



ANNUAL **REPORT** 2022-23

VISION

TASMANIA'S TRUSTED PROVIDER
OF SAFE AND DEPENDABLE RAIL
LOGISTICS SOLUTIONS



We will never compromise on safety.
We recognise that people need mental
and physical health to thrive.



SAFETY

INTEGRITY

We do what we say we will do. We are fair,
ethical, and honest and we take responsibility.



RESPECT

We are inclusive and value each other's
differences and ideas. We embrace diversity.



We are passionate about our success.
We continually strive for excellence and performance.
We will make a difference and be remarkable!



BEING REMARKABLE



MAXIMISING THE BENEFITS OF
SUSTAINABLE RAIL LOGISTICS
SERVICES FOR TASMANIA

PURPOSE

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CHAIRMAN'S REMARKS

Over the past twelve months, we've witnessed economic and geopolitical headwinds impacting global supply chains and broader market conditions. Despite this, it has been encouraging to see sustained volumes of many of the products that form such a key part of TasRail's overall operations. Importantly, these products are often at the economic heart of regional and rural parts of Tasmania, providing vital employment and economic activity. This includes products from all of the State's major industrials, as well as emerging markets for rail, such as forestry.

Many of these products have had a strong year and, while rail volumes are slightly down against recent records,

we are still seeing a consistent freight task, with approximately 485.6 million net tonne kilometres hauled in 2022-23. These volumes highlight the strength in these sectors and also the investment in the relationship that TasRail has made to deliver efficient, reliable and safe supply-chain solutions for our customers.

It is pleasing to report that 2022-23 has seen the completion of the \$110.8 million Tranche Two of the Tasmanian Freight Rail Revitalisation Program on time and budget. This four-year program, co-funded by the Australian and Tasmanian governments, has driven record levels of investment in rail, supporting local construction, employment and economic growth. It is this investment that has allowed us to maintain a high level of service delivery for our customers, with our six daily

intermodal services achieving 97.8 per cent on-time arrival in 2022-23.

Like others, TasRail is not immune to the global supply chain challenges facing many commodities-based businesses. In part, our financial results for 2022-23 reflect this, with a consolidated EBITDA loss recorded of \$(1.2) million against a budget of \$3.2 million and a normalised Above Rail Net Profit (Loss) of \$(2.2) million versus budget of \$437,000. This softer result is directly related to unforeseen costs attributed to the October 2022 floods and global pressure contributing to rising costs in materials, labour and contractors. These externalities have impacted both TasRail directly and our major customers.

TasRail has also continued to work closely with the Tasmanian Government in relation to the legislated



net zero at 2030 emissions target. The transport sector currently makes up 20.9 per cent of the State's emissions profile, of which TasRail contributes approximately 1 per cent. This profile partly reflects the fact that emissions from rail are one quarter that of road transport for the equivalent freight task. This highlights the valuable role rail logistics can play in assisting the State to achieve its emissions targets. To further support Tasmania's endeavours, TasRail is also investigating low-emissions technologies and will continue to monitor national and international technology pathways as the rail industry matures through this process.

Tragically, in this reporting period, we've had two fatalities in the rail corridor. One incident involved a TasRail contractor, while the other was a member of the public trespassing

in the Burnie yard. These incidents have serious and long-lasting impacts on everyone involved – immediate families and friends as well as our workmates and colleagues. TasRail has systems in place to ensure the health and well-being of affected parties are monitored. The incidents also highlight that railways can be dangerous industrial workplaces and serve to remind us to remain vigilant when it comes to our own safety in the rail corridor.

I would like to acknowledge and thank my fellow Directors for their support and guidance over the past year. I would also like to thank our CEO, Steven Dietrich, for his ongoing leadership, and the passion with which all the TasRail team approach their work. The past 12 months have provided many successes as well as some challenges, and our sustained

growth relies on the efforts of our people and their ongoing commitment to the TasRail business. I know I speak for the entire Board in thanking everyone for this.

Finally, I'd like to thank our Shareholder Ministers, in particular Deputy Premier and Minister for Infrastructure, the Hon. Michael Ferguson MP. The Tasmanian Government continues to be a strong supporter of the TasRail business, and we look forward to working with them to deliver safe, reliable and cost-effective rail solutions for Tasmania.

STEPHEN CANTWELL

BOARD OF DIRECTORS



STEPHEN CANTWELL
CHAIRMAN

Stephen Cantwell joined the TasRail Board in January 2017 and was appointed Chair in January 2020. He has more than 40 years' experience in a broad range of strategic, functional, and customer-facing roles within

multi-billion dollar national and international businesses in the freight rail and heavy industry manufacturing sectors.

In his lengthy career with Queensland Rail, Stephen built strong national and international business credentials in the transport and logistics sector. He continues to work with a range of global corporations and

governments to advise in the areas of transport, logistics and infrastructure.

Stephen is a fellow of the Chartered Institute of Transport and Logistics, a Fellow of the Centre for Integrated Engineering Management, and a Graduate Member of the Australian Institute of Company Directors.



ALISON CHAN

Alison Chan was appointed to the TasRail Board in February 2020. She has over 20 years' experience leading innovative, strategic projects as a sustainable finance, legal and governance professional.

Alison has applied her passion for sustainability to the finance

sector where her expertise lies in working with organisations looking to deliver positive impact. She has led projects to measure the Scope 1, 2 and 3 emissions of a leading asset management business and set near-term science-based emissions reduction targets. She also works directly with investors and investees to help

them identify and analyse their material sustainability issues and reduce risk.

Alison's non-executive and pro bono experience includes acting as a Senior Advisor to the Climate Bonds Initiative and as a trustee of Alexandra Rose Charity and the Dunhill Medical Trust.



ANITA ROBERTSON

Anita Robertson was appointed to the TasRail Board in December 2021. She is a Chartered Accountant and Chartered Secretary with more than 25 years' experience in finance and governance. Anita is currently the Business Manager of St

Virgil's College Hobart, an independent Panel Member of the Risk & Audit Committee for the Department of Natural Resources and Environment Tasmania, and a Tasmanian State Councillor for the Governance Institute of Australia. She has held CFO positions with prominent Tasmanian businesses and senior finance

roles with Deloitte and PwC. Anita is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Chartered Accountants Australia New Zealand, and the Governance Institute of Australia.



MICHAEL SCANLAN

Michael was appointed to the TasRail Board in November 2022. He has more than 30 years of rail industry experience through engineering, commercial, operational and leadership roles with Queensland Rail, leading best practice

achievements in safety and operations and achieving significant improvement in commercial outcomes. Michael also spent more than a decade as a specialist rail consultant, undertaking interstate and international assignments for government and private sector clients.

Michael has considerable previous board experience in the finance, transport and tourism sectors. He is a Fellow of the Australian Institute of Company Directors and the Chartered Institute of Logistics and Transport. He is also a member of the Institution of Engineers Australia.



IAN VANDERBEEK

Ian Vanderbeek was appointed to the TasRail board in July 2021. He has extensive operational and management experience in the transport industry, leading teams in Australia, Europe, the US, the Middle East and Africa. Ian established corporate aviation operator ExecuJet before spending five years in

China in regional aviation. Ian's most recent executive role was as Chief Executive Officer of specialist helicopter operator Aviator Group, from which he retired in June 2020. Ian now consults to SMEs across a range of sectors and is a director of aeromedical charity CareFlight Limited. Ian holds a Bachelor of Business Degree

and is a Graduate Member of the Australian Institute of Company Directors.

EXECUTIVE TEAM



CHIEF EXECUTIVE OFFICER
STEVEN DIETRICH

Asset Management

Asset Management maintains the rail network and infrastructure such as level crossings, bridges, culverts and tunnels. It also maintains the rollingstock fleet, bulk storage and shiploading assets, and state-wide facilities. Asset management is also responsible for safe and authorised access to the network, and vegetation management activities on TasRail's vast rail land corridors.

Operations

Operations provides safe, reliable and sustainable rail freight and logistics services, and operates TasRail's terminals. It is also responsible for operating the rollingstock fleet, and the storage and shiploading of bulk minerals.

Safety, Health and Environment / Risk and Compliance

TasRail's dedicated SHE team of specialists supports all operational areas with a particular focus on continuous improvement in TasRail's safety culture, risk and compliance management and effective management of the environment in which the Company operates.



CHIEF PROJECTS OFFICER
STEPHEN KERRISON
Capital Investment / Business Improvement

Oversight of the Capital investment program, including the Infrastructure Investment Program, the new Shiploader project, the Locomotive Life Extension Project, as well as business strategy and sustainability goals. The role also has responsibility for business improvement associated with Project management and management of change.



MANAGER CORPORATE AFFAIRS AND COMMUNICATIONS
JOSHUA BRADSHAW
Corporate Affairs and Communications

Corporate Affairs and Communications is focused on Shareholder, government, and business relations. It also manages community and stakeholder engagement, internal and external communications, including traditional and digital media, publications, branding and marketing, and other corporate reporting requirements.



CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY
KAREN VAN DER AA
Corporate Services

Corporate Services is responsible for financial reporting, auditing, accounts receivable, accounts payable, payroll, procurement, IT, business systems and property management. This team is also responsible for Board administration and business performance reporting.



MANAGER, PEOPLE AND CAPABILITY
MATTHEW WHEATLEY
People and Capability

People and Capability is focused on building a values-based culture and growing organisational capability through inclusion, diversity, and collaboration. The team manages and implements human resource policy including recruitment, remuneration and recognition, industrial relations, workers compensation, and training and development.



MANAGER, CUSTOMER SERVICE AND BUSINESS DEVELOPMENT
VANESSA SULLIVAN
Customer Service and Business Development

Customer Service and Business Development ensure streamlined service for customers and Tasmanian industry from their first point of contact with TasRail through to booking their freight on rail. The team manages the functions of business development, supply chain development, customer account management, customer communications, market analysis, logistics design, freight planning and importantly customer service delivery.

CEO'S REMARKS



Customers are at the core of TasRail's business and 2022-23 has seen continued high levels of service across a range of industries and sectors. Whether we're hauling mining concentrates from the west coast, logs from the south or containers from Brighton to Burnie, our focus remains on safe and reliable services.

Continued high levels of investment in rail assets and infrastructure through the Tasmanian Freight Rail Revitalisation Program (TFRRP) make this level of service possible. Primarily through the TFRRP, TasRail has invested \$82.8 million in the capital program in 2022-23. This investment continues to apply downward pressure on derailment risk and the removal of temporary speed restrictions, resulting in improvements to on-time running. In fact, TasRail's Freight Availability for 2022-23 was 97.8 per cent against a target of 96 per cent, providing a remarkable result for our customers.

Like any business, we are not immune to significant weather events and in October 2022, our network was significantly impacted by flood, particularly in the north of the State. Parts of our network sustained considerable flood damage, resulting in some lines being closed, with services impacted. The TasRail team, supported by our contractors, worked around the clock to repair damage and reinstate services in record time and I'd like to take this opportunity to thank everyone involved during the repair effort.

These unforeseen events do, however, have consequences and TasRail's end-of-year financial statements partly reflect the impact that the October

floods had. The cost of repairs ran into the millions and the resulting reduction in services impacted revenue. In total, it is estimated that the October 2022 flood event cost TasRail \$3.5 million.

Not to be distracted, the TasRail team moved quickly past the impacts of the flood and turned its attention back to one of our largest construction projects, the new Shiploader at the Port of Burnie. The Shiploader is critical export infrastructure for the mining sector and, along with a planned expansion of the adjacent Bulk Minerals Export Facility, will provide significant benefits to the mining industry. Over the past twelve months, large components have been fabricated at both Haywards' plant at Breadalbane and at The Engineering Company at Somerset. These components are now being assembled on the wharf, with completion planned for the second quarter of 2024.

TasRail also continued to provide strong support to the Tourism and Heritage rail sector during 2022-23. This support culminated with the donation of three legacy locomotives to the Don River Railway in June this year. Many people would be aware that the Don River Railway was impacted by a fire in April 2023, with a workshop and some heritage assets destroyed. Like much of the community, TasRail was keen to help out, through assistance via the donation of legacy assets. The three donated locomotives were moved from TasRail's East Tamar Junction rail yard in late June and will now proudly form part of Don River Railway's rebuilding process.

The safety of our people, our contractors and the public is always front of mind and TasRail continues

to pursue a zero-harm environment for everyone working in and around the railway. As part of this approach, TasRail sets stretch targets for safety performance and our results for 2022-23 reflect this. The results, while an improvement on the previous year, show that there is always more work to do and we will continue to work through our cultural safety program, SafetyCircle™, to fully embed a strong safety culture.

I would like to take this opportunity to acknowledge the work and support provided to me by the TasRail leadership team and the entire workforce. It makes me extremely proud to see our people building the business through strong endeavour and it's this teamwork that is positioning us well for future growth. Right across the State, TasRail people are putting their best foot forward to deliver safe and dependable rail logistics solutions for our customers.

