



ANNUAL REPORT 2020-21

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.



BEING REMARKABLE

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



MAXIMISING THE BENEFITS OF
SUSTAINABLE RAIL LOGISTICS
SERVICES FOR TASMANIA

PURPOSE

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CHAIRMAN'S REMARKS

TasRail, its customers, and partners in the civil construction sector have been tested and demonstrated remarkable resilience in the financial year 2020-21. This is a direct reflection of the strength of the broader economy in Tasmania.

The outlook at the beginning of the year was highly uncertain. Key Tasmanian industries came under acute pressure to develop COVID-safe operating systems, while domestic and international demand for some commodities contracted sharply.

Partnering with customers and civil contractors, TasRail reacted decisively to implement COVID-safe operating systems. Our actions ensured we could continue to provide rail logistics to Tasmania's largest industries, safely and sustainably, while at the same time delivering our record capital program. Under Tranches Two and Three of the Tasmanian Freight Rail Revitalisation Program, we continued to renew Tasmania's rail assets to improve the performance of the network.

This investment is delivering immediate benefits to communities. During construction, investment in infrastructure drives employment and skills development. There are at least 150 people employed, often in regional areas, delivering rail upgrades. Over the longer term, the economic and environmental benefits of strategic investment in rail infrastructure will also pay dividends for our customers and the broader community for decades to come.

Investment in the rail network has secured safe and reliable export supply chains for Tasmanian industry. Due to the significant improvements in network performance, our six daily container services achieved 97.7 per cent freight availability and, as of 30 June 2021, it has been a record 723 days since a mainline derailment.

As the Tasmanian economy has rebounded, so too have freight volumes. TasRail hauled a record 508 million net tonne kilometres of freight in 2020-21 and, on behalf of our partners in the mining industry, provided 637,000 tonnes of shiploading services – the second highest volume ever. These record volumes, along with disciplined cost control, saw TasRail record an Above Rail profit of \$714,000.

At TasRail we continue to take a practical approach to climate change and take nothing for granted. Rail networks worldwide are sensitive to extreme weather, with wide-ranging ambient temperatures often resulting in rail buckles or breaks. The track strengthening and 'de-stressed' rail being installed now reduces the risk of buckles and breaks in the face of any widening of temperature extremes in the future. Works also include the fortification of the operational network along the north-west coast to protect the rail corridor against storm surges.

Interestingly though, climate change also presents opportunities for TasRail. Rail as a transport option stands at the head of the pack as customers take deliberate action to reduce the carbon intensity of their supply chains. Freight moved by rail in Tasmania produces 62 per cent fewer emissions than if that same freight were transported by road. TasRail is also investigating the feasibility of operating locomotives using renewable energy, with batteries and green hydrogen technology on the horizon.

For Tasmania's railways, 2021 marks 150 years of continuous operation. TasRail has celebrated with its staff and the Tasmanian community at several events across the State. As part of these commemorations, we donated a historically significant locomotive to the tourist and heritage sector, and contributed to the publication of a book that chronicles the history of Tasmania's railways. The rail network has helped shape many industries and communities and TasRail is proud to be continuing this tradition.

Despite the ongoing pandemic and rising global trade tensions, TasRail, like its customers, remains cautious but optimistic that the economic recovery will continue. A strong pipeline of business enquiries, record operational performance, and an unprecedented capital program means there is much cause for optimism. Our challenge is to build on the successes of 2020-21 and continue our journey towards a sustainable future.

I must acknowledge the ongoing wise counsel and hard work of my fellow Directors and make mention of Ian Dobbs, who after four years on the TasRail Board is moving back to the United Kingdom. Ian is a lifelong rail professional, and his considerable experience has been most valuable and well appreciated at TasRail.

It is also very appropriate that we recognise our CEO, Steven Dietrich, for his enthusiastic leadership, along with the professionalism and hard work of the entire TasRail team in 2020-21. While the past year has not been short on challenges, it has also seen much success.

Finally, I would like to thank the Shareholder Ministers for their ongoing support. The Tasmanian Government's commitment to the revitalisation of the Tasmanian railway has allowed us to provide record standards of service to industry. We remain committed to delivering for the Tasmanian community.


STEPHEN CANTWELL

BOARD OF DIRECTORS



STEPHEN CANTWELL (CHAIRMAN)

Stephen Cantwell was appointed to the TasRail Board in November 2016, becoming Chair in January 2020. He has more than 40 years' experience in a broad range of operational, strategic and customer-facing roles in the Australian rail and heavy manufacturing sectors. In addition to a number of other board roles, Stephen continues to work with a range of global corporations and governments to advise in the areas of transport, logistics and infrastructure. He is a Fellow of the Chartered Institute of Transport and Logistics, Fellow, Centre for Integrated Engineering Asset Management, and a Graduate Member of the AICD.



IAN DOBBS

Ian Dobbs was appointed to the TasRail Board in July 2017. He worked in a range of operational management roles in the UK rail industry, before leading the Victorian Transport reform program, managing a number of the UK's private rail franchises, and being appointed Chairman and CEO of Public Transport Victoria, a position he retired from in 2015. Ian holds a number of private and public sector board appointments in the transport sector and is currently Deputy President and Member of Executive Board, International Association of Public Transport (UITP) Brussels and Chairman of UITP's Australian/New Zealand Board. Ian resigned his position on the Board as at 30 June 2021.



JANINE HEALEY

Janine Healey was appointed to the TasRail Board in July 2017. She is a Chartered Accountant with more than 30 years' experience and a Fellow of the AICD, Institute of Chartered Accountants and a Chartered Tax Adviser. She has previously been either a Director or Senior Manager with both KPMG and Deloitte. She is a former director of Hydro Tasmania, Port of Launceston Pty Ltd, Inveresk Railway Management Authority, and former member of the University Council. Janine is former President and Treasurer of the Launceston Chamber of Commerce, former Treasurer of Harvest Launceston and former member and President of the State Divisional Council of the AICD.



PHILIP MUSSARED

Philip Mussared was appointed to the TasRail Board in December 2017. He has held senior positions in the Commonwealth, NSW, and Tasmanian public sectors, most recently as Chief Executive Officer of the Retirement Benefits Fund. Philip is a Director of the National Trust (Tas), Chair of the Tasmanian Traineeships and Apprentices Committee, Vice President of the Australian Risk Policy Institute and a member of the Tasmanian Heritage Council. He is a Fellow of the AICD, CPA Australia and the Institute of Public Administration Australia.



ALISON CHAN

Alison Chan was appointed to the TasRail Board in February 2020. She is an award-winning governance and finance professional with over 20 years' experience in the industry. Alison has held banking and finance executive roles in Sydney and London. She is currently employed in the Australian asset management industry, where her expertise lies in sustainable finance. Alison has been a trustee of the Alexandra Rose Charity and the Dunhill Medical Trust and a member of the International Capital Markets Association's Green Bond Principles and Social Bond Principles Advisory Council and its Climate Transition Finance Working Group.

CEO REMARKS

2021 has marked a milestone in the history of rail in Tasmania. It has been 150 years since the Launceston and Western Railway Company officially opened its rail line between Launceston and Deloraine. I've thoroughly enjoyed the chance to pay tribute to the pioneers of rail in Tasmania whose hard work and perseverance shaped the foundations for today's rail network.

That 'can-do' attitude persists today. TasRail is now an industry leader, providing safe, dependable industry solutions, and vital and continuous essential services throughout the pandemic.

TasRail led the charge on implementing COVID-safe operating procedures and, while keeping our staff and customers safe, continued to provide 100-plus freight services per week, safely connecting Tasmania's largest industries with their export supply chain.

TasRail is a vertically integrated railway. This means that we operate an Above Rail business that provides commercial rail services to industry, and a Below Rail segment that is responsible for maintaining and upgrading the Tasmanian Rail Network. The Tasmanian and Australian governments continue to make record funding commitments to revitalise the network and replace aging assets. To bolster the successful delivery of these rail programs, TasRail has made a significant investment in the project management capacity of its workforce. Working with our skilled partners in the civil construction sector, TasRail's program of rail revitalisation continues to be delivered on time and on budget.

The combination of upgraded infrastructure and relentless pursuit of a zero-harm environment has resulted in several safety records in 2020-21. It was the first mainline derailment-free financial year in TasRail's history. Our valued contractors also continue to embrace our dedication to safety. As of 30 June 2021, it had been a remarkable 1,523 days since a TasRail contractor suffered a lost-time injury.

