checking and passenger management.

We successfully hosted a large special interest group during November 2019 with over 4500 passengers experiencing the Belgrave – Emerald return journey.

During the year we successfully introduced the use of radios for conductors on trains, so conductors have direct contact with guards and drivers in case of an emergency.

Lakeside platform underwent some modifications with fencing and platform barriers which will assist in managing passenger flow on return trains.

As we look forward, the role of the Station Master as the initial point of contact for tour groups will be reviewed. Updating of recorded announcements and deployment to out stations is under way.

Introducing the computerised booking system to Menzies Creek station will be essential for successful implementation of passengers booking return ticket times.

As we plan for the reopening of the Railway, training for our volunteers will be a key component for success as there will be changes to timetables, roles, and processes.

We look forward to welcoming back our dedicated staff and volunteers.

HUMAN SERVICES



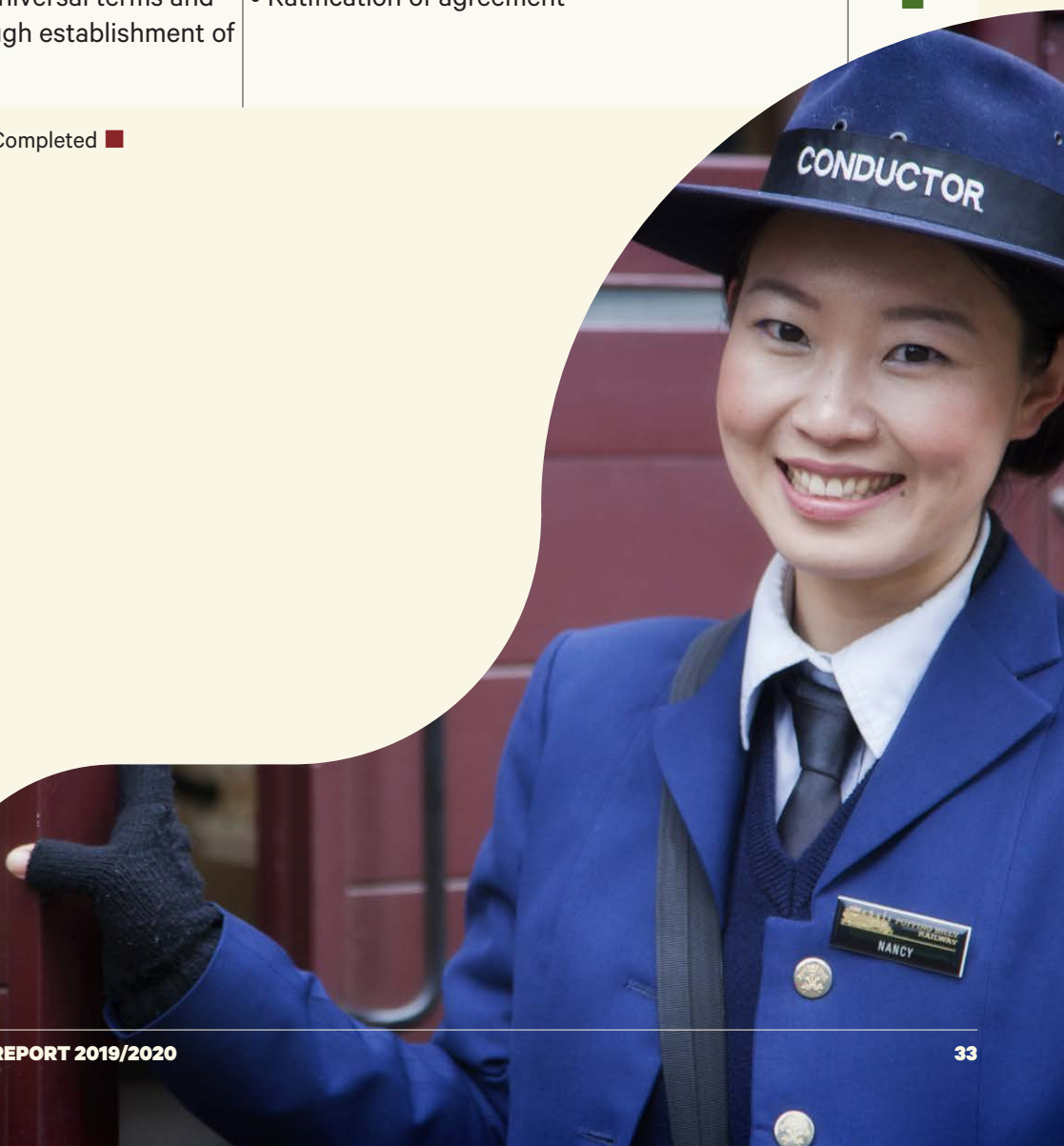
OUR PEOPLE ARE VALUED, CONNECTED, AND INSPIRED.

Image: Derek Schlennstedt

KEY GOAL	MEASURE	RESULT
To ensure the safety of all children at Puffing Billy Railway	<ul style="list-style-type: none"> • All Puffing Billy Railway workers to complete Child Safe Training course and sign Child Safe Code of Conduct • All Puffing Billy Railway Workers to be compliant with Working with Children Checks requirements and National Police Checks • To be familiar with and adhere to the new Child Safe policy and Code of Conduct • To adapt any new Child Safe procedures 	■

KEY GOAL	MEASURE	RESULT
Ensure best practice and implement the National Standards for Volunteer Involvement	<ul style="list-style-type: none"> • Proactive compliance and training • Re-write and create new policies • Recruitment and retention 	■
Encourage volunteer engagement and inclusion in Puffing Billy Railway's decisions and direction	<ul style="list-style-type: none"> • To establish a Volunteer 's Representative Group 	■
Volunteer opportunities are meaningful and memorable	<ul style="list-style-type: none"> • Develop a volunteer engagement strategy 	■
Develop and implement HR policy development plan prioritised on a risk- based approach	<ul style="list-style-type: none"> • Steady creation of policies, involving consultation and appropriate communication and implementation 	■
Promote support services available to volunteers and staff	<ul style="list-style-type: none"> • Grow Employee Assistance Program (EAP) 	■
Develop a program for increased networking and social activities	<ul style="list-style-type: none"> • Program of social events 	■
Ensure fair, transparent, and universal terms and conditions for workforce through establishment of Enterprise Agreement	<ul style="list-style-type: none"> • Ratification of agreement 	■

Completed ■ In progress ■ Not Completed ■



KEY INITIATIVES

- Complete audit of database
- Development of a new Volunteer Representative Group and Volunteer Engagement Strategy
- Development of new Intranet called 'OUR PEOPLE'
- Ongoing recognition of the workforce through monthly events
- National Volunteer Week 18th May – 24th May 2020
- Annual Volunteer 'thank you event' February 2020

PARTNERS / COMMUNITY ENGAGEMENT

- Members of the Cultural Volunteer Managers Network
- Members of Volunteering Victoria
- Australasian Association for Managers of Volunteers

WORKING TOWARDS 2020-21

- To re-engage with our Puffing Billy Railway youth and establish meaningful volunteering opportunities
- To continue to strengthen our volunteer program
- Continue standardisation of employee terms and conditions of employment

WORKFORCE DATA	FULL TIME PERMANENT EMPLOYEES	PART TIME PERMANENT EMPLOYEES	VOLUNTEERS	TOTAL
As at 30 June 2019	62	38	441	541
Commenced During the year	15	6	24	45
Sub Totals	77	44	465	586
Departures	13	5	14	32
As at 30 June 2020	64	39	479	554

As of 30 June, there are four fixed term contracts.

As of February/March, there are currently 24 new volunteer recruits awaiting to finalise their Induction before they can be onboarded. The delay is due to coronavirus (COVID-19).

We have a pool of 19 casuals which assist primarily in our commercial area during seasonal peaks





ROLLING STOCK

OVERVIEW

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

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

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

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

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

Image: Dean Gifford

KEY GOAL	MEASURE	RESULT
PRESERVE CULTURAL AND HERITAGE RAIL SIGNIFICANCE Practical preservation of our heritage assets in line with our sustainable long-term plan.	<ul style="list-style-type: none"> • Develop and commence implementation of Integrated Long-Term Plan for Rolling Stock, Track & Facilities. • Extend long term plan to implement Asset Management Plan to be broadened to include rolling stock and wider assets of Puffing Billy Railway. 	■
PROVIDE AN ICONIC HERITAGE RAIL EXPERIENCE FOR VISITORS Develop and deliver heritage assets, experiences, and products to improve visitor, volunteer, and community engagement along the corridor.	<ul style="list-style-type: none"> • Restoration of sitting on sills • Refurbishment of Rolling Stock to heritage standards. 	■
ACHIEVE SAFETY AND OPERATIONAL EXCELLENCE Ensure best practice in compliance with National Rail Safety regulations, or advocate to change to relevant conditions.	<ul style="list-style-type: none"> • Maintain Office of the National Rail Safety Regulator co-regulatory relationship • Complete Safety Management System and Risk Register revision and initiate implementation plan. 	■
ENGAGE WITH OUR COMMUNITY, BUSINESS AND TOURISM PARTNERS Develop a collaborative working partnership approach to enhancing and promoting tourism in the region and Tourist & Heritage railway sector.	<ul style="list-style-type: none"> • Implement Business Partnerships program. 	■

Completed ■ In progress ■ Not Completed ■

KEY INITIATIVES

- Prepared submissions to the Board and Office of the National Rail Safety Regulator for the risks associated with Level Crossings and Sitting on Sills. Addressing these risks are key to being able to reintroduce sitting on sills.

PARTNERS / COMMUNITY ENGAGEMENT

- Engaged with Steamrail Victoria for machining services for their D3 639 locomotive wheels. This commences a strategy to diversify the work of the workshops.
- Engaged with Bendigo Tramways for opportunities to work collaboratively on rolling stock restoration work
- Initiated discussion with the Southern Sherbrook Historical Society for community engagement on heritage rolling stock context to the local region

WORKING TOWARDS 2020-21

Continued focus on:

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



TRAIN OPERATIONS



Image: Karen Gunn

OVERVIEW

The Train Operations department oversees the daily rail operations of Puffing Billy Railway. This includes management of approximately 200 safeworking qualified workers - made up of both employees and volunteers - to provide the drivers, firemen, guards, signalmen and engine cleaners necessary to run the daily trains. Train Operations is also responsible for the allocation of rolling stock to trains to cater for the capacity requirements of the Passenger Operations Branch as well as ensuring timely transfer of carriages for maintenance by the Rolling Stock Branch.

