



ANNUAL REPORT

2021-22



VISION

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



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



SAFETY

INTEGRITY

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



RESPECT

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



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



BEING REMARKABLE

MAXIMISING THE BENEFITS OF
SUSTAINABLE RAIL LOGISTICS
SERVICES FOR TASMANIA

PURPOSE



CONTENTS

CHAIRMAN'S REMARKS	2
BOARD OF DIRECTORS	3
CEO REMARKS	4
EXECUTIVE TEAM	5
STATEMENT OF CORPORATE INTENT	6
PEOPLE AND CULTURE	8
TASMANIAN FREIGHT RAIL REVITALISATION PROGRAM	10
SAFETY	14
SAFETY CASE STUDY	17
ABOVE RAIL BUSINESS	18
BUILDING OUR BUSINESS	20
BELOW RAIL SEGMENT	22
LOCOMOTIVE LIFE EXTENSION PROJECT	24
LOCOMOTIVE DONATIONS	26
CORPORATE GOVERNANCE	28
FINANCIAL REPORT 30 JUNE 2022	35

CHAIRMAN'S REMARKS

The highlight of the 2021-22 financial year was the execution of the contract with Tasmanian company COVA Haywards to design and construct TasRail's new minerals shiploader at the Port of Burnie. The project, years in the planning, commenced immediately with design starting in August 2021 and fabrication in May 2022.

TasRail's shiploader is critical export infrastructure and, along with the expansion of the Bulk Minerals Export Facility, will be of great benefit to the mining industry. It also benefits the broader community, with an estimated 140 jobs linked to the design and construction phase of the project.

Record levels of network investment continued under Tranches Two and Three of the Tasmanian Freight Rail Revitalisation Program. During construction, investment in infrastructure drives employment and skills, with at least 150 people being employed regionally to deliver these rail projects.

Investment in the rail network has ensured safe and reliable supply chains for Tasmanian industry. Due to the significant improvements in network performance, our six daily intermodal services achieved 98.9 per cent on-time arrival in 2021-22. This remarkable performance is the result of strategic Below Rail network investment, combined with disciplined train planning and real-time operations.

Due to the reduced output of a small number of key customers, rail freight volumes were down a modest 1.9 per cent in 2021-22 compared to the previous reporting period. Nevertheless, this was TasRail's second highest rail task ever, transporting 499 million net tonne kilometres of freight. On behalf of our partners in the mining industry, we also provided 650 thousand tonnes of shiploading services, also the second highest volume ever.

Despite the ongoing pandemic and disrupted international supply chains, TasRail is cautiously optimistic about future freight volumes. One of TasRail's strengths is its market diversification, having four different customer categories in containers, logs, bulk freight and shiploading services. When combined with long-term contracts and a strong business development pipeline, TasRail is relatively de-risked while positioned to take advantage of new opportunities.

Tasmania's West Coast is heavily mineralised in the 'future-facing commodities' required for the global energy transition and is already serviced by renewable energy to undertake the minerals processing phase. With a new shiploader and

expanded storage capacity under development, TasRail is well positioned to provide rail logistics and shiploading services to these projects. The Tasmanian Government's investment in the Locomotive Life Extension Project further adds to TasRail's capacity.

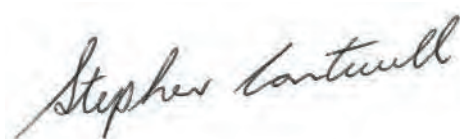
Notwithstanding rail's already low relative carbon footprint per tonne of freight moved, TasRail is investigating multiple technology pathways to reduce the carbon intensity of our operations. An example of these efforts is our focus on understanding the feasibility of renewable energy locomotives using batteries, battery/diesel hybrid, synthetic fuel, or green hydrogen fuel cells.

I would like to acknowledge the ongoing counsel and hard work of my fellow Directors and make special mention of Philip Mussared, who retired after serving four years on the TasRail Board. Philip made a valuable contribution across all governance aspects, but particularly as the Chair of the People, Safety & Environment Committee. I would also like to welcome to the Board two new Tasmanian Directors, Ian Vanderbeek and Anita Robertson.

On behalf of the Board, I would also like to commend our CEO, Steven Dietrich, for his passionate leadership, along with the determination of the entire TasRail team. There were many successes in the year but also many challenges. We know that achieving this great result is the product of a profound effort and goodwill from all the people of TasRail. For this we are most grateful.

In closing, I wish to highlight the work of our Shareholder Ministers and their commitment to ensure that Tasmanian industry has access to safe, reliable and efficient rail logistics. TasRail will continue to deliver on this strategy and the associated benefits for the Tasmanian community.

STEPHEN CANTWELL



BOARD OF DIRECTORS



STEPHEN CANTWELL (CHAIRMAN)

Stephen Cantwell was appointed to the TasRail Board in December 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 of the Centre for Integrated Engineering Management, and a Graduate Member of the AICD.



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. Alison has held executive roles in the legal and banking industries 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 Alexandra Rose Charity and the Dunhill Medical Trust and a Senior Advisor to the Climate Bonds Initiative.



JANINE HEALEY

Janine Healey was appointed to the TasRail Board in July 2017. She is a Chartered Accountant with more than 30 years' experience, 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 currently a director and Chair of two privately owned companies operating in the IT industry as well as a director of a number of not-for-profit Boards. She is a former director of Hydro Tasmania, Port of Launceston Pty Ltd, Inveresk Railway Management Authority, and former member of the University Council.



ANITA ROBERTSON

Anita Robertson was appointed to the TasRail Board in December 2021. She is a Chartered Accountant and Chartered Secretary with more than 25 years' experience in finance and governance. Anita is currently a Director of General Practice Training Tasmania, Business Manager at St Virgil's College, an independent Panel Member of the Risk & Audit Committee for the Department of Natural Resources and Environment Tasmania, and a State Councillor for the Governance Institute of Australia. She has held CFO positions with prominent Tasmanian businesses and has held senior finance roles with Deloitte and PwC. Anita is a Graduate Member of the AICD and is a Fellow of the Chartered Accountants Australia New Zealand, and the Governance Institute of Australia.



IAN VANDERBEEK

Ian Vanderbeek was appointed to the TasRail Board in July 2021. He has extensive global experience in the transport industry in both operational and management roles. Ian established Australian corporate aviation operator ExecuJet before spending five years in China in regional aviation. Ian's most recent executive role was as Chief Executive Officer of specialist helicopter operator Aviator Group, from which he retired in June 2020. Ian now consults to SMEs across a range of sectors and is a director of aeromedical charity CareFlight Limited. Ian holds a Bachelor of Business and is a Graduate Member of the AICD.



“ Due to the significant improvements in network performance, our six daily container services achieved 98.9 per cent on-time arrival in 2021-22 ”



CEO REMARKS

TasRail exists to service industry. Tasmania's freight forwarders, manufacturers, miners and the forestry sector rely on TasRail for safe, reliable and efficient supply chains. As a transport provider, we operate in a highly competitive market, and industry can choose to use other supply chains if we do not deliver on time, safely and competitively.

In 2021-22, TasRail executed five major customer contracts spanning containers, bulk, forestry and shiploading services. These contracts secure existing tonnages and offer upside opportunities for new commodities. Industry's preference to use rail logistics is in part due to the dramatic improvement in network performance driven by the record investment of the Tasmanian Freight Rail Revitalisation Program.

Just 7.5 per cent of TasRail's network was operating under a temporary speed restriction at the end of 2021-22. This contributed to 98.9 per cent of our six daily intermodal services meeting their contracted delivery window. Over the full financial year, 1,725 of 1,744 intermodal services met their contracted delivery time. This is a remarkable operational performance.

TasRail experienced one minor mainline derailment in the reporting period, due to localised adverse weather conditions in the Rhyndaston area of the South Line. After a record 845 days derailment free it was disappointing, however it was not caused by operator error or poor network condition.

TasRail pursues a zero-harm environment for its staff, customers, contractors and the community. Therefore, our targets for lost-time injuries (LTI) and the recordable injury frequency rate (RIFR) are, by design, very ambitious. Despite our efforts, we did not achieve the LTI and RIFR targets in 2021-22. We are now redoubling our focus through refresher training in our cultural safety program (Safety Circle™) and a better understanding of the links between human factors and workplace incidents.