When combined with safe service delivery and cost control, TasRail achieved record Above Rail results in 2020-21, exceeding the customer revenue budget by \$500,000 and Above Rail profit by \$1.7 million. In yet another milestone for the TasRail business, this is only the second time the Above Rail business has generated a net profit, demonstrating the importance of partnering with industry to grow volumes and safe operations.

The pandemic has forced businesses globally to change how they operate. TasRail believes that some of the changes are for the better and will stay with us into the future. Similarly, industry collaboration has improved, and the Minister's regular Freight & Logistics Roundtable has brought businesses from across the State together to resolve supply chain challenges.

We have increased focus on our staff wellbeing and their mental health. This included the TrackSAFE Foundation's Rail R U OK? Day and regional sessions with Tasmania's own mental health advocacy group SPEAK UP! Stay ChatTY. TasRail has also partnered with SPEAK UP! Stay ChatTY in branding a locomotive to start broader conversations about mental health in the community.

While 2020-21 saw several freight and safety records set, it is important to acknowledge that this is a direct result of TasRail's staff living our core values of safety, integrity, respect and being remarkable. On behalf of the Board and Executive, I would like to thank the entire TasRail team for its resilience and hard work this year. Through perseverance and teamwork, we ensured TasRail provided the necessary transport services to major industrial and freight forwarding customers safely and sustainably.

Commemorating 150 years of railway operations in Tasmania has provided the opportunity to reflect on our history, the characters and the industries enabled by freight rail operations. We have enjoyed celebrating this anniversary with staff, assisting the tourist and heritage sector, and engaging with community. Donating the historically significant 2118 locomotive (ZA6) to the Tasmanian Transport Museum, and contributing to the publication of the book *150 Years of Railways in Tasmania* were highlights.

TasRail is proud to be trusted to deliver a record-breaking infrastructure program, replacing its 50-year-old bulk minerals shiploader at the Port of Burnie and undertaking network renewal at levels never previously contemplated. Delivering such a program while maintaining 24/7 services is challenging, but it will set up TasRail, and the industries that rely on it, long into the future.



STEVEN DIETRICH

EXECUTIVE TEAM



**CHIEF EXECUTIVE OFFICER
STEVEN DIETRICH**



**CHIEF OPERATING OFFICER
STEPHEN KERRISON**
Freight Services

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

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 assets including the Burnie Shiploader, and statewide facilities. Asset management is also responsible for vegetation management activities on TasRail's vast rail land corridors.

Business Improvement

The Chief Operating Officer is also responsible for oversight of the Infrastructure Investment Program and Capital Projects. The role also maintains a strong focus on cost control and business improvement.

Safety, Health and Environment (SHE)

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



**MANAGER, CORPORATE
RELATIONS AND STRATEGIC
DEVELOPMENT
NEALE TOMLIN**

Corporate Relations and Strategic Development

Corporate Relations and Strategic Development is focused on TasRail's strategic development opportunities. It also manages government, stakeholder and community relations including media, online presence, publications, and marketing and communications.



**MATTHEW
WHEATLEY**
**MANAGER, PEOPLE
AND CULTURE**

People and Culture

People and Culture 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.



**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.



VANESSA SULLIVAN
**MANAGER, CUSTOMER AND
BUSINESS DEVELOPMENT**

Customer Service and Business Development

Customer Service and Business Development unite to 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, customer account management, customer communications, market analysis, logistics design, freight planning and, importantly, customer service delivery.

STATEMENT OF CORPORATE INTENT

Performance Target	Target Result: FY 2020-21	Actual Result: FY 2020-21	Comments
Lost Time Injury Frequency Rate ¹	0.0	1.72	Disappointingly, the recorded results exceeded the targets set. TasRail remains committed to ensuring all employees and contractors go home safe and well every day.
Recordable Injury Frequency Rate ²	2.0	3.44	
Freight Availability (General Intermodal)	98 per cent	96.45 per cent	
Mainline Derailments	0	0	The continued investment in the rail network, plus TasRail's ongoing focus on safety and the efforts of all employees have contributed to this result.
Below Rail Infrastructure Cost (Per Track Kilometre)	\$21.0 thousand	\$20.2 thousand	
Customer Revenue	\$37.1 million	\$37.6 million	
Capital Spend ³	\$65.9 million	\$46.4 million	Capital spend for the financial year did not hit the full year expectation due to COVID-related delays in tendering and contract award of the Shiploader replacement. All other capital programs were delivered as planned.
EBITDA (Consolidated after BRIC) ⁴	\$374 thousand	\$2.9 million	A strong focus on maximising revenue opportunities and on discretionary cost control have contributed to the strong financial results reported across the business.
Above Rail Net Profit (Loss)	\$(950) thousand	\$714 thousand	

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 The capital spend for the rail program was achieved in FY20-21. Due to the delay in tendering and contract award, the target spend budgeted for FY20-21 for the shiploader replacement was not met in this period, but will be incurred in future periods.

⁴ BRIC – Tasmanian Government Below Rail Infrastructure Contribution.



ABOVE RAIL BUSINESS

TOTAL FREIGHT TASK/ NET TONNE KILOMETRES

Commodity	2020-21 NTK	2019-20 NTK	Percentage change Year on Year
Coal	36,038,989	37,776,703	-4.60%
Cement	24,357,043	23,983,822	1.56%
Mineral Concentrates	21,519,335	22,695,639	-5.18%
Logs	38,667,048	41,110,223	-5.94%
General Intermodal	273,587,415	244,765,564	11.78%
Paper	114,467,944	109,291,862	4.74%
TOTAL	508,637,774	479,623,813	6.05%

The Above Rail business is the commercial arm of TasRail and provides rail logistics to Tasmanian industry across three market categories – intermodal (containers), bulk and forestry. TasRail's modernised 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 delivering services in 2020-21. Their commitment to providing a high level of customer service delivery and certainty for the Tasmanian industry and the community has cemented TasRail's value proposition of being a safe and dependable provider of freight services.

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

- a statewide network of terminals
- container handling services
- bulk minerals handling, storage and shiploading
- bulk log handling, weighbridges, storage and loading.

The rail freight task hauled by TasRail's Above Rail business in 2020-21 was a record 2.98 million tonnes – a remarkable achievement given ongoing challenging market conditions. The outstanding result in the general intermodal sector reflects the strength of the partnerships that TasRail has fostered with the freight forwarding sector, and is a strong acknowledgment of the ongoing reliability of its 24/7 frontline services.

TOTAL NET TONNE KILOMETRES

2020-21	508,637,774
2019-20	479,623,813
2018-19	482,953,848

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

LOCOMOTIVE UTILISATION

As the demand for rail services increased, the team at TasRail worked hard to optimise the use of rollingstock across the network in 2020-21. This ensured that a wide range of freight could be hauled for our highly valued customers. TasRail's fleet includes 17 TR, eight 2000 class, and two 2050 class locomotives.

2020-21	27 locomotives	18,838,436 NTK per locomotive
2019-20	27 locomotives	17,763,845 NTK per locomotive
2018-19	27 locomotives	17,887,179 NTK per locomotive

SHIPLOADING OPERATIONS

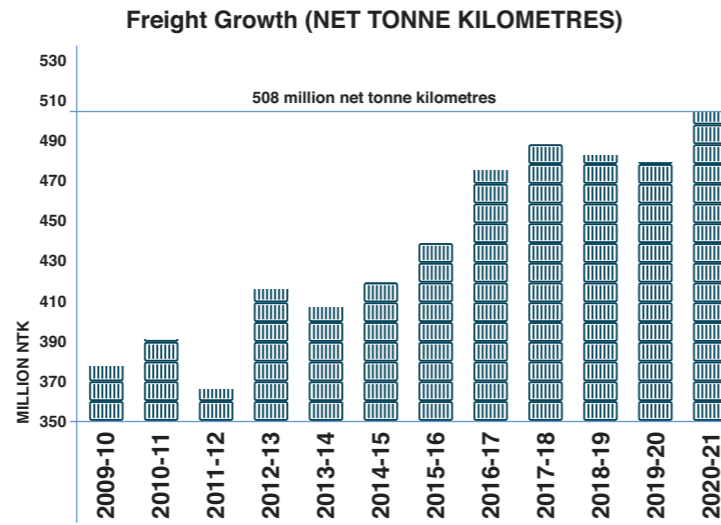
TasRail's multi-user shiploader at the Port of Burnie is a highly valued link in the export supply chain for the Tasmanian mining industry. Shiploading volumes were up by a record 30 per cent in 2020-21. With the support of the Australian Government, TasRail's Shiploader and Bulk Minerals Export Facility will be upgraded over the next two years, providing even more benefits to the sector.