Behind the scenes, much work has been completed this year on writing procedures to bring the back-of-house processes up to date with modern standards and Office of the National Rail Safety Regulator requirements. External audits by Office of the National Rail Safety

Regulator into safeworking training, communications and train control uncovered some areas in which the documentation was not in keeping with modern standards and needed to be brought up to date. We are pleased to report that all non-conformance reports are now closed, however, the work is ongoing as we continue to update all operational documentation and processes.

In the more public arena, the 2019-2020 year has seen some highs and lows. While coronavirus (COVID-19) has had an enormous impact on the business since March, there were some great celebrations prior to that. A number of new drivers, firemen, guards and signalmen qualified and commenced working out on the line and the Railway hosted some special events, including the first all-female train crew in July 2019.

KEY GOAL	MEASURE	RESULT
PROVIDE AN ICONIC HERITAGE RAIL EXPERIENCE FOR VISITORS	<ul style="list-style-type: none"> • Deliver excellence in visitor experience. 	■
ACHIEVE SAFETY AND OPERATIONAL EXCELLENCE	<ul style="list-style-type: none"> • Ensure best practice in compliance with National Rail Safety regulations, or advocate to change to relevant conditions. 	■
	<ul style="list-style-type: none"> • Maintain Office of the National Rail Safety Regulator co-regulatory relationship 	■
	<ul style="list-style-type: none"> • Implement a plan to comply with (or advocate change to) National Rail Safety guidelines-maintain regulatory compliance. 	■
COMMIT TO ENVIRONMENTAL SUSTAINABILITY	<ul style="list-style-type: none"> • Improve the environmental sustainability of our current and future operations, reduce waste and emissions. 	■
ENGAGE WITH OUR COMMUNITY, BUSINESS, AND TOURISM PARTNERS	<ul style="list-style-type: none"> • Recognise and increase our contribution to the local and regional economy. 	■

Completed ■ In progress ■ Not Completed ■

WORKING TOWARDS 2020-21

Continued focus on:

- Improving compliance and safety for operations
- Improving volunteer engagement and opportunities
- Engagement with Association of Tourist and Heritage Rail Australia (ATHRA) and other tourist heritage (T&H) railways in Australia



SAFETY



OVERVIEW

Safety is Puffing Billy Railway's number one priority.

During 2019-2020 we recorded the following:

- 802 Incident/Defect Reports (IDRs) were submitted
- 128 incident notifications were made to Office of the National Rail Safety Regulator. All incidents were addressed and closed.
- Two incident notifications were made to WorkSafe
- 53 people were injured, including:
 - 16 Volunteers
 - 14 Employees
 - 21 Passengers
 - 2 Public (Not Travelling on the Puffing Billy Railway)
- 0 statutory notices were issued by either regulator
- 9 Safety Investigations were launched and completed

While the number of occurrences and notifications decreased compared to 2018/19, there was an upward trend which was solely interrupted by the closure of Puffing Billy Railway due to coronavirus (COVID-19).



KEY GOAL	MEASURE	RESULT
Ensuring all operations are geared towards achieving zero harm.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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-purposes Safety Management System, accessible for all.	<ul style="list-style-type: none"> • Implementation of the new SMS. 	■
Adopt an enterprise-wide approach to risk management.	<ul style="list-style-type: none"> • Implementation of a new Risk Register. 	■
Develop a collaborative working partnership approach to enhancing and promoting tourism in the industry, region, and T&H railway section.	<ul style="list-style-type: none"> • Actively participate with ATHRA. 	■

Completed ■ In progress ■ Not Completed ■

KEY INITIATIVES

- Three level crossings have had boom barrier protection installed
- On-train radios used by conductors and used for shunting purposes
- New Emergency Management Manuals developed
- Introduced a Bushfire Management Plan for the 2019-2020 summer period

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 2020-21

- Continue to keep Puffing Billy Railway operating in a safe, healthy, and compliant manner.
- Focus on “See something, say something” ethos.
- Aim for all workers and volunteers to “start safe, work safe, finish safe.”

INFRASTRUCTURE

Ensuring the safety, compliance, functionality, and reliability of PBR's existing physical fixed assets whilst delivering a range of capital works to meet the future strategic requirements of the railway.



Image: Kahla Webb

OVERVIEW

During the 2020 year, the Infrastructure Projects and Way & Works Branches were merged to create the Infrastructure Branch, now responsible for the management of all physical assets of the Railway, excluding operational rolling stock.

These assets include buildings, track, bridges, signals, civil works, corridor environment, fire risk management and the Menzies Creek Museum complex. Key capital projects completed or in progress include the Lakeside Visitor Centre, the completion of three level crossing boom barrier upgrades at School Road Menzies Creek, Emerald Beaconsfield Road Emerald, and Cockatoo.

KEY GOAL	MEASURE	RESULT
Safety & Operational Excellence	<ul style="list-style-type: none"> • Installation of three new boom barrier sets at level crossings in Cockatoo, Menzies Creek and Emerald • Building condition and compliance report • Implementation of the Infosafe Chemical Management and Information System • Preparation for implementation of Computerised Maintenance Management System (CMMS) software • Review and implementation of enhanced operational procedures 	<div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div>
Environmental Sustainability	<ul style="list-style-type: none"> • Recycling of timbers felled within the corridor • Consultation on enhanced fugitive emission management • Sustainability design assessment of Lakeside Visitor Centre • 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 	<div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div> <div>■</div>
Preserving Cultural & Heritage Rail Significance	<ul style="list-style-type: none"> • 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 	<div>■</div> <div>■</div>
Providing an Iconic Visitor Heritage Rail Experience for Visitors	<ul style="list-style-type: none"> • Commence heritage-based infrastructure to support expansion of operations on 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 	<div>■</div> <div>■</div>

Completed ■ In progress ■ Not Completed ■

KEY INITIATIVES

- Centralisation of infrastructure activities and co-ordination
- Buildings condition and compliance assessment and report
- Review and formalisation of operating procedures
- Preparation for the introduction of a Computerised Maintenance Management System (CMMS) for programmed maintenance
- Opening of Menzies Creek Museum to the public
- Continued commissioning of the Lakeside Signal Box and associated infrastructure
- Introduction of a new online chemical information and management system

BUILDINGS – MAINTENANCE & CAPITAL PROJECTS


Capital project activity has been primarily focused on planning and design for a range of future projects as per the approved capital program up until the impact of the coronavirus (COVID-19) pandemic. The decision to temporarily shut the Railway and the subsequent financial impact of this curtailed several project developments, however, planning and design for key future projects continue in the interim. A number of projects were completed including crowd control fencing and the conductor's shelter at Lakeside, all done in a heritage style.

The main focus for the team continued to be on the Lakeside Visitor Centre development, with construction commencing in November 2019 after a period of detailed stakeholder consultation and site establishment. Despite some delay due to permits, approvals and a challenging high pressure water main diversion, the financial year closed with the project back on a critical path, with all ground slabs poured, the majority of the structural steel in place and half of the roofing completed. The project remains within project contingency budget to date and despite the delays in commencement, completion is anticipated by the end of the calendar year. The carpark and landscaping phase (Stage 2) has reached the final stages of sign off and remains on track for completion in the third quarter of FY21.

WAY AND WORKS

The Way and Works department manages the Railway corridor infrastructure including environmental management, track and related infrastructure maintenance, track patrols, fire patrols and works trains. The branch has a dedicated team of staff, as well as relying heavily on the help and support of volunteers. Way & Works ensure that the track is safe, fit for purpose and clear of any obstruction during train running times.

Way and Works is supported by a corporate, community and schools-based volunteer program which contributed 140 volunteer groups for the year over 13 days, by six different corporate organisations, until coronavirus (COVID-19) restrictions came into effect in March 2020. These valued people including office workers, tertiary and secondary school students assisted with many and varied supervised projects including mulching, weed control and revegetation works along the rail corridor and station areas.



They also assisted with garden design, planting, building of fences and other minor infrastructure and landscape works.

The 2019/2020 Fire Patrol Season commenced a little later than anticipated on 16 December 2019 and concluded on 16 March 2020 with wetter than usual conditions bringing an end to the season earlier. The operational season lasted 94 days with a total of 274 shifts scheduled to run. A total of 83 volunteers dedicated their time to assist the Railway throughout the season.

The Railway's Track Gang conducted works along the entire 26km corridor, installing over 1400 new sleepers and re-gauging throughout the Railway, including the replacement of 80 point timbers across Belgrave and East Loop. The team addressed civil works, rail infrastructure repair and hazard removal such as fallen trees. Works were generated both through a six-monthly track inspection and notified defects and hazards as part of the Railway's risk management system. Rail swap was also carried out in areas to extend the life of the rail.

Independent arborist inspections were also conducted to identify and index any dangerous trees along the corridor. Any trees that are cut down or lopped result in the timber being recycled into mulch, firewood for locomotives or, where possible, milled on site for fences or seating and other infrastructure within the rail corridor.

While the coronavirus (COVID -19) period impacted many parts of the railway, the absence of train operations provided a unique opportunity for the Way and Works team to conduct unimpeded corridor maintenance. As such, there was over 3,430 hours of line side clearing works conducted, including vegetation clearance three metres from the rail from Belgrave to Lakeside.

Image:
Karen Gunn



SIGNALS & TELEGRAPH (S&T)

In addition to the regular service and maintenance requirements for the rail, S&T has had a number of key areas of activity during the financial year, which included the rewiring of the restored NGG16-129 locomotive, assistance in getting the Menzies Creek Museum open, the installation of boom barriers at three level crossings, continued signal infrastructure upgrade of the Lakeside area and support of the Lakeside Visitor Centre project.