As an essential service provider, our COVID-safe operating procedures remain front of mind as we balance the need to keep our staff safe while continuing to provide 100-plus freight services per week on a 24/7 basis. Despite absenteeism related to close contacts and positive cases, there was no impact on contracted services in 2021-22. Unfortunately, this was often achieved by calling in additional staff, which significantly increased wage costs.

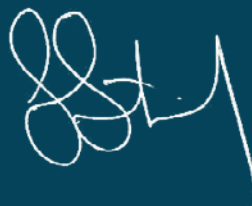
These higher costs, combined with a modest decline in production by a small number of key customers, caused TasRail's Above Rail business to fall short of its net profit target of \$612k, instead recording a break-even result. The Consolidated EBITDA result was \$3.5 million, pleasingly \$160k ahead of budget. TasRail, like all infrastructure businesses, has high fixed costs, meaning we must constantly endeavour to grow and diversify our customer base. Our strategic objective to grow forestry and shiploading volumes continued in 2021-22, with a record forestry tonnage and remarkable shiploading outcomes.

TasRail continued to celebrate the 150th anniversary of the first railway operation in Tasmania this year. Via an expressions of interest process, TasRail donated six historically significant locomotives, spare engines, and a range of ancillary equipment, to tourist and heritage operators across the State. TasRail also covered the cost of the crane lifts, heavy haulage trucking, and project management to ensure that these valuable community groups were not burdened with any significant outlay or extra logistical challenges.

On behalf of the TasRail leadership team, I would like to thank all TasRail staff for their perseverance and determination this year. Through teamwork and living our values, we ensured TasRail provided safe and dependable rail logistics solutions for industry and continued the delivery of our record capital program.

Looking forward, TasRail will continue to deliver its infrastructure program, including record levels of network renewal and construction of its new bulk minerals shiploader. Successful delivery of the capital program 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.



MANAGER, PEOPLE AND CULTURE
MATTHEW WHEATLEY

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.



MANAGER, CUSTOMER AND
BUSINESS DEVELOPMENT
VANESSA SULLIVAN

Customer Service and Business Development

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

STATEMENT OF CORPORATE INTENT

Performance Target	Target Result: FY 2021-22	Actual Result: FY 2021-22	Comments
Lost Time Injury Frequency Rate ¹	0.0	8.2	Disappointingly, the recorded results exceed the targets set. TasRail remains committed to a zero-harm environment.
Recordable Injury Frequency Rate ²	1.66	13.2	
Freight Availability (General Intermodal)	98 per cent	98.5 per cent	
Mainline Derailments	0	1	A derailment occurred in October 2021 after an extreme weather event caused a small landslip on the South Line in the Rhyndaston area. The derailment was not caused by operator error or poor network conditions.
Below Rail Infrastructure Cost (Per Track Kilometre)	\$21.9 thousand	\$21.4 thousand	
Customer Revenue	\$39.2 million	\$39.6 million	
Capital Spend ³	\$92.1 million	\$76.2 million	Refer note 3 below
EBITDA (Consolidated after BRIC) ⁴	\$3.4 million	\$3.54 million	Consolidated EBITDA performance was slightly ahead of target, however the above rail profit target was not reached due to lower than expected freight volumes, accompanied by additional fuel costs and labour costs.
Above Rail Net Profit (Loss)	\$612 thousand	\$22 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 Capital spend was below target for the full financial year. Key drivers for this include the timing of inventory purchases for major IIP capital rail projects and the final phasing of the Shiploader project. Both result in a deferral of capital expenditure into future reporting periods. This figure differs to that disclosed in note B2 of the Financial Statements due to the inclusion of inventory on hand acquired to support the delivery of the capital program. Notably, all milestones related to these projects were met with both the Australian and Tasmanian governments.

⁴ BRIC – Tasmanian Government Below Rail Infrastructure Contribution.

“ Industry’s preference to use rail logistics is in part due to the dramatic improvement in network performance driven by the record investment of the Tasmanian Freight Rail Revitalisation Program. ”



PEOPLE AND CULTURE



TasRail's results are built on the combined strengths of its people. Resilience, teamwork and dedication have seen the business continue to deliver its contracted services and adapt to new ways of working in a COVID environment. Measures like remote working, COVID safe operational procedures and supported absence from the workplace when unwell, adopted early in the pandemic, have now become business as usual for TasRail.

LEARNING AND DEVELOPMENT

TasRail continues to invest in the advancement of its people, delivering 340 units of nationally accredited rail and operations training during the year, including those leading to qualifications as Train Drivers, Network Controllers and Rail Operators. In addition, TasRail supported 36 staff as they progressed through Certificate IV or Diploma level training with external providers. These courses align with both business and staff objectives and reflect an increasing focus on the professionalism of the TasRail team.

MENTAL HEALTH AND WELLBEING

The mental health and wellbeing of the TasRail team remains a high priority for the business. This extends to our Trauma and Critical Incident Management processes. The framework to support these systems is currently being reviewed for improvement opportunities. This review process will be collaborative and will involve benchmarking across industry groups and health care providers as well as staff and leaders.

WORKFORCE FACTS AND DEMOGRAPHICS

Demographics (as of 30 June 2022)			
<p>268.9 full-time equivalent employees</p>		<p>Asset Management (includes Infrastructure Investment Program)</p> <p>112.1 full-time equivalents</p>	
<p>YEARS OF SERVICE</p> <p>52yrs longest serving employee</p>	<p>AGE STATISTICS</p> <p>22yrs youngest employee 45yrs average age 70yrs oldest employee</p>		
<p>FREIGHT SERVICES</p> <p>110.3 full-time equivalents</p>	<p>CORPORATE SERVICES</p> <p>46.5 full-time equivalents</p>	<p>GENDER RATIO</p> <p>15% of the workforce are female</p>	

TASMANIAN FREIGHT RAIL REVITALISATION PROGRAM

After decades of underinvestment, the Tasmanian and Australian governments have committed record funding to the renewal of the Tasmanian Rail Network. TasRail is delivering this record investment via the Tasmanian Freight Rail Revitalisation Program (TFRRP), in partnership with its highly valued contractors.

The TFRRP is being delivered via a series of funding packages. Tranche One commenced in 2015-16 and was completed on time in 2018-19. Building on this success, the record ongoing investment in the network continues to focus on the replacement of near-life-expired rail and sleepers, structure upgrades (bridges and culverts), level crossing renewals, coastal erosion work and formation projects.

Tranche Two is also a four-year program co-funded by the Tasmanian and Australian governments (\$119.6 million). TasRail and its partners in the civil construction sector will deliver the program by 30 June 2023. Running in parallel is the \$96 million Tranche Three program, which commenced in 2020-21 and will be completed by 30 June 2024. TasRail estimates that there are approximately 150 jobs supported by the delivery of Tranches Two and Three of the TFRRP.

In trend terms, the frequency and severity of mainline derailments remain at record lows. This is a direct dividend of the capital program. TasRail remains committed to zero mainline derailments.



QUICK FACTS

\$49.4m
in rail upgrades

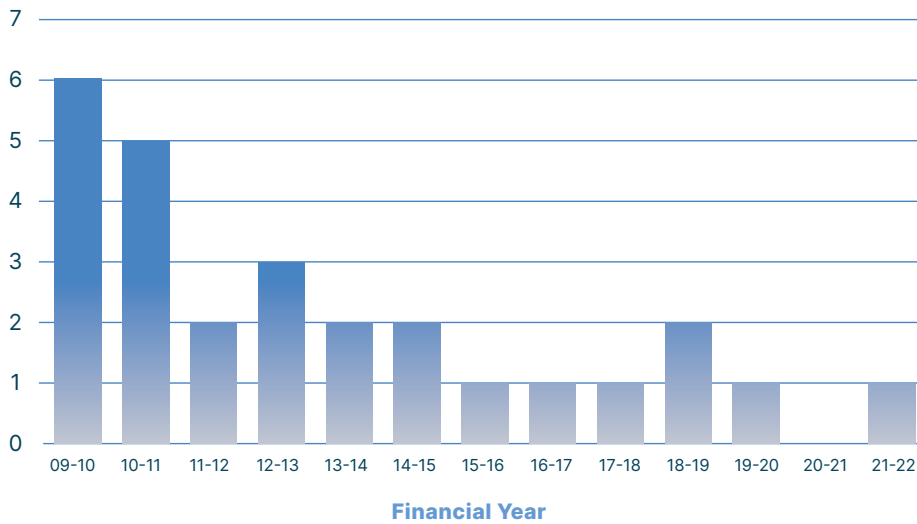
23,253
sleepers installed

29,008
metres of new rail

11
track turnouts
renewed/replaced

4
formation renewal
projects

Mainline Derailments



The TFRRP enables TasRail to deliver operational and 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 its second highest ever freight task in 2021-22, delivering 499 million net tonne kilometres of freight.