Over the next 12 months and beyond, TasRail will continue to invest in rail infrastructure that supports and grows Tasmanian industries. We will also continue to think innovatively about rail solutions that strongly position our business in emerging markets and ensure that TasRail's future remains squarely on track.



STEVEN DIETRICH

STATEMENT OF CORPORATE INTENT

Performance Target	Target Result for FY 2022-23	Actual Result for FY 2022-23	Comments
Lost Time Injury Frequency Rate ¹	0.0	7.9	Disappointingly, the recorded results exceeded the targets set. TasRail remains committed to a zero-harm environment.
Recordable Injury Frequency Rate ²	3.1	11.0	
Freight Availability (Combined Intermodal Services) ³	96 per cent	97.8 per cent	
Mainline Derailments	0	2	Derailments occurred at Rhyndaston and Conara in the reporting period. Both were low speed, minimal impact, and promptly recovered.
Below Rail Infrastructure Cost (Per Track Kilometre)	\$23.0 thousand	\$26.3 thousand	The October 2022 floods increased required and urgent expenditure on the rail network.
Customer Revenue	\$44.9 million	\$43.5 million	
Capital Spend ⁴	\$101.2 million	\$82.8 million	
EBITDA (Consolidated after BRIC) ⁵	\$3.2 million	\$(1.2) million	Consolidated EBITDA and Above Rail results were also impacted by the October 2022 flood costs, and revenue was impacted from lost services and lower volumes.
Above Rail Net Profit (Loss) ⁶	\$437 thousand	\$(38.2) million	

¹ Lost time injury frequency rate is defined as the sum of lost time injuries per million work hours.

² Recordable injury frequency rate is defined as the sum of lost time injuries and medical treatment injuries per million work hours.

³ Combined Intermodal Services are defined as TasRail's six daily intermodal services.

⁴ Capital spend was below target for the financial year. A key driver of this was related to the phasing of the Shiploader replacement project. This results in a deferral of capital expenditure into future reporting periods. This figure differs from that disclosed in Note B2 of the financial statements due to the inclusion of inventory on hand acquired to support the delivery of the capital program. Notably all milestones related to these projects were met with both the Australian and Tasmanian Governments.

⁵ BRIC – Tasmanian Government Below Rail Infrastructure Contribution.

⁶ The Above Rail Net Loss includes an impairment expense recorded for works completed to 30 June 2023 on the shiploader of \$36 million. Excluding this transaction, the Above Rail business recorded a Net Loss of \$2.2 million.





PEOPLE AND CAPABILITY

TasRail’s success is built on the collective and aligned efforts of its people. Our values are what drive us, and teamwork and consistent effort have been key contributors to TasRail becoming Tasmania’s trusted provider of safe and dependable rail logistics solutions.

Nationally, the demand for high-calibre rail industry employees continues to grow. TasRail has continued to position itself as an employer of choice in the sector by significantly investing in the professional development of its people and strengthening its in-house capacity to provide quality training and assessment.

LEARNING AND DEVELOPMENT

In the 2022-23 reporting period, TasRail delivered 538 units of nationally accredited rail, operations and other training, including those

leading to qualifications as Train Drivers, Network Controllers and Rail Operators. The TasRail training team allocated almost 3,000 hours to resource development and 1,000 hours to staff accreditation and recertification. Fifty frontline, senior and executive TasRail team members took part in a tailored Leadership Development Program, while another 11 were supported by the business as they progressed through Certificate IV or Diploma level training with external providers. These courses align with both business and staff objectives and reflect an increasing focus on the professionalism of the TasRail team.

MENTAL HEALTH

In addition to its traditional alignment with the TrackSAFE Foundation and Rail R U OK? Day, TasRail continued its focus on psychological safety in the workplace by bolstering its cohort of trained mental health first aiders across the business. They provide staff and leaders with on-ground support, guidance and counsel on matters affecting their colleagues in the workplace, and are a beneficial addition to an external employee assistance provider.



**WORKFORCE FACTS AND DEMOGRAPHICS
(AS OF 30 JUNE 2023)**

270.3 FULL-TIME EQUIVALENT EMPLOYEES

**AGE
STATISTICS**

**OLDEST
EMPLOYEE**
71yrs

**YOUNGEST
EMPLOYEE**
18yrs

**AVERAGE AGE
IN OPERATIONS**
44yrs

**ASSET MANAGEMENT
AND INFRASTRUCTURE
INVESTMENT PROGRAM
TEAM MEMBERS**

115
**FULL-TIME
EQUIVALENTS**

19%
**OF THE WORKFORCE
ARE FEMALE**

23,478

SLEEPERS INSTALLED

55,616

METRES OF NEW RAIL

TASMANIAN FREIGHT RAIL REVITALISATION PROGRAM



04

**TRACK TURNOUTS
(OR POINTS) RENEWED
OR REPLACED**

The Tasmanian and Australian governments have provided record funding to the renewal of the Tasmanian Rail Network through the Tasmanian Freight Rail Revitalisation Program (TFRRP).

The TFRRP continues to be delivered via a series of funding tranches that focus on the replacement of near life-expired rail and sleepers, structure upgrades (bridges and culverts), level crossing renewals and formation projects.

It is pleasing to report that 2022-23 saw the completion of the \$110.8 million Tranche Two of the TFRRP on time and budget. The four-year program has driven record levels of investment in rail, supporting local construction, employment, and economic growth.

10

**LEVEL CROSSINGS
RENEWED**

Running in parallel is the \$96 million Tranche Three program, which commenced in 2020-21 and will be completed by 30 June 2024. TasRail estimates that there are approximately 150 jobs supported by the delivery of Tranches Two and Three of the TFRRP.

This ongoing investment into the State's rail network by the Tasmanian and Australian governments continues to apply downward pressure on derailment risk and enable the removal of temporary speed restrictions. This results in improvements to on-time running. TasRail's Freight Availability for 2022-23 was 97.8 per cent against a target of 96 per cent, providing a remarkable result for our customers. The TFRRP also enables TasRail to maintain a high overall freight task. In 2022-23 the business delivered ~485.6 million net tonne kilometres of freight across Tasmania.

01

**INDIVIDUAL
FORMATION RENEWAL
PROJECT**





CASE STUDY LOWDINA REALIGNMENT

Ongoing investment into rail by the Tasmanian and Australian governments has enabled TasRail and its highly valued contractors to undertake targeted renewal of legacy network issues.

The TasRail network is a narrow-gauge railway that traverses challenging terrain, often comprising steep gradients and tight radius curves, especially in the south of the State.

Under Tranche Two of the Tasmanian Freight Rail Revitalisation Program (TFRRP) major track realignment works were completed at Lowdina to address a single point of failure and improve drainage. It has also enabled an increase in the radii of a curve in the area. The ~\$3.2 million program of works was completed without any disruption to customers, with major 'tie-in' works scheduled around timetable requirements.

One of the key challenges of the project was the occurrence of Chilean Needle Grass (a weed of national significance) near the site. The TFRRP project managers worked closely with TasRail's specialist environmental advisors, nearby landholders, and works contractors to mitigate the risks onsite by following a rigorous biosecurity endorsed weed and hygiene management plan throughout the project.

PROJECT: SHIPLoader REPLACEMENT

Funded by: The Australian Government under Tranche Three of the Tasmanian Freight Rail Revitalisation Program.

Purpose: Building infrastructure for future generations. The current Shiploader has been servicing industry for more than half a century.

TasRail's shiploading facilities at the Port of Burnie are critically important strategic assets for the State's flourishing mining export industry.

TasRail holds long-term contracts with customers to provide shiploading and storage services and has a strong pipeline of new opportunities.

Once complete TasRail's new Shiploader and associated infrastructure will expand upon our services to existing and future customers, providing:

- Double the average hourly load rate
- Improved reliability
- Increased on-wharf storage
- Best-practice environmental and safety performance.

The project continued to provide a significant boost to local employment and skills in 2022-23 as it progressed through the design, fabrication, mobilisation, and initial construction phases.

TasRail is very proud of the fact that the design and construction contract was awarded to Tasmanian firm COVA Haywards, and all structural steel components for the new Shiploader were fabricated in the north and northwest of the State.

Fabricated components have commenced being delivered to the Port of Burnie, where assembly of the new Shiploader and associated components is underway.

The Shiploader project is due for completion in the second quarter of 2024.





PROJECT: LOCOMOTIVE LIFE EXTENSION

Funded by: The Tasmanian Government in its 2022-23 Budget.

Purpose: To improve the reliability and capability of TasRail's legacy locomotive fleet. The fleet provides critical haulage power to service key customers and support maintenance activities.

The multi-year \$15 million Locomotive Life Extension Project will ensure that

TasRail can continue to reliably service industry while investigating low-emission fleet alternatives.

The project will see the rebuilding of multiple 2050 class and 2000 class locomotives. This will include the replacement of engines, and overhaul of major components including, traction motors, generators, braking and control systems, and locomotive wiring. In consultation with TasRail's operational team, updates will also be given to driver's cabins.

Currently, locomotives 2052 and 2053 are undergoing life extension works. Both recently reached a major milestone, with the fitting of new engines.

The Locomotive Life Extension Project is being undertaken at TasRail East Tamar Motive Power Centre in the Launceston region and is successfully being delivered by a project team, consisting of TasRail staff and local contractors.

DECARBONISATION

As a major logistics provider, TasRail is supportive of the Tasmanian Government's Climate Change Action Plan 2023-25. TasRail is investigating a broader decarbonisation pathway to assist with transitioning to zero or low emission locomotives and engineer further resilience of the rail network to extreme weather events.

In relative terms, TasRail's carbon emissions are just under one quarter that of road freight on a net tonne kilometre basis.

In other words, carbon emissions are four times higher on road. Therefore, TasRail's current operations are already making a significant contribution to reducing Tasmania's carbon emissions.

The rail sector more broadly continues to investigate the adoption of zero or low emission freight locomotives. Alternatives to diesel-powered freight locomotives remain in the development phase, with locomotive manufacturers partnering with large-scale rail businesses to develop zero or low emission locomotive technology.

TasRail continues to take measured steps in adopting any new technology pathways. It has identified a number of potential future solutions, including battery locomotives, which could play a role in helping the business on its decarbonisation pathway. There is still much work to do to better understand the opportunities and risks. TasRail will continue to monitor national and international efforts as the rail industry matures through this process.





ABOVE RAIL BUSINESS

TOTAL NET TONNE KILOMETRES

2022-23	485,616,262
2021-22	498,855,612
2020-21	508,637,774

Net tonne kilometres are calculated by multiplying the total distance travelled (in km) by the net weight of the freight.

TOTAL FREIGHT TASK (NET TONNE KILOMETRES)

Commodity	2022-23 NTK	2021-22 NTK	Percentage change Year on Year
Paper	114,966,969	120,282,714	-4.42%
General Intermodal	226,448,770	249,855,828	-9.37%
Logs	58,817,537	51,134,439	15.03%
Mineral Concentrates	14,643,554	16,837,456	-13.03%
Coal	47,421,938	37,660,149	25.92%
Cement	23,317,494	23,085,026	1.01%
TOTAL	485,616,262	498,855,612	-2.65%

The Above Rail business is the commercial arm of TasRail and provides rail logistics to Tasmanian industry across four market categories – intermodal (containers), bulk, forestry and minerals shiploading services. TasRail’s contracts require high levels

of service delivery for industry, and this can only be achieved by maintaining the fleet of locomotives and wagons to exacting standards.

The Above Rail teams have been integral to TasRail providing a high

standard of service in 2022-23. Their commitment to providing excellent, tailored customer service has cemented TasRail’s value proposition of being a safe and dependable provider of rail logistics services.



In addition to rail logistics, the Above Rail business operates:

- A statewide network of terminals
- Container handling operations
- Bulk minerals storage and shiploading
- Bulk log handling, weighbridges, storage and loading.

In 2022-23 TasRail transported 485.6 million net tonne kilometres of freight – down 2.65 per cent from 2021-22 – as key individual customers were affected by supply and production issues. The forest industry's demand for rail logistics continues to increase, reflecting the strength of the partnerships that TasRail has fostered with this sector and improved service options for customers.