The installation of three sets of boom barriers at Cockatoo, Emerald and Menzies Creek was critical in improving risk of vehicle collision at these busy crossings and as a follow-on, gaining support from the national rail safety regulator, Office of the National Rail Safety Regulator, for the return of Sitting on the Sills.

In preparation for the new Lakeside Visitor Centre in Emerald, S&T have been active in consulting to the project team on requirements for future and existing communications, signalling infrastructure requirements and planned power upgrades to the site.

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 many years of preparation of items for display and the interpretive information to accompany them, the Menzies Creek Museum was opened to the public in February 2020. Ongoing development and enhancement of the site is being actively planned to improve the visitor experience and the facilities for volunteers.

ENVIRONMENTAL PERFORMANCE

The Railway promotes a culture of energy conservation and encourages staff and volunteers to minimise water, waste and energy consumption.

Puffing Billy Railway's largest environmental impact emanates from the coal burning locomotives that form an integral part of the heritage steam Railway's historic and tourism appeal.

The Railway consumed approximately 655 tonnes of coal (1,141 in 2018/2019) using historical steam locomotives designed over 100 years ago.

The Railway is also currently reviewing programs to better manage potential emissions from Puffing Billy Railway lands and the installation of solar power at a range of sites, whilst new major infrastructure is subjected to sustainability assessments and optimisation of design versus net benefit energy use.

Since the start of the financial year the environmental team have undertaken:

- 14,299 square meters (1.4 hectares) of fuel reduction works including clearing the track and controlled burning
- 1,122 square meters (0.112 hectares) of vegetation control including line of site works to ensure that the required 2.5m clearance zone was maintained for safe operations
- 20,378 square meters (2.04 hectares) of weed control
- Moisture testing to monitor fire risk conducted once a week from November 2019 to March 2020

With the downturn in activity following the coronavirus (COVID-19) restrictions, the team has operated under its usual capacity, however, this will be reviewed once normal operating levels resume. During this period, review of Standard Operating Procedures and Methods has been undertaken.

PARTNERS / COMMUNITY ENGAGEMENT

Infrastructure Branch actively engages with:

- Local Governments – (Cardinia, Yarra Ranges)
- State Government - Department of Jobs, Precincts and Regions (DJPR) and Department of Environment, Land, Water and Planning (DELWP)
- Emergency Services
 - CFA
 - SES
 - Police
- VicTrack

- V-Line
- Community Groups and Committees along the corridor regarding capital developments via committees and public consultation forums
- Community Environment Groups (John's Hill Land Care, Emerald, and Friends of Emerald Lake Park)
- Schools and Corporate Volunteer Groups (Nossal High School, Ability English, Telstra and ANZ)
- Key external contractors and subject matter experts including but not limited to environment (Senversa, Biosis), arboriculture, architects, traffic, civil, utilities, and planning.



Image: Karen Gunn

WORKING TOWARDS 2020-21

- Completion of the Lakeside Visitor Centre in March 2021
- 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
- Implementation of the Capital Projects Plan specifically to focus on operational efficiency, visitor experience and opening the second half of the corridor
- Continue to implement the Trackside Management Plan to further enhance environment management along the corridor
- Key Way and Works infrastructure repairs and upgrades to road crossings
- Installation of a new platform and loop at the Lakeside Visitor Centre
- 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 capabilities with the Gembrook Radio Mast planned installation
- Full implementation of the Infrastructure CMMS

PUFFING BILLY RAILWAY ORGANISATIONAL STRUCTURE

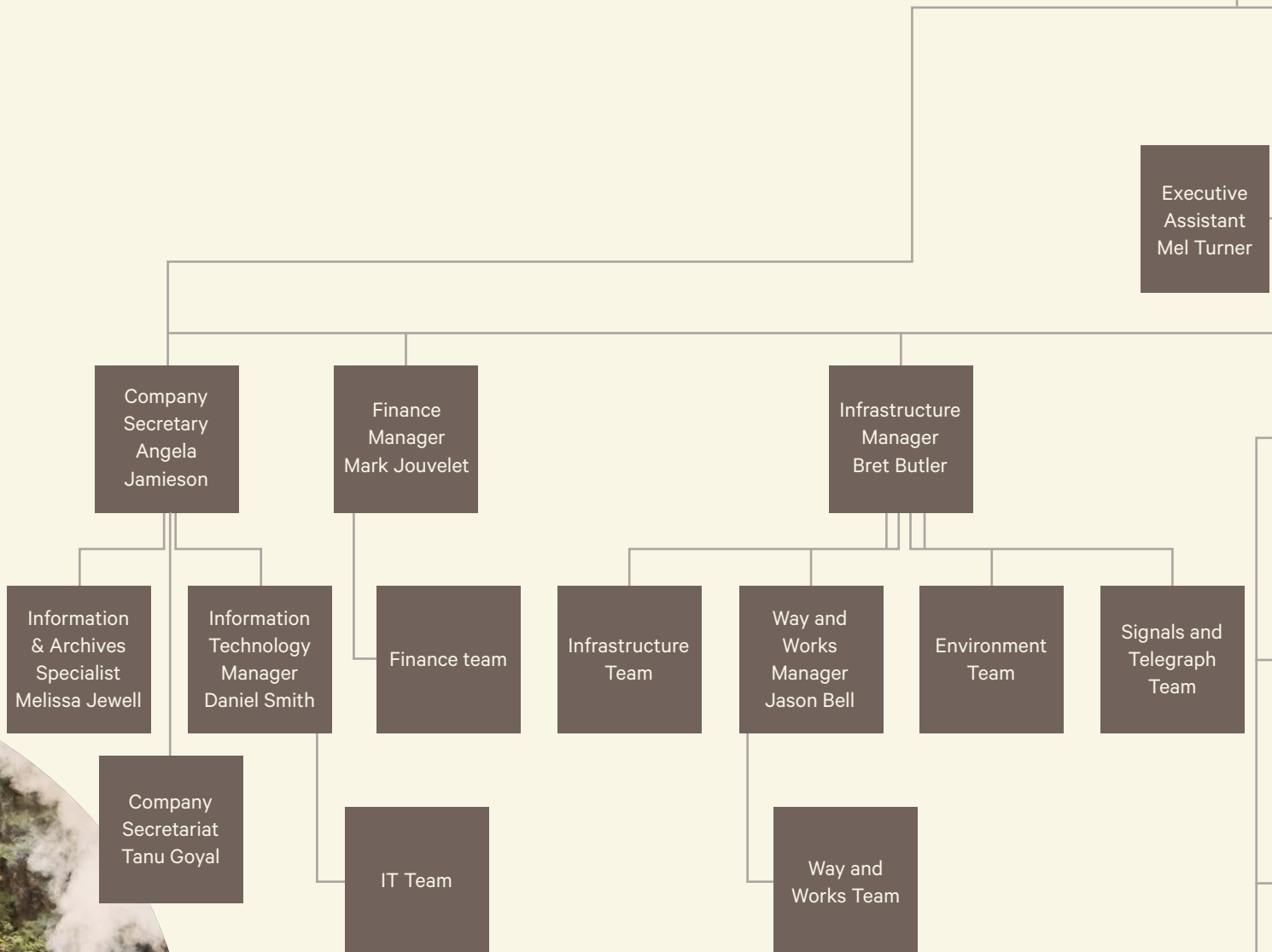


Image: Dean Gifford



ETRB

CEO

Rolling Stock
Manager
Peter Essig

Safety
Manager
Vikki Ducrow

Group Manager
Visitor
Experience
Nicoleta Giurgiu

Human
Services
Manager
Di Gadsden

Engineering
Specialists

Safety Team

Passenger
Operations
Manager
Jean Clowes

Commercial
Manager
Jade Cranton

Marketing
Manager
Emma
Hutchinson

Events
Manager
Matt Collopy

Human
Resources
Manager
Elizabeth
Oxworth

Train
Operations
Team

Traffic
Manager
Belinda
McKenzie

Customer
Service Team

Food and
Beverage
Team

Communications
Specialist
Sheena Dang

Events Team

Volunteer
Services Team

Locomotive
Workshop
team

Cleaning
Team

Retail Team

Marketing
Team

Training &
Education
Team

Carriage
Workshop
Team

COMPLIANCE

S.NO.	COMPLIANCES	CONTENT																								
1.	Occupational Health and Safety	<p>Puffing Billy Railway has a clear and uncompromising commitment to occupational health and safety compliance as well as general staff health and well-being. During the reporting year, Puffing Billy Railway supported this commitment through:</p> <table> <tr> <th>INITIATIVE</th><th>2018-19</th><th>2019-20</th></tr> <tr> <td>Ergonomic Assessments</td><td>2</td><td>7</td></tr> <tr> <td>Number of Sit/Stand Desks Installed</td><td>4</td><td>10^</td></tr> <tr> <td>Number of Special Ergonomic Aids Recommended</td><td>0</td><td>3</td></tr> <tr> <td>Number of Flu Vaccinations</td><td>60</td><td>0*</td></tr> </table> <p>^ Includes attachments to existing desks (7) and entire work surfaces (3). * Flu Vaccinations were not undertaken at PBR due to closures associated with COVID-19.</p> <table> <tr> <th>REPORTING</th><th>2018-19</th><th>2019-20</th></tr> <tr> <td>Number of Incidents Reported</td><td>917</td><td>798</td></tr> <tr> <td>Number of Hazards Reported</td><td>74</td><td>25</td></tr> </table>	INITIATIVE	2018-19	2019-20	Ergonomic Assessments	2	7	Number of Sit/Stand Desks Installed	4	10^	Number of Special Ergonomic Aids Recommended	0	3	Number of Flu Vaccinations	60	0*	REPORTING	2018-19	2019-20	Number of Incidents Reported	917	798	Number of Hazards Reported	74	25
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2.	Compliance with the <i>Child Wellbeing and Safety Act 2005</i>	<p><i>The Child Wellbeing and Safety Act 2005 (CWS Act)</i> establishes the Child Safe Standards (the Standards).</p> <p>The Standards are compulsory minimum requirements that aim to drive cultural change within organisations to help protect children from abuse and neglect.</p> <p>The Standards apply to all Victorian organisations that deliver services or facilities specifically for children, or engage children as employees or volunteers.</p> <p>The activities undertaken by the Railway in 2018-2019 focused on embedding a culture of Child Safety and promoting activities that are positive experiences for children in an environment that is caring, nurturing and safe.</p> <ul style="list-style-type: none"> • A campaign included the dissemination of the Child Safe standards and an extensive education program for the entire Puffing Billy Railway (PBR) workforce. • The Railway has developed a Child Safe Policy, a Child Safe Code of Conduct and a Child Safe Reporting and Response Procedure for disclosures of child abuse, and applies to all in the PBR team. 																								