The Shiploader Project

The \$64 million Shiploader Project at the Port of Burnie is 100 per cent funded by the Australian Government. It will allow TasRail to replace and upgrade this essential last-mile infrastructure. TasRail executed a contract with Tasmanian firm COVA Haywards to design and construct the new shiploader in August 2021. Work commenced immediately, with 30 per cent of the design completed in September 2021, 50 per cent in February 2022, and 90 per cent design being finalised at the end of the reporting period. TasRail is

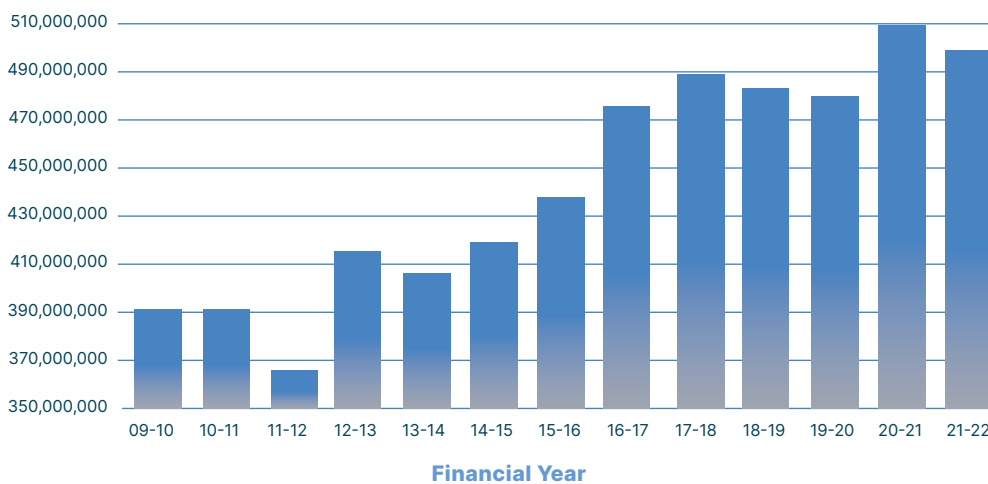
very pleased that a Tasmanian company was awarded the contract that will support 140 design and construction jobs. In a major milestone, fabrication commenced in May 2022.

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 mining industry. The new shiploader will deliver significant benefits to our existing and future customers:

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

To avoid unnecessary disruption to our customers, TasRail will operate and maintain the current shiploader right up until the time the new machine is ready to be installed in 2023.

Net Tonne Kilometres



¹ 'Net tonne kilometres' is the weight of the freight transported multiplied by the distance to provide the true size of the freight task; it is used widely across rail, road, and shipping operations.



Shiploader fabrication underway



TasRail transported its second highest ever freight task in 2021-22, delivering

499 million

net tonne kilometres of freight.

SAFETY



At TasRail, safety is a core value, and working safely is fundamental to the success of our business.

We set ourselves aspirational goals because we genuinely want everyone – our staff, customers, contractors, and the community – to go home safe and well every day.

While TasRail has achieved considerable improvement in safety outcomes for our staff and contractors over the past few years, disappointingly in 2021-22 we fell short of our goals and did not achieve the lost time injury (LTI) and recordable injury frequency rate (RIFR) targets. We will now redouble our focus on these areas, further reinforcing our cultural safety program (Safety Circle™), revisiting our risk mitigation strategies, and embracing the learning opportunities that come with a better understanding of the link between human behaviour and workplace incidents (human factors).

The improvement in the condition of the Tasmanian Rail Network has contributed to the decrease in mainline derailments. TasRail reported a single mainline derailment in 2021-22. This was a low-speed incident caused by an extreme weather event and resultant landslip on the South Line.

Reported level crossing incidents and trespass activities around the State continued to increase in 2021-22, with a 14.5 per cent increase in trespass events, and an incremental increase in failure to stop or give way incidents at level crossings (4.7 per cent).

TasRail continues its program of engagement with the Tasmanian community to highlight the importance of safety and awareness around the rail network. In 2021-22 this has included an extended program of radio advertising in high-profile northwest coast areas, school visits, and the establishment of a long-term 'safety alliance' with the Railton Junior and Cadet Fire Brigade.

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





“

A simple safety concern, assessed in a collaborative cross-departmental fashion, can create positive health, safety, and environmental outcomes, while also providing learning opportunities for the business.

”

SAFETY CASE STUDY

Safety, Health and Environment (SHE) principles are integrated into every aspect of what we do at TasRail. A simple safety concern, assessed in a collaborative cross-departmental fashion, can create positive health, safety, and environmental outcomes, while also providing learning opportunities for the business.

One example of this is the holistic review of all Rhyndaston Tunnel works undertaken in 2021-22, which incorporated every facet of our Safety, Health and Environmental management systems and internal subject matter experts.

When our southern infrastructure team raised concerns regarding the air quality within the 140+year-old tunnel, our SHE Team arranged air quality monitoring activities for the next scheduled trip inside the tunnel.

These readings not only helped establish a standard around personal protective equipment in the area but were the impetus for the introduction of modern battery-operated maintenance equipment into tunnel works – safe, healthy, and sustainable, for our employees and the environment. The activities also provided a valuable training opportunity for our infrastructure leaders, who are now able to monitor air quality themselves.

ABOVE RAIL BUSINESS

TOTAL FREIGHT TASK/ NET TONNE KILOMETRES

Commodity	2021-22 NTK	2020-21 NTK	Percentage change Year on Year
Coal	37,660,149	36,038,989	4.50%
Cement	23,085,026	24,357,043	-5.22%
Mineral Concentrates	16,837,456	21,519,335	-21.76%
Logs	51,134,439	38,667,048	32.24%
General Intermodal	249,855,828	273,587,415	-8.67%
Paper	120,282,714	114,467,944	5.08%
TOTAL	498,855,612	508,637,774	-1.92%

The Above Rail business is the commercial arm of TasRail and provides rail logistics to Tasmanian industry across four market categories – intermodal (containers), bulk, forestry and minerals shiploading services. TasRail's contracts require high levels of service delivery for industry, and this can only be achieved by maintaining the fleet of locomotives and wagons to exacting standards.

The Above Rail teams have been integral to TasRail providing a high standard of service in 2021-22. Their commitment to providing excellent customer service has reinforced TasRail's value proposition of being a safe and dependable provider of rail logistics services.

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

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

The rail freight task in 2021-22 was the second highest on record – transporting 499 million net tonne kilometres of freight – down 1.9 per cent as key individual customers suffered from production and export issues. The outstanding result in the forestry sector reflects the strength of the partnerships that TasRail has fostered with its fastest-growing market segment.



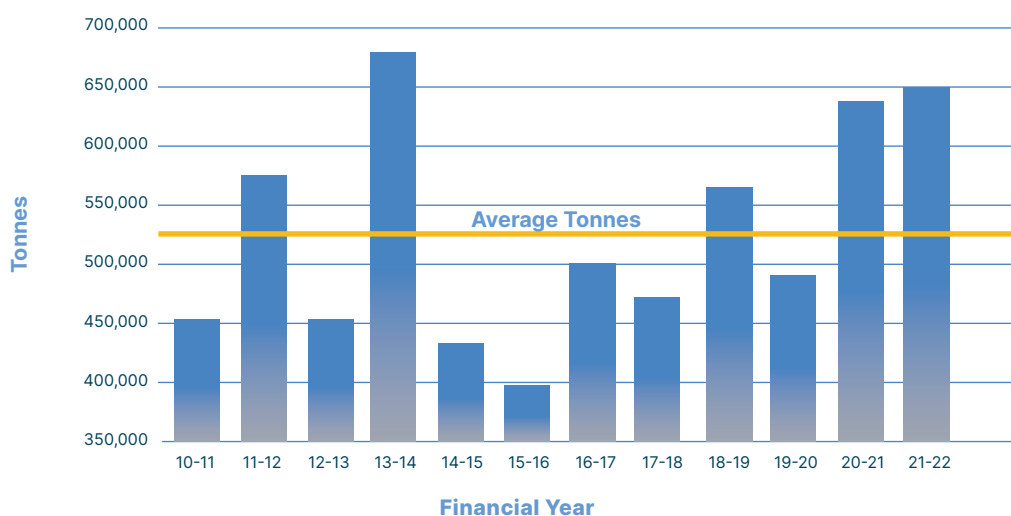
SHIPLOADING OPERATIONS

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 in 2021-22 exceeded the previous year and were the second highest on record - just a single export shipment below the record 2013-14 result. Funded by the Australian Government, TasRail's new Shiploader will be commissioned in 2023 and provide even greater productivity for industry.