Total shiploading volumes

2020-21	637,828 tonnes
2019-20	489,148 tonnes
2018-19	564,201 tonnes

BUILDING OUR BUSINESS

TasRail holds long-term contracts to provide rail logistics services to Tasmania's heavy industries and freight forwarders. In 2020-21 TasRail provided industry with three million tonnes of rail haulage. As a total rail freight task this equates to a record 508 million net tonne kilometres, and is the largest rail haul since TasRail was formed in 2009.



Our contracts with industry require us to operate disciplined, safe and on time rail logistics. 'Freight availability' is a key metric for TasRail. It measures performance in customer freight being available to unload at the agreed time. In 2020-21, TasRail had a combined freight availability target for its six daily intermodal services of 96 per cent and achieved an actual result of 97.7 per cent. Being on time is an integral part of TasRail's value proposition to our customers. This result is a credit to all TasRail employees.

Freight volume highlights in 2020-21 include:

- **Record overall rail freight task:** 508 million NTK (7.8 per cent above budget).
- **Record general container revenue:** 57,567 containers (16.3 per cent above budget).
- **Record shiploading revenue:** 637,828 tonnes (27.1 per cent above budget).

TasRail's growing strategic partnership with the forestry industry continued in 2020-21, with new customer operations underway and the benefits of the investment in sidings and rollingstock being realised by TasRail and its customers.

The forestry sector faced several challenges throughout the financial year including COVID-19, reduced export market demand and rising trade tensions. This resulted in forestry volumes being below budget expectations, but nonetheless approximately equal to the record tonnages in the previous financial year. The forestry industry values the inherent safety and efficiency of rail logistics and TasRail has identified the sector as an opportunity for ongoing growth.

TasRail has entered a new contract with a resources company that successfully started operations in 2020-21. This contributed to a strong shiploading result. With a new shiploader being built, TasRail has the strategic objective to work with its industry partners to facilitate additional shiploading volumes.

While acknowledging the very real risks of escalating trade tensions, the strong commodity prices will drive activity in the resources industry (bulk rail freight). Resilient consumer activity will continue to drive container volumes. The result of these demand side factors is a record pipeline of new business opportunities.

In 2020-21, TasRail's intermodal services ran ~89 per cent wagon utilisation. Industry demand for capacity on the intermodal wagon fleet (used to carry containers and Logtainers) continues to grow and TasRail is reviewing how to balance industry demand against the significant upfront capital required for additional rolling stock.

The focus on decarbonising the economy continues to gather momentum, with industry and consumers continuing to increase focus on the carbon intensity of their supply chains. The carbon intensity of a tonne of freight moved by rail is significantly lower than if moved by road. Analysis prepared for TasRail shows a 62 per cent reduction in greenhouse gases when industry chooses to use rail transport in their supply chain in Tasmania. When combined with Tasmania's existing baseload renewable energy generation capacity, there is an opportunity to market our state as a location for energy intensive industry to produce and export goods with a relatively low carbon footprint.

With an eye to the future, TasRail is reviewing alternatives to diesel-powered locomotives. The global rail industry is investing research and development funds into 'green traction technologies' such as battery, hybrid and hydrogen-powered locomotives. Given the potential development of green hydrogen hubs in Tasmania, TasRail is particularly interested in 'hyd rail' technology and is investigating opportunities in this area.



TASMANIAN FREIGHT RAIL REVITALISATION PROGRAM

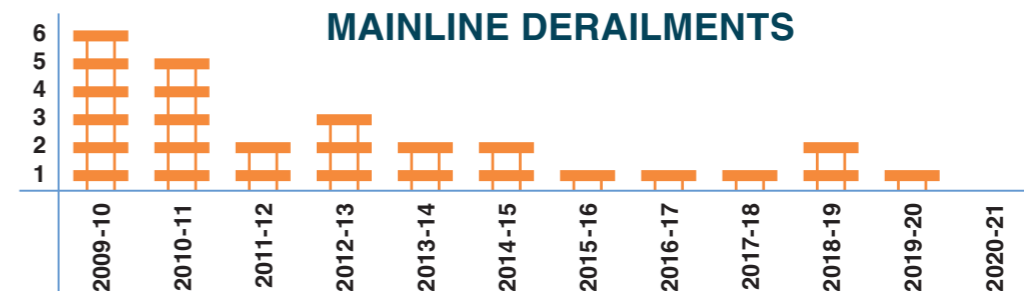
As the Tasmanian economy recovers from COVID-19, TasRail remains acutely aware that there are more than 150 people employed in the delivery of Tranches Two and Three of the Tasmanian Freight Rail Revitalisation Program (TFRRP). Thanks to the partnership with its highly valued civil construction contractors, TasRail was able to implement COVID-safe procedures to ensure the 2020-21 rail program was delivered on time and on budget.

As a result of the record funding committed by the Tasmanian and Australian governments, TasRail invested \$43 million in rail upgrades in 2020-21 and delivered:

- installation of 16,599 sleepers
- installation of 53,670 metres of new rail
- 6 track turnouts (points) renewed or replaced
- renewal of 6 level crossings
- 8 individual formation renewal projects.

Building on the success of Tranche One of the TFRRP, the record investment in the network is producing tangible benefits for the Tasmanian industries that rely on rail logistics for their supply chain.

A direct dividend of the capital program is the ongoing reduction in mainline derailments. 2020-21 was TasRail's first ever financial year without a mainline derailment.



The investment by the Tasmanian and Australian Governments is also producing safety results once thought impossible. This allows TasRail to deliver an ever-improving value proposition to our customers.

As that value proposition has improved, so have volumes transported by rail in Tasmania. TasRail transported a record 508 million net tonne kilometres of freight in 2020-21 (7.8 per cent above budget).

Tranche Two is a 4-year program (\$119.6 million) funded in equal measure by the Tasmanian and Australian governments. TasRail will deliver the program by 30 June 2023, working closely with its partners in the civil construction sector. Commencing in 2020-21, and running in parallel, is the \$96 million Tranche Three rail program that will be completed by 30 June 2024. TasRail has invested heavily in its people and systems to ensure these record funding rail programs continue to be delivered on time and on budget.

The Australian Government has fully funded TasRail to replace its bulk minerals shiploader at the Port of Burnie and expand its capacity-constrained Bulk Minerals Export Facility. 2020-21 saw several milestones achieved in this project, including the conclusion of the tender period and selection of the preferred supplier to deliver the design and construction contract.

The current shiploader has been servicing Tasmanian industry for more than half a century. It is critical to replace this unique infrastructure to ensure TasRail can continue to deliver on its commitments to the sector. The new shiploader will deliver significant benefits to our existing and future customers:

- approximately double the load rate per hour
- significantly improved reliability
- contemporary environmental and safety standards.





SAFETY

TasRail continues its relentless focus on providing a zero-harm environment for its staff, customers, communities and contractors. 2020-21 is the first financial year since inception in 2009 that TasRail has not experienced a mainline derailment. As of 30 June 2021, it has been a record 1,523 days since a TasRail contractor experienced a lost time injury (LTI).

Having hit these remarkable milestones, TasRail's dedicated Safety, Health and Environment (SHE) team has sharpened its focus on projects that will facilitate continued success in this area.

DERAILMENT PREVENTION

TasRail often refers to the analogy of 'sweeping water uphill' in the safety space – the moment that you stop, it all rushes back down. TasRail is not prepared to allow this situation to occur in derailment prevention.

Over the past 12 months substantial work has taken place in this area. TasRail's Derailment Prevention Strategy now takes a modern, multi-disciplinary approach to analysing incident causation. All departments are now involved in grassroot derailment prevention, ensuring that performance and outcomes are a shared responsibility across the business.

Since 2018 TasRail has invested \$2.89 million in runaway protection engineering controls to prevent the uncontrolled movement of trains.

HUMAN FACTORS

Human factors is defined as the science of people at work. It involves understanding human capabilities and then applying this knowledge to the design, operation, and maintenance of technological systems – key influences in any modern transport and logistics business. The field of human factors draws from established disciplines such as psychology, ergonomics, physiology, and engineering.