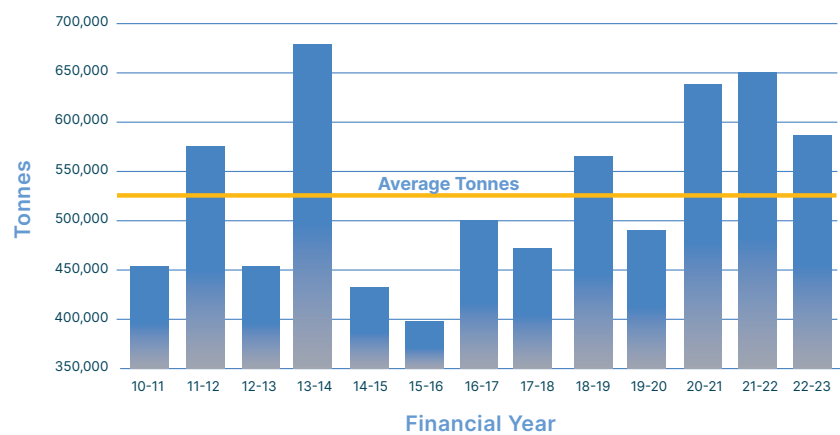
SHIPLOADING OPERATIONS

TasRail's multi-user Shiploader at the Port of Burnie is a highly valued link in the export supply chain for the Tasmanian mining industry. In 2022-23, TasRail shiploaded 585,604 tonnes for west coast miners, ~11 per cent higher than the long-run average.

Total shiploading volumes

2022-23	585,604 tonnes
2021-22	650,365 tonnes
2020-21	637,828 tonnes

TasRail's annual shiploading volumes





BUSINESS

Despite economic and geopolitical headwinds impacting global supply chains and broader market conditions, 2022-23 has seen TasRail continue to move strong volumes of products across the State for a range of customers across four market categories.

The business provided Tasmanian industry with just under three million tonnes of rail haulage in the reporting period, which equates to 485.6 million net tonne kilometres – another solid result under challenging circumstances. TasRail continues to focus on delivering sustainable and safe rail logistics solutions and seeks to grow its overall freight task through the expansion of business operations wherever possible.

TasRail continues to work closely with the State’s forestry sector to increase its service offerings and secure additional log tonnages onto rail. 2022-23 saw record log freight hauled, with more than 259,000 tonnes transported from the south of the State to Bell Bay in the north for processing and export (12 per cent increase on the previous year).

Log loading and discharge sidings, and specialised truck weighbridges at Parattah and Brighton have increased TasRail’s capacity as an end-to-end freight logistics provider for this key industry. These improvements have been supported by the State Government’s \$5.05 million Forestry Stimulus Package, which has allowed TasRail to partner with Tasmanian suppliers to design and manufacture additional equipment to service the sector.

Equipment includes:

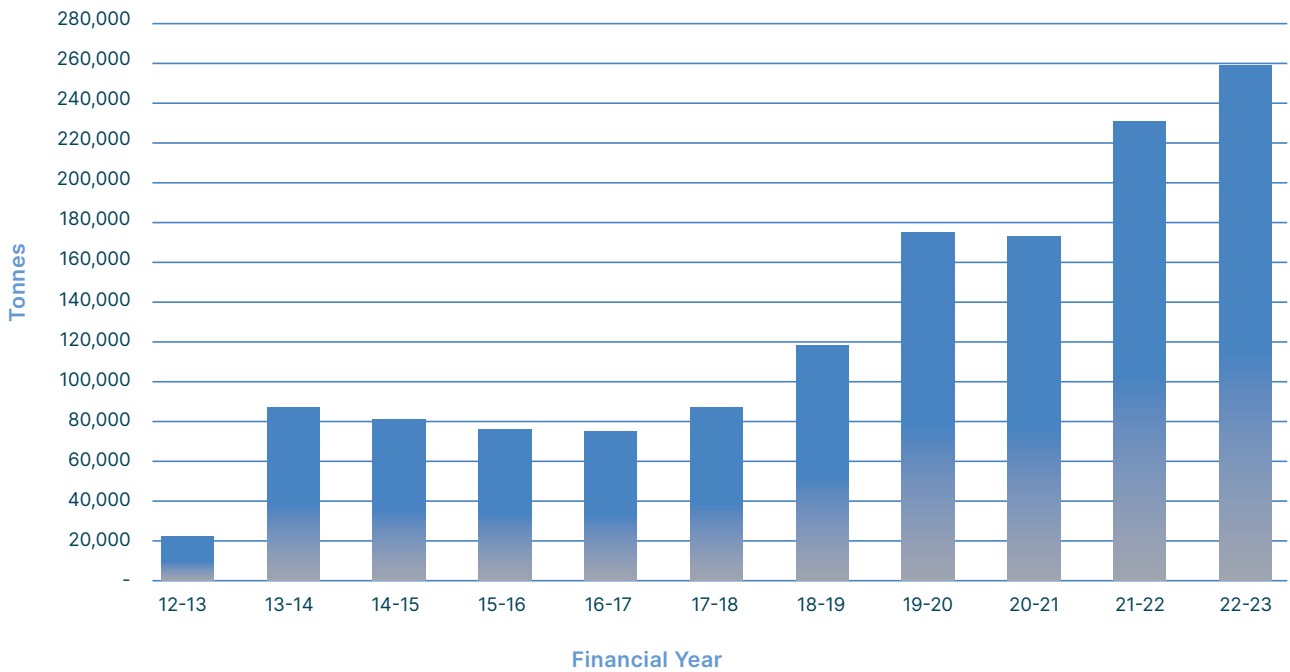
- New and improved Logtainer units
- ‘Book ends’ – capacity builders at loading sites
- Log wagon end gates
- Installation of in-track weighbridges
- De-twitching station.

As a business that supplies rail logistics solutions to all of the State’s biggest industries, being on time is critical to our commercial reputation. ‘Freight Availability’ is a key metric for TasRail, and it measures performance in customer freight being available to unload at the agreed time.

TasRail had a combined Freight Availability target for its six daily intermodal services of 96 per cent and achieved an actual result of 97.8 per cent. Being on time is critical for our customers and this result is a credit to the entire TasRail team.



Forestry Tonnes



SAFETY, HEALTH & ENVIRONMENT



TasRail prioritises the safety, health and wellbeing of staff, contractors, the wider community, and the environment in which we operate. Annual reviews ensure that the business's Safety, Health and Environment (SHE) Plan and Environmental Management Systems remain contemporary and fit for purpose.

One initiative underpinning TasRail's workplace culture is the SafetyCircle™ cultural change program. TasRail committed to the program in 2016 and it remains a vital Workplace Health and Safety tool in 2023 – putting this important topic into a personal, risk-relevant and positive context with its 'Home Safe and Well Today and Everyday' vision.

While improving on last year's results, disappointingly in 2022-23 TasRail did not meet its recordable injury targets. On each occasion, TasRail revisited its risk mitigation strategies and implemented controls to minimise reoccurrence. These statistics and actions validate the importance of the business's strong reporting culture.

TasRail reported two mainline derailments in 2022-23. Both derailments were at low speed, resulted in minimal disruption, and were safely and promptly recovered.

Reported trespass events around the State continued to increase in 2022-23. Reported level crossing incidents decreased in all areas except the Northwest Coast.

TasRail continues its program of engagement with the Tasmanian community to highlight the importance of safety and awareness around the rail. In 2022-23 this included an extended program of radio advertising in high-profile northwest areas, school and corporate visits, and the development of a five-year Level Crossing Safety Strategy.

TasRail also maintains a strong commitment to responsible environmental stewardship across its operations, working proactively to integrate best practice environmental management across company operations to drive improved environmental performance and business maturity.

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Level crossing failure to stop or give way	39	44	42	33	85	72	76
Level crossing collisions	2	1	1	1	2	1	1
Trespass	83	79	69	57	58	69	43
Vandalism and theft	38	38	32	37	31	72	55
Livestock in the rail corridor	124	153	106	167	104	122	64
Animal collisions with trains	33	30	25	33	19	20	10
Train horn complaints	14	19	17	16	22	21	20
Vegetation Complaints	34	30	55	49	64	30	79



COMMUNITY

In 2022-23 TasRail continued its engagement with aligned community organisations.

The team conducted a number of visits to primary schools in North and Northwest Tasmania to share the importance of rail safety, and formalised a safety alliance partnership with the Railton Junior and Cadet Fire Brigade.

The TasRail Christmas Train continues to be a family favourite. The annual staff-led initiative now has its own website so the community can keep track of activities. The website is traditionally visited by up to ~20,000 users in the lead-up to 25 December.

TasRail also provided financial support for events and causes across Tasmania, including the Mt Lyell/Strahan Annual Picnic, the Rosebery Athletics Carnival, and the Rosebery Festival.

In 2022-23 TasRail concluded its expression of interest process with key Tasmanian tourist and heritage organisations, with a donation of three locomotives, and a range of ancillary equipment to Don River Railway (DRR). 2111 (Z2), 2100 (ZP1), and 2128 (ZB14) will now be restored by DRR's passionate band of volunteers, ensuring the preservation of further examples of Tasmania's railway history. TasRail also covered the cost of the crane lifts, heavy haulage trucking, and project management. This comes on the back of the donation of six historically significant locomotives in 2021-22.







BELOW RAIL SEGMENT

TasRail’s Below Rail segment is managed by the Engineering and Infrastructure function within Asset Management. The function is responsible for the management and maintenance of the Tasmanian Rail Network. It also includes dedicated Signals Management and Land and Vegetation Management teams. TasRail has around 1,500 kilometres of corridor land that it is responsible to manage.

TRACK QUALITY INDEX (TQI)

The TQI is derived from mandatory, scheduled recordings taken by TasRail’s Track Geometry Measurement System (TGMS). The outputs of the TGMS allow the Asset Management team to make informed decisions on network maintenance and renewal priorities.

Due to changes in the Track Geometry Measurement System, this year’s data it is not comparable to that of the previous reporting period. TQI two-year trend reports will commence as soon as practical.

Percentage rated: Good, Fair, Poor, Very Poor

	June 2023 (Good)	June 2023 (Fair)	June 2023 (Poor)	June 2023 (Very Poor)
Western	79.5%	17.5%	2.4%	0.5%
South	64.9%	25.9%	7.7%	1.4%
Melba	90.2%	9.5%	0.2%	0.1%
Bell Bay	52.9%	35.0%	10.0%	2.0%
Fingal	81.2%	14.6%	3.4%	0.7%
Derwent Valley	48.8%	33.8%	17.3%	0.0%
Network	74.1%	20.3%	4.8%	0.8%



TAMPING

TasRail's tamper tamped 133km of track during 2022-23. This is less than the previous reporting period as the tamper was extensively utilised to support Tasmanian Freight Rail Revitalisation Program activities across the State. Effective and strategic use of TasRail's tamper and ballast regulating machines is vital to network maintenance and ensures that track geometry and quality are maintained.

	2022-23	2021-22	2020-21	2019-20
Tamped kilometres	133	156	102	126



TEMPORARY SPEED RESTRICTIONS (TSR)

TasRail's extensive capital and maintenance program in 2022-23 saw a temporary increase in the percentage of the operational network under TSR as of 30 June. The increase to 8.78% reflects the number of worksite TSRs in place. These are imposed when major works are underway.

TasRail's detailed rail inspection process highlights specific locations on the network where it may be necessary to mitigate risk by introducing a temporary speed restriction. A TSR is introduced pending a permanent engineering solution.

Percentage of the network under TSR

As of 30 June 2023	8.78%
As of 30 June 2022	7.55%
As of 30 June 2021	7.72%



2022 FLOODS



Northern Tasmania experienced a significant 48-hour weather event mid-October 2022. In response, placing the safety of its people and its fleet first, TasRail chose to temporarily close its Western, Bell Bay and Melba lines.

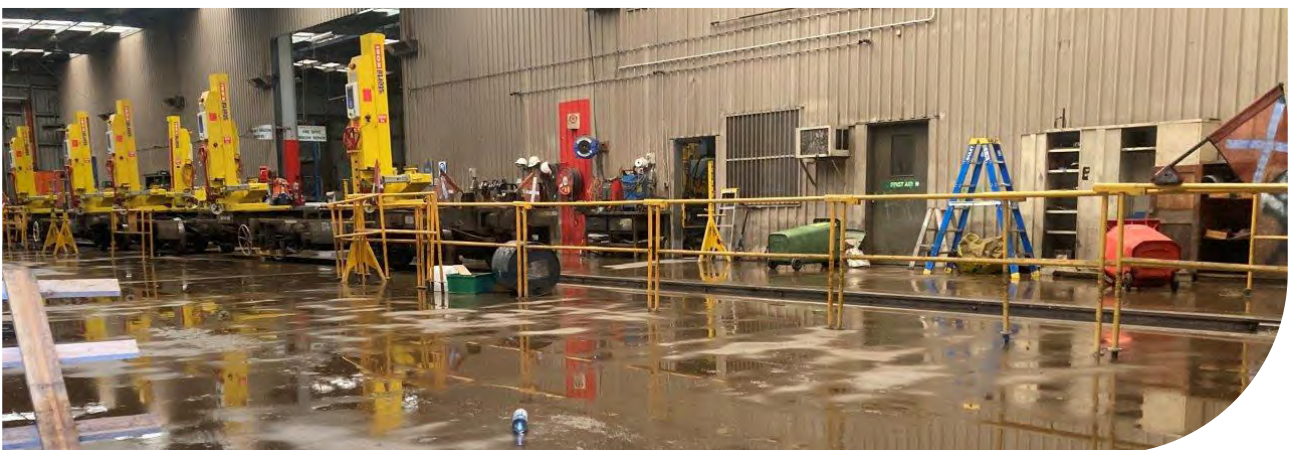
While Melba Line services were able to return to normal quickly, TasRail track inspectors assessed significant impact in other areas. These included:

- Northwest bridge infrastructure, specifically Emu River Bridge, Forth River Bridge and Kimberley River Bridge.
- Multiple small washaways between Hoblers Bridge and Western Junction
- East Tamar Junction was inundated, with waters up to ~1m through the wagon shop area.