Total Shiploading Volumes

2021-22	650,365 tonnes
2020-21	637,828 tonnes
2019-20	489,148 tonnes

TasRail's Annual Shiploading Volumes



BUILDING OUR BUSINESS

TasRail holds long-term contracts to provide rail logistics services to Tasmania's heavy industries and freight forwarders. In 2021-22 TasRail provided industry with just under three million tonnes of rail haulage. As a total rail freight task this equates to 499 million net tonne kilometres - the second largest rail task since TasRail was formed in 2009.

TasRail operates in a highly competitive market with industry focused on efficiency, safety and operational capability. In a vote of confidence, TasRail executed five major customer contracts in 2021-22, spanning intermodal, bulk and log haulage, and shiploading services. The contracts secure existing freight and provide the opportunity for new commodities.

For several years, TasRail has focused its efforts in securing additional log tonnages onto rail. Based on industry's preference for safe and efficient bulk log transport, 2021-22 saw a record log tonnage hauled by rail, with greater than 230,000 tonnes being transported from the south to Bell Bay for processing and export (34 per cent increase on the previous year).

Building on this base, TasRail is working with the timber industry to secure additional tonnages, operating on different

freight corridors and alternative markets. The Tasmanian Government's \$5.05 million Forestry Stimulus Package enabled TasRail to partner with Tasmanian suppliers to design and manufacture additional equipment to service the forestry industry. This will provide an uplift in capacity, productivity and safety during terminal and rail haulage operations.

TasRail's strategy to partner with the mining sector to grow shiploading volumes continues to deliver, with 650 thousand tonnes of minerals loaded in 2021-22. This is the second highest volume loaded by TasRail since its inception, just 28 thousand tonnes (a single shiploading event) less than the 2013-14 record and 24 per cent higher than the long-run average. With a new shiploader under construction and plans to expand the Bulk Minerals Export Facility, TasRail looks forward to working with the Tasmanian mining industry to export those resources required for the global energy transition.

Forestry Tonnes



Our contracts with industry require us to operate disciplined, safe and on time rail logistics. Freight Availability is a key metric for TasRail, and it measures performance in customer freight being available to unload at the agreed time. In 2021-22, TasRail had a combined Freight Availability target for its six daily intermodal services of 96 per cent and achieved an actual result of 98.9 per cent. Being on time is an integral part of TasRail's value proposition to our customers. This result is a credit to the entire TasRail team.

While acknowledging the very real risks of escalating trade tensions and an uncertain economic outlook, TasRail's diverse customer base, long-term contracts and strong business development pipeline positions TasRail well for the future.

FREIGHT VOLUME HIGHLIGHTS IN 2021-22 INCLUDE:

Paper freight task

Up 5% on last year

Record log rail task

Up 32% on last year

Second highest shiploading result

650 thousand tonnes

Focusing on that future, TasRail is investigating alternatives to diesel-powered locomotives. The global rail industry is investing research and development funds into low and zero emission locomotive technologies including batteries, diesel / battery hybrid, synthetic fuel, or green hydrogen fuel cells. Freight rail, per tonne kilometre of freight is far less GHG intensive than road transport, but to remain competitive into the future the industry will need to commercialise alternative locomotive technology. Given Tasmania's renewable energy economy, TasRail is well positioned to take advantage of these developing locomotive technologies.



BELOW RAIL SEGMENT

TasRail's Below Rail segment comprises the Engineering and Infrastructure functions within Asset Management. The segment is responsible for the management and maintenance of the Tasmanian Rail Network. It also includes dedicated Signals Management and Land and Vegetation Management teams. TasRail's land tenure comprises both operational and non-operational rail corridors (758.8 route kilometres).

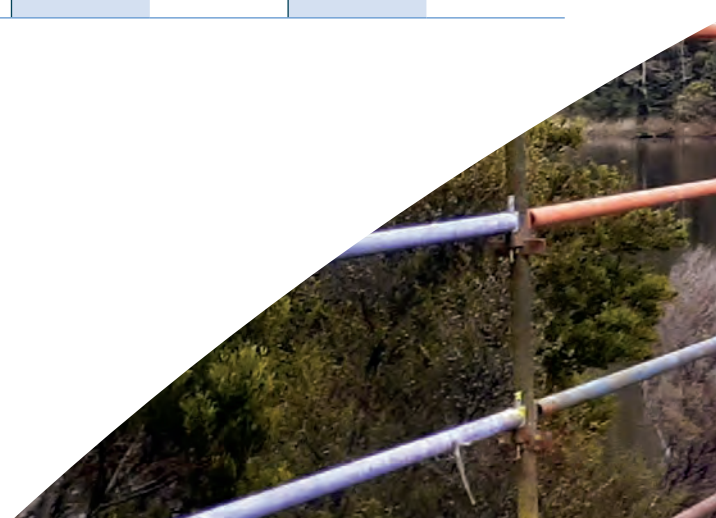
TRACK QUALITY INDEX (TQI)

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

In 2021-22 there was an increase in the proportion of track rated as 'Good' with all lines, other than the Melba, indicating an improvement or hold in quality. This reflects the importance of TasRail's tamping schedule, which has focused on the South, Western and Derwent Valley lines this year.

Percentage rated: Good, Fair, Poor, Very Poor

	Jun 2022 (Good)	Jun 2021 (Good)	Jun 2022 (Fair)	Jun 2021 (Fair)	Jun 2022 (Poor)	Jun 2021 (Poor)	Jun 2022 (V. Poor)	Jun 2021 (V. Poor)
Western	83.8	77.9	14.6	19.5	1.6	2.3	0.0	0.3
South	67.7	62.7	27.1	31.3	4.6	5.5	0.5	0.6
Melba	91.9	93.9	7.6	5.88	0.5	0.2	0.0	0.0
Bell Bay	57.4	56.4	33.1	35.1	8.8	8.1	0.7	0.4
Fingal	80.6	78.0	15.7	18.2	3.2	3.6	0.5	0.2
Derwent Valley	61.9	45.1	31.3	33.8	6.7	13.4	0.0	3.0
Network	77.1	73.5	19.3	22.2	3.3	3.9	0.3	0.4





TAMPING

Despite a slow start to the year due to mechanical issues, TasRail's tamper was able to achieve 156 tamped kilometres in 2021-22. This is a 52 per cent increase on the kilometres tamped in 2020-21. Effective use of TasRail's tamper and ballast regulating machines is vital to the network maintenance strategy and ensures that track geometry and quality are maintained.

	2021-22	2020-21	2019-20
Tamped Kilometres	156	102	126

TEMPORARY SPEED RESTRICTIONS (TSR)

TasRail's extensive capital and maintenance programs have driven temporary speed restrictions (TSR) on the network to historic lows. The downward trend continued in 2021-22 with 7.55 per cent of the operational network under TSR as of 30 June.

TasRail's detailed track inspection process highlights specific locations on the network where it may be necessary to mitigate risk by introducing a TSR pending a permanent engineering solution.

Percentage of the Network under TSR

As of 30 June 2022	7.55
As of 30 June 2021	7.72
As of 30 June 2020	8.30



LOCOMOTIVE LIFE EXTENSION PROJECT

In addition to its modern fleet of 17 TR Class Locomotives, TasRail operates 10 legacy locomotives that were constructed in the 1960s and 1970s. The locomotives provide critical haulage power to service key bulk customers, along with ballast trains that support maintenance activities and capital programs.

