

# Queensland Rail

Annual and Financial Report 2017-18



# General information

This is the consolidated Annual and Financial Report 2017-18 ("the report") of Queensland Rail (ABN 68 598 268 528) and its subsidiaries, Queensland Rail Limited (ABN 71 132 181 090) (QRL) and On Track Insurance Pty Ltd (ABN 18 095 032 670) (OTI). Queensland Rail is a statutory authority established under the *Queensland Rail Transit Authority Act 2013 (Qld)* ("QRTA Act") and is a statutory body for the purposes of the *Financial Accountability Act 2009 (Qld)* and the *Statutory Bodies Financial Arrangements Act 1982 (Qld)*.

Queensland Rail's functions are detailed in Section 9 of the *QRTA Act*. Queensland Rail discharges its statutory functions through its wholly owned subsidiary QRL. QRL does not employ any personnel, but owns all non-employee related assets and contracts. It performs the role of rail transport operator under the *Transport (Rail Safety) Act 2010 (Qld)*.

OTI is a wholly-owned subsidiary of QRL. It provides insurance cover for claims on Queensland Rail, QRL and the Aurizon group of companies in respect of events up until 30 June 2010.

Unless the context otherwise requires, Queensland Rail together with its subsidiaries QRL and OTI, are collectively referred to as "Queensland Rail" for the purposes of the report. A general description of the nature of Queensland Rail's operations and principal activities is included in the report.

This report is available, along with other useful resources, via the Queensland Rail website: [queenslandrail.com.au](http://queenslandrail.com.au)

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## Translation and interpreting assistance

Queensland Rail is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds.

If you have difficulty in understanding the report, please contact Queensland Rail on 13 16 17 and we will arrange an interpreter to share the report with you.



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The Honourable Jackie Trad MP  
Deputy Premier  
Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships  
Member for South Brisbane  
Level 39, 1 William Street  
BRISBANE QLD 4000

The Honourable Mark Bailey MP  
Minister for Transport and Main Roads  
Member for Miller  
Level 35, 1 William Street  
BRISBANE QLD 4000

Dear Deputy Premier and Minister

## Queensland Rail Annual and Financial Report 2017-18

I am pleased to submit for presentation to Parliament the Queensland Rail Annual and Financial Report 2017-18.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009 (Qld)* and the *Financial and Performance Management Standard 2009 (Qld)*, the *Queensland Rail Transit Authority Act 2013 (Qld)* and the *Corporations Act 2001 (Cth)*, and
- the detailed requirements set out in the *Annual Report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found on pages 64-65 of this annual report. As outlined in the report, a dividend of \$112.3 million was declared for the year ended 30 June 2018.

The Board unanimously endorses the Queensland Rail Annual and Financial Report 2017-18.

Yours sincerely



**Phillip Strachan**  
Chair

14 September 2018

**cc:** Neil Scales  
Director-General  
Department of Transport and Main Roads

Jim Murphy  
Under Treasurer  
Queensland Treasury

Nick Easy  
CEO  
Queensland Rail

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*In 2017-18, the New Generation Rollingstock joined the Citytrain network.*

## About us

The organisation's vision is to connect communities through a modern, world-class rail service.

Queensland Rail's purpose is to provide a safe, reliable, on-time, value for money and customer focussed rail service that benefits the community, supports industry and is integrated with the public transport system.

Queensland Rail is a statutory authority established by the Queensland Government under the *QRTA Act* and is a statutory body for the purposes of the *Financial Accountability Act 2009 (Qld)* and the *Statutory Bodies Financial Arrangements Act 1982 (Qld)*.

The *QRTA Act* sets out the functions of Queensland Rail, including:

- Management of railways
- Provision of rail transport services, including passenger services
- Construction and maintenance of railway infrastructure.

Queensland Rail's network extends more than 6,600 kilometres across the state. The business operates the following three core services across multiple customer markets:

- Citytrain
- Travel and Tourism
- Regional Network and Freight.

Queensland Rail's Citytrain product primarily services the commuter passenger market in South East Queensland (SEQ), with more than 53 million passenger trips undertaken in the 2017-18 financial year.

Queensland Rail also maintains and operates a small fleet of heritage services which are used for special events and charters.

The regional commuter and rail tourism markets are serviced by the Travel and Tourism products. This comprises eight services connecting regional communities across Queensland with other regional centres and the SEQ corner, and supports the Queensland tourism industry through the provision of unique rail tourism experiences.

Queensland Rail's Regional Network and Freight product provides rail access for freight operators and other Queensland Rail supply chain customers, to enable the transport of resources and general freight across the state.

Access to some of Queensland Rail's network is regulated through an access undertaking given to the Queensland Competition Authority (QCA).

Queensland Rail employs more than 6,800 people and has fixed and other assets valued at approximately \$7 billion.



*Queensland Rail recognised its employees are its greatest assets and, in 2017-18, continued its work to ensure that the workplace was a safe, inclusive and enjoyable environment.*





Queensland Rail Chair Phillip Strachan and Chief Executive Officer Nick Easy.

## Chair's report



The 2017-18 financial year was a crucial time for Queensland Rail as it worked hard to deliver stable services, particularly in the lead up to and during the much anticipated Gold Coast 2018 Commonwealth Games (GC2018). It was also a time for Queensland Rail to start setting the foundations for future improvements and start to rebuild a trusted relationship with its customers and stakeholders.