The significance of this science has already been recognised in several key projects at TasRail. Human factors will also be integrated into the existing safety management system, project management office and change management system.

RAIL SAFETY AND THE COMMUNITY

TasRail takes a proactive role in promoting community safety around rail via a variety of channels. It also works closely with the TrackSAFE Foundation on national initiatives like Rail Safety Week. This reporting period unfortunately saw an increase in reported level crossing incidents, particularly on the north-west coast. TasRail has undertaken a targeted advertising campaign in the region to remind the community of the importance of rail safety.

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

ENVIRONMENTAL CASE STUDY



Network improvement projects on TasRail's busy Western Line have occurred at locations near little penguin communities on several occasions in recent years. These business-critical works were completed with guidance from Dr Perviz Marker, penguin ecologist - University of Tasmania, to minimise any impacts on colonies. This advice was developed into project-specific management plans that TasRail staff and contractors have been trained to implement.



Works near the Halls Point Reserve area recently put these plans to the test when the local little penguins took up early residence on site.

The nesting penguins were identified early by TasRail's contractor. Discussions with stakeholders determined that the best approach was to 'let nature take its course', and resume works at the end of the breeding/chick-raising cycle. This additional time was used to investigate options to assist breeding outcomes for the local penguin colony.

A key project component included using sand over strategically placed rock armouring to create a stabilised foredune. After the sand stabilised, the Central Coast Council was able to plant the area with appropriate native plant species (complete with biodegradable cardboard plant guards).

TasRail and the Central Coast Council teamed up to partner with a local community Men's Shed to construct approximately 50 penguin nesting boxes for the area. Material costs were shared by the Central Coast Council and TasRail.

While still a work in progress, the Sulphur Creek Coastcare group and Dr Marker have confirmed that the resident little penguin population is actively using the nesting boxes. The formation material used to construct the foredune appears to be stable and some species of native plants have taken foothold. It is anticipated that further planting activities will occur over the next 12 months.



Photos of nesting boxes constructed by the Men's Shed in place at the Halls Point Reserve.



Sand placed over rock revetment and planted out with native coastal species and a section of the stabilised bank around 9 months later.

BELOW RAIL SEGMENT

TasRail's Below Rail segment comprises its Engineering, Planning, Signals and Infrastructure teams. The segment is responsible for the management and maintenance of the Tasmanian Rail Network including rail, sleepers, ballast, points, formation, bridges, culverts, tunnels, and level crossings. The team also maintains TasRail's land tenure (including vegetation management) comprising both operational and non-operational rail corridors of more than 765 route kilometres.

TRACK QUALITY INDEX (TQI)

The TQI is derived from scheduled mechanised track geometry recordings that are measured 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.

Percentage rated: **Good, Fair, Poor, Very Poor**

	Jun 2021 (Good)	Jun 2020 (Good)	Jun 2021 (Fair)	Jun 2020 (Fair)	Jun 2021 (Poor)	Jun 2020 (Poor)	Jun 2021 (V. Poor)	Jun 2020 (V. Poor)
West	77.9	78.9	19.5	18.3	2.3	2.7	0.29	0.06
South	62.7	72.2	31.3	24.0	5.5	3.5	0.62	0.34
Melba	93.9	80.3	5.88	17.5	0.2	2.2	0.00	0.00
Bell Bay	56.4	67.3	35.1	27.0	8.1	5.5	0.37	0.18
Fingal	78.0	81.3	18.2	15.5	3.6	3.0	0.18	0.18
Derwent Valley	45.1	61.2	33.8	26.9	13.4	9.0	2.99	2.99
Network	73.5	75.9	22.2	20.6	3.9	3.3	0.38	0.22

TAMPING

Effective use of TasRail's tamper and ballast regulating machines is vital to the network maintenance strategy and ensures that track geometry and quality is maintained. The tamper works in close association with the TasRail ballast train, which distributes new ballast to the track in advance of the tamper.

Fewer kilometres were tamped in 2020-21 due to a tamper mechanical failure. This has now been resolved.

	2020-21	2019-20
Tamped Kilometres	102	126

TEMPORARY SPEED RESTRICTIONS (TSR)

TasRail's extensive capital and maintenance programs have continued to drive down the incidence of track speed restrictions on the network. TasRail's detailed inspection process traditionally highlights specific locations on the network where it may be necessary to mitigate risk by introducing a temporary speed restriction (TSR). A TSR is introduced pending a permanent solution. The percentage of the operational network under TSR as of 30 June 2021 was slightly lower than in the previous reporting period. TSRs are approximately 50 per cent lower than they were in 2016.

Percentage of the Network under TSR	
As of 30 June 2021	7.7
As of 30 June 2020	8.3

PEOPLE AND CULTURE

LEARNING AND DEVELOPMENT

As TasRail looks to the future of its 24/7 freight and logistics business, it continues to sharpen its focus on the development of its professional team. In the 2020-21 financial year, TasRail supported 25 professional staff with an opportunity to commence study in Certificate IV or Diploma courses. These courses align with business and personal objectives and represent an increasing focus on the professionalisation of TasRail's corporate services teams. In addition to that, more than 16,700 hours were dedicated to on-the-job compliance-based training, particularly for personnel embedded in areas like freight services, asset management and infrastructure.

DIVERSITY

TasRail continues its journey towards a more diverse and inclusive workplace. Female representation in TasRail's workforce is now 16.2 per cent. This is an increase of more than 100 per cent since 2016. TasRail has consciously made changes to its marketing and recruitment strategies to attract talent from a wider section of the population and this, coupled with our flexible work practices, is making TasRail an increasingly attractive employer for a broad cross-section of the community.

MENTAL HEALTH & WELLBEING

TasRail has safety at its core and continues to reinforce the importance of the SafetyCircle™ 'home safe and well every day' philosophy – that's physically and mentally safe and well.

TasRail's COVID Recovery Team reached out to SPEAK UP! Stay ChatTY late in 2020 to invigorate the conversation around the importance of mental health within the business.

"2020 was a hard year for everyone and we identified that it was more important than ever to revisit the message that it is 'ok to not be ok'," TasRail Covid Recovery Committee Chair and Senior SHE Specialist Corrie Summers said.

"While TasRail has always had a focus on mental health, our staff now have even more in their 'toolbox' to help them take care of their own mental health, and are equipped and empowered to check in with their family, friends and workmates."

To mark national Rail R U OK? Day, TasRail again teamed up with SPEAK UP! Stay ChatTY to promote the importance of mental health to the Tasmanian community.



A TasRail TR locomotive now bears the Speak UP! Stay ChatTY logo on its journeys around the State.

TasRail's Mental Health First Aid Officers play a pivotal role in supporting the mental health of their team mates.

DEMOGRAPHICS (as of 30 June 2021)

Workforce profile

250 full-time equivalent employees

Asset Management (includes IIP) – 95.9 full-time equivalents.

Freight Services – 111.7 full-time equivalents

Corporate Services – 42.4 full-time equivalents

16.2 per cent of the workforce was female in 2020-21

Age

Youngest – 21 years

Oldest – 69 years

Average – 46 years

Longest serving employee – 51 years of service



150TH ANNIVERSARY

The 150th anniversary of the official opening of rail in Tasmania was on 10 February 2021.

TasRail has enjoyed the opportunity to celebrate this milestone with its staff, assisting tourist and heritage organisations, and engaging with the community.

Events of note have included:

- marking the anniversary date with the Northern Midlands community on site at the Longford Rail Bridge
- donating the historically significant 2118 locomotive (ZA6) to the Tasmanian Transport Museum, with plans to contribute further historic rail assets to other tourist and heritage organisations before the end of 2021
- contributing to the publication of the book *150 Years of Railways in Tasmania*
- holding a series of family open days for TasRail staff at sites around the State.

TasRail is proud to have played its part in the vast history of rail in this state. The infrastructure works that our teams are doing now as part of the Tasmanian Freight Rail Revitalisation Program are building on that legacy and will serve to 'future proof' the network so that it, and the many men and women who serve on it, as well as those who seek to preserve its heritage, may also be remembered for generations to come.



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:

The Board operates an Audit and Risk 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 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 and Risk 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 emergency 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 and Risk 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 Shareholders 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 and Incentive Framework and Policies, Organisational Structure amendments and conditions of employment.