S.NO.	COMPLIANCES	CONTENT		
3.	Information Management Compliance	<p>Puffing Billy Railway recognises information as a vital asset. Sound information management practices and systems ensure that PBR preserves valuable information to better assist the functions of the Railway. PBR is a public entity and therefore, all the documents PBR produce 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>.</p> <p>In February 2020, the Emerald Tourist Railway Board approved both the Information Management Policy and the Corporate Archives Policy. These policies are the first stage in a wider Information Management Framework that has been developed and implemented at PBR.</p> <p>Both policies describe how Puffing Billy Railway (PBR) is to manage both its electronic and hardcopy records and documents now and into the future. These policies, and the greater Information Management Framework directly support the PBRs implementation of the Ombudsman’s Recommendation 7 contained in the Ombudsman’s report, that is ‘Implement the Records and Recordkeeping Principles to ensure documents are preserved and individuals can access records about themselves’.</p> <p>A project to procure and implement an Electronic Document and Records Management System was also endorsed by the Board in December 2019. This project began in January 2020, and it is anticipated that the system will be implemented in the 2020/2021 financial year, subject to any coronavirus (COVID-19) implications. This system and the supporting training programs and procedures will result in PBR managing electronic and hardcopy records in a more efficient and compliant manner and again supports PBR’s commitment to Recommendation 7 contained in the Ombudsman’s report.</p> <p>Work to retrospectively document and preserve past Emerald Tourist Railway Board archival material in accordance with Retention and Disposal Authorities and Standards issued by the Public Records Office of Victoria was also undertaken in 2019/2020.</p>		
4.	Compliance with <i>Privacy and Data Protection Act, 2014</i>	<p><i>The Privacy and Data Protection Act 2014 (PDP Act)</i> governs Victoria’s public sector privacy obligations. The PDP Act sets out 10 Information Privacy Principles (IPPs), with which Victorian Government agencies must comply.</p> <p>The IPPs aim to balance the public interest in the free flow of information with the public interest in protecting the privacy of an individual’s personal information.</p> <p>Puffing Billy Railway is committed to maintaining the privacy of personal information.</p> <p>The Puffing Billy Railway’s privacy policy is available from:</p> <table><tr><td>Angela Jamieson The Privacy Officer Puffing Billy Railway Telephone: 03 9757 0706 Email: angela.jamieson@pbr.org.au</td><td>Melissa Jewell The Privacy Champion Puffing Billy Railway Telephone: 03 9757 0753 Email: melissa.jewell@pbr.org.au</td></tr></table> <p>In 2019-20, no matter regarding PBR’s compliance with the IPPs were referred to the Victorian Information Commissioner.</p>	Angela Jamieson The Privacy Officer Puffing Billy Railway Telephone: 03 9757 0706 Email: angela.jamieson@pbr.org.au	Melissa Jewell The Privacy Champion Puffing Billy Railway Telephone: 03 9757 0753 Email: melissa.jewell@pbr.org.au
Angela Jamieson The Privacy Officer Puffing Billy Railway Telephone: 03 9757 0706 Email: angela.jamieson@pbr.org.au	Melissa Jewell The Privacy Champion Puffing Billy Railway Telephone: 03 9757 0753 Email: melissa.jewell@pbr.org.au			

S.NO.	COMPLIANCES	CONTENT
5.	<i>Freedom of Information Act, 1982</i>	<p>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 Act is to extend as far as possible the right of the community to access information held by government departments, local councils, ministers and other bodies subject to the Act.</p> <p><u>Lodging FOI requests</u></p> <p>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.</p> <p>Requests should be addressed to:</p> <p>Angela Jamieson Freedom of Information Officer 1, Old Monbulk Road, Belgrave Station Belgrave VIC 3160 company.secretary@pbr.org.au</p> <p>FOI requests can also be lodged online at www.foi.vic.gov.au.</p> <p>During the year under review, there were no requests received by Puffing Billy Railway.</p>



S.NO.	COMPLIANCES	CONTENT
6.	<i>Public Interest Disclosure Act 2012</i>	<p><i>The Public Interest Disclosures Act 2012 (Vic) (PID Act)</i> 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.</p> <p>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.</p> <p>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.</p> <p>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):</p> <p>Level 1, North Tower, 459 Collins Street Melbourne Victoria 3000 Phone: 1300 735 135 <u>Internet:</u> ibac.vic.gov.au (which has a secure form for making anonymous complaints).</p> <p>Alternatively, disclosures of improper conduct or detrimental action by Puffing Billy Railway or any of its employees and/or officers may be made to:</p> <ul style="list-style-type: none"> • Public Interest Disclosure Coordinator, (the Company Secretary) • Human Services Manager • Human Resources Manager • Employee Assistance Program <p><u>Further information</u></p> <p>The Whistleblower Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action is available at Puffing Billy Railway website.</p> <p>During the year under review, there were no disclosures made to Puffing Billy Railway.</p>

S.NO.	COMPLIANCES	CONTENT
7.	Gift Benefits and Hospitality Policy	<p>Puffing Billy Railway (PBR) is committed to assisting Workplace Participants identify and resolve ethical issues and building and maintaining a sound ethical culture. PBR is committed to creating a process for managing situations where offers of gifts, benefits and hospitality (GBH) are made by non PBR workplace participants or organisations to PBR workplace participants and providing GBH to PBR workplace participants and non PBR workplace participants.</p> <p>The Finance Audit Risk and Compliance subcommittee has taken an active role during 2019-20 in promoting and strengthening PBR's integrity policies. These include revising the Gifts, Benefits and Hospitality Policy.</p> <p>There were no reported Gifts, Benefits and Hospitality during the period under review.</p>
8.	Local Jobs First - implementation of the Victorian Industry Participation Policy	<p>Victorian Government agencies implement the Victorian Industry Participation Policy (VIPP) to provide more opportunities for local companies to be involved in government procurement and major projects, which encourages local industry participation and industry development.</p> <p>The VIPP 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.</p> <p>VIPP plans must address the following:</p> <ul style="list-style-type: none"> local content, which includes all products and services provided from Australian or New Zealand companies. the number of new jobs created, and existing jobs retained. the introduction of new technology, opportunities for skills transfer and training for employees. the number of new apprentices/trainees engaged, and existing apprentices/trainees retained. <p>VIPP 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 VIPP plan, which is considered during the tender evaluation process.</p> <p>During 2019-20, Puffing Billy Railway had one reportable VIPP activity that was more than \$3 million.</p>

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 46 to 47 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.

The Board continues to oversee access modifications to several of its new administration facilities in line with the *Disability Act 2006*. Wheelchair access and interior changes for vision impaired continue to be improved. Additionally, the new "modified" fleet of carriages currently under construction are being built to specifically meet the needs of customers with mobility aids. These carriages will come into service in the new financial year.

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

The Marketing Manager undertook two overseas trips, while two Marketing Officers made a total of two trips combined. A further visit to Puffing Billy Railway's sister railway, AliShan Forest Railway, for the historical Railway Summit in Taiwan 2020 was made by the Railway's Chair and one of the Railway's engineers. In total six trips (2019 – three). All these trips were unaccompanied. No other overseas visits were undertaken during the financial year, either on behalf of, or paid for, by the Railway.

No time has been lost during 2020 due to industrial disputation (2019 – nil).

DETAILS OF CONSULTANCIES IN EXCESS OF \$100,000

In 2020, zero operational consultants were engaged. (2019 – zero).

DETAILS OF CONSULTANCIES UNDER \$100,000

In 2020, 16 consultants were engaged for a total of \$80,511 (2019 – 29 consultants for \$512,270), to assist with compliance and risk management, as well as crisis management in relation to the release of the Ombudsman's investigation into Government institutions which included the Puffing Billy Railway.

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2019-20 reporting period, the Railway had a total ICT expenditure of \$245,367 (2019 - \$226,147). The main costs related to the Netsuite licensing and PC and server replacements and upgrades to reduce obsolescence and improve data security.

INDEPENDENT BROAD-BASED ANTI-CORRUPTION COMMISSION (IBAC)

Mr James Pinder a member of the ETRB was appointed by the Minister for Tourism, Sport and Major Events under the *State Owned Enterprises Act 1992*. This appointment was approved by the Governor in Council in June 2019 with an approved extension in June 2020 for a further two years. However, Mr Pinder stood down from the Board at his own request in August 2020, that is at the time an Independent Broad-based Anti-corruption Commission enquiry commenced into conduct within Victoria's public transport sector. This enquiry includes V/Line where Mr Pinder held the position of CEO. The Chair of the Board accepted Mr Pinder's stand down immediately.

LOCAL JOBS FIRST

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

Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

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

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

PROJECTS COMMENCED – LOCAL JOBS FIRST STRATEGIC

During 2019-20, the Railway continued one Local Jobs First Strategic Project, valued at \$24.2million. The Puffing Billy Lakeside Visitor Centre project is based in metropolitan Melbourne. Most of the content and contractors are locally based, except for one Tasmanian firm. The MPSG applied to this project.

The outcomes reported from the implementation of the policy where information was provided, were as follows:

- A significant portion of the construction is being achieved using local content and labour.
- The project will enable the Railway to expand its capacity by a further 200,000 travellers to the region, support local business and jobs. The construction will enable the Railway to operate as a double ended Railway, enabling the benefits of the construction to promote more of communities along the rail line.
- A significant portion of the construction is being achieved using local content and labour.
- Up to 12 full time equivalent roles will be created, including better *Disability Discrimination Act 1992 (DDA)* points of access for both employees, patrons and the community.