Recognising that locomotives have operational lives measured in decades, rail freight operators the world over deploy older locomotives to transport non time sensitive freight, often on branch lines. In recent years, TasRail has been investigating options to improve the reliability and capability of its legacy locomotive fleet.

A plan to overhaul eight legacy locomotives was approved by the TasRail Board in late 2021 and received \$15 million in funding from the Tasmanian Government in its 2022-23 Budget. The project commenced immediately with a dedicated project manager appointed, critical long lead time items ordered (including engines), and upgrades to the East Tamar Junction workshop to enable successful delivery of the project. The three-year project will include replacement engines, control systems, generators, traction motor overhauls. Wiring, cabins and braking systems will also be updated.

The decision to undertake a major overhaul was made after extensive options analysis. It provides the greatest value for money and the opportunity to complete much of the work in Tasmania using a combination of TasRail staff and local subcontractors. It is an opportunity to improve the skills of our workforce and build technical capacity among our suppliers.

The future of TasRail's fleet, specifically its plans to decarbonise its locomotive operations, was also front of mind. TasRail is investigating a range of locomotive technologies that do not require fossil fuels. The technology pathways are advancing rapidly, but are not yet commercially available. The investment in the legacy locomotive fleet will ensure that TasRail can reliably service industry, while investigating and ultimately transitioning to a low / zero emission locomotive fleet.



LOCOMOTIVE DONATIONS

As part of its extended 150th anniversary of rail in Tasmania celebrations, TasRail has worked proactively with key tourist and heritage organisations across the State to complete the delivery of selected rollingstock donations.

Via an expression of interest process, we donated six historically significant locomotives, spare engines, and a range of ancillary equipment, ensuring the preservation of Tasmanian rail history by passionate community groups. TasRail also covered the cost of the crane lifts, heavy haulage trucking, and project management.

We worked closely with a team of specialist Tasmanian contractors to ensure that all lifts, transport and deliveries were completed safely.

It was a remarkable project that we were proud to facilitate, and we have received a great response from Tasmania's tourist and heritage community.





CORPORATE GOVERNANCE

At TasRail, Corporate Governance relates to the system by which the business is directed and managed. Much of its success is underpinned by strong and effective relationships between the Board and the Management Team, the Shareholder Members and other stakeholders. TasRail is governed by a Shareholder-appointed Board of Directors. The Board operates under a framework that is consistent with the ASX Corporate Governance Principles and Recommendations:

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR GOVERNANCE AND OVERSIGHT:

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

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

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

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

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE:

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

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

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

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY:

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

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

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING:

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

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

The TasRail Constitution provides that the Company is required to use the Tasmanian Auditor-General for its external audit.

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

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

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE:

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

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

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS:

TasRail's Constitution specifies the rights and powers of the Shareholder Members. The Board has procedures for communication with Shareholder Members to ensure they have timely access to information about the Company, including its financial situation, performance, governance and any sensitive matters about which they need to be aware.

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

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK:

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

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

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

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY:

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

The Board's responsibilities are:

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

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



RIGHT TO INFORMATION

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

During 2021-22 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.

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. One disclosure was made to TasRail during the 2021-22 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 was one disclosed matter that TasRail decided not to investigate during the year.
- h. There were no disclosed matters that were substantiated on investigation.
- i. The Ombudsman made no recommendations under the Act that relate to TasRail.

PERSONAL INFORMATION PROTECTION

TasRail values and respects the privacy of all personal and sensitive information. The Company is committed to protecting the information it collects, stores, handles, uses and discloses in accordance with the requirements of the *Personal Information Protection Act 2004* (Tas), which prescribes Personal Information Protection Principles for Tasmania, as well as the National Privacy Principles prescribed under the *Privacy Act 1988* (Cth).

Procedures that define the way TasRail collects, stores, handles, uses and discloses information are published on TasRail's website at www.tasrail.com.au. No reports were made under this regime for the 2021-22 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	\$61,140,287
Percentage of purchases from Tasmanian businesses	59.60%

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 2021-22

Creditor Days	10
Number of accounts due for payment	11,530
Number of accounts paid on time	11,530
Amount due for payment	\$105,234,053
Amount paid on time	\$105,234,053
Number of payments for interest on overdue accounts	0
Interest paid on overdue accounts	\$0

CONTRACTORS

There were a number of contracts awarded in 2020-21 where commitments carried forward into this financial year. Additionally, TasRail has awarded contracts in the 2021-22 year that have commitment values into the next financial year.

Contracts valued over \$5 million

Contract/Works Package	Procurement Method	Buy Local Policy Applied	Contractor	Contractor State of Operations
Design and Construct Minerals Shiploader	Open Tender	Yes	Cova Haywards Pty Ltd	TAS

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 Rectification of Rail Defects (Melba Line)	Open Tender	Yes	VEC Civil Engineering Pty Ltd	TAS
South Line Rail and Mudhole removal	Open Tender	Yes	Global Rail	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	416,127
GHD Pty Ltd	TAS	Engineering advice	380,337
PDA Surveyors	TAS	Survey services	231,602
ISW Development Pty Ltd	VIC	Professional services	157,435
North Barker Ecosystems Services	TAS	Environmental consultants	86,767
Ricardo Rail Australia Pty Ltd	NSW	Safety services	80,355
GI Project Partners Pty Ltd	TAS	Professional services	77,455
Advisian Pty Ltd	NSW	Professional services	76,586
Rail Networks Consulting	NSW	Engineering advice	75,172
S2 Engineering Pty Ltd	TAS	Engineering advice	57,102
Sub Total			1,638,938
There were 16 consultants engaged for \$50,000 or less totalling			212,134
Total payments for consultants to June 2022			1,851,072



FINANCE



FINANCIAL REPORT

30 JUNE 2022

Directors' Report	36
Auditor's Independence Declaration	41
Statement of Profit or Loss and Other Comprehensive Income	42
Statement of Financial Position	43
Statement of Changes in Equity	44
Statement of Cash Flows	45
Notes to the Financial Statements	46
A - Financial Performance	49
B - Operating assets and liabilities	55
C - People	61
D - Capital structuring and financing	65
E - Additional information	67
Directors' Declaration	69
Independent Auditor's Report	70

TASMANIAN RAILWAY PTY LIMITED
DIRECTORS' REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

The Directors present their report together with the financial report of Tasmanian Railway Pty Limited ("the Company") for the financial year ended 30 June 2022 and the Independent Auditor's Report thereon.

1. DIRECTORS

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

Name and independence status	Special responsibilities and other directorships
<p>Stephen Cantwell Independent Non-Executive Director, Chairperson</p> <p>Appointed 1 December 2016</p> <p>Reappointed for a 3-year term commencing 21 November 2019</p> <p>Appointed Chair 1 January 2020</p>	<p>Member, Audit, Risk & Compliance Committee Member, Major Projects Committee Member, People, Safety and Environment Committee</p> <p>Director, Port of Brisbane Pty Ltd Director, Queensland Rail Pty Ltd (QR) Director, Lindsay Australia</p>
<p>Alison Chan Independent Non-Executive Director</p> <p>Appointed for a 3-year term commencing 15 February 2020</p>	<p>Chair, Major Projects Committee Member, Audit, Risk & Compliance Committee Member, People, Safety and Environment Committee</p> <p>Director, Rollhelp Limited Executive, Metrics Credit Partners</p>
<p>Janine Healey Independent Non-Executive Director</p> <p>Appointed 1 July 2017 Reappointed 1 July 2020 Reappointed for a 2-year term commencing 18 November 2020</p>	<p>Chair, Audit, Risk & Compliance Committee Member, Major Projects Committee Member, People, Safety and Environment Committee</p> <p>Director, Football Federation of Tasmania Director, Interact IT Services Pty Ltd Director, Interact Hosting Pty Ltd Treasurer, Tamar Community Peace Trust Governance Committee SME, New Horizons</p>
<p>Philip Mussared Independent Non-Executive Director</p> <p>Appointed 6 December 2017 Reappointed for a 1-year term commencing 18 November 2020</p> <p>Term concluded 24 November 2021</p>	<p>Chair, People, Safety and Environment Committee Member, Audit, Risk & Compliance Committee Member, Major Projects Committee</p> <p>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 Chair, Risk and Audit Committee, Department of Natural Resources and Environment Tasmania</p>