Of most concern, however, was a significant land movement that occurred on the Western Line between Kimberley and Railton. One of TasRail's busiest parts of the network was severed for 11 days.

TasRail immediately implemented alternative service offerings to support its customers, including a temporary roster and timetable change, and quickly called on its highly valued contractors and infrastructure teams to design, implement and reinstate the operation line and supporting infrastructure.

There has been no better testament to the ongoing impact of the Tasmanian Freight Rail Revitalisation Program than the network's resilience during this severe weather event. When compared to the flood event in 2016 (~6 weeks outage), TasRail's capacity to return normal freight services to our customers was outstanding.



CORPORATE GOVERNANCE FRAMEWORK

At TasRail, Corporate Governance relates to the system by which the business is directed and managed. Much of its success is underpinned by strong and effective relationships between the Board and the Management Team, the Shareholder Members and other stakeholders.

TasRail is governed by a Shareholder-appointed Board of Directors. The Board operates under a framework that is consistent with the ASX Corporate Governance Principles and Recommendations:

Principle 1 – Lay solid foundations for governance and oversight:

The TasRail Board is made up of five independent Non-Executive Directors. The responsibilities of individual Directors and the Company's expectations of them are set out in their letter of appointment and the Board Charter.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The Board Charter requires annual reviews of the Board, its Committees and Directors. The process for evaluations is in line with the Guidelines Assessing Board Performance issued by the Shareholders.

The Chairman and the CEO, along with the Portfolio Minister appear before and respond to Parliamentary Government Business Scrutiny Committee(s) as and when required.

Principle 2 – Structure the Board to add value:

All TasRail Directors are independent of management. Directors have an ongoing requirement to notify the Board of any material personal interest in any matter relating to the affairs of TasRail. The Chairman is an Independent Director and is not an Executive of the Company.

Directors are selected and appointed based on their skills and experiences and in consideration of diversity and independence, probity and background checks. The appointment involves the creation of a Director Selection Advisory Panel. An executive search firm is appointed to assist the panel to identify potential candidates. TasRail maintains a Board Skills Matrix, setting out the mix of skills and diversity that the Board has.

The Board Charter recognises the importance of effectively inducting new Directors and the value of continuing professional development for its members. An induction program is administered by the Chairman with the support of the Company Secretary and CEO.

Principle 3 – Act ethically and responsibly:

The Board Charter commits the Board to maintaining the highest ethical standards. It expects that Directors will demonstrate the spirit and intent of its Code of Conduct as well as comply with all applicable legislation, lawful directions from Shareholders and Company policies.

Each Director is bound to uphold the Code of Conduct by exhibiting model

performance, behaviour and conduct that is in line with the Code during the course of their employment. They must promote the Code and ensure that any potential breaches are taken seriously, identified and reported and acted upon appropriately. The Code of Conduct is underpinned by other policies and procedures that articulate the expectation to act ethically and responsibly, as well as comply with legislative and regulatory obligations. These include the Right to Information Policy, Privacy Policy, Procurement Procedure, Public Interest Disclosures ('Whistleblowers') Policy and People Management Business Critical Process.

Principle 4 – Safeguard integrity in corporate reporting:

The Board operates an Audit, Risk and Compliance Committee that assists the Board to discharge its duties in relation to its corporate and financial reporting processes, internal and external audit, and compliance.

The Committee reviews the Company's financial statements and associated reports and recommends them to the Board for consideration. As part of the end-of-year processes, the Committee ensures the CEO and CFO provide the required declarations under S295A of the *Corporations Act 2001* and formally sign the accounts before it makes any recommendations to the Board.

The TasRail Constitution provides that the Company is required to use the Tasmanian Auditor-General for its external audit. Members confirm the appointment of the external auditor at

each Annual General Meeting. The auditor attends the Annual General Meeting to discuss any issues with members. The Audit, Risk and Compliance Committee also meets with the external auditor without management present from time to time.

TasRail's Annual Reports are provided to Shareholders by the end of October each year. The Reports are tabled in each House of the Tasmanian Parliament and are therefore subject to the scrutiny of all Members of the Parliament and the community.

Principle 5 – Make timely and balanced disclosure:

TasRail is required by its Constitution to communicate with its Shareholders and others, via regular and irregular reporting and other means of communication. In practice, there is a flow of information throughout the year on important matters to ensure Shareholders are kept informed. If the Directors at any time form the view that matters have arisen that may prevent, or significantly affect achievement of the objective, strategies, policies or financial targets of the Company, the Directors must promptly notify the Shareholder Members.

Details about disclosures are made under the *Right to Information Act 2009*; the *Public Interest Disclosures Act 2002*; and the *Personal Information Protection Act 2004* are set out in the Annual Report.

Principle 6 – Respect the rights of shareholders:

TasRail's Constitution specifies the rights and powers of the Shareholder Members. The Board has procedures for communication with Shareholder

Members to ensure they have timely access to information about the Company, including its financial situation, performance, governance and any sensitive matters about which they need to be aware.

Consistent with the *Rail Company Act 2009*, Directors must comply with the lawful directions given in writing by the Shareholder Members.

Principle 7 – Recognise and manage risk:

Under its Charter, the Board commits to ensuring TasRail effectively manages its strategic, financial, operational, reputational and emerging risks. The Board also ensures that an effective system of risk management and internal control operates within the Company and that it regularly monitors the performance of that system.

TasRail's Risk Management Framework is approved and overseen by the Board. The Executive Team discuss and review emerging and actual risks in the Company's external and internal environment and use this analysis to make decisions and agree on risk mitigation plans. They report on risk and risk management to the Audit, Risk and Compliance Committee. This Committee assists the Board to discharge its duties by reviewing and supplementing the reports provided by the Executive Team, monitoring the strength and reliability of the framework and reporting to the Board on the status of risk in the Company.

TasRail provides Shareholder Members with information about risk by including key financial and operational risks in the annual corporate plan and regularly discussing risks at Shareholder Member briefings.

Principle 8 – Remunerate fairly and responsibly:

The Board has specifically retained responsibility for approving the Remuneration Framework and Policies, Organisational Structure amendments and conditions of employment.

The Board's responsibilities are:

- Ensuring TasRail's remuneration policies, practices and performance indicators are aligned to the Company's vision, values and overall business objectives
- Ensuring TasRail's remuneration policies meet the requirements outlined in the Guidelines for Tasmanian Government Businesses, Director and Executive Remuneration
- Reviewing annual remuneration policies and practices
- Reviewing principal terms of employment contracts including the remuneration package for the CEO
- Reviewing remuneration of the CEO annually
- Monitoring the performance of the CEO and key performance indicators to determine performance criteria
- Reviewing the CEO's recommendations regarding Enterprise Agreement strategy and remuneration under other arrangements for company staff, and ensuring remuneration is aligned with market trends.

The Board also ensures remuneration reports are provided to Shareholder Members as required.



RIGHT TO INFORMATION

TasRail is committed to compliance with the *Right to Information Act 2009* and to act in a fair, objective and timely manner to ensure the spirit of the Act is upheld. Information about the *Right to Information Act 2009* and TasRail's obligations under it are available at www.tasrail.com.au or by emailing righttoinformation@tasrail.com.au

During 2022-23, TasRail received two right to information requests.

TasRail embraces the objectives of the *Right to Information Act 2009* by routinely publishing information that it considers to be of interest to the public. TasRail's preferred method of disclosure of information is proactive disclosure via its publications, website and social media.

PUBLIC INTEREST DISCLOSURES

TasRail is committed to the aims and objectives of the *Public Interest Disclosures Act 2002* and does not tolerate improper conduct by its employees, officers or members, or the taking of detrimental action against those who come forward to disclose such conduct.

The *Public Interest Disclosures Act 2002* provides protection to persons who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and for rectifying actions to be taken.

TasRail has adopted model procedures to be followed by public bodies in relation to public interest disclosure (PID). These procedures establish a system for reporting

disclosures of improper conduct or detrimental action by TasRail or members, officers or employees of the public body.

They are also intended to assist TasRail's members, officers and employees to understand the way in which the Act operates and is to be administered. The procedures are designed to complement normal communication channels between supervisors and employees and have been prepared in accordance with Guidelines and Standards published by the Ombudsman under Section 38(1) (c) of the Act.

Under the Act, TasRail is required to report on any disclosures about improper conduct by its public officers or TasRail.

In accordance with the requirements of Section 86 of the Act, TasRail advises that:

- (a) TasRail's procedures under the Act are available at www.tasrail.com.au or email PD.Officer@tasrail.com.au. Alternatively, you can write to: Public Interest Disclosure Officer, TasRail, PO Box 335, Kings Meadows, TAS. 7249.
- (b) No disclosures were made to TasRail during the 2022-23 financial year.
- (c) No Public Interest Disclosures were investigated by TasRail during the year.
- (d) No disclosed matters were referred to TasRail during the year by the Ombudsman.
- (e) No disclosed matters were referred by TasRail during the year to the Ombudsman to investigate.
- (f) No investigations of disclosed matters were taken over by the Ombudsman from TasRail during the year.
- (g) There were no disclosed matters that TasRail decided not to investigate during the year.
- (h) There were no disclosed matters that were substantiated on investigation.
- (i) The Ombudsman made no recommendations under the Act that relate to TasRail.

PERSONAL INFORMATION PROTECTION

TasRail values and respects the privacy of all personal and sensitive information. The Company is committed to protecting the information it collects, stores, handles, uses and discloses in accordance with the requirements

of the *Personal Information Protection Act 2004* (Tas.), which prescribes Personal Information Protection Principles for Tasmania, as well as the National Privacy Principles prescribed under the *Privacy Act 1988* (Cth).

Procedures that define the way TasRail collects, stores, handles, uses and discloses information are published on TasRail's website at www.tasrail.com.au. No reports were made under this regime for the 2022-23 reporting period.

BUY LOCAL

TasRail complies with the Tasmanian Government's Buy Local Policy for its procurement processes, including the requirement to provide transparency about procurement outcomes. A Tasmanian business is defined as a business operating in Tasmania, which has a permanent office or presence in Tasmania and employs Tasmanian workers.

TasRail endeavours to support many local businesses, but is effectively only able to identify a business as being Tasmanian if the invoice payment and/or the Australian Business Number (ABN) are registered to an address within the State. Purchases are defined to include operating expenses together with capital expenditure. The table below excludes employment and finance expenses and depreciation.

Buy Local performance

Value of purchases from Tasmanian businesses	\$75,281,102
Percentage of purchases from Tasmanian businesses	62.21%

Rail uses specialised materials that are not available for local purchase, production or manufacture, for example, rail and sleepers.

Payment of accounts

TasRail complies with the Tasmanian Government Policy that requires State-owned Companies to:

- Implement appropriate policies and procedures to ensure that all accounts are paid on time, and if not, interest is to be paid for late payments
- Pay invoices of less than \$50,000 within 30 days, or if a shorter term has been agreed, within the shorter term
- Pay invoices with a value above \$50,000 in accordance with the agreed terms and by the due date.

The expectation is that TasRail will pay all invoices correctly rendered by suppliers within the period specified by the supplier; or where the contract is silent on payment requirements, within 30 calendar days of the date of the correctly rendered invoice.

Accounts due or paid within 2022-23

Creditor Days	30
Number of accounts due for payment	11,767
Number of accounts paid on time	11,767
Amount due for payment	\$119,828,796
Amount paid on time	\$119,828,796
Number of payments for interest on overdue accounts	-
Interest paid on overdue accounts	\$0

Contractors

There were a number of contracts let in 2021-22 where commitments carried forward into this financial year. Additionally, TasRail has awarded contracts in the 2022-23 year that have commitment values into the next financial year.

Contracts valued over \$2 million but less than \$5 million

Contract/Works Package	Procurement Method	Buy Local Policy Applied	Contractor	Contractor State of Operations
Culvert Relining	Open tender	Yes	Interflow Pty Ltd	NSW
South Line Track Works - Package 1	Open tender	Yes	VEC Civil Engineering Pty Ltd	TAS
Turnout Replacement	Open tender	Yes	Gradco Pty Ltd	TAS
Supply Locomotive Repower Engines	Single source	Yes	Power Rail Australia Pty Ltd	QLD

No contracts valued over \$5 million were awarded.