REPORTING REQUIREMENTS – ALL PROJECTS

During 2019-20, there was one project, the New NAL Carriages, which met the VIPP criteria. This project is value at \$2.9million and has been predominately completed using internal resources, two metropolitan and one Gippsland fabricators. This project is designed to complement the Puffing Billy Lakeside Visitor Centre by increasing the Railway's carrying capacity.

DISCLOSURE OF MAJOR CONTRACTS

The Emerald Tourist Railway has only one major contract in excess of \$10million. This contract has been engaged to construct the Puffing Billy Lakeside Visitor Centre complex at Emerald Lake, Emerald.

All major projects have ensured the correct level of openness and probity. The current levels of protocol regarding tendering and purchasing have also been adhered to.

COMPETITIVE NEUTRALITY POLICY

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

DETAILED REPORT OF OPERATIONS

OUR YEAR IN REVIEW 2019/2020



ATTESTATION ON COMPLIANCE WITH THE AUSTRALIAN RISK MANAGEMENT STANDARD:

I, S. O'Brien, 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.

ATTESTATION FOR COMPLIANCE WITH MINISTERIAL STANDING DIRECTION 5.1.4 – RISK MANAGEMENT FRAMEWORK AND PROCESSES:


I Steve O'Brien, on behalf of the Emerald Tourist Railway Board, certify that the Emerald Tourist Railway Board has the following Material Compliance Deficiencies with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

SD 3.7.1 Risk management requirements

Rail Safety Risks are very well managed. However, broader enterprise risks are not coordinated in a concise and consolidated format. The program to establish a centralised Enterprise Risk Register was deferred due to the coronavirus (COVID-19) site closures the resulting liquidity complications which followed.

The ground work and scope of the Enterprise Risk register has already been addressed. Emerald Tourist Railway is currently negotiating with the Department of Jobs, Precincts and Regions (DJPR) for further funds and resources to complete the project.

This report is made by a resolution of the Board dated 17 November 2020, and signed on behalf of the Board by:



Tim North QC

Chair
Emerald Tourist Railway Board
Belgrave

17 November 2020



Steve O'Brien

Chief Executive Officer and Accountable Officer
Emerald
Tourist Emerald Tourist Railway Board
Belgrave

17 November 2020

FINANCIAL REPORT

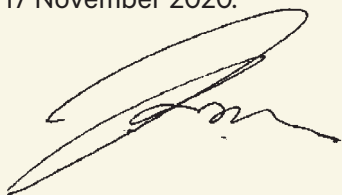
FOR THE YEAR ENDED 30 JUNE 2020

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 2020 and financial position of the Railway at 30 June 2020.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate. We authorise the attached financial statements for issue on 17 November 2020.



Tim North

Chair
Emerald Tourist Railway Board
Belgrave

17 November 2020



Steve O'Brien

Chief Executive Officer and Accountable Officer
Emerald Tourist Railway Board
Belgrave

17 November 2020



Mark Jouvelet

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

17 November 2020

Independent Auditor's Report

To the Board of the Emerald Tourist Railway Board

Opinion	<p>I have audited the financial report of the Emerald Tourist Railway Board (the entity) which comprises the:</p> <ul style="list-style-type: none"> balance sheet as at 30 June 2020 comprehensive operating statement for the year then ended statement of changes in equity for the year then ended cash flow statement for the year then ended notes to the financial statements, including significant accounting policies declaration in the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other information	<p>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 2020, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion on the other information. However, in connection with my audit of the financial report, my responsibility is to read the other information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the other information, I am required to report that fact. I have nothing to report in this regard.</p>
Board's responsibilities for the financial report	<p>The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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.
- 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
19 November 2020



Simone Bohan
as delegate for the Auditor-General of Victoria



COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
		\$	\$
INCOME			
Revenue from Fares, Shops and External Contracts	2.1	11,159,306	15,749,399
Volunteer Labour Services Donated	2.1	4,506,932	-
Other Income	2.1	7,253,906	1,578,830
	2	<u>22,920,144</u>	<u>17,328,229</u>
EXPENSES			
Employee Benefits Expense	3.1.1	8,303,543	7,501,998
Volunteer Labour Services Cost	3.2 (a)	4,506,932	-
Depreciation Expense	4.1.1	1,906,615	1,891,309
Supplies and Services	3.2 (b)	2,387,639	2,798,142
Finance Costs	3.1	597	-
Advertising and Promotion	3.1	419,077	319,102
Insurance Costs	3.1	346,915	316,287
Administration Expenses	3.3	833,879	1,656,203
Grants and other transfers	3.4	20,100	185,959
Electricity & Gas	3.1	188,624	183,681
Other Expenses	3.5	1,695,684	1,400,531
		<u>20,609,605</u>	<u>16,253,212</u>
NET RESULTS FROM TRANSACTIONS		<u>2,310,539</u>	<u>1,075,017</u>
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net (loss) gain on Non-Financial Assets		-	24,256
NET RESULT FOR THE YEAR		<u>2,310,539</u>	<u>1,099,273</u>
COMPREHENSIVE RESULT FOR THE YEAR		<u><u>2,310,539</u></u>	<u><u>1,099,273</u></u>

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

BALANCE SHEET

AS AT 30 JUNE 2020

		2020	2019
		\$	\$
FINANCIAL ASSETS			
Cash and Cash Equivalents	6.1	4,752,105	4,457,331
Receivables	5.1	1,597,444	993,107
Other Financial Assets	5.4	-	5,191,318
Total Financial Assets		6,349,549	10,641,757
NON-FINANCIAL ASSETS			
Prepayments		217,683	213,184
Inventories	5.3	478,055	570,850
Property, Plant and Equipment	4.1	51,729,999	48,836,870
Capital Works in Progress	4.1.3	11,629,898	7,768,534
TOTAL NON-FINANCIAL ASSETS		64,055,635	57,389,440
TOTAL ASSETS		70,405,184	68,031,197
LIABILITIES			
Payables	5.2	835,217	1,095,718
Provisions	3.1.2	1,504,937	1,104,978
Other	5.5	445,413	521,424
TOTAL LIABILITIES		2,785,567	2,722,120
Net Assets		67,619,617	65,309,078
EQUITY			
Contributed Capital		17,361,115	17,361,115
Physical Asset Revaluation Surplus	8.2	42,276,552	42,276,552
Accumulated Gain		7,981,950	5,671,411
TOTAL EQUITY		67,619,617	65,309,078

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Physical Asset Revaluation Surplus \$	Accumulated Gain / (Loss) \$	Contributed Capital \$	Total \$
Balance at 1st July 2018	42,276,552	4,572,138	17,361,115	64,209,805
Net Result for the Year:	<u>-</u>	<u>1,099,273</u>	<u>-</u>	<u>1,099,273</u>
Balance at 30th June 2019	42,276,552	5,671,411	17,361,115	65,309,078
Net Result for the Year	<u>-</u>	<u>2,310,539</u>	<u>-</u>	<u>2,310,539</u>
Balance at 30th June 2020	<u>42,276,552</u>	<u>7,981,950</u>	<u>17,361,115</u>	<u>67,619,617</u>

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		10,534,283	15,775,558
Payments to Suppliers and Employees		(13,315,219)	(14,500,829)
Goods and Services Refunded / (Paid) to the ATO		(418,962)	88,985
Interest Received		79,261	155,970
Grants from Commonwealth Government Bodies		1,925,000	550,000
Grants from Victorian Government Bodies		4,945,000	240,000
Capital Grants from Puffing Billy Preservation Society		15,207	314,696
NET CASH FLOWS FROM OPERATING ACTIVITIES	6.1 (b)	<u>3,764,570</u>	<u>2,624,380</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment		(4,799,749)	(1,228,692)
Payment for Capital Works in Progress		(3,861,364)	(2,600,522)
Proceeds from Investments		5,191,318	1,994,449
Proceeds from sale of Property, Plant and Equipment		-	24,256
NET CASH USED IN INVESTING ACTIVITIES		<u>(3,469,795)</u>	<u>(1,810,509)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		294,774	813,870
Cash and Cash Equivalents at Beginning of the Year		<u>4,457,331</u>	<u>3,643,460</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6.1 (a)	<u>4,752,105</u>	<u>4,457,331</u>

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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 2020 and the comparative information presented for the year ended 30 June 2019.

(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 2020.

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

		2020	2019
		\$	\$
Revenue from fares, shops and external contracts			
Fares		10,072,250	14,238,246
Sales - Shop		1,087,056	1,511,153
Sale of Goods and Services		11,159,306	15,749,399
Volunteer Labour Services Donated	2.2.4	4,506,932	-
Other income			
Grants	2.2.2	6,885,207	1,104,697
Interest Received	2.2.3	79,261	155,970
Rents Received	2.2.3	181,383	183,446
Other Income	2.2.3	108,055	134,717
		7,253,906	1,578,830
Total income		22,920,144	17,328,229

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 consistent 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

	2020	2019
	\$	\$
Puffing Billy Preservation Society Grant	15,207	314,697
Grant from Federal Government Bodies – Capex	1,925,000	550,000
Grant from State Government Bodies – Capex	2,945,000	240,000
Grant from State Government Bodies - Operating	2,000,000	-
Total sale of goods and services	6,885,207	1,104,697

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.

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. This most closely reflects the construction progress as costs are incurred as the works are done.

Income from grants 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;
- (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 immediately passed to the relevant recipient entities on behalf of the Commonwealth Government.

NOTE 2.2.3 - OTHER INCOME

	2020	2019
	\$	\$
Rental income – Income	181,383	183,446
Miscellaneous Advertising	22,000	45,000
Commissions Received	6	-
Sundry income	86,049	89,717
Other Income	108,055	134,717
Total other income	289,438	318,163

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

	2020	2019
	\$	\$
Volunteer Labour Services Donated	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.