The People and Remuneration Committee comprises three independent Non-Executive Directors. Its Charter sets out the Committee's role as assisting the Board to meet its responsibilities by:

- ensuring TasRail's remuneration and incentive policies, practices and performance indicators are aligned to the Board'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 and recommending to the Board remuneration policies and practices to be introduced at TasRail
- reviewing and recommending to the Board principal terms of employment contracts including the remuneration packages for the CEO
- reviewing and recommending to the Board remuneration of the CEO annually
- monitoring the performance of the CEO and key performance indicators to determine and recommend to the Board performance criteria
- reviewing the CEO's recommendations regarding Enterprise Agreement strategy and remuneration under other arrangements for company staff, and ensure remuneration is aligned with market trends.

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

CORPORATE GOVERNANCE FRAMEWORK (CONT)

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 people 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 *Public Interest Disclosures Act 2002* 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 *Public Interest Disclosures Act 2002* 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, Tasmania 7249.
- (b) No disclosures were made to TasRail during the 2020-21 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.

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 email righttoinformation@tasrail.com.au

During 2020-21 TasRail received no 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.

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 2020-21 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	\$45,312,764
Percentage of purchases from Tasmanian businesses	59.07 per cent

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 2020-21

Number of accounts due for payment	10,330
Number of accounts paid on time	10,330
Amount due for payment	\$77,298,965
Amount paid within agreed timeframes	\$77,298,965
Number of payments for interest on overdue accounts	0
Interest paid on overdue accounts	\$0

CORPORATE GOVERNANCE FRAMEWORK (CONT.)

CONTRACTORS

There were a number of contracts let in 2019-20 where commitments carried forward into this financial year. Additionally, TasRail has awarded contracts in the 2020-21 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
IIP Turnout Installation and Repairs 20/21	Open Tender	Yes	Gradco Pty Ltd	TAS
IIP Rectification of Rail Defects (Melba Line)	Open Tender	Yes	VEC Civil Engineering Pty Ltd	TAS

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 \$
Pitt & Sherry	TAS	Engineering advice	412,898
ISW Development	TAS	Software implementation	399,293
GHD Pty Ltd	TAS	Engineering advice	303,878
Advisian	NSW	Engineering advice	195,749
PDA Surveyors	TAS	Survey services	182,843
Ricardo Rail	NSW	Professional services	170,200
Rail Networks Consulting	VIC	Professional services	93,737
S2 Engineering	TAS	Engineering advice	59,746
Synergy Signalling	NSW	Engineering advice	52,800
Sub Total			1,871,143
There were 16 consultants engaged for \$50,000 or less totalling			210,235
Total payments for consultants to June 2021			2,081,378

FINANCIAL REPORT 30 JUNE 2021

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The Directors present their report together with the financial report of Tasmanian Railway Pty Limited ('the Company') for the financial year ended 30 June 2021 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, Chair</p> <p>Appointed 1 December 2016 Reappointed for a three-year term commencing 21 November 2019 Appointed Chair 1 January 2020</p>	<p>Chair, Governance and Nomination Committee Member, Audit and Risk Committee</p> <p>Director, Port of Brisbane Pty Ltd Director, Queensland Rail Pty Ltd (QR) Member, Townsville Industrial Development Board</p>
<p>Alison Chan Independent Non-Executive Director</p> <p>Appointed 15 February 2020</p>	<p>Member, Safety, Health and Environment Committee Member, People and Remuneration Committee Member, Governance and Nomination Committee</p> <p>Director, Nevern Square Garden Limited Director, Rollhelp Limited</p>
<p>Ian Dobbs Independent Non-Executive Director</p> <p>Appointed 1 July 2017 Reappointed 1 July 2020 Reappointed 18 November 2020 Resigned 30 June 2021</p>	<p>Chair, Safety, Health and Environment Committee Member, Governance and Nomination Committee Member, People and Remuneration Committee</p> <p>Chairman, International Association of Public Transport (UITP) Australia and New Zealand Member of Executive Board, International Association of Public Transport (UITP) Brussels Chairman and Non-Executive Director, Network Rail Consulting Australia and New Zealand Pty Ltd Non-Executive Director, Network Rail Consulting (London) Member, Advisory Board, Cubic Transportation Services (USA)</p>
<p>Janine Healey Independent Non-Executive Director</p> <p>Appointed 1 July 2017 Reappointed for a two-year term commencing 1 July 2020 Reappointed 18 November 2020</p>	<p>Chair, Audit and Risk Committee Member, People and Remuneration Committee Member, Governance and Nomination Committee Member, Safety, Health and Environment Committee</p> <p>Director, Football Federation of Tasmania Member & Treasurer, Launceston Chamber of Commerce Treasurer, Tamar Community Peace Trust Governance Committee SME, New Horizons Chair, Interact IT Services Pty Ltd Chair, Interact Hosting Pty Ltd</p>

Mr Philip Mussared

Independent Non-Executive Director

Appointed 6 December 2017
Reappointed for a one-year term commencing 18 November 2020

Chair, People and Remuneration Committee
Member, Audit and Risk Committee
Member, Governance and Nomination Committee

Chair, Tasmanian Traineeships and Apprenticeships Committee
Director, National Trust (Tasmania)
Vice-President, Australian Risk Policy Institute
Associate Director, TFG International Pty Ltd
Director, MyWhiskyJourneys Pty Ltd
Director, Canberra Investment Services Pty Ltd
Member, Tasmanian Heritage Council
Director, Kranidi Pty Ltd

Mr Ian Vanderbeek

Independent Non-Executive Director

Appointed for a three-year term commencing 1 July 2021

Director, Aviator Holdings Pty Ltd and several wholly owned subsidiary companies
Director, CareFlight Limited
Director, Edward Street Property Pty Ltd
Director, Whivan Capital Pty Ltd
Director, Birrong Investments (NSW) Pty Ltd

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 2021 are:

Director	Meetings of committees									
	Board		Audit		Governance		Safety		People	
	A	H	A	H	A	H	A	H	A	H
Stephen Cantwell	9	9	5	5	2	2	-	-	-	-
Alison Chan	9	9	-	-	2	2	4	4	4	4
Ian Dobbs	9	9	-	-	2	2	4	4	4	4
Janine Healey	9	9	5	5	2	2	4	4	4	4
Philip Mussared	9	9	5	5	2	2	-	-	4	4

Board = Full meetings of Directors

Audit = Audit and Risk Committee

Governance = Governance and Nomination Committee

Safety = Safety, Health and Environment Committee

People = People and Remuneration Committee

A = Number of meetings attended

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

Directors, other than appointed members of Board Committees, regularly attend the Board Committee meetings.

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 212km 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

For the year ended 30 June	2021 \$'000	2020 \$'000
Net loss after tax before comprehensive income was	\$46,269	\$34,968
After:		
- grant income for capital works of	\$64	\$64
- an impairment expense (infrastructure) of	\$42,144	\$37,147
- depreciation and amortisation expenses of	\$7,035	\$8,067
- an impairment expense (rollingstock) of	NIL	\$5,443

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 2020-21 was \$37,949,500 (2019-20: \$16,950,000).
- Tasmanian Government contributions are recognised directly as equity, not as revenue and therefore do not offset the impairment loss. The total amount received in 2020-21 was \$22,250,500 (2019-20 \$30,475,000) prior to this they were recognised as revenue.

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

For the year ended 30 June	2021 \$'000	2020 \$'000
Below Rail net loss before income tax of	\$46,983	\$40,260
After:		
- impairment, depreciation and amortisation expenses of	\$43,881	\$34,077
Above Rail net profit (loss) before income tax of	\$714	\$1,133
After:		
- depreciation and amortisation expenses of	\$5,298	\$5,693

The Tasmanian Government provides recurrent operating grant funding for the business.

COVID-19

March 2020 saw the effect of COVID-19 reach Tasmania, and along with governments worldwide, the Tasmanian Government introduced strict guidelines to minimise the spread of COVID-19 in Tasmania. The restrictions were lifted during 2020-21, and TasRail has reported an improved financial result, and importantly continued to successfully deliver the Infrastructure Investment Program.

The Company is committed to keeping its employees safe while continuing to support its customers through the uncertain times being faced.

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 this legislation were notified in 2020-21.

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 2021. 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 during 2020-21.

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. The Tasmanian and Australian Governments committed a further investment of \$119,600,000 over four years commencing 1 July 2019. An additional funding commitment by both the Tasmanian and Australian Governments of \$136,000,000 commenced 1 July 2020 with continuing investment in rail infrastructure and the design and construction of a replacement shiploader forming part of this tranche of funding. A further \$24,000,000 was committed for the shiploader construction in April 2021.