Consultants

The guideline defines a Consultant as a particular type of contractor who is engaged to provide recommendations or specialist or professional advice to an entity. A Contractor is defined as an individual or organisation engaged under a contract (other than as an employee) to provide goods and or services to an entity.

The following consultancies were valued at more than \$50,000 (excluding GST):

Name of consultant	Location	Description	Amount \$
GHD Pty Ltd	TAS	Engineering advice	654,665
Pitt & Sherry	TAS	Engineering advice	602,943
ISW Development Pty Ltd	VIC	Professional services	257,170
PDA Surveyors	TAS	Survey services	195,320
Scherzic Pty Ltd	TAS	Engineering advice	152,102
Alexandrides Engineering	SA	Engineering advice	139,222
SMEC Australia Pty Ltd	TAS	Engineering advice	119,374
HSEQ Services Australia Pty Ltd	TAS	Safety advice	113,357
Advisian Pty Ltd	NSW	Professional services	93,657
Nelson-Furnell Pty Ltd	TAS	Safety advice	92,913
Sub Total			2,420,722
There were 24 consultants engaged for \$50,000 or less totalling			361,149
Total payments for consultants to June 2023			2,781,871

FINANCIAL REPORT

30 JUNE 2023

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TASMANIAN RAILWAY PTY LIMITED
DIRECTORS' REPORT
 FOR THE YEAR ENDED 30 JUNE 2023

The Directors present their report together with the financial report of Tasmanian Railway Pty Limited ("the Company") for the financial year ended 30 June 2023 and the Independent Auditor's Report thereon.

1. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name and independence status	Special responsibilities and other directorships
<p>Stephen Cantwell Independent Non-Executive Director, Chairperson</p> <p>Appointed 1 December 2016</p> <p>Reappointed 15 November 2022 until the 2025 Annual General Meeting</p> <p>Appointed Chair 1 January 2020</p>	<p>Member, Audit, Risk & Compliance Committee Member, Major Projects Committee Member, People, Safety and Environment Committee</p> <p>Director, Port of Brisbane Pty Ltd Director, Queensland Rail Pty Ltd (QR) Director, Lindsay Australia</p>
<p>Alison Chan Independent Non-Executive Director</p> <p>Appointed 15 February 2020</p> <p>Reappointed on 18 April 2023 until the 2025 Annual General Meeting</p>	<p>Chair, Major Projects Committee Member, Audit, Risk & Compliance Committee Member, People, Safety and Environment Committee</p> <p>Director, Rollhelp Limited Executive, Metrics Credit Partners</p>
<p>Janine Healey Independent Non-Executive Director</p> <p>Appointed 1 July 2017 Reappointed 1 July 2020 Reappointed for a 2-year term commencing 18 November 2020</p> <p>Term concluded on 15 November 2022</p>	<p>Chair, Audit, Risk & Compliance Committee Member, Major Projects Committee Member, People, Safety and Environment Committee</p> <p>Director, Football Federation of Tasmania Director, Interact IT Services Pty Ltd Director, Interact Hosting Pty Ltd Treasurer, Tamar Community Peace Trust Governance Committee SME, New Horizons</p>
<p>Anita Robertson Independent Non-Executive Director</p> <p>Appointed for a 3-year term commencing 1 December 2021</p>	<p>Member, Audit, Risk & Compliance Committee, and Chair from 15 November 2022 Member, Major Projects Committee Member, People, Safety and Environment Committee</p> <p>Director, General Practice Training Tasmania Pty Ltd Independent Panel Member, Department of Natural Resources & Environment Tasmania, Risk and Audit Committee Councillor, Governance Institute of Australia – Tasmanian State Council Executive, St Virgil's College</p>

TASMANIAN RAILWAY PTY LIMITED
DIRECTORS' REPORT
 FOR THE YEAR ENDED 30 JUNE 2023

<p>Michael Scanlan Independent Non-Executive Director</p> <p>Appointed 15 November 2022 until the 2025 Annual General Meeting</p>	<p>Member, Audit, Risk & Compliance Committee Member, Major Projects Committee Member, People, Safety and Environment Committee</p> <p>Director of the Company Trustee of Westwood Superannuation Fund</p>
<p>Ian Vanderbeek Independent Non-Executive Director</p> <p>Appointed for a 3-year term commencing 1 July 2021</p>	<p>Chair, People, Safety and Environment Committee Member, Audit, Risk & Compliance Committee Member, Major Projects Committee</p> <p>Director, CareFlight Limited Director, Edward Street Property Pty Ltd Director, Whivan Capital Pty Ltd Director, Birrong Investments (NSW) Pty Ltd</p>

The number of Directors' Board and Board Committee Meetings and the number attended by each of the Directors of the Company for the year ended 30 June 2023 are:

Director	Meetings of committees							
	Board		ARCC		PSEC		MPC	
	H	A	H	A	H	A	H	A
Stephen Cantwell	9	8	5	4	4	3	4	4
Alison Chan	9	9	5	5	4	4	4	4
Janine Healey	4	4	3	3	1	1	2	2
Anita Robertson	9	9	5	5	4	4	4	4
Michael Scanlan	5	5	3	3	3	3	2	2
Ian Vanderbeek	9	9	5	5	4	4	4	4

Board = Full meetings of Directors
ARCC = Audit, Risk & Compliance Committee
PSEC = People, Safety and Environment Committee
MPC = Major Projects Committee

H = Number of meetings held during the time the Director held office or was a member of the committee during the year
A = Number of meetings attended

2. PRINCIPAL ACTIVITIES

The Company is a vertically integrated Company which owns and operates the rail business in Tasmania. The Company is a State-owned company, the shareholders being the Tasmanian Treasurer and the Tasmanian Minister for Infrastructure.

The principal activity of the Company during the course of the financial year was the provision of rail freight operations in Tasmania. There were no significant changes in the nature of the activities of the Company during the year.

3. OPERATING AND FINANCIAL REVIEW

Operating segments

Consistent with the Tasmanian *Rail Company Act 2009*, the Company's business is operated in two distinct segments, Below Rail and Above Rail.

Below Rail

This segment relates to the management and operation of the Tasmanian rail network and related infrastructure, including all maintenance and related capital programs. The railway is a narrow-gauge railway built in the late 1800s and the current line still uses much of the original formation and alignment. The Tasmanian rail network consists of 613km of operational track and 148km of non-operational track.

Above Rail

This segment relates to the provision of safe, reliable and sustainable rail freight and logistics services, operates TasRail's terminals and is responsible for operating the rollingstock fleet. This segment also manages authorised access to the rail freight network in Tasmania. In addition, the Company owns and operates the Burnie bulk storage and shiploader facility.

Operating result

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For the year ended 30 June	2023 (\$'000)	2022 (\$'000)
Net loss after tax before other comprehensive income was	91,127	50,380
After:		
- grant income for capital works of	64	64
- an impairment expense of	82,052	46,466
- depreciation and amortisation expenses of	8,368	7,505

This has been calculated in accordance with Australian Accounting Standards (AASBs).

The infrastructure impairment loss in the current year relates to capital expenditure on the Below Rail infrastructure funded by the Australian and Tasmanian governments. The infrastructure assets constructed are impaired as they do not generate sufficient revenue to sustain the Below Rail segment of the Company without recurrent Tasmanian Government contributions. Under accounting standards and direction from the Tasmanian Treasurer, contributions to fund capital expenditure on infrastructure assets are recognised in the following manner:

- Australian Government contributions to fund infrastructure assets are recognised directly as equity, not as revenue and therefore do not offset the impairment loss. The total amount received in 2022-23 was \$41,072,000 (2021-22: \$33,450,000).
- Tasmanian Government contributions to fund infrastructure assets are recognised directly as equity, not as revenue and therefore do not offset the impairment loss. The total amount received in 2022-23 was \$31,572,000 (2021-22: \$29,950,000).

TASMANIAN RAILWAY PTY LIMITED
DIRECTORS' REPORT
 FOR THE YEAR ENDED 30 JUNE 2023

Segment results for the year were made up of the following:

For the year ended 30 June	2023 (\$'000)	2022 (\$'000)
Below Rail net loss before income tax of	52,957	50,402
After:		
- impairment, depreciation and amortisation expenses of	47,768	48,248
Above Rail net profit/(loss) before income tax of	(38,170)	22
After:		
- impairment, depreciation and amortisation expenses of	42,652	5,722

The Tasmanian Government provides recurrent operating grant funding for the below rail segment of the business.

The trading conditions for year ended 30 June 2023 were impacted by a flood event in October 2022 which saw significant flood related damage across the network and the resultant interruption to freight flows.

The Above Rail segment result for the year has also been impacted by the impairment of the expenditure on the construction of the new shiploader of \$36 million.

4. ENVIRONMENTAL REGULATIONS

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation. The primary legislation is the *Environmental Protection Act 1994*. No breaches of the above-mentioned legislation were notified in 2022-23.

Under the terms of the Lease from the Minister for Infrastructure for the Rail Corridor and associated infrastructure, the Company is responsible for remediation of any environmental obligations that may become apparent as a result of the Company's operations. There were no new environmental liabilities identified at balance date that would have a material effect on the Company's Financial Report at 30 June 2023. If significant environmental liabilities are identified in the future, relating to the period prior to the commencement of the Company, the Company would require financial support from the Tasmanian Government to fund the remediation.

5. DIVIDENDS

No dividends were paid or declared by the Company to Members in 2022-23.

6. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

7. LIKELY DEVELOPMENTS

The Company is continuing to invest and upgrade critical rail infrastructure to ensure a sustainable rail service and shiploading service in line with approved capital funding instruments in place.

The Australian Government and Tasmanian Governments have both previously committed a further funding package of \$168 million to continue investment in rail infrastructure across the network. This infrastructure funding is scheduled to commence at the conclusion of the current funding packages at 30 June 2024 and continue until 30 June 2028, pending the outcome of the current Australian Government review into infrastructure funding commitments.

8. DIRECTORS' INTERESTS

The Directors have no interest in the shares of the Company.

9. INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

Indemnities have been provided to all current Directors and officers of the Company.

Insurance premiums

The Company has paid insurance premiums of \$66,550 in respect of insurance contracts for Directors' and officers' liability and legal expenses, for current Directors and officers, including senior executives of the Company.

The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify an auditor of the Company.

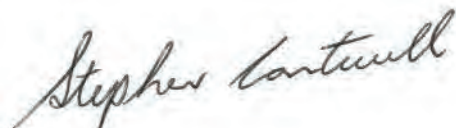
10. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report for the financial year ended 30 June 2023.

11. ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and in accordance with that Class Order, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:



Stephen Cantwell

Chairman

Dated at Launceston this 8th day of August 2023.

9 August 2023

The Board of Directors
Tasmanian Railway Pty Ltd
11 Techno Park Drive
KINGS MEADOWS TAS 7249

Dear Board Members

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Tasmanian Railway Pty Ltd for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) any applicable code of professional conduct in relation to the audit.

In accordance with the *Corporations Act 2001* a copy of this declaration must be included in the Directors' Report.

Yours sincerely



Jeff Tongs
Assistant Auditor-General

TASMANIAN RAILWAY PTY LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 (\$'000)	2022 (\$'000)
Continuing operations			
Revenue from freight services	A1	43,530	39,546
Grant income for operating activities	A1	13,902	13,100
Grant income for capital works	A1	64	64
Other income	A1	2,159	2,874
Finance income		554	84
Total income		60,209	55,668
Employee benefits expense		(32,618)	(29,299)
Depreciation and amortisation expense	B2, B3	(8,368)	(7,505)
Impairment expense	B2	(82,052)	(46,466)
Other expenses	A2	(28,089)	(22,579)
Finance expense	A2	(209)	(200)
Loss from continuing operations		(91,127)	(50,380)
Taxation equivalent benefit (expense)	A3	-	-
Loss for the year after tax before comprehensive income		(91,127)	(50,380)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	B2	-	-
Related tax	A3	-	-
Total items that will not be reclassified to profit or loss		-	-
Total comprehensive loss for the year		(91,127)	(50,380)

This statement should be read in conjunction with the accompanying notes.

TASMANIAN RAILWAY PTY LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 (\$'000)	2022 (\$'000)
Assets			
Cash and cash equivalents		20,511	34,402
Trade and other receivables	B1	8,255	6,818
Inventories	B5	23,202	18,907
Total Current Assets		51,968	60,127
Property, plant and equipment	B2	116,357	126,257
Intangibles	B3	276	524
Total Non-current Assets		116,633	126,781
Total Assets		168,601	186,908
Liabilities			
Trade and other payables	B4	11,929	11,417
Deferred grant income	B4	413	480
Loans and Borrowings	B6	1,011	1,020
Employee provisions	C1	7,000	6,624
Total Current Liabilities		20,353	19,541
Loans and Borrowings	B6	2,004	2,505
Employee provisions	C1	1,082	1,216
Total Non-current Liabilities		3,086	3,721
Total Liabilities		23,439	23,262
Net Assets		145,162	163,646
Equity			
Share Capital	D1	668,597	595,954
Reserves	D2	16,587	16,587
Accumulated losses		(540,022)	(448,895)
Total Equity		145,162	163,646

This statement should be read in conjunction with the accompanying notes.