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	2020	2019
Employee benefit expenses	3.1.1	8,303,543	7,501,998
Volunteer Labour Services Cost	3.2 (a)	4,506,932	-
Supplies and Services	3.2 (b)	2,387,639	2,798,142
Finance Costs		597	-
Advertising and Promotion		419,077	319,102
Insurance Costs		346,915	316,287
Administration Expenses	3.3	833,879	1,656,203
Grants and other transfers	3.4	20,100	185,959
Electricity and Gas		188,624	183,681
Other operating expenses	3.5	1,695,682	1,400,531
Total expenses incurred in delivery of services		18,702,988	14,361,903

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

FINANCE COSTS

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

ADVERTISING AND PROMOTION

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

INTEREST EXPENSE

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

ELECTRICITY AND GAS

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

GRANTS 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. This is a \$5,000 increase over last year's amount to the same organisation. 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

	2020	2019
	\$	\$
Defined contribution superannuation expense	820,625	808,043
Salaries and wages, annual leave and long service leave	7,482,918	6,693,955
Total employee expenses	8,303,543	7,501,998

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

	2020	2019
	\$	\$
CURRENT PROVISIONS:		
ANNUAL LEAVE		
Unconditional and expected to settle within 12 months	474,432	369,787
Unconditional and expected to settle after 12 months	172,917	99,326
LONG SERVICE LEAVE		
Unconditional and expected to settle within 12 months	31,919	28,757
Unconditional and expected to settle after 12 months	440,123	384,978
PROVISIONS FOR ON COSTS		
Unconditional and expected to settle within 12 months	110,498	75,721
Unconditional and expected to settle after 12 months	205,793	86,664
TOTAL CURRENT PROVISIONS FOR EMPLOYEE BENEFITS	<u>1,435,682</u>	<u>1,045,233</u>
NON CURRENT PROVISIONS:		
Employee benefits	59,256	50,813
On costs	9,999	8,933
Total non current provisions for employee benefits	<u>69,255</u>	<u>59,746</u>
TOTAL PROVISIONS FOR EMPLOYEE BENEFITS	<u>1,504,937</u>	<u>1,104,979</u>
RECONCILIATION OF MOVEMENT IN ON-COST PROVISION		
	2020	2019
	\$	\$
OPENING BALANCE	171,318	200,804
Provision made throughout the year	188,050	173,954
Settlements	(33,078)	(203,440)
CLOSING BALANCE	<u>326,290</u>	<u>171,318</u>
Current	<u>316,291</u>	<u>162,385</u>
Non current	<u>9,999</u>	<u>8,933</u>

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

	2020	2019
	\$	\$
Volunteer Labour Services Cost (a)	4,506,932	-
Other Supplies and Services (b)		
Cost of shops sales	505,896	629,379
Coal and light up wood	215,558	349,374
Catering	344,313	426,239
Cost external Contracts	196,640	193,981
Repairs, Maintenance and Consumables	1,125,232	1,199,169
	2,387,639	2,798,142
	6,894,571	2,798,142

(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 2019/2020 year. The volunteer contribution has been valued at \$4,506,932.

(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 3.3 - ADMINISTRATION

	2020	2019
	\$	\$
Printing and stationary	78,485	96,601
Telephone and postage	127,392	159,754
Masterplan expenses	68,054	133,879
Consultants	80,766	505,091
Information Technology	157,100	442,484
Other	322,082	318,394
	833,879	1,656,203

NOTE 3.4 - GRANT EXPENSES

	2020	2019
	\$	\$
General purpose grants	100	170,959
Payments for specific purposes (CFA)	20,000	15,000
Total grant expenses	20,100	185,959

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 \$15,000 to the same cause. \$170,959 of road and bus parking infrastructure was also donated to Yarra Ranges last year.

NOTE 3.5 - OTHER OPERATING EXPENSES

OTHER EXPENSES	2020	2019
AUDITOR'S REMUNERATION:	\$	\$
- Auditor General	12,500	8,500
Payroll Tax	387,372	335,316
Other Operating Expenses	342,593	328,061
Doubtful Debts	328,912	-
Special Events	254,233	300,558
Train Operation Expenses	215,079	244,870
Rates Taxes and Levies	86,561	90,200
Training and Education	68,434	93,026
	1,695,684	1,400,531

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

	2020 \$	2019 \$
Non-Current:		
Land - at fair value	11,066,570	11,066,570
	<u>11,066,570</u>	<u>11,066,570</u>
Buildings, Structures		
- at fair value	11,279,282	9,933,180
Accumulated Depreciation	(1,652,891)	(1,196,324)
	<u>9,626,391</u>	<u>8,736,855</u>
Total Land and Buildings	<u>20,692,961</u>	<u>19,803,425</u>
Locomotives and Rolling Stock - at fair value	20,015,885	16,904,628
Accumulated Depreciation	(2,667,286)	(1,990,334)
Total Locomotives and Rolling Stock	<u>17,348,600</u>	<u>14,914,294</u>
Motor Vehicles - at fair value	723,777	723,777
Accumulated Depreciation	(563,856)	(486,770)
	<u>159,921</u>	<u>237,007</u>
Office Furniture and Equipment - at fair value	412,381	377,047
Accumulated Depreciation	(339,628)	(317,126)
	<u>72,753</u>	<u>59,921</u>
Plant and Equipment - at fair value	4,237,992	3,936,234
Accumulated Depreciation	(1,698,436)	(1,465,284)
Total Plant and Equipment	<u>2,539,556</u>	<u>2,470,950</u>
Total Motor Vehicles, Plant and Equipment	<u>2,772,230</u>	<u>2,767,877</u>
Permanent Way - at fair value	12,651,257	12,645,963
Accumulated Depreciation	(1,735,048)	(1,294,689)
Total Permanent Way	<u>10,916,209</u>	<u>11,351,274</u>
Property, Plant and Equipment	<u>51,729,999</u>	<u>48,836,870</u>

DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value measurement to changes in significant unobservable inputs
Land	Market based direct comparison, discounted for public use zoning (community service obligation)	Community service obligation	40%	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value
Buildings 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

	2020	2019
	\$	\$
Building and Structures	456,568	404,646
Locomotives and Rolling Stock	676,951	664,773
Motor Vehicles	77,087	84,646
Office Furniture and Equipment	22,499	23,258
Plant and Equipment	233,150	275,403
Permanent Way	440,358	438,583
	<u>1,906,615</u>	<u>1,891,309</u>

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	3	3	3	3	3	
	\$	\$	\$	\$	\$	\$
Net carrying amount at 1st July 2018	11,066,570	8,703,845	15,103,357	2,846,955	11,778,760	49,499,487
Transfers from						
Work in Progress	-	437,658	296,632	483,307	11,095	1,228,692
Depreciation Expense	-	(404,646)	(664,773)	(383,307)	(438,583)	(1,891,309)
Net Carrying Amount at 30th June 2019	11,066,570	8,736,857	14,735,216	2,946,955	11,351,273	48,836,870
Transfers from						
Work in Progress	-	1,346,102	3,290,333	158,014	5,295	4,799,744
Depreciation Expense	-	(456,568)	(676,951)	(332,740)	(440,358)	(1,906,615)
Net Carrying Amount at 30th June 2020	<u>11,066,570</u>	<u>9,626,391</u>	<u>17,348,600</u>	<u>2,772,229</u>	<u>10,916,209</u>	<u>51,729,999</u>

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 2018	990,387	4,177,624	-	-	5,168,011
Additions	2,568,628	1,251,904	-	8,684	3,829,216
Plant and Equipment	(920,963)	(296,632)	-	(11,097)	(1,228,692)
Net Carrying Amount at 30th June 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 to Property	451,498	(453,912)	-	2,414	-
Plant and Equipment	(1,346,103)	(3,448,346)	-	(5,295)	(4,799,744)
Net Carrying Amount at 30th June 2020	8,832,444	2,797,454	-	-	11,629,898

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

RESTRICTIVE NATURE OF CULTURAL AND HERITAGE ASSETS

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

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.

No independent valuations occurred in 2019/2020. Additionally, VGV indices tables indicated no material movement for key asset categories for 2019/2020 regarding their fair values, as a result, there has been no impact on the fair value determination during the 2019/2020 financial year. The last VGV revaluation occurred in 2015/2016. The next scheduled revaluation will be in the 2020/2021 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

	2020	2019
Current		
Contractual		
Trade Debtors	1,690,415	736,363
Provision for Doubtful Debtors	(328,912)	-
Other Receivables	62	30,044
	<u>1,361,565</u>	<u>766,407</u>
Statutory		
GST Receivables	235,879	226,700
	<u>1,597,444</u>	<u>993,107</u>

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.

NOTE 5.2 - PAYABLES

	2020	2019
CONTRACTUAL	\$	\$
Trade Creditors	404,304	409,500
Sundry Creditors and Accrued Expenses	430,913	525,154
STATUTORY		
GST payable	-	161,002
Employee Tax Withheld	-	62
TOTAL PAYABLES	<u>835,217</u>	<u>1,095,718</u>
Represented by:		
Current payables	835,217	1,095,718
Non-current payables	<u>-</u>	<u>-</u>

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

2020 PAYABLES	CARRYING AMOUNT \$	NOMINAL AMOUNT \$	LESS THAN 1 MONTH \$	MATURITY DATES		
				1 - 3 MONTHS \$	3 MONTHS - 1 YEAR \$	1 - 5 YEARS \$
Supplies and services	404,304	404,304	404,304	-	-	-
Other payables	430,913	430,913	430,913	-	-	-
BORROWINGS						
Hire purchase liabilities	-	-	-	-	-	-
TOTAL	<u>835,217</u>	<u>835,217</u>	<u>835,217</u>	<u>-</u>	<u>-</u>	<u>-</u>
2019						
Supplies and services	409,500	409,500	409,500	-	-	-
Other payables	525,154	525,154	525,154	-	-	-
BORROWINGS						
Hire purchase liabilities	-	-	-	-	-	-
Total	<u>934,654</u>	<u>934,654</u>	<u>934,654</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 5.3 - INVENTORIES

CURRENT:	2020	2019
Finished Goods held for resale, at cost	258,011	352,450
Coal, at cost	19,404	17,759
Workshop Inventories and Spare Parts, at cost	<u>200,640</u>	<u>200,640</u>
TOTAL INVENTORIES	<u>478,055</u>	<u>570,849</u>