TASMANIAN RAILWAY PTY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

<p>Anita Robertson Independent Non-Executive Director</p> <p>Appointed for a 3-year term commencing 1 December 2021</p>	<p>Member, Audit, Risk & Compliance Committee Member, Major Projects Committee Member, People, Safety and Environment Committee</p> <p>Director, General Practice Training Tasmania Pty Ltd Independent Panel Member, Department of Natural Resources and Environment Tasmania – Risk and Audit Committee Councillor, Governance Institute of Australia – Tasmanian State Council Executive, St Virgil's College</p>
<p>Ian Vanderbeek Independent Non-Executive Director</p> <p>Appointed for a 3-year term commencing 1 July 2021</p>	<p>Chair, People, Safety and Environment Committee from 25 November 2021 Member, Audit, Risk & Compliance Committee Member, Major Projects Committee</p> <p>Director, CareFlight Limited Director, Edward Street Property Pty Ltd Director, Whivan Capital Pty Ltd Director, Birrong Investments (NSW) Pty Ltd</p>

The number of Directors' Board and Board Committee Meetings and the number attended by each of the Directors of the Company for the year ended 30 June 2022 are:

Director	Meetings of committees							
	Board		ARCC		PSEC		MPC	
	H	A	H	A	H	A	H	A
Stephen Cantwell	11	11	6	6	4	4	4	3
Alison Chan	11	11	6	6	4	4	4	4
Janine Healey	11	11	6	6	4	4	4	4
Philip Mussared	6	6	2	2	1	1	1	1
Anita Robertson	5	5	4	4	3	2	3	3
Ian Vanderbeek	11	11	6	6	4	4	4	4

Board = Full meetings of Directors

ARCC = Audit, Risk & Compliance Committee

PSEC = People, Safety and Environment Committee

MPC = Major Projects 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

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 612km of operational track and 148km of non-operational track.

Above rail

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

Operating result

For the year ended 30 June	2022 (\$'000)	2021 (\$'000)
Net loss after tax before other comprehensive income was	\$50,380	\$46,269
After:		
- grant income for capital works of	\$64	\$64
- an impairment expense (infrastructure) of	\$46,466	\$42,144
- depreciation and amortisation expenses of	\$7,505	\$7,035

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 2021-22 was \$33,450,000 (2020-21: \$37,949,500).
- Tasmanian Government contributions to fund infrastructure assets are recognised directly as equity, not as revenue and therefore do not offset the impairment loss. The total amount received in 2021-22 was \$29,950,000 (2020-21: \$22,250,500).

TASMANIAN RAILWAY PTY LIMITED
DIRECTORS' REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

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

For the year ended 30 June	2022 (\$'000)	2021 (\$'000)
Below Rail net loss before income tax of	\$50,402	\$46,983
After:		
- impairment, depreciation and amortisation expenses of	\$48,248	\$43,881
Above Rail net profit before income tax of	\$22	\$714
After:		
- depreciation and amortisation expenses of	\$5,722	\$5,298

The Tasmanian Government provides recurrent operating grant funding for the Below Rail segment of 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 2021-22 and the Company remains committed to continuing to keep its employees safe while supporting its customers and successfully delivering the significant capital investment programs.

4. ENVIRONMENTAL REGULATIONS

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation. The primary legislation is the *Environmental Protection Act 1994*. No breaches of the above-mentioned legislation were notified in 2021-22.

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 2022. If significant environmental liabilities are identified in the future, relating to the period prior to the commencement of the Company, the Company would require financial support from the Tasmanian Government to fund the remediation.

5. DIVIDENDS

No dividends were paid or declared by the Company to Members in 2021-22.

6. EVENTS SUBSEQUENT TO REPORTING DATE

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

7. LIKELY DEVELOPMENTS

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

In March 2022, the Australian Government announced a further funding package of \$168 million to continue investment in rail infrastructure across the network. In May 2022, the Tasmanian Government confirmed its commitment to this funding package. This infrastructure funding is scheduled to commence at the conclusion of the current funding packages at 30 June 2024 and continue until 30 June 2028. The Tasmanian Government also announced a further \$15m funding package commencing in 2022-23 to undertake the locomotive life extension project.

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; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

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

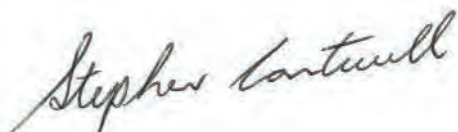
10. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report for the financial year ended 30 June 2022.

11. ROUNDING OFF

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

Signed in accordance with a resolution of the Directors:



Stephen Cantwell

CHAIRMAN

Dated at Launceston this 8th day of August 2022.

8 August 2022

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 Railways Pty Ltd for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of the:

- (a) auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) 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
Delegate of the Auditor-General

TASMANIAN RAILWAY PTY LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 (\$'000)	2021 (\$'000)
Continuing operations			
Revenue from freight services	A1	39,546	37,650
Grant income for operating activities	A1	13,100	11,600
Grant income for capital works	A1	64	64
Other income	A1	2,874	1,962
Finance income		84	40
Total income		55,668	51,315
Losses and expenses			
Employee benefits expense	C1	(29,299)	(28,191)
Depreciation and amortisation expense	B2, B3	(7,505)	(7,035)
Impairment expense	B2	(46,466)	(42,144)
Other expenses	A2	(22,579)	(20,056)
Finance expense	A2	(200)	(159)
Loss from continuing operations		(50,380)	(46,269)
Taxation equivalent benefit (expense)	A3	-	-
Loss for the year after tax before comprehensive income		(50,380)	(46,269)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	B2	-	-
Related tax	A3	-	-
Total items that will not be reclassified to profit or loss		-	-
Total comprehensive loss for the year		(50,380)	(46,269)

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

TASMANIAN RAILWAY PTY LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 (\$'000)	2021 (\$'000)
Assets			
Cash and cash equivalents		34,402	37,098
Trade and other receivables	B1	6,818	6,497
Inventories	B5	18,907	12,440
Total Current Assets		60,127	56,035
Property, plant and equipment	B2	126,257	113,204
Intangibles	B3	524	828
Total Non-current Assets		126,781	114,032
Total Assets		186,908	170,067
Liabilities			
Trade and other payables	B4	11,417	7,642
Deferred grant income	B4	480	544
Loans and borrowings	B6	1,020	5,157
Employee provisions	C1	6,624	6,008
Total Current Liabilities		19,541	19,351
Borrowings	B6	2,505	2,568
Employee provisions	C1	1,216	1,722
Total Non-current Liabilities		3,721	4,290
Total Liabilities		23,262	23,641
Net Assets		163,646	146,426
Equity			
Share capital	D1	595,954	528,354
Reserves	D2	16,587	16,587
Accumulated losses		(448,895)	(398,515)
Total Equity		163,646	146,426

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

TASMANIAN RAILWAY PTY LTD
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2022

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

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

TASMANIAN RAILWAY PTY LTD
STATEMENT OF CASH FLOWS
 AS AT 30 JUNE 2022

	Note	2022 (\$'000)	2021 (\$'000)
Cash flows from operating activities			
Receipts from customers		45,953	42,135
Grants received for operating activities		13,100	11,600
Payments to suppliers and employees		(58,333)	(55,001)
Cash generated from operations		720	(1,266)
Interest received		84	40
Interest paid		(200)	(157)
Net cash from/(used in) operating activities	A4	604	(1,383)
Cash flows from investing activities			
Purchase of property, plant and equipment		(65,753)	(43,925)
Proceeds from sale of plant and equipment		101	27
Net cash from/(used in) investing activities		(65,652)	(43,898)
Cash flows from financing activities			
Proceeds from borrowings	A4	-	4,200
Payment of lease liabilities	A4	(1,048)	(1,067)
Repayment of borrowings	A4	(4,200)	(8,000)
Equity contributions	D1	67,600	68,200
Net cash provided by financing activities		62,352	63,333
Net increase/(decrease) in cash and cash equivalents		(2,696)	18,052
Cash and cash equivalents at start of period		37,098	19,046
Cash and cash equivalents at 30 June		34,402	37,098

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

INFORMATION ABOUT THIS REPORT	PAGE
Corporate Information	47
Basis of preparation	47
Key judgements and estimates	47
Notes to the Financial Statements	48
Significant changes in the current reporting period	48
Significant changes in accounting policies	48
A - FINANCIAL PERFORMANCE	49
A1 Revenue and other income	49
A2 Expenses	50
A3 Taxation	51
A4 Cash flows	53
A5 Operating Segments	54
B - OPERATING ASSETS AND LIABILITIES	55
B1 Trade and other receivables	55
B2 Property Plant and Equipment	56
B3 Intangible Assets - Software	58
B4 Payables and other liabilities	59
B5 Inventories	59
B6 Loans and Borrowings	60
C - PEOPLE	61
C1 Employee Provisions	61
C2 Director and key management personnel contribution	62
D - CAPITAL STRUCTURING AND FINANCING	65
D1 Capital Management	65
D2 Reserves	65
D3 Financial risk management objectives	65
E - ADDITIONAL INFORMATION	67
E1 Capital Expenditure Commitments	67
E2 Auditors Remuneration	67
E3 Dividends	67
E4 Contingencies	67
E5 Subsequent Events	67
E6 Transactions with other related parties	67
E7 Ultimate owner	68
E8 Overseas related travel	68
E9 Economic Dependency	68

TASMANIAN RAILWAY PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2022

Corporate Information

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

Basis of preparation

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

The financial statements were authorised for issue by the Directors on 8 August 2022.