TASMANIAN RAILWAY PTY LTD
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2023

	Note	Share Capital (\$'000)	Asset Revaluation Reserve (\$'000)	Accumulated Losses (\$'000)	Total Equity (\$'000)
At 1 July 2021		528,354	16,587	(398,515)	146,426
Equity contributed	D1	67,600	-	-	67,600
Total comprehensive loss for the year		-	-	(50,380)	(50,380)
At 30 June 2022		595,954	16,587	(448,895)	163,646
Balance at 1 July 2022		595,954	16,587	(448,895)	163,646
Equity contributed	D1	72,643	-	-	72,643
Total comprehensive loss for the year		-	-	(91,127)	(91,127)
At 30 June 2023		668,597	16,587	(540,022)	145,162

This statement should be read in conjunction with the accompanying notes.

TASMANIAN RAILWAY PTY LTD
STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2023

	Note	2023 (\$'000)	2022 (\$'000)
Cash flows from operating activities			
Receipts from customers		48,594	45,953
Grants received for operating activities		13,902	13,100
Payments to suppliers and employees		(67,828)	(58,333)
Cash generated from/(used in) operations		(5,332)	720
Interest received		554	84
Interest paid		(209)	(200)
Net cash from/(used in) operating activities	A4	(4,987)	604
Cash flows from investing activities			
Purchase of property, plant and equipment		(80,384)	(65,753)
Proceeds from sale of plant and equipment		11	101
Net cash from/(used in) investing activities		(80,373)	(65,652)
Cash flows from financing activities			
Proceeds from borrowings	A4	-	-
Payment of lease liabilities	A4	(1,174)	(1,048)
Repayment of borrowings	A4	-	(4,200)
Equity contributions	D1	72,643	67,600
Net cash provided by financing activities		71,469	62,352
Net increase/(decrease) in cash and cash equivalents		(13,891)	(2,696)
Cash and cash equivalents at start of period		34,402	37,098
Cash and cash equivalents at 30 June		20,511	34,402

This statement should be read in conjunction with the accompanying notes.

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Corporate Information

Tasmanian Railway Pty Ltd (the "Company") was incorporated on 4 November 2009 and is a company domiciled in Australia. The address of the Company's registered office is 11 Techno Park Drive, Kings Meadows, Tasmania 7249.

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board ("AASB"), and the *Corporations Act 2001*.

The financial statements were authorised for issue by the directors on 8 August 2023.

The financial statements are prepared on the historical costs basis, except for certain non-current assets, available for sale assets and prior year financial instruments that are measured at revalued amounts or fair values. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

All amounts are presented in Australian dollars, which is the Company's functional currency, unless otherwise noted.

Where necessary, comparative figures are adjusted to conform with changes in presentation in the current year.

The Company is of the kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and in accordance with that Class Order, amounts in the financial statements and Director's Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Key judgements and estimates

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to changes in estimates and assumptions.

Information about each of these areas is set out in Note B2:

- Useful lives of non-current assets. The Company reviews the estimated useful life of property, plant and equipment during each reporting period;
- The Company has impaired all below rail infrastructure assets; and
- The Company's rollingstock assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. The Company engages qualified third-party valuers to perform the valuation. The Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the valuation model.

Significant judgements made in determining carrying amount of the Company's rollingstock include:

- The valuation notes Replacement Cost New (RCN) values are sensitive to foreign exchange fluctuations;
- The assessment of useful life;
- The current market demand for the assets; and
- The location of potential markets for rollingstock.

Notes to the Financial Statements

The notes to the financial statements include information that is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the Company;
- It helps explain the impact of significant changes in the Company; and
- It relates to an aspect of the Company's operations that is important to its future performance.

The notes have been grouped into sections to help readers understand the financial performance and position of the Company. These sections comprise:

A: Financial Performance

B: Operating assets and liabilities

C: People

D: Capital structuring and financing

E: Additional information.

Significant changes in the current reporting period

There have been no significant and unusual changes in the operation of the Company during the current reporting period.

Changes in significant accounting policies

There have been no significant changes in accounting policies adopted by the Company during the current reporting period.

A - FINANCIAL PERFORMANCE

This section provides further information in respect to the financial performance of the Company for the year ended 30 June 2023. The focus is on operating segments, revenue, expenses and cashflow disclosures. Certain operational expenses such as impairments are disclosed in the notes with the associated operating asset or liability in Section B: 'Operating assets and liabilities'. Employee-related expenses are disclosed in Section C: 'People'.

A1 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable. The following is a breakdown of the Company's revenue from continuing operations for the year.

	2023 (\$'000)	2022 (\$'000)
Operating revenue		
Revenue from freight services	43,530	39,546
Grant income for operating activities		
Tasmanian Government	13,902	13,100
Grant income for capital works		
Australian Government	64	64
Other income		
Sundry	1,325	1,937
Profit/(Loss) on sale of disposal of fixed assets	11	101
Property Rental	823	837
	2,159	2,874

Recognition and measurement

Revenue from the provision of freight services

Revenue from freight services is recognised in proportion to the services rendered. The performance obligation is satisfied once freight has been delivered to the agreed location. Payment terms are negotiated with customers on an individual basis but are typically between 14 - 30 days. There are no obligations on the Company in relation to returns, refunds, warranties or related obligations.

Government grants

Government grants assist with the purchase, maintenance and construction of rail network assets.

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss as income in the same periods in which the expenses are recognised. Grants that compensate the Company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset unless they have been designated as an equity contribution by the Tasmanian State Treasurer. Where this occurs the funding is allocated directly to "Share Capital" and is reflected in the Statement of Changes in Equity.

A - FINANCIAL PERFORMANCE

A2 EXPENSES

Loss from continuing operations was calculated after charging the following:

	2023 (\$'000)	2022 (\$'000)
Other expenses		
Maintenance and consumables expense	8,767	6,962
Fuel expense	7,445	5,331
Property and lease expense	2,059	1,701
Administration expense	5,585	4,567
(Profit)/Loss on sale of disposal of fixed assets	-	-
Other expenses	4,233	4,018
Total other expenses	28,089	22,579
Finance expenses		
Interest on borrowings	-	20
Interest on lease liabilities	209	179
	209	200

Recognition and measurement

Expenses

Expenses are recognised in the Statement of Profit and Loss and Other Comprehensive Income when it is probable that the outflow or the other depletion of future economic benefits has occurred and can be reliably measured.

A - FINANCIAL PERFORMANCE

A3 TAXATION

The Company is subject to the National Tax Equivalent Regime which is broadly based on the provisions of the *Income Tax Assessment Act 1997*.

	2023 (\$'000)	2022 (\$'000)
Tax Equivalent Expense		
Adjustments for prior years	-	-
Deferred tax expense:		
Origination and reversal of temporary differences:		
Increase/(Decrease) in deferred tax liability	1,184	576
Decrease/(Increase) in deferred tax asset	(28,437)	(15,586)
Non-recognition of temporary differences and tax equivalent losses	27,253	15,010
Income tax expense/(benefit) attributable to profit/(loss) before other comprehensive income	-	-
Tax recognised in other comprehensive income		
Tax (expense) benefit relating to asset revaluation reserve	-	-
Total taxation equivalent expense/(benefit)	-	-
Deferred tax recognised directly in equity	-	-
Relating to revaluation of property, plant & equipment	-	-
Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income rate		
Loss before tax	(91,127)	(50,380)
Income tax using the domestic corporation tax rate of 30%	(27,338)	(15,114)
Increase in income tax expense due to:		
Non-deductible expenses	85	104
	(27,253)	(15,010)
Add prior year under/(over) provision	-	-
Non-recognition of temporary differences & tax equivalent losses	27,253	15,010
Total taxation equivalent expense/benefit	-	-

A - FINANCIAL PERFORMANCE

Taxation recognition and measurement

Income tax expense comprises current and deferred tax. Current and deferred income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2023 (\$'000)	2022 (\$'000)
Deferred tax assets		
Employee benefits	2,417	2,346
Trade and other payables	-	76
Lease Assets	-	-
Property, plant and equipment	103,857	83,220
Grant funds in advance	125	144
Trade and other receivables	32	109
Carried forward tax losses - Revenue Losses	46,019	38,926
Tax assets	152,450	124,821
Not recognised as not being probable of recovery	(150,911)	(123,659)
Set-off against deferred tax liability	(1,539)	(1,162)
Net deferred tax asset	-	-
Deferred tax liabilities		
Inventory	91	114
Trade and other receivables	78	31
Lease Liability	1,370	1,017
Tax liabilities	1,539	1,162
Set-off against deferred tax asset	(1,539)	(1,162)
Net deferred tax liability	-	-

A - FINANCIAL PERFORMANCE

A4 CASH FLOWS

The reconciliation of profit for the year to net cash provided by operating activities at the reporting date is as follows:

	2023 (\$'000)	2022 (\$'000)
Cash flows from operating activities		
Loss for the period	(91,127)	(50,380)
Adjustments for:		
Depreciation & Amortisation	8,368	7,505
Impairment	82,052	46,466
Amortised grant income for capital works	(64)	(64)
(Gain) loss on disposal of property, plant and equipment	(11)	(101)
Cash generated from/(used in) operations before movements in working capital	(782)	3,426
Movements in working capital:		
- Increase/(Decrease) in payables	36	(591)
- Increase/(Decrease) in employee benefits	242	110
- (Increase)/Decrease in receivables	(1,438)	(321)
- (Increase)/Decrease in inventories	(3,045)	(2,020)
Net Cash flows from/(used in) operating activities	(4,987)	604
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.		
Reconciliation of liabilities from financing activities		
<i>Borrowings</i>		
Opening balance	-	4,200
Cash flows - borrowings repaid	-	(4,200)
Cash flows - cash received	-	-
Closing balance	-	-
<i>Lease liabilities</i>		
Opening balance	3,525	3,524
Lease additions during the year	664	1,049
Lease interest paid	209	179
Less repayments	(1,384)	(1,227)
Closing balance	3,014	3,525

A - FINANCIAL PERFORMANCE

A5 OPERATING SEGMENTS

The Company has elected to provide segment reporting in accordance with AASB 8 *Segment Reporting*. The Company determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer (CEO) and the Board of Directors.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment for the benefit of each segment.

The Company has two reportable segments:

Above Rail - This segment relates to the provision of rail and freight logistics services in Tasmania.

Below Rail - This segment relates to the management and operation of the rail network and related infrastructure in Tasmania. Inter-segment revenue represents access fees charged to the Above Rail segment in accordance with the *Tasmanian Rail Access Framework Policy*.

Segment	Year ended 30 June 2023			Year ended 30 June 2022		
	Above Rail (\$'000)	Below Rail (\$'000)	Total (\$'000)	Above Rail (\$'000)	Below Rail (\$'000)	Total (\$'000)
External revenues	45,431	14,156	59,587	42,182	16,937	59,119
Inter-segment revenue	-	3,619	3,619	-	3,346	3,346
Interest revenue	554	-	554	84	-	84
Interest expense	65	144	209	62	137	199
Impairment	35,993	46,059	82,052	-	46,466	46,466
Depreciation and amortisation	6,659	1,709	8,368	5,722	1,782	7,504
Reportable segment profit / (loss) before income tax	(38,170)	(52,957)	(91,127)	22	(50,402)	(50,380)
Taxation benefit	-	-	-	-	-	-
Reportable segment assets	126,819	21,271	148,090	131,401	20,675	152,076
Add: cash and cash equivalents not allocable to segments			20,511			34,402
Total assets			168,601			186,478
Capital expenditure	34,770	44,919	79,689	19,046	47,019	66,065

Major customers	2023 (\$'000)	2022 (\$'000)
Revenue from three parties represent 59.04% (2022: 58.64%) of freight services and other income as follows:		
- Party 1 (freight services - Above Rail)	12,002	11,089
- Party 2 (freight services - Above Rail)	8,317	7,415
- Party 3 (freight services - Above Rail)	5,380	4,687

B - OPERATING ASSETS AND LIABILITIES

This section analyses the primary elements of the assets used to generate the Company's financial performance and the operating liabilities incurred as a result. Employee-related liabilities are discussed in note C1: 'Employee provisions' and deferred tax asset and liabilities are discussed in note A3: 'Taxation'.