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

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

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

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

NOTE 5.4 - OTHER NON - FINANCIAL ASSETS

CURRENT:

Australian dollar term deposits

2020	2019
-	5,191,318

NOTE 5.5 - OTHER LIABILITIES

CURRENT - OTHER LIABILITIES

Passenger Bookings in Advance

Revenue Received in Advance

CURRENT - OTHER LIABILITIES

TOTAL OTHER LIABILITIES

2020	2019
\$	\$
339,457	425,657
105,956	95,767
445,413	521,424
445,413	521,424

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

6. HOW WE FINANCED OUR OPERATIONS

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

(a) Reconciliation of Cash and Cash Equivalents

Cash on Hand	9,976	31,650
Cash at Bank	3,984,294	787,464
Cash invested at call	757,835	3,638,217
	<hr/>	<hr/>
Balance as per cash flow statement	4,752,105	4,457,331

(b) Reconciliation of Cash Flows from Operations

Net Result for the Year	2,310,539	1,099,273
Non-cash movements		
- Depreciation	1,906,615	1,891,309
Loss / (Profit) on Disposal of Property, Plant and Equipment	-	(24,256)
	<hr/>	<hr/>
	4,217,154	2,966,326
Movements in assets and liabilities		
- Decrease/ (Increase) in Receivables	(604,337)	(464,384)
- Decrease/ (Increase) in Inventories	92,794	24,874
- Decrease/ (Increase) in Prepayments	(4,497)	(42,590)
- (Decrease)/ Increase in Payables	(260,494)	135,210
- (Decrease)/ Increase in Provisions	399,959	(30,764)
- (Decrease)/ Increase in Other Liabilities	(76,009)	35,708
	<hr/>	<hr/>
Net Cash Flows from Operations	3,764,570	2,624,380

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 2020.

2019	Less than 1 year	1-5 years	5+ years	Total
Operating and lease commitments payable	43,472	-	-	43,472
Deferred HP charges	-	-	-	-
Other non - capital financial commitments	-	-	-	-
Total commitments (inclusive of GST)	43,472	-	-	43,472
Total commitments (exclusive of GST)	39,520			39,520

NOTE 6.3 – CAPITAL COMMITMENTS

Nominal amounts 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
Sills and ONRSR Compliance project	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

2019	Less than 1 year	1-5 years	5+ years	Total
Discovery centre	15,064,051	9,443,500	-	24,507,551
New NBH rolling stock	2,278,231	-	-	2,278,231
Other Masterplan projects	112,401	-	-	112,401
Total commitments (inclusive of GST)	17,454,683	9,443,500	-	26,898,183
Less GST recoverable	1,586,789	858,500		2,445,289
Total commitments (exclusive of GST)	15,867,894	8,585,000		24,452,894

The Discovery centre received the backing of both the Federal and State Government during the year. Refer to Note: 2.2.2 regarding the breakdown of the Federal and State Cap Ex related Grants totaling \$4,870,000 for the year.

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 2019/20 (Nil - 2018/19).

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
2020 CONTRACTUAL FINANCIAL ASSETS	\$	\$	\$	\$
Cash and cash equivalent	4,752,105	4,752,105	-	4,752,105
Receivables	-	1,361,565	-	1,361,565
Total Contractual Financial Assets	<u>4,752,105</u>	<u>1,361,565</u>	<u>-</u>	<u>6,113,670</u>
CONTRACTUAL FINANCIAL LIABILITIES				
Payables	-	-	835,217	835,217
Total Contractual Financial Liabilities	<u>-</u>	<u>-</u>	<u>835,217</u>	<u>835,217</u>
2019 CONTRACTUAL FINANCIAL ASSETS				
Cash and cash equivalent	4,457,331	-	-	4,457,331
Term Deposits	5,191,318	-	-	5,191,318
Receivables	-	766,407	-	766,407
Total Contractual Financial Assets	<u>9,648,649</u>	<u>766,407</u>	<u>-</u>	<u>10,415,056</u>
CONTRACTUAL FINANCIAL LIABILITIES				
Payables	-	-	934,654	934,654
Total Contractual Financial Liabilities	<u>-</u>	<u>-</u>	<u>934,654</u>	<u>934,654</u>

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
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	-	-	-	-
2019 CONTRACTUAL FINANCIAL ASSETS				
Financial Assets at amortised cost	-	155,970	-	155,970
Total Contractual Financial Assets	-	155,970	-	155,970
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
2020	\$	\$	\$
Cash and deposits	4,752,105	-	4,752,105
Receivables	-	1,361,565	1,361,503
TOTAL CONTRACTUAL FINANCIAL ASSETS	<u>4,752,105</u>	<u>1,361,565</u>	<u>6,113,670</u>
2019			
Cash and deposits	9,648,649	-	9,648,649
Receivables	-	766,407	766,407
TOTAL CONTRACTUAL FINANCIAL ASSETS	<u>9,648,649</u>	<u>766,407</u>	<u>10,415,056</u>

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 2019-20.

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
2020	\$	\$	\$	\$	\$
CONTRACTUAL RECEIVABLES:					
Expected Loss Rate	0%	0%	100%	100%	100%
Gross carrying amount of contractual receivables	1,690,415	1,361,503	(174)	19,650	309,436
LOSS ALLOWANCE	<u>328,912</u>	<u>-</u>	<u>(174)</u>	<u>19,650</u>	<u>309,436</u>
TOTAL RECEIVABLES	<u><u>1,361,503</u></u>	<u><u>1,361,503</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
2019 INVESTMENT AND OTHER CONTRACTUAL CONTRACTUAL RECEIVABLES:					
Expected Loss Rate	0%	0%	0%	0%	0%
Gross carrying amount of contractual receivables	<u>736,363</u>	<u>533,977</u>	<u>154,445</u>	<u>46,501</u>	<u>1,440</u>
Loss Allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables	<u><u>736,363</u></u>	<u><u>533,977</u></u>	<u><u>154,445</u></u>	<u><u>46,501</u></u>	<u><u>1,440</u></u>

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

	2020	2019
OPENING LOSS ALLOWANCE	-	-
Increase in the allowance recognised in the net result	<u>(328,912)</u>	-
Reversal of allowance for receivables written off during the year as uncollectible	<u>-</u>	-
BALANCE AT THE END OF THE YEAR	<u><u>(328,912)</u></u>	-

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 2019-20 until the coronavirus (COVID-19) event struck the Railway in February 2020. The closure of many supporting businesses and key client ceased almost immediately making collection increasing difficult.

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

	WEIGHTED AVERAGE EFFECTIVE INTEREST	CARRYING AMOUNT	INTEREST RATE EXPOSURE		NON INTEREST BEARING
			FIXED INTEREST RATE	VARIABLE INTEREST RATE	
2020	%	\$	\$	\$	\$
FINANCIAL ASSETS					
Cash and cash equivalent	0.10	4,752,105	2,136,080	1,502,137	1,113,888
Term Deposits	N/A	-	-	-	-
Receivables					
- Sale of goods and services		1,361,503	-	-	1,361,503
- Other receivables		62	-	-	62
TOTAL FINANCIAL ASSETS		<u>6,113,670</u>	<u>2,136,080</u>	<u>1,502,137</u>	<u>2,475,453</u>
Financial Liability					
Payables					
- Supplies and services		404,304	-	-	404,304
- Other payables		430,913	-	-	430,913
TOTAL FINANCIAL LIABILITIES		<u>835,217</u>	<u>-</u>	<u>-</u>	<u>835,217</u>

	WEIGHTED AVERAGE EFFECTIVE INTEREST	CARRYING AMOUNT	INTEREST RATE EXPOSURE		NON INTEREST BEARING
			FIXED INTEREST RATE	VARIABLE INTEREST RATE	
2019	%	\$	\$	\$	\$
FINANCIAL ASSETS					
Cash and cash equivalent	0.50	4,457,331	2,136,080	1,502,137	819,114
Term Deposits	2.14	5,191,318	5,191,318	-	-
Receivables					
- Sale of goods and services		736,363	-	-	736,363
- Other receivables		30,044	-	-	30,044
TOTAL FINANCIAL ASSETS		<u>10,415,056</u>	<u>7,327,398</u>	<u>1,502,137</u>	<u>1,585,521</u>
Financial Liability					
Payables					
- Supplies and services		409,500	-	-	409,500
- Other payables		525,154	-	-	525,154
TOTAL FINANCIAL LIABILITIES		<u>934,654</u>	<u>-</u>	<u>-</u>	<u>934,654</u>

NOTE 7.1.5 - INTEREST RATE RISK SENSITIVITY

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

	CARRYING AMOUNT	INTEREST RATE RISK			
		-1%		+1%	
		PROFIT	EQUITY	PROFIT	EQUITY
2019	\$	\$	\$	\$	
FINANCIAL ASSETS					
Cash and cash equivalent	4,457,331	(44,573)	-	44,573	-
Term Deposits	5,191,318	(51,913)	-	51,913	-
Receivables	766,407	-	-	-	-
CONTRACTUAL FINANCIAL LIABILITIES					
Trade and other payables	934,654	-	-	-	-
		(96,486)	-	96,486	-

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.

Although the Railway has been working through many of 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. The quantum at this stage is continues to remain unknown, and therefore the contingent liability is non-quantifiable.

There were no contingent assets to disclose as at the 30 June 2020 (2019:nil).

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

	2020	2019
PHYSICAL ASSET REVALUATION SURPLUS	\$	\$
Balance at beginning of financial year	42,276,552	42,276,552
Revaluation increments/(decrements)	-	-
Impairment losses	-	-
BALANCE AT END OF FINANCIAL YEAR	<u>42,276,552</u>	<u>42,276,552</u>

CONTRIBUTIONS BY OWNERS

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

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

NOTE 8.3 RESPONSIBLE 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 since the 29th of November 2019.

Accountable Officer: S. O'Brien

Remuneration paid to the Minister is reported in the Annual Report of the Department of the Premier and Cabinet.