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

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

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

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

Key judgements and estimates

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

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

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

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

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

TASMANIAN RAILWAY PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2022

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

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

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; and
- it relates to an aspect of the Company's operations that is important to its future performance.

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

A: Financial performance

B: Operating assets and liabilities

C: People

D: Capital structuring and financing

E: Additional information.

Significant changes in the current reporting period

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

Changes in significant accounting policies

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

A - FINANCIAL PERFORMANCE

This section provides further information in respect to the financial performance of the Company for the year ended 30 June 2022. The focus is on operating segments, revenue, expenses and cashflow disclosures. Certain operational expenses such as impairments are disclosed in the notes with the associated operating asset or liability in Section B: 'Operating assets and liabilities'. Employee-related expenses are disclosed in Section C: 'People'.

A1 REVENUE AND OTHER INCOME

	2022 (\$'000)	2021 (\$'000)
Operating revenue		
Revenue from freight services	39,546	37,650
Grant income for operating activities		
Tasmanian Government	13,100	11,600
Grant income for capital works		
Australian Government	64	64
Other income		
Sundry	1,937	1,161
Profit/(Loss) on sale of disposal of fixed assets	101	-
Property rental	837	801
	2,874	1,962

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:

	2022	2021
	(\$'000)	(\$'000)
Other expenses		
Maintenance and consumables expense	6,962	7,441
Fuel expense	5,331	3,194
Property and lease expense	1,701	1,484
Administration expense	4,567	3,978
(Profit)/Loss on sale of disposal of fixed assets	-	(27)
Other expenses	4,018	3,985
Total other expenses	22,579	20,056
Finance expenses		
Interest on borrowings	21	11
Interest on lease liabilities	179	148
	200	159

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*.

	2022 (\$'000)	2021 (\$'000)
Tax equivalent expense		
Adjustments for prior years	-	-
Deferred tax expense:		
Origination and reversal of temporary differences:		
Increase/(Decrease) in deferred tax liability	576	489
Decrease/(Increase) in deferred tax asset	(15,586)	(14,215)
Non-recognition of temporary differences and tax equivalent losses	15,010	13,726
Income tax expense/(benefit) attributable to profit/(loss) before other comprehensive income	-	-
Tax recognised in other comprehensive income		
Tax (expense) benefit relating to asset revaluation reserve	-	-
Total taxation equivalent expense/(benefit)	-	-
Deferred tax recognised directly in equity	-	-
Relating to revaluation of property, plant & equipment	-	-
Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income rate		
Loss before tax	(50,380)	(46,269)
Income tax using the domestic corporation tax rate of 30%	(15,114)	(13,881)
Increase in income tax expense due to:		
Non-deductible expenses	104	155
	(15,010)	(13,726)
Add prior year under/(over) provision	-	-
Non-recognition of temporary differences & tax equivalent losses	15,010	13,726
Total taxation equivalent expense/benefit	-	-

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:

	2022 (\$'000)	2021 (\$'000)
Deferred tax assets		
Employee benefits	2,346	2,314
Trade and other payables	76	68
Lease assets	-	696
Property, plant and equipment	83,220	73,075
Grant funds in advance	144	163
Trade and other receivables	109	40
Carried forward tax losses - revenue losses	38,926	34,238
Carried forward tax losses - capital losses	-	-
Tax assets	124,821	110,594
Not recognised as not being probable of recovery	(123,659)	(108,649)
Set-off against deferred tax liability	(1,162)	(1,945)
Net deferred tax asset	-	-
Deferred tax liabilities		
Inventory	114	1,175
Trade and other receivables	31	67
Lease Liability	1,017	703
Tax liabilities	1,162	1,945
Set-off against deferred tax asset	(1,162)	(1,945)
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:

	2022 (\$'000)	2021 (\$'000)
Cash flows from operating activities		
Loss for the period	(50,380)	(46,269)
Adjustments for:		
Depreciation & amortisation	7,505	7,035
Impairment	46,466	42,144
Amortised grant income for capital works	(64)	(64)
(Gain) loss on disposal of property, plant and equipment	(101)	(27)
Cash generated from operations before movements in working capital	3,426	2,819
Movements in working capital:		
- Increase/(Decrease) in payables	(591)	(2,953)
- Increase/(Decrease) in employee benefits	110	230
- (Increase)/Decrease in receivables	(321)	(1,242)
- (Increase)/Decrease in inventories	(2,020)	(237)
Net cash flows from operating activities	604	(1,383)
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.		
Reconciliation of liabilities from financing activities		
<i>Borrowings</i>		
Opening balance	4,200	8,000
Cash flows - borrowings repaid	(4,200)	(8,000)
Cash flows - cash received	-	4,200
Closing balance	-	4,200
<i>Lease liabilities</i>		
Opening balance	3,524	2,906
Lease additions during the year	1,049	1,685
Lease interest paid	179	148
Less repayments	(1,227)	(1,215)
Closing balance	3,525	3,524

A - FINANCIAL PERFORMANCE

A5 OPERATING SEGMENTS

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

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

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

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

The Company has two reportable segments:

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

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

Segment	Year ended 30 June 2022			Year ended 30 June 2021		
	Above Rail (\$'000)	Below Rail (\$'000)	Total (\$'000)	Above Rail (\$'000)	Below Rail (\$'000)	Total (\$'000)
External revenues	42,182	16,937	59,119	39,432	11,883	51,315
Inter-segment revenue	-	3,346	3,346	-	3,202	3,202
Interest revenue	84	-	84	18	23	42
Interest expense	62	137	199	73	86	159
Impairment	-	46,466	46,466	-	42,144	42,144
Depreciation and amortisation	5,722	1,782	7,504	5,298	1,737	7,035
Reportable segment profit / (loss) before income tax	22	(50,402)	(50,380)	714	(46,983)	(46,269)
Taxation benefit	-	-	-	-	-	-
Reportable segment assets	131,401	20,675	152,076	118,983	13,986	132,969
Add: cash and cash equivalents not allocable to segments			34,402	-	-	37,098
Total assets			186,478			170,067
Capital expenditure	19,046	47,019	66,065	4,792	41,670	46,462

Major customers	2022 (\$'000)	2021 (\$'000)
Revenue from three parties represent 58.64% (2021: 57.19%) of freight services and other income as follows:		
- Party 1 (freight services - Above Rail)	11,089	10,591
- Party 2 (freight services - Above Rail)	7,415	6,237
- Party 3 (freight services - Above Rail)	4,687	4,704

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:

	2022 (\$'000)	2021 (\$'000)
Trade and other receivables		
Trade receivables	5,222	5,238
Sundry receivables	408	398
Prepayments	583	620
GST receivable	605	241
Total trade and other receivables	6,818	6,497

Impairment

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

Recognition and measurement

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

The average credit period on freight services is 43 days (2021: 44 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 2022 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 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	-	-	-	-	-	-	-
Depreciation	(865)	-	(1,837)	(244)	(3,808)	-	(6,754)
Impairment loss	-	(35,363)	-	-	-	(6,781)	(42,144)
Balance at 30 June 2020	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
Year ended 30 June 2022							
Opening balance	4,815	-	9,461	2,027	93,884	3,017	113,204
Additions	-	-	1,049	286	-	66,066	67,401
Transfers from WIP	89	37,963	346	-	5,031	(43,429)	-
Transfers to expenses	-	-	-	-	-	(396)	(396)
Disposals	-	-	-	-	(286)	-	(286)
Depreciation	(874)	-	(1,851)	(275)	(4,201)	-	(7,201)
Impairment loss	-	(37,963)	-	-	-	(8,503)	(46,466)
Balance at 30 June 2022	4,030	-	9,005	2,038	94,428	16,756	126,257
Balance at 30 June 2022							
Gross carrying amount	14,292	396,500	24,003	2,313	98,629	33,070	568,807
Depreciation and impairment losses	(10,262)	(396,500)	(14,998)	(275)	(4,201)	(16,315)	(442,551)
Net carrying amount	4,030	-	9,005	2,038	94,428	16,756	126,257

B - OPERATING ASSETS AND LIABILITIES

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

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

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 \$83,545,000 (2021: \$82,249,000).