B1 TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables at the reporting date is as follows:

	2023 (\$'000)	2022 (\$'000)
Trade receivables	6,206	5,222
Sundry receivables	640	408
Prepayments	842	583
GST receivable	567	605
Total trade and other receivables	8,255	6,818

Impairment

The Company recognises impairment allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, an informed credit assessment and forward-looking information. The Company's assessment is made on an individual basis.

Recognition and measurement

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition are measured at amortised cost using the effective interest method, less any expected credit losses.

The average credit period on freight services is 39 days (2022: 43 days). No interest is charged on trade receivables. Before accepting any new customers, the company conducts credit and reference checks to assess the potential customer's credit quality and defines credit limits by customer.

Goods and Services Tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

B - OPERATING ASSETS AND LIABILITIES

B2 PROPERTY PLANT AND EQUIPMENT

The reconciliation of the opening and closing balances of property, plant and equipment at 30 June 2023 is as follows:

	Leasehold Improvements (Buildings) at cost (\$'000)	Infrastructure at cost (\$'000)	Plant Equipment & Motor Vehicles at cost (\$'000)	Rollingstock (Refurbished) at fair value (\$'000)	Rollingstock (New) at fair value (\$'000)	Capital Projects work in progress (\$'000)	Total (\$'000)
Balance at 30 June 2021							
Gross carrying amount	14,203	358,537	22,608	2,271	97,692	10,829	506,140
Depreciation and impairment losses	(9,388)	(358,537)	(13,147)	(244)	(3,808)	(7,812)	(392,936)
Net carrying amount	4,815	-	9,461	2,027	93,884	3,017	113,204
Year ended 30 June 2022							
Opening balance	4,815	-	9,461	2,027	93,884	3,017	113,204
Additions	-	-	1,049	286	-	66,066	67,401
Transfers from WIP	89	37,963	346	-	5,031	(43,429)	-
Transfers to expenses	-	-	-	-	-	(396)	(396)
Disposals	-	-	-	-	(286)	-	(286)
Depreciation	(874)	-	(1,851)	(275)	(4,201)	-	(7,201)
Impairment loss	-	(37,963)	-	-	-	(8,503)	(46,466)
Balance at 30 June 2022	4,030	-	9,005	2,038	94,428	16,756	126,257
Balance at 30 June 2022							
Gross carrying amount	14,292	396,500	24,003	2,313	98,629	33,070	568,807
Depreciation and impairment losses	(10,262)	(396,500)	(14,998)	(275)	(4,201)	(16,315)	(442,551)
Net carrying amount	4,030	-	9,005	2,038	94,428	16,755	126,257
Year ended 30 June 2023							
Opening balance	4,030	-	9,005	2,038	94,428	16,755	126,257
Additions	-	-	665	-	-	79,684	80,349
Transfers from WIP	-	53,355	65	17	7,148	(60,585)	-
Transfers to expenses	-	-	-	-	-	(77)	(77)
Disposals	-	-	-	-	-	-	-
Depreciation	(831)	-	(2,091)	(273)	(4,925)	-	(8,120)
Impairment loss *	-	(53,355)	-	-	-	(28,697)	(82,052)
Balance at 30 June 2023	3,199	-	7,644	1,782	96,651	7,080	116,357
Balance at 30 June 2023							
Gross carrying amount	14,292	449,855	24,733	2,330	105,777	50,771	647,758
Depreciation and impairment losses	(11,093)	(449,855)	(17,089)	(548)	(9,126)	(43,691)	(531,402)
Net carrying amount	3,199	-	7,644	1,782	96,651	7,080	116,357

* = Impairment loss includes an amount of \$35,993,000 for the Shiploader under construction, with the balance relating to Below Rail assets.

B - OPERATING ASSETS AND LIABILITIES

The Company leases many assets including land and buildings, vehicles, machinery and IT equipment. Information on right-of-use assets is presented below.

Right-of-use assets	Property (\$'000)	Vehicles (\$'000)	Total (\$'000)
Balance at 1 July 2021	1,758	1,590	3,348
Additions	-	1,049	1,049
Depreciation charge for the year	(809)	(276)	(1,085)
Balance at 30 June 2022	949	2,363	3,312
Balance at 1 July 2022	949	2,363	3,312
Additions	-	664	664
Depreciation charge for the year	(274)	(1,016)	(1,290)
Balance at 30 June 2023	675	2,011	2,686

Recognition and measurement

Rollingstock assets are stated at fair value on the basis of an independent market valuation by external valuation experts. Revaluations will be performed with sufficient regularity, not exceeding a period between revaluations of 5 years, so that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. If the rollingstock had been carried at cost, the depreciated carrying value would be \$86,446,000 (2022: \$83,545,000).

Independent Valuation Rollingstock

An independent valuation of rollingstock assets, which includes locomotives, wagons and rotatable spares, was undertaken by Ernst & Young as at 30 June 2020. The fair value of rollingstock assets is based on market prices of comparable assets. The Directors have completed their assessment of fair value at the end of the current reporting period for these rollingstock assets and have determined that they are fairly stated.

Any revaluation increase is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on revaluation is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is recognised in profit and loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Other items of property, plant and equipment, including Right-of-Use assets, are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials, direct labour and, where relevant, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Assets under the amount of \$5,000 are recognised in the income statement at the point of acquisition.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Depreciation

Depreciation is calculated on the depreciable amount, which is the fair value or cost of an asset, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

B - OPERATING ASSETS AND LIABILITIES

The estimated useful lives for each class of asset, for the current and prior years are as follows:

Class of Asset	Useful Life
Buildings	9 - 33.3 years
Rollingstock - refurbished	3 - 8 years
Rollingstock - new	25 - 30 years
Plant, equipment & motor vehicles	3 - 18 years
Right-of-use asset	Lease term

These estimated useful lives are reviewed at the end of each reporting period.

Infrastructure assets have been fully impaired and will not be depreciated in future years.

The Company is the lessee and operator of the Brighton Transport Hub in Brighton, Tasmania. The land and improvements for the Brighton Transport Hub are owned by the Crown and have been recognised in the financial statements of the Department of State Growth.

Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested

individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" - CGU). The Company has two reportable segments (CGUs) represented by Above Rail and Below Rail.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis. Below Rail infrastructure assets are impaired as they are constructed, as these assets do not generate sufficient revenues to sustain the segment without appropriate recurrent operating grant funding from the Tasmanian Government.

A review of the Above Rail CGU has highlighted the need to impair expenditure incurred on the construction of the replacement shiploader to date, and has resulted in an impairment expense of \$35,993,000 recorded against the Above Rail segment in relation to this asset. It is anticipated that future costs incurred in relation to the completion of this asset will also be impaired.

Fair Value Measurement

The table below presents the Company's assets measured and recognised at fair value:

Level 2	2023 (\$'000)	2022 (\$'000)
Rollingstock (refurbished)	1,782	2,038
Rollingstock (new)	96,651	94,428
	98,433	96,466

B3 INTANGIBLE ASSETS - SOFTWARE

	2023 (\$'000)	2022 (\$'000)
Software - at cost	9,379	9,379
Accumulated amortisation	(9,103)	(8,855)
	276	524
Carrying amount at the beginning of the period	524	828
Additions	-	-
Amortisation	(248)	(304)
Carrying amount at the end of the period	276	524

The balance of Intangibles is predominantly Train Control and Train Planning & Scheduling software.

Computer software has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of computer software over its estimated useful life of four years.

B - OPERATING ASSETS AND LIABILITIES

B4 PAYABLES AND OTHER LIABILITIES

The composition of trade and other payables and other liabilities at the reporting date is as follows:

	2023 (\$'000)	2022 (\$'000)
Trade and other payables		
Trade payables	2,298	3,473
Other payables	1,637	2,245
Accrued expenses	7,993	5,700
Total trade and other payables	11,929	11,417

Recognition and measurement

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

The average credit period on purchase of goods and services (excluding capital works) is 29.8 days (2022: 9.45 days). The Company has financial risk management policies in place to ensure all payables are paid within the credit timeframe. The Company's exposure to liquidity risk related to trade and other payables is disclosed in D3 Financial Instruments.

	2023 (\$'000)	2022 (\$'000)
Deferred Grant Income		
Australian Government capital works funding	413	480
Total Deferred Grant Income	413	480

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B5 INVENTORIES

The composition of inventories at the reporting date is as follows:

	2023 (\$'000)	2022 (\$'000)
Inventories		
Consumables and spare parts - at cost		
Rollingstock, plant and equipment	7,498	4,529
Infrastructure	15,403	13,996
Fuel stock - at cost	302	381
Total Inventories	23,202	18,907

Inventories are measured at the lower of cost and net realisable value. The cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

The cost of inventory consumed during the year was \$27,126,317 (2022: \$23,111,801).

B - OPERATING ASSETS AND LIABILITIES

B6 LOANS AND BORROWINGS

The composition of loans and borrowings at the reporting date is as follows:

	2023 (\$'000)	2022 (\$'000)
Borrowings		
Current		
Lease liability	1,011	1,020
Loan from TasCorp	-	-
	1,011	1,020
Non Current		
Lease liability	2,004	2,505
	2,004	2,505
Total borrowings	3,015	3,525
Lease liabilities		
Maturity analysis - contractual undiscounted cashflows		
Less than one year	1,384	1,190
One to five years	1,636	1,767
More than five years	572	1,070
Total undiscounted lease liabilities at 30 June	3,592	4,027

The Company recognises a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of fixed lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Total interest expense on the lease liability is \$209,000 (2022: \$179,000). Other variable components, such as exercise options to extend, are included where it is reasonably certain that the Company is likely to extend.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in assessments of inputs. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Total lease payments of these leases is \$237,000 (2022: \$196,000).

C - PEOPLE

This section describes a range of employment and post-employment benefits provided to our people.

C1 EMPLOYEE PROVISIONS

The components of employee provisions at the reporting date are as follows:

	2023 (\$'000)	2022 (\$'000)
Employee Provisions		
Current		
Liability for annual leave	3,810	3,373
Liability for long-service leave	3,190	3,251
	7,000	6,624
Non Current		
Liability for long-service leave	1,080	1,216
Total Employee Provisions	8,080	7,840

Recognition and measurement

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. The provision is measured at the present value of management's best estimate of the expenditure required to settle the present obligation.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. TasRail has complied with its obligations under the *Superannuation Guarantee (Administration) Act 1992* (Cth) in respect of employees of TasRail who are members of complying superannuation schemes.

C2 DIRECTOR AND KEY MANAGEMENT PERSONNEL REMUNERATION

The aggregate compensation to key management personnel of the company is set out below:

	Director Remuneration		Executive Remuneration		Consolidated	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Short-term employee benefits	273,042	278,863	1,413,503	1,522,291	1,686,545	1,801,154
Post-employment benefits	28,669	27,886	142,513	147,437	171,182	175,323
Other long-term employee benefits	-	-	79,553	69,360	79,553	69,360
	301,711	306,749	1,635,568	1,739,089	1,937,279	2,045,838

C - PEOPLE

For Director remuneration, Short-term employment benefits includes Director fees, Committee fees and Other benefits. Post employment benefits represents superannuation contributions.

For Executive remuneration, Short-term employment benefits includes Salary, Short-term incentive payments, Other monetary benefits, Vehicle benefits and Other non-monetary benefits. Post employment benefits represents superannuation contributions and Long-term employee benefits includes leave movements.

Non-executive directors

Non-Executive Directors are appointed by the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed in accordance with the relevant *Guidelines for Tasmanian Government Businesses - Board Appointments*. The level of fees paid to Non-Executive Directors is administered by the Department of Premier and Cabinet, as is additional fees paid in respect of their work on Board committees.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to Directors. Directors are entitled to reimbursement of expenses incurred while attending to Board business. Non-executive directors' remuneration is reviewed periodically with increases subject to approval by the Treasurer and Portfolio Minister.

The following tables disclose the remuneration details for each person that acted as a Non-Executive Director during the current and previous financial year. Amounts include all forms of consideration paid, payable or provided by the entity:

	Directors' fees \$	Committee fees \$	Superannuation * \$	Other benefits \$	Total 2023 \$
Non-executive director - 2023					
S Cantwell (Chairperson)	81,075	7,123	9,261	-	97,459
A Chan	39,088	7,123	4,852	-	51,063
J Healey - until 15 November 2022	14,658	2,671	1,819	-	19,148
M Scanlan - from 15 November 2022	24,430	4,452	3,033	-	31,915
A Robertson	39,088	7,123	4,852	-	51,063
I Vanderbeek	39,088	7,123	4,852	-	51,063
Total	237,427	35,615	28,669	-	301,711

	Directors' fees \$	Committee fees \$	Superannuation * \$	Other benefits \$	Total 2022 \$
Non-executive director - 2022					
S Cantwell (Chairperson)	83,155	7,306	9,046	-	99,507
A Chan	40,091	7,306	4,740	-	52,137
J Healey	40,091	7,306	4,740	-	52,137
A Robertson	22,801	4,155	2,696	-	29,652
P Mussared - until 24 November 2021	17,289	3,151	2,044	-	22,484
I Vanderbeek	39,088	7,123	4,621	-	50,833
Total	242,515	36,348	27,886	-	306,749

* Superannuation represents employer contributions to the super fund of the individual.