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 \$43,750 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
- 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 2021.

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 9th day of August 2021.



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

11 August 2021

The Board of Directors
Tasmanian Railways 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 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- 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- Audit
Delegate of the Auditor-General

TASMANIAN RAILWAY PTY LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 (\$'000)	2020 (\$'000)
Continuing operations			
Revenue from freight services	A1	37,650	36,463
Grant income for operating activities	A1	11,600	10,100
Grant income for capital works	A1	64	64
Other income	A1	1,962	11,064
Finance income		40	191
Total income		51,315	57,882
Losses			
Employee benefits expense	C1	(28,191)	(29,885)
Depreciation and amortisation expense	B2, B3	(7,035)	(8,067)
Impairment expense	B2	(42,144)	(37,147)
Other expenses	A2	(20,056)	(21,731)
Finance expense	A2	(159)	(178)
Loss from continuing operations		(46,269)	(39,127)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	B2	-	13,862
Related tax	A3	-	(4,159)
Total items that will not be reclassified to profit or loss		-	9,703
Total comprehensive loss for the year		(46,269)	(25,265)

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

TASMANIAN RAILWAY PTY LTD
STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2021

	Note	2021 (\$'000)	2020 (\$'000)
Assets			
Cash and cash equivalents		37,098	19,046
Trade and other receivables	B1	6,497	5,255
Inventories	B5	12,440	12,203
Total Current Assets		56,035	36,504
Non-current Assets			
Property, plant and equipment	B2	113,204	113,954
Intangibles	B3	828	871
Total Non-current Assets		114,032	114,825
Total Assets		170,067	151,329
Liabilities			
Current Liabilities			
Trade and other payables	B4	7,642	7,820
Deferred grant income	B4	544	608
Loans and borrowings	B6	5,157	9,080
Employee provisions	C1	6,008	5,469
Total Current Liabilities		19,351	22,977
Non-current Liabilities			
Loans and borrowings	B6	2,568	1,826
Employee provisions	C1	1,722	2,031
Total Non-current Liabilities		4,290	3,857
Total Liabilities		23,641	26,834
Net Assets		146,426	124,495
Equity			
Share Capital	D1	528,354	460,154
Reserves	D2	16,587	16,587
Accumulated losses		(398,515)	(352,246)
Total Equity		146,426	124,495

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

TASMANIAN RAILWAY PTY LIMITED
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2021

	Note	Share Capital (\$'000)	Asset Revaluation Reserve (\$'000)	Accumulated Losses (\$'000)	Total Equity (\$'000)
At 1 July 2019 as previously reported		400,729	6,884	(317,077)	90,536
Adjustment on initial application of AASB 16		-	-	(201)	(201)
Adjusted balances at 1 July 2019		400,729	6,884	(317,278)	90,335
Equity contributed	D1	59,425	-	-	59,425
Total comprehensive loss for the year		-	9,703	(34,968)	(25,265)
At 30 June 2020		460,154	16,587	(352,246)	124,495
Balance at 1 July 2020		460,154	16,587	(352,246)	124,495
Equity contributed	D1	68,200	-	-	68,200
Total comprehensive loss for the year		-	-	(46,269)	(46,269)
At 30 June 2021		528,354	16,587	(398,515)	146,426

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

TASMANIAN RAILWAY PTY LIMITED
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 (\$'000)	2020 (\$'000)
Cash flows from operating activities			
Receipts from customers		42,135	43,589
Compensation monies received		-	9,000
Grants received for operating activities		11,600	10,100
Payments to suppliers and employees		(55,001)	(53,894)
Cash generated from operations		(1,266)	8,795
Interest received		40	191
Interest paid		(157)	(176)
Net cash from/(used in) operating activities	A4	(1,383)	8,810
Cash flows from investing activities			
Purchase of property, plant and equipment		(43,925)	(37,968)
Proceeds from sale of plant and equipment		27	4
Net cash from/(used in) investing activities		(43,898)	(37,964)
Cash flows from financing activities			
Proceeds from borrowings	A4	4,200	8,000
Payment of lease liabilities		(1,067)	(1,275)
Repayment of borrowings	A4	(8,000)	(19,250)
Equity contributions	D1	68,200	59,425
Net cash provided by financing activities		63,333	46,900
Net increase/(decrease) in cash and cash equivalents		18,052	17,746
Cash and cash equivalents at start of period		19,046	1,300
Cash and cash equivalents at 30 June		37,098	19,046

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 9 August 2021.

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
- 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
- the location of potential markets for rollingstock.

All of these assumptions include risk that can materially alter the carrying amount of the 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
- 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 2021. The focus is on operating segments, revenue, expenses and cash-flow 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.

	2021 (\$'000)	2020 (\$'000)
Operating revenue		
Revenue from freight services	37,650	36,463
Grant income for operating activities		
Tasmanian Government	11,600	10,100
Grant income for capital works		
Australian Government	64	64
Other income		
Sundry	1,161	1,273
Compensation Received	-	9,000
Property Rental	801	791
	1,962	11,064

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:

	2021 (\$'000)	2020 (\$'000)
Other expenses		
Maintenance and consumables expense	7,441	6,042
Inventory obsolescence writedown (Refer Note B5)	-	2,633
Fuel expense	3,194	4,062
Property and lease expense	1,484	1,536
Administration expense	3,978	3,736
(Profit)/Loss on sale of disposal of fixed assets	(27)	(4)
Other expenses	3,985	3,725
Total other expenses	20,056	21,731
Finance expenses		
Interest on borrowings	11	6
Interest on lease liabilities	148	172
	159	178

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*.

	2021 (\$'000)	2020 (\$'000)
Tax equivalent expense		
Adjustments for prior years	-	-
Deferred tax expense:		
Origination and reversal of temporary differences:		
Increase/(Decrease) in deferred tax liability	489	234
Decrease/(Increase) in deferred tax asset	(14,215)	(11,500)
Adjustment for prior years		
Non-recognition of temporary differences and tax equivalent losses	13,726	7,107
Income tax expense/(benefit) attributable to profit/(loss) before other comprehensive income	-	(4,159)
Tax recognised in other comprehensive income		
Tax (expense) benefit relating to cash flow hedge reserve	-	-
Tax (expense) benefit relating to asset revaluation reserve	-	-
Total taxation equivalent expense/(benefit)	-	(4,159)
Deferred tax recognised directly in equity		
Relating to revaluation of property, plant & equipment	-	4,159
Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income rate		
Loss before tax	(46,269)	(39,127)
Income tax using the domestic corporation tax rate of 30%	(13,881)	(11,738)
Increase in income tax expense due to:		
Non-deductible expenses	155	4
	(13,726)	(11,734)
Add prior year under/(over) provision	-	-
Non-recognition of temporary differences & tax equivalent losses	13,726	7,575
Total taxation equivalent expense/benefit	-	(4,159)

A - FINANCIAL PERFORMANCE

A3 TAXATION (CONT.)

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:

	2021 (\$'000)	2020 (\$'000)
Deferred tax assets		
Employee benefits	2,314	2,241
Trade and other payables	68	67
Lease assets	696	318
Property, plant and equipment	73,075	62,977
Deferred grant income	163	183
Trade and other receivables	40	52
Carried forward tax losses - Revenue Losses	34,238	29,581
Tax assets	110,594	95,419
Not recognised as not being probable of recovery	(108,649)	(94,925)
Set-off against deferred tax liability	(1,945)	(494)
Net deferred tax asset	-	-
Deferred tax liabilities		
Inventory	1,175	60
Trade and other receivables	67	51
Lease liability	703	383
Tax liabilities	1,945	494
Set-off against deferred tax asset	(1,945)	(494)
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:

	2021 (\$'000)	2020 (\$'000)
Cash flows from operating activities		
Loss for the period	(46,269)	(34,968)
Adjustments for:		
Depreciation and amortisation	7,035	8,067
Impairment	42,144	37,149
Amortised grant income for capital works	(64)	(64)
Tax benefit recognised	-	(4,159)
Inventory obsolescence writedown	-	2,633
Gain (loss) on disposal of property, plant and equipment	(27)	(4)
Cash generated from operations before movements in working capital	2,819	8,654
Movements in working capital:		
- Increase/(Decrease) in payables	(2,953)	1,901
- Increase/(Decrease) in employee benefits	230	1,637
- (Increase)/Decrease in receivables	(1,242)	1,418
- (Increase)/Decrease in inventories	(237)	(4,800)
Net cash flows from operating activities	(1,383)	8,810
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	8,000	19,250
Cash flows - borrowings repaid	(8,000)	(19,250)
Cash flows - cash received	4,200	8,000
Closing balance	4,200	8,000
<i>Lease liabilities</i>		
Opening balance	2,906	2,793
Lease additions during the year	1,685	1,389
Lease interest paid	148	172
Less repayments	(1,215)	(1,448)
Closing balance	3,524	2,906

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 freight 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 2021			Year ended 30 June 2020		
	Above Rail (\$'000)	Below Rail (\$'000)	Total (\$'000)	Above Rail (\$'000)	Below Rail (\$'000)	Total (\$'000)
External revenues	39,432	11,883	51,315	47,475	10,408	57,883
Inter-segment revenue	-	3,202	3,202	-	3,265	3,265
Interest revenue	18	23	42	88	103	191
Interest expense	73	86	159	82	96	178
Impairment	-	42,144	42,144	-	31,703	31,703
Revaluation decrement	-	-	-	5,444	-	5,444
Depreciation and amortisation	5,298	1,737	7,035	5,693	2,374	8,067
Reportable segment profit / (loss) before income tax	714	(46,983)	(46,269)	1,133	(40,260)	(39,127)
Taxation benefit	-	-	-	4,159	-	4,159
Reportable segment assets	118,983	13,986	132,969	118,868	13,415	132,283
Add: cash and cash equivalents not allocable to segments	-	-	37,098	-	-	19,046
Total assets			170,067			151,329
Capital expenditure	4,792	41,670	46,462	7,622	31,290	38,912

Major customers	2021 (\$'000)	2020 (\$'000)
Revenue from three parties represents 57.19% (2020: 57.14%) of freight services and other income as follows:		
- Party 1 (freight services - Above Rail)	10,591	9,918
- Party 2 (freight services - Above Rail)	6,237	6,168
- Party 3 (freight services - Above Rail)	4,704	4,752

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:

	2021 (\$'000)	2020 (\$'000)
Trade and other receivables		
Trade receivables	5,238	4,136
Sundry receivables	398	205
Prepayments	620	556
GST receivable	241	359
Total trade and other receivables	6,497	5,255

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. Subsequent to initial recognition these financial assets are measured at amortised cost using the effective interest method, less any expected credit losses.

The average credit period on freight services is 44 days (2020: 36 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 defined 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 2021 is as follows:

	Leasehold Improvements (Buildings) at cost	Infrastructure at cost	Plant Equipment & Motor Vehicles at cost	Rollingstock (Refurbished) at fair value	Rollingstock (New) at fair value	Capital Projects work in progress	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Gross carrying amount							
Balance at 30 June 2019							
Gross carrying amount	11,611	292,501	20,473	2,255	97,797	3,582	428,219
Depreciation and impairment losses	(7,547)	(292,501)	(11,022)	(720)	(15,139)	-	(326,929)
Net carrying amount	4,064	-	9,451	1,535	82,658	3,582	101,290
Year ended 30 June 2020							
Opening balance	4,064	-	9,451	1,535	82,658	3,582	101,290
Adjustment on initial application of AASB 16	1,228	-	1,347	-	-	-	2,575
Additions	-	-	1,389	512	732	38,982	41,615
Transfers from WIP	-	30,673	144	1,756	6,599	(39,905)	(733)
Disposals	-	-	-	-	-	-	-
Revaluation increment in equity	-	-	439	-	13,424	-	13,863
Revaluation decrement expensed	-	-	-	(1,182)	(4,261)	-	(5,443)
Depreciation	(976)	-	(2,217)	(350)	(3,966)	-	(7,509)
Impairment loss	-	(30,673)	-	-	-	(1,031)	(31,704)
Balance at 30 June 2020	4,316	-	10,553	2,271	95,186	1,628	113,954
Balance at 30 June 2020							
Gross carrying amount	12,839	323,174	21,863	2,271	95,186	2,659	457,992
Depreciation and impairment losses	(8,523)	(323,174)	(11,310)	-	-	(1,031)	(344,038)
Net carrying amount	4,316	-	10,553	2,271	95,186	1,628	113,954
Year ended 30 June 2021							
Opening balance	4,316	-	10,553	2,271	95,186	1,628	113,954
Additions	1,044	-	642	-	-	46,462	48,148
Transfers from WIP	320	35,363	103	-	2,506	(38,292)	-
Disposals	-	-	-	-	-	-	-
Revaluation increment in equity	-	-	-	-	-	-	-
Revaluation decrement expensed	-	-	-	-	-	-	-
Depreciation	(865)	-	(1,837)	(244)	(3,808)	-	(6,754)
Impairment loss	-	(35,363)	-	-	-	(6,781)	(42,144)
Balance at 30 June 2021	4,815	-	9,461	2,027	93,884	3,017	113,204
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

B - OPERATING ASSETS AND LIABILITIES

B2 PROPERTY PLANT AND EQUIPMENT (CONT.)

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

	Property (\$'000)	Vehicles (\$'000)	Total (\$'000)
Right-of-use assets			
Balance at 1 July 2019	1,244	1,347	2,591
Additions	-	1,389	1,389
Depreciation charge for the year	(262)	(996)	(1,258)
Balance at 30 June 2020	982	1,740	2,722
Balance at 1 July 2020	982	1,740	2,722
Additions	1,044	642	1,686
Depreciation charge for the year	(268)	(792)	(1,060)
Balance at 30 June 2021	1,758	1,590	3,348

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 \$82,249,000 (2020: \$85,706,000).

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

B2 PROPERTY PLANT AND EQUIPMENT (CONT.)

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, capital work in progress 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.

Fair value measurement

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

Level 2	2021 (\$'000)	2020 (\$'000)
Rollingstock (refurbished)	2,027	2,271
Rollingstock (new)	93,884	95,186
	95,911	97,457

B3 INTANGIBLE ASSETS - SOFTWARE

	2021 (\$'000)	2020 (\$'000)
Software - at cost	9,379	9,142
Accumulated amortisation	(8,551)	(8,271)
	828	871
Carrying amount at the beginning of the period	871	734
Additions	237	683
Amortisation	(280)	(546)
Carrying amount at the end of the period	828	871

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:

	2021 (\$'000)	2020 (\$'000)
Trade and other payables		
Trade payables	2,144	2,728
Other payables	1,660	1,138
Accrued expenses	3,837	3,954
Total trade and other payables	7,642	7,820

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 21.15 days (2020: 21.67 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.

	2021 (\$'000)	2020 (\$'000)
Other liabilities		
Deferred grant income		
Australian Government capital works funding	544	608
Total other liabilities	544	608

B5 INVENTORIES

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

	2021 (\$'000)	2020 (\$'000)
Inventories		
Consumables and spare parts - at cost		
Rollingstock, plant and equipment	3,736	4,407
Infrastructure	8,515	7,596
Fuel stock - at cost	189	200
Total inventories	12,440	12,203

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. A review of obsolete inventory was undertaken with no writedown (2020: \$2,632,593). Inventory items written down were in relation to rollingstock and infrastructure supplies that, due to changes in assets or maintenance standards, are no longer required.

The cost of inventory consumed during the year was \$21,045,360 (2020: \$16,219,000).

B - OPERATING ASSETS AND LIABILITIES

B6 LOANS AND BORROWINGS

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

	2021 (\$'000)	2020 (\$'000)
Borrowings		
Current		
Lease liability	957	1,080
Loan from TasCorp	4,200	8,000
	5,157	9,080
Non Current		
Lease liability	2,568	1,826
Loan from TasCorp	-	-
	2,568	1,826
Total borrowings	7,724	10,906
Lease liabilities		
Maturity analysis - contractual undiscounted cashflows		
Less than one year	1,132	1,182
One to five years	2,372	1,043
More than five years	648	1,325
Total undiscounted lease liabilities at 30 June	4,152	3,550

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 \$147,751 (2020: \$171,907). 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 \$183,500 (2020: \$180,000).