Independent valuation rollingstock

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

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

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

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

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

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

Depreciation

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

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

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

B - OPERATING ASSETS AND LIABILITIES

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

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

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

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

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

Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, 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	2022 (\$'000)	2021 (\$'000)
Rollingstock (refurbished)	2,038	2,027
Rollingstock (new)	94,428	93,884
	96,466	95,911

B3 INTANGIBLE ASSETS - SOFTWARE

	2022 (\$'000)	2021 (\$'000)
Software - at cost	9,379	9,379
Accumulated amortisation	(8,855)	(8,551)
	524	828
Carrying amount at the beginning of the period	828	871
Additions	-	237
Amortisation	(304)	(280)
Carrying amount at the end of the period	524	828

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:

	2022 (\$'000)	2021 (\$'000)
Trade and other payables		
Trade payables	3,472	2,144
Other payables	2,245	1,660
Accrued expenses	5,700	3,837
Total trade and other payables	11,417	7,642

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 9.45 days (2021: 21.15 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.

	2022 (\$'000)	2021 (\$'000)
Other liabilities		
Deferred Grant Income		
Australian Government capital works funding	480	544
Total Other Liabilities	480	544

B5 INVENTORIES

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

	2022 (\$'000)	2021 (\$'000)
Inventories		
Consumables and spare parts - at cost		
Rollingstock, plant and equipment	4,529	3,736
Infrastructure	13,996	8,515
Fuel stock - at cost	381	189
Total inventories	18,907	12,440

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

The cost of inventory consumed during the year was \$23,111,801 (2021: \$21,045,360).

B - OPERATING ASSETS AND LIABILITIES

B6 LOANS AND BORROWINGS

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

	2022 (\$'000)	2021 (\$'000)
Borrowings		
Current		
Lease liability	1,020	957
Loan from TasCorp	-	4,200
	1,020	5,157
Non current		
Lease liability	2,505	2,568
	2,505	2,568
Total borrowings	3,525	7,724
Lease liabilities		
Maturity analysis - contractual undiscounted cashflows		
Less than one year	1,190	1,132
One to five years	1,767	2,372
More than five years	1,070	648
Total undiscounted lease liabilities at 30 June	4,027	4,152

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 \$179,000 (2021: \$147,751). 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 \$196,000 (2021: \$183,500).

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:

	2022 (\$'000)	2021 (\$'000)
Employee provisions		
Current		
Liability for annual leave	3,373	3,396
Liability for long-service leave	3,251	2,612
	6,624	6,008
Non current		
Liability for long-service leave	1,216	1,722
Total employee provisions	7,840	7,730

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.

C - PEOPLE

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	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Short-term employee benefits	278,863	261,036	1,522,291	1,469,657	1,801,154	1,730,693
Post-employment benefits	27,886	24,798	147,437	136,342	175,323	161,140
Other long-term employee benefits	-	-	69,360	162,158	69,360	162,158
	306,749	285,834	1,739,089	1,768,157	2,045,838	2,053,991

Non-executive directors

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

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

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

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

	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	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
Total	226,986	34,050	24,798	-	285,834

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

C - PEOPLE

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

Senior executive - 2021	Base salaries \$	Superannuation * \$	Vehicles ** \$	Total remuneration 2021 \$	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 and Company Secretary	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
Total	1,433,626	136,342	36,031	1,605,999	162,158	1,768,157

* 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 approved remuneration band.

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

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

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

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

Incentive payments

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

Termination benefits

No termination benefits were paid during either reporting period.

Acting arrangements

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

D - CAPITAL STRUCTURING AND FINANCING

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

D1 CAPITAL MANAGEMENT

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

	2022 (\$'000)	2021 (\$'000)
Equity contributions		
Opening balance - Two fully paid ordinary shares	528,354	460,154
Australian Government capital investment	33,450	37,950
Tasmanian Government capital investment	29,950	22,251
Tasmanian Government other contribution	4,200	8,000
Closing Balance - Two fully paid ordinary shares	595,954	528,354

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

D2 RESERVES

	2022 (\$'000)	2021 (\$'000)
<i>Asset revaluation reserve - rollingstock</i>		
Opening balance	16,587	16,587
Asset revaluation increment	-	-
Tax effect arising on asset revaluation	-	-
Closing balance	16,587	16,587
Total reserves	16,587	16,587

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:

	2022 (\$'000)	2021 (\$'000)
Not past due	4,713	4,023
Past due 0-30 days, but not impaired	432	1,177
Past due 31-60 days, but not impaired	2	36
Past due more than 60 days, but not impaired	75	2
Total	5,222	5,238

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:

	2022 (\$'000)	2021 (\$'000)
Financial liabilities		
Trade and other payables - payable in 6 months or less	10,512	7,105
Borrowings - payable in 12 months or less	-	4,200
Lease liabilities - payable in 12 months or less	1,020	957
Lease liabilities - payable in greater than 12 months	2,505	2,568
	10,512	11,305

Undrawn financing facilities

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

	2022 (\$'000)	2021 (\$'000)
Corporate charge card facility	100	100
Borrowings	20,000	15,800
	20,100	15,900

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 includes additional information that is required by accounting standards.

E1 CAPITAL EXPENDITURE COMMITMENTS

	2022 (\$'000)	2021 (\$'000)
Capital expenditure commitments		
Above Rail	21,975	1,685
Below Rail	15,258	9,570
	37,233	11,255

E2 AUDITORS REMUNERATION

	2022 (\$'000)	2021 (\$'000)
Audit Services		
Auditors of the Company:		
Tasmanian Audit Office		
Audit the financial report	60,810	58,640
	60,810	58,640

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 2022. 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 ongoing 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 2022 or 2021.

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 2022

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:

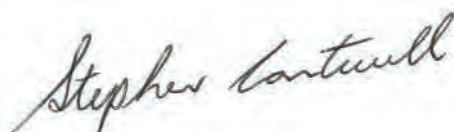
- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 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 2022.

Signed in accordance with a resolution of the Directors:



Stephen Cantwell

CHAIRMAN

Dated at Launceston this 8th day of August 2022.

Independent Auditor's Report

To the Members of Tasmanian Railway Pty Ltd

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Tasmanian Railway Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2022 and statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 8 August 2022 and included in the Directors' Report, would be in the same terms if provided to the directors at the time of this auditor's report.

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

Key Audit Matters

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

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
<p>Capital work in progress <i>Refer to note B2</i></p>	
<p>The Company expended \$66.07 million on capital expenditure and major projects during 2021-22. The majority of funds were provided through the Tasmanian Freight Rail Revitalisation Program, jointly funded by the Tasmanian and Australian Governments.</p> <p>The purpose of the program is to remediate the rail network and deliver works designed to further improve safety and reliability.</p> <p>This is a key audit matter due to the level of capital expenditure incurred, judgement involved in allocating expenditure as either capital or maintenance and the timing of commissioning of assets constructed or remediated.</p>	<ul style="list-style-type: none"> Assessing the process for monitoring capital and project expenditure and budgets. Testing, on a sample basis, capital procurement compliance with authorisation delegations and probity and funding requirements. Verifying the existence and accuracy of a sample of material capital assets acquired during the year. 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 2022, 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

15 August 2022
Hobart



CUSTOMER VALUE PROPOSITION

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

TASRAIL PROVIDES INDUSTRY:



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



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



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



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



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



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



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



Valuable safety and environmental benefits; and



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



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



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