Members of the Board as at 30 June 2020:

T. North QC appointed 22nd June 2018

C. Rose AM appointed 22nd June 2018

J. Pinder appointed 25th June 2019

J. Heazlewood appointed 22nd June 2018

J. Maddigan appointed 22nd June 2018

D. Smith appointed 22nd June 2020

M. Mangos appointed 22nd June 2020

The following two Directors stepped down during the financial year. The Railway thanks them for their valuable contribution.

P Lappin 22nd June 2018 to 21st June 2020

R Clifton 22nd June 2018 to 21st June 2020

REMUNERATION

Remuneration was paid to the four non Government Board Members during 2019/2020. Three of these members received a remuneration of \$20,000 for their services, while the remaining Director received \$40,000. The three Government representatives on the Board received no remuneration for their services.

The remuneration paid to the Minister is reported in the Annual Report of the Department of the Premier and Cabinet.

Remuneration received or receivable by the Accountable Officer in connection with the management of the Railway during the reporting period was in the range: \$250,000 – \$259,999 (\$350,000 – \$359,999 in 2018/19). 2018/2019 includes two overlapping interim CEO's.

NOTE 8.4 REMUNERATION OF EXECUTIVES

	2020	2019
COMPENSATION OF EXECUTIVES	\$	\$
Short-term employee benefits	1,581,285	1,260,581
Post-employment benefits	162,071	110,412
Other long-term benefits	232,141	178,004
TOTAL	1,975,497	1,548,997
Total Number of Executives	11	9
Total Annualised Employee Equivalents	11	10

NOTE 8.5 RELATED PARTIES

Four of the seven Members of the Board are employees or Directors of other related Government Agencies. All the Directors were appointed by the Minister using emergency executive processes in June 2018. The emergency powers remain under affect until governance changes are executed. The Directors were 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)* were 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 2020.

The Puffing Billy Preservation Society 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 Puffing Billy Preservation Society continue provide a limited range services to the Railway.

Additionally, Puffing Billy Preservation Society has provided grants totalling \$15,207 (2019: \$314,697) towards capital works in progress, as disclosed in Note 2. The Railway has not purchased any books and DVDs in 2020 (2019: \$1,143) from the Society. Previously these were made available for sale at station kiosks.

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

PERIOD	KEY MANAGEMENT PERSONNEL	POSITION TITLE
1st July 2019 to 30th June 2020	S. O'Brien	Chief Executive Officer & Accountable Officer
1st July 2019 to 30th June 2020	P. Essig	Engineering Manager

COMPENSATION OF KMPS	2020	2019
	\$	\$
Short-term employee benefits	409,596	679,436
Post-employment benefits	38,521	46,559
Other long-term benefits	37,297	47,867
TOTAL	485,414	773,862

As consistent with the Victorian Public Sector Entity Executive Remuneration Survey

NOTE 8.6 REMUNERATION OF AUDITORS

	2020	2019
VICTORIAN AUDITOR GENERAL'S OFFICE	\$	\$
Audit or review of the financial statements	12,500	8,500
TOTAL REMUNERATION OF AUDITORS	12,500	8,500

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 2019/2020.

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 coronavirus (COVID-19) pandemic has created unprecedented economic uncertainty. 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 coronavirus (COVID-19) pandemic after the reporting date on the Railway, and its operations future results and financial position. The state of disaster in Victoria was extended on 16 Aug 2020 until 13 September 2020 and has since been re-revised to late October 2020.

NOTE 8.9 - GOING CONCERN

Notwithstanding the net current working capital position as of 30 June 2020 of \$5,147,807 (2019 - \$9,334,385) 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. In addition to the State Governments initial coronavirus (COVID-19) operational assistance of \$2m the Railway received in late June 2020, \$1.63m was also provided in August 2020. A further \$7.9m in operating assistance has since been announced and expected to be accessible between October and November 2020. This grant recognises the impact the coronavirus (COVID-19) has on the Railway.
2. Since balance date, the State Government has contributed a further \$2m for the Emerald Tourist Railway Board's Puffing Billy Lakeside Visitor Centre (PBLVC), and the Federal Government another \$1.375m for the same project.
3. a) The State Government is also committed to a further \$3.015m in PBLVC capital grants to complete the construction of this key project (last year of the three year \$8.2m PBLVC State Government Grant).
b) The Federal Government will also contribute a further \$1.65m to the same project (last year of the three year \$5.5m Federal PBLVC Grant).
4. The Emerald Tourist Railway Board has also obtained a committed from the State Government of \$6.3m towards its Masterplan infrastructure commitments.
5. During 2019-20, the entity recorded a profit of \$2,310,539 (2019: profit of \$1,099,273) and generated positive cash inflows from operating activities of \$3,764,570 (2019: cash inflows of \$2,624,380) largely as a result of prepaid grant revenues, however the Railway also implemented other initiatives to improve revenues, operational profitability and cash flow.

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 - CHANGE IN ACCOUNTING POLICIES & TRANSITIONAL IMPACT

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 Revenue from Contracts with Customers;
- AASB 16 Leases, ; and
- AASB 1058 Income of Not-for-Profit Entities.

AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS:

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

Comparative information has not been restated.

Note 2.2.1 Sales of goods and services income includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

The first time adoption of AASB 15 has not had a material impact on the financial statements for the year ended 30 June 2020.

AASB 16 LEASES:

The Railway has elected to apply AASB 16 Leases, with a date of initial application on 1 July 2019, using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lease.

Previously, the Railway determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 Determining whether an arrangement contains a Lease.

For 2019/2020 the ETRB has no such lease arrangements in place. The adoption of AASB 16 did not have a material impact on the Railway financial statements for the year ended 30 June 2020.

AASB 1058 INCOME OF NOT-FOR-PROFIT ENTITIES:

In accordance with FRD 122 requirements, the Railway has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Railway applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

The key AASB 1058 change applies when the Railway receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The notional value of volunteers inflates both Income and expenses by \$4,506,932. Although the figure inflates these revenue and expense categories, the amount nets off, having a nil impact on profitability. The Volunteers contribution is carefully tracked by the Emerald Tourist Railway Board's Volunteer Services branch. Volunteers can be engaged by the hour, by the day or for the completion of specific tasks. These tasks amounted to 114,420 labour hours for 2020 and equates to the average of 58.7 individuals volunteering every day.

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 - AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AASs have been published that are not mandatory for the 30 June 2020 reporting period. The Railway assesses the impact of these new standards and advises the Board of their applicability and early adoption where applicable.

As at 30 June 2020, the following standards and interpretations that are applicable to the Railway had been issued but are not mandatory for the financial year ended 30 June 2020. Standards and interpretations that are not applicable to the Railway have been omitted. The Railway has not early adopted these standards. No significant impact on the financial statements is expected from the following standards:

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON THE ETRB'S FINANCIAL STATEMENTS
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The Railway has not earlier adopted the Standard. The Railway is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.	1 January 2023	This standard will purely reflect the presentation to improve clarity around the disclosures of Liabilities and is unlikely to have a material impact on the Railways accounts. The Railway is in the process of analysing the impacts of this Standard further, and as a result it will not be an early adopter of this standard.

NOTE: 8.13 - 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 period

20xx xx year period

The financial statements and notes are presented based on the illustration for a government department in the 2019 20 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Railway's annual reports but have been re-arranged to reflect the Victorian Department of Treasury and Finance's new reporting format.



DISCLOSURE INDEX

The 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 3,53,65,102
FRD 22H	Purpose, functions, powers and duties	Page 4,48-54
FRD 8D	Departmental objectives, indicators and outputs	Page 4,48-54
FRD 22H	Key initiatives and projects	Page 4,18-21
FRD 22H	Nature and range of services provided	Page 18-45
MANAGEMENT AND STRUCTURE		
FRD 22H	Organisational structure	Page 46-47
FINANCIAL AND OTHER INFORMATION		
FRD 8D	Performance against output performance measures	Page 18-45
FRD 10A	Disclosure index	Page 108
FRD 12B	Disclosure of major contracts	Page 41-43,53
FRD 15D	Executive officer disclosures	Page 101-102
FRD 22H	Occupational health and safety policy	Page 39-40
FRD 22H	Summary of the financial results for the year	Page 20
FRD 22H	Significant changes in financial position during the year	Page 20,68-69,103-104
FRD 22H	Major changes or factors affecting performance	Page 18-20
FRD 22H	Subsequent events	Page 103
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	Page 50
FRD 22H	Details of consultancies over \$100 000	Page 53
FRD 22H	Details of consultancies under \$100 000	Page 53
FRD 22H	Disclosure of ICT expenditure	Page 53
FRD 22H	Statement of availability of other information	Page 53
FRD 24C	Reporting of office based environmental impacts	Page 44-45
FRD 29B	Workforce Data disclosures	Page 21
COMPLIANCE ATTESTATION AND DECLARATION		
SD 3.7.1	Attestation for compliance with Ministerial Standing Direction	Page 56
SD 5.2.3	Declaration in report of operations	Page 56
Financial statements		

DECLARATION

SD 5.2.2 Declaration in financial statements Page 57

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 65
SD 5.2.1(a)	Compliance with Ministerial Directions	Page 53,56-57
SD 5.2.1(b)	Compliance with Model Financial Report	Page 65
Other disclosures as required by FRDs in notes to the financial statements		
FRD 11A	Disclosure of Ex gratia Expenses	Page 103
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 101-102
FRD 102	Inventories	Page 84
FRD 103H	Non Financial Physical Assets	Page 83-85,90-92
FRD 110A	Cash Flow Statements	Page 64
FRD 112D	Defined Benefit Superannuation Obligations	Page 72

Note: (a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.

Legislation	Page reference
<i>Audit Act 1994</i>	Page 9
<i>Protected Disclosure Act 2012</i>	Page 27
<i>Child Wellbeing and Safety Act 2005</i>	Page 48
<i>Public Records Act 1973</i>	Page 49
<i>The Privacy and Data Protection Act 2014</i>	Page 49
<i>Freedom of Information Act 1982</i>	Page 50
<i>The Public Interest Disclosures Act 2012</i>	Page 51
<i>Financial Management Act 1994</i>	Page 9,53,56-57,65,101



**OVER THE HILL,
DOWN THE VALLEY,
INTO THE FOREST.**





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