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:

	2021 (\$'000)	2020 (\$'000)
Employee provisions		
Current		
Liability for annual leave	3,396	3,410
Liability for long-service leave	2,612	2,058
	6,008	5,469
Non Current		
Liability for long-service leave	1,722	2,031
Total employee provisions	7,730	7,500

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 CONTRIBUTION

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

	Director Remuneration		Executive Remuneration		Consolidated	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Short-term employee benefits*	261,036	277,796	1,469,657	1,223,211	1,730,693	1,501,007
Post-employment benefits	24,798	26,402	136,342	118,985	161,140	145,387
Other long-term employee benefits	-	-	162,158	95,462	162,158	95,462
Termination benefits	-	-	-	-	-	-
	285,834	304,198	1,768,157	1,437,658	2,053,991	1,741,856

* Executive short-term employee benefits represent the election to forgo short-term incentive payments of the 2019-20 year. During 2020-21 Executive remuneration was reviewed to remove the provision of short-term incentive payments and reflects a buy-out of incentives now recognised as based salary.

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 reappointed 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 are 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 2021 \$
Non-executive director - 2021					
S Cantwell	77,510	6,810	8,010	-	92,330
A Chan	37,369	6,810	4,197	-	48,376
I Dobbs (resigned 30 June 2021)	37,369	6,810	4,197	-	48,376
J Healey	37,369	6,810	4,197	-	48,376
P Mussared	37,369	6,810	4,197	-	48,376

	Directors' fees \$	Committee fees \$	Superannuation * \$	Other benefits \$	Total 2020 \$
Non-executive director - 2020					
S Hogg	58,132	-	5,523	-	63,654
S Cantwell	57,440	8,387	6,254	-	72,081
A Chan	14,013	2,554	1,574	-	18,141
I Dobbs	37,369	8,388	4,351	-	50,107
J Healey	37,369	8,388	4,351	-	50,107
P Mussared	37,369	8,388	4,351	-	50,107

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

C2 DIRECTOR AND KEY MANAGEMENT PERSONNEL CONTRIBUTION (CONT.)

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:

Senior executive - 2021	Base salaries \$	Superannuation * \$	Vehicles ** \$	Total remuneration 2021 \$	Termination benefits \$	Other long-term benefits *** \$	Total 2021 \$
S Dietrich - CEO	343,692	32,651	12,843	389,186	-	57,171	446,357
S Kerrison - COO	271,421	25,785	13,746	310,952	-	27,400	338,352
K van der Aa - CFO	220,581	20,955	-	241,536	-	10,100	251,636
N Tomlin - Corporate Affairs and Strategy Manager	201,586	19,175	-	220,761	-	18,800	239,561
V Sullivan - Customer & Business Development Manager	199,793	18,980	9,442	228,215	-	30,128	258,343
M Wheatley - Manager People & Culture (from 12 April 2021, acting from 1 July 2020)	196,553	18,796	-	215,349	-	18,559	233,908

Senior executive - 2020	Base salaries \$	Superannuation * \$	Vehicles ** \$	Total remuneration 2020 \$	Termination benefits \$	Other long-term benefits *** \$	Total 2020 \$
S Dietrich - CEO	303,464	31,591	12,844	347,899	-	17,863	365,762
S Kerrison - COO	242,977	24,975	13,747	281,700	-	(1,705)	279,994
K van der Aa - CFO	205,556	21,532	-	227,088	-	22,947	250,035
N Tomlin - Corporate Affairs and Strategy Manager	204,457	19,547	-	224,003	-	26,920	250,923
V Sullivan - Customer & Business Development Manager (from 11 February 2020)	73,446	6,977	2,115	82,539	-	19,339	101,877
E Mollison - Manager People & Culture (from 8 July 2019 to 30 June 2020)	150,028	14,362	14,577	178,968	-	10,099	189,066

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

** Vehicles represents the total cost to the business of providing and maintaining a vehicle.

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

C - PEOPLE

C2 DIRECTOR AND KEY MANAGEMENT PERSONNEL CONTRIBUTION (CONT.)

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 salary.

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 provisions. 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. While 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. The Executive remuneration framework was reviewed during the reporting period and no longer contains provision for the payment of long or short-term incentives. Executives elected for a buy-out of incentives that is now regarded as base salary in lieu of any incentive payment.

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.

	2021 (\$'000)	2020 (\$'000)
Equity contributions		
Opening balance - Two fully paid ordinary shares	460,154	400,729
Australian Government capital investment	37,950	16,950
Tasmanian Government capital investment	22,251	30,475
Tasmanian Government other contribution	8,000	12,000
Closing balance - Two fully paid ordinary shares	528,354	460,154

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

D2 RESERVES

	2021 (\$'000)	2020 (\$'000)
Asset revaluation reserve - rollingstock		
Opening balance	16,587	6,884
Asset revaluation increment	-	13,862
Tax effect arising on asset revaluation	-	(4,159)
Closing balance	16,587	16,587
Total reserves	16,587	16,587

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

D3 FINANCIAL RISK MANAGEMENT OBJECTIVES (CONT.)

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:

	2021 (\$'000)	2020 (\$'000)
Not past due	4,023	3,201
Past due 0-30 days, but not impaired	1,177	832
Past due 31-60 days	36	28
Past due more than 60 days	2	75
Total	5,238	4,136

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:

	2021 (\$'000)	2020 (\$'000)
Financial liabilities		
Trade and other payables - payable in 6 months or less	7,105	7,072
Borrowings - payable in 12 months or less	4,200	8,000
Lease liabilities - payable in 12 months or less	957	1,080
Lease liabilities - payable in greater than 12 months	2,568	1,826
	11,305	15,072

Undrawn financing facilities

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

	2021 (\$'000)	2020 (\$'000)
Corporate charge card facility	100	197
Borrowings	15,800	12,000
	15,900	12,197

The 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.

As part of the Government's response to the COVID-19 pandemic, the Treasurer has ensured that all Government businesses have access to sufficient funds. On 15 June 2020 the Treasurer provided explicit support to the Tasmanian Public Finance Corporation for TasRail's borrowing limit of \$20.0 million.

E - ADDITIONAL INFORMATION

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

E1 CAPITAL EXPENDITURE COMMITMENTS

	2021 (\$'000)	2020 (\$'000)
Capital expenditure commitments		
Above Rail	1,685	-
Below Rail	9,570	22,203
	11,255	22,203

E2 AUDITORS REMUNERATION

	2021 \$	2020 \$
Audit services		
Auditors of the Company:		
Tasmanian Audit Office		
Audit the financial report	58,640	56,930
	58,640	56,930

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 2021. 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

The impact of COVID-19 on overseas travel has resulted in no overseas business travel being undertaken by the Directors, the Chief Executive Officer or other employees in 2021 or 2020, once restrictions are eased the Company will return to usual business practice.

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 2021

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 2021 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 2021.

Signed in accordance with a resolution of the Directors:



STEPHEN CANTWELL

CHAIRMAN

Dated at Launceston this 9th day of August 2021.

Independent Auditor's Report

To the Members of Tasmanian Railway Pty Ltd

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 2021 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 the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2021 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*, was provided to the directors on the same date as this auditor's report and is included in the Directors' 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
Valuation of rollingstock assets <i>Refer to note B2</i>	
<p>The Company's rollingstock (both new and refurbished) represents the majority of Property, plant and equipment and includes locomotives and wagons with an aggregate carrying value of \$95.91m at 30 June 2021. Rollingstock is measured at fair value based on an independent valuation at 30 June 2020.</p> <p>The fair value valuation and impairment assessments are dependent upon significant judgement by the valuer and management with movements in rollingstock values potentially having a significant impact on the Company's financial position and results.</p> <p>Management conducted a review of potential impairment indicators and valuation inputs concluding that no adjustment to the carrying amount was required.</p> <p>This is a key audit matter due to the high dollar values involved together with the inherent subjectivity of key inputs into the valuation.</p>	<ul style="list-style-type: none"> • Obtaining independent evidence against which to evaluate management's assessment of fair value indicators. • Evaluating the adequacy of disclosures made in the financial report, for compliance with Australian Accounting Standards.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Capital work in progress <i>Refer to note B2</i>	
<p>The Company expended \$46.46m on capital expenditure and major projects during 2020-21. The majority of funds were provided through the Tasmanian Freight Rail Revitalisation Program, jointly funded by the Tasmanian and Australian governments. 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, the allocation of expenditure as either capital or maintenance, 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. • Verifying 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. • 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 2021, but does not include the financial report and my auditor's report thereon.

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

11 August 2021
 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.