C - PEOPLE

Executive remuneration

The following tables disclose the remuneration details for each person that acted as a senior executive during the current and previous financial year. Amounts include all forms of consideration paid, payable or provided by the entity:

Senior executive - 2023	Salary * \$	Superannuation ** \$	Vehicle Benefits *** \$	Reported Remuneration 2023 \$	Other long-term benefits **** \$	Total 2023 \$
S Dietrich - Chief Executive Officer	360,500	37,853	14,993	413,345	24,242	437,587
S Kerrison - Chief Operating Officer until 28 Aug. 2022, Chief Projects Officer from 29 Aug. 2022	288,302	30,272	6,531	325,105	23,350	348,455
K van der Aa - Chief Financial Officer and Company Secretary	245,245	25,751	-	270,996	12,238	283,235
N Tomlin - Corporate Affairs and Strategy Manager until 6 Feb. 2023	123,700	12,989	-	136,689	7,601	144,289
J Bradshaw - Corporate Affairs and Communications Manager from 6 Feb. 2023	71,538	7,511	-	79,049	9,127	88,176
V Sullivan - Customer & Business Development Manager on leave from 1 Sep. 2022	64,653	6,789	22,563	94,004	1,175	95,179
M Wheatley - Manager People & Capability	203,327	21,349	12,151	236,828	1,819	238,647
Total	1,357,265	142,513	56,238	1,556,016	79,553	1,635,568

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Senior executive - 2022	Salary * \$	Superannuation ** \$	Vehicle Benefits *** \$	Reported Remuneration 2022 \$	Other long-term benefits **** \$	Total 2022 \$
S Dietrich - Chief Executive Officer	350,827	35,083	12,844	398,754	21,767	420,521
S Kerrison - Chief Operating Officer	277,128	27,713	13,747	318,588	6,382	324,971
K van der Aa - Chief Financial Officer and Company Secretary	224,130	22,413	-	246,543	9,968	256,511
N Tomlin - Corporate Affairs and Strategy Manager	215,259	21,526	-	236,785	9,120	245,904
V Sullivan - Customer & Business Development Manager	199,621	19,962	14,525	234,108	8,648	242,756
M Wheatley - Manager People & Capability	207,415	20,740	6,795	234,950	13,475	248,426
Total	1,474,380	147,437	47,912	1,669,728	69,360	1,739,089

* Salary includes all forms of consideration paid and payable for services rendered and compensated absences during the period.

** Superannuation represents employer and employee salary sacrificed contributions to the super fund of the individual.

*** Vehicle benefits include the personal use component of the total cost of providing and maintaining a vehicle for an executive's use, calculated using the FBT taxable value of the personal use component for the financial year plus the FBT payable thereon

**** Movements in annual leave and long service leave accruals are included in the table above in Other Long Term Benefits.

C - PEOPLE

Remuneration levels for key management personnel are set in accordance with the Guidelines for *Tasmanian Government Businesses – Director and Executive Remuneration*. Under these Guidelines, remuneration bands for Chief Executive Officers (CEOs) are determined by the Government Business Executive Remuneration Panel and reflect the principles outlined in the Guidelines and broadly align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the CEO's approved remuneration band.

The CEO is appointed by the Board. The Board consults with the Government Business Executive Remuneration Panel when determining the CEO's remuneration package.

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave, motor vehicle and salary sacrifice provision. No other monetary or non-monetary benefits other than motor vehicles are paid.

The performance of each senior executive, including the CEO, is reviewed annually which includes a review of their remuneration package. The terms of employment of each senior executive, including the CEO, contain a termination clause that requires the senior executive or the Board to provide a minimum notice period of up to 6 months prior to termination of the contract. Whilst not automatic, contracts can be extended.

No key management personnel appointed during the period received a payment as part of their consideration for agreeing to hold the position.

Incentive Payments

No long or short-term incentive payments were paid during either reporting period.

Termination Benefits

No termination benefits were paid during either reporting period.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a continuous period of one month.

D - CAPITAL STRUCTURING AND FINANCING

As a result of its operations, the Company is exposed to multiple forms of risk. This section sets out the nature of the significant financial risks and their quantification and management. It also sets out the strategies and practices the Company uses to minimise its exposure to these risks.

D1 CAPITAL MANAGEMENT

The capital base of the Company has been contributed by the Australian and Tasmanian Governments since commencement. The Company will continue to depend upon these contributions to maintain creditor and market confidence and to sustain future operation of the business.

	2023 (\$'000)	2022 (\$'000)
Equity Contributions		
Opening Balance - Two fully paid ordinary shares	595,954	528,354
Australian Government Capital Investment	41,071	33,450
Tasmanian Government Capital Investment	31,572	29,950
Tasmanian Government Other contribution	-	4,200
Closing Balance - Two fully paid ordinary shares	668,597	595,954

This is funding provided to the Company which has been formally designated as equity in accordance with the accounting policy in A1.

D2 RESERVES

	2023 (\$'000)	2022 (\$'000)
<i>Asset revaluation reserve - rollingstock</i>		
Opening balance	16,587	16,587
Asset revaluation increment	-	-
Tax effect arising on asset revaluation	-	-
Closing balance	16,587	16,587
Total Reserves	16,587	16,587

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D3 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The company is exposed to a number of financial risks including credit risk and liquidity risk.

Credit Risk

Credit risk is the risk of loss to the Company if a customer or counterparty fails to meet its contractual obligations. The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's policy only allows investment and cash holdings to be deposited with major Australian financial institutions.

D - CAPITAL STRUCTURING AND FINANCING

Trade receivables consist of a limited number of customers based in Australia. Ongoing credit evaluation is performed on the financial condition of these counterparties.

The ageing of trade receivables at the reporting date was:

	2023 (\$'000)	2022 (\$'000)
Not past due	5,507	4,713
Past due 0-30 days, but not impaired	550	432
Past due 31-60 days, but not impaired	-	2
Past due more than 60 days, but not impaired	149	75
Total	6,206	5,222

Refer to Note B1 for details of the Company's policy relating to impairment of receivables. The Company has assessed the debts past due and determined that a loss allowance for Expected Credit Losses (ECLs) is not necessary at reporting date.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity by maintaining adequate cash reserves and committed undrawn debt facilities. Refer also E9 Economic Dependency.

The following are the carrying amounts and contractual maturity dates of financial liabilities:

	2023 (\$'000)	2022 (\$'000)
Financial liabilities		
Trade and other payables - payable in 6 months or less	11,753	10,512
Borrowings - payable in 12 months or less	-	-
Lease liabilities - payable in 12 months or less	1,011	1,020
Lease liabilities - payable in greater than 12 months	2,004	2,505
	14,768	14,037

Undrawn financing facilities

The Company had access to the following undrawn and committed financing facilities at the end of the reporting period:

	2023 (\$'000)	2022 (\$'000)
Corporate charge card facility	100	100
Borrowings	20,000	20,000
	20,100	20,100

The Tasmanian Public Finance Corporation (Tascorp) borrowing facility is secured by way of a first ranking fixed and floating charge over the assets of the Company and a Guarantee from the Tasmanian Treasurer. Interest is payable monthly in arrears at a variable rate which is determined at the time of the drawdown of the facility.

The Treasurer provided explicit support to the Tasmanian Public Finance Corporation for the Company's borrowings as part of the Government's response to the COVID-19 pandemic. This support is limited to a maximum borrowing limit of \$20 million.

E - ADDITIONAL INFORMATION

This section includes additional information that is required by accounting standards.

E1 CAPITAL EXPENDITURE COMMITMENTS

	2023 (\$'000)	2022 (\$'000)
Capital expenditure commitments		
Above Rail	16,159	21,975
Below Rail	12,175	15,258
	28,334	37,233

E2 AUDITORS REMUNERATION

	2023 \$	2022 \$
Audit Services		
Auditors of the Company:		
Tasmanian Audit Office		
Audit the financial report	62,600	60,810
	62,600	60,810

E3 DIVIDENDS

No dividends were proposed or paid by the Company during either year.

E4 CONTINGENCIES

Under the terms of the Lease from the Minister for Infrastructure for the Rail Corridor and associated infrastructure, the Company is responsible for remediation of any environmental obligations that may become apparent as a result of the Company's operations. There were no new environmental liabilities identified at balance date that would have a material effect on the Company's Financial Report at 30 June 2023. If significant environmental liabilities are identified in the future, relating to the period prior to the commencement of the Company, the Company would require financial support from the Tasmanian Government to fund the remediation.

E5 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

E6 TRANSACTIONS WITH OTHER RELATED PARTIES

There were no transactions with related parties.

E - ADDITIONAL INFORMATION

E7 ULTIMATE OWNER

The ultimate owner of the Company is The Crown in the Right of Tasmania.

E8 OVERSEAS RELATED TRAVEL

There has been no overseas business travel undertaken by the Directors, the Chief Executive Officer or other employees in 2023 or 2022.

E9 ECONOMIC DEPENDENCY

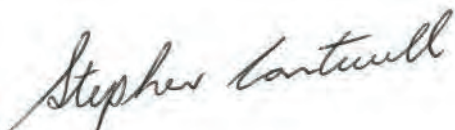
The Company depends on funding from the Tasmanian State Government to continue operating as a viable entity in carrying out its normal activities.

TASMANIAN RAILWAY PTY LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023

In the opinion of the Directors of Tasmanian Railway Pty Limited ('the Company'):

- (a) the financial statements and notes, are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in the 'Basis of Preparation';
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. The Directors draw attention to note E9 which includes a statement regarding the Company's dependence on government contributions; and
- (d) the Directors have been given the declarations as set out in S295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors:



Stephen Cantwell

Chairman

Dated at Launceston this 8th day of August 2023.

Independent Auditor's Report

To the Members of Tasmanian Railway Pty Ltd

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Tasmanian Railway Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2023 and statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In my opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 9 August 2023 and included in the Directors'

Report, would be in the same terms if provided to the directors at the time of this auditor’s report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
<p>Capital Work in Progress <i>Refer to note B2</i></p>	
<p>The Company expended \$79.68 million on capital expenditure and major projects during 2022-23. The majority of funds were provided through the Tasmanian Freight Rail Revitalisation Program, jointly funded by the Tasmanian and Australian Governments.</p> <p>The purpose of the program is to remediate the rail network and deliver works designed to further improve safety and reliability.</p> <p>This is a key audit matter due to the level of capital expenditure incurred, judgement involved in the allocation of expenditure as either capital, maintenance or impaired, the timing of commissioning of assets constructed or remediated and the risk of non-compliance with the conditions of the funding instruments.</p>	<ul style="list-style-type: none"> • Reviewing the process for monitoring capital and project expenditure and budgets. • Testing, on a sample basis, authorisation and compliance with delegations and probity requirements in relation to capital procurement decisions. • Testing, on a sample basis, material additions to ensure they were recorded correctly and represent assets acquired during the year. • Reviewing the nature of capital projects to assess consistency with funding purposes. • Evaluating the reasonableness of management’s assessment of, and adjustment for, impairment. • Assessing the adequacy of disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company’s Directors’ Report for the year ended 30 June 2023, but does not include the financial report and my auditor’s report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Jeff Tongs
Assistant Auditor-General
Delegate of the Auditor-General
Tasmanian Audit Office

14 August 2023
Hobart



CUSTOMER VALUE PROPOSITION

TasRail is the trusted provider of safe and dependable rail logistics solutions for Tasmanian industry. TasRail's infrastructure advantages, along with a culture that is focused on its customers, make it an ideal partner for existing and potential clients from key heavy industries throughout the State.

TASRAIL PROVIDES INDUSTRY:



Long-term business partnerships providing surety of rail haulage capacity and bulk shiploading services;



The ability to haul heavyweight and dangerous goods containers as well as bulk cargos to reduce total supply chain costs;



Innovative and progressive Tasmanian rail transport solutions across all major freight sectors for containers, bulk and forestry freight;



Opportunities to campaign in large volumes of freight to meet customer requirements;



Connectivity with a statewide network of rail terminals that interface with major ports, freight precincts and industries;



Reduced exposure to heavy vehicle accident risk and NHVR Chain of Responsibility requirements for fatigue and mass management;



Seamless connectivity with Tasmania's only open access bulk minerals shiploader;



Valuable safety and environmental benefits; and



Operational reliability, safety and simplicity across all heavy freight modes, including road, port and shipping operations;



Dedicated industry specialised customer account and service management teams engaged to provide leading-edge customer outcomes.



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