Together with the Board, I'm proud of the work delivered throughout 2017-18 to move

Queensland Rail forward and deliver upon the recommendations of the 2017 Queensland Rail Train Crewing Practices Commission of Inquiry (COI).

In response to the COI, a number of critical pieces of work were completed or progressed throughout the year, which are actively contributing to a more stable operation across Queensland Rail. This included the acceleration of driver and guard recruitment, streamlining train crew training programs and the implementation of short-term and long-term train crew and timetabling forecasting and management.

While maintaining a strong focus on ensuring day-to-day operations were safe, reliable and on-time for customers throughout 2017-18, the business stepped up to deliver upon the enormous challenge that GC2018 presented.

GC2018 placed unprecedented demand on the Gold Coast line across the 12-day period, and Queensland Rail's network was well and truly on the world stage during this time. Through extensive preparations and the passion of Queensland Rail employees to go above and beyond, the organisation supported a successful event and delivered for customers.

Most importantly, GC2018 demonstrated that Queensland Rail can deliver a service which is world-class – and that's exactly what we're focussed on achieving.

On behalf of the Board, I would like to thank our responsible Ministers for their continued direction and support in our endeavour to transform Queensland Rail into a world-class operator. While we know this won't happen overnight, together, we are committed to 'fixing the trains', delivering reliable and sustainable services which communities can count on, and ensuring our customers are central to everything we do.

I'd like to acknowledge the dedication and service of our Chief Executive

Officer, Nick Easy, his Executive Leadership Team (ELT) and of course the many talented, hardworking and passionate employees across Queensland Rail who consistently strive each and every day to deliver a reliable network, and who are committed to transforming Queensland Rail.

I'd also like to acknowledge the ongoing commitment of the Board, and welcome Sandra Birkensleigh and Heather Watson who joined the team during the year.

Importantly, I'd like to acknowledge the tragic loss of our Board member Jemina Dunn who passed away in October 2017. Ms Dunn was a valued and respected member of the Board, and our thoughts continue to be with her loved ones during this difficult time.

Moving into 2018-19, the Board remains focussed on driving improvements across Queensland Rail which will benefit Queenslanders now and into the future.

We are focussed on closing out the remaining recommendations of the COI and ensuring customers' feedback is listened to in order to drive real change and improvements right across the business – from the smallest of initiatives to the larger or more complex programs such as improving our timetable.

With a \$609.8 million capital program in 2018-19, we are also focussed on modernising and maintaining our asset base, including improving the accessibility of stations and infrastructure to ensure equal access for all, and continuing to carry out regular maintenance to ensure network performance.

Across our regional network, we will also continue to maximise opportunities through our assets that directly or indirectly enhance the customer experience, promote patronage growth, and connect and support regional communities and economies.

The Board and ELT have a clear vision for Queensland Rail – to connect communities through modern, world-class rail services.

We know there is still significant work ahead of us to achieve this. However, through the dedication and passion of our employees I believe we are well placed to deliver the foundations now that will ensure a world-class service for the future, which Queenslanders can be proud of.

  
Chair

# CEO's report



2017-18 was an important year for our organisation, as we continued to recover our business, stabilise our services and set the foundations for improvement following the operational challenges experienced in late 2016.

Most notably, we knew the critical role Queensland Rail would play in supporting a successful Gold Coast 2018 Commonwealth Games (GC2018) in April 2018 - the largest event Australia will see in this decade, which saw more than 6,600 athletes and officials and 1.2 million ticketed spectators join together on the Gold Coast.

Despite the enormous challenge and unprecedented demand this major event placed on our network, I was incredibly proud to see employees from right across Queensland Rail come together to ensure every facet of our business was Games-ready. More than 18 months of extensive planning, including security preparedness, timetable planning and infrastructure upgrades, culminated in the successful delivery of the public transport plan for GC2018 and the transport of more than 600,000 customers via heavy rail between Brisbane and the Gold Coast.

The passion, dedication and pride shown by our people during this time was incredible to see and proved that Queensland Rail has what it takes to deliver a world-class railway, which is exactly what we're aiming to deliver for South East Queensland.

Queensland Rail's vision is to connect communities through a world-class railway and it is extremely important Queensland Rail sets the foundations now that will ensure South East Queenslanders are provided with a world-class railway for their future.

Future-building projects like Cross River Rail, the European Train Control System, and the New Generation Rollingstock fleet which commenced service in late-2017, are transitioning our network into a modern era.

In preparation for these transformational programs of work, Queensland Rail is focussed on ensuring we deliver reliable, on-time and sustainable services for our customers, and the improvements our customers expect and deserve.

In 2017-18, we made good progress to stabilise our services following the operational issues experienced in late 2016.

I'm pleased to confirm that during the 2017-18 financial year, Queensland Rail exceeded its on time running and reliability targets, with more than 95 per cent of trains running on time and a service cancellation rate of less than 0.29 per cent.

This achievement was underpinned by Queensland Rail's progress alongside the Department of Transport and Main Roads and the Citytrain Response Unit to deliver upon the recommendations for improvement outlined in the Strachan Commission of Inquiry Report.

As at 30 June 2018, a total of 18 recommendations had been completed, including 17 completed by Queensland Rail, in addition to three partially completed and 15 in progress.

Key pieces of work delivered in 2017-18 contributing to our ability to stabilise our services included introducing short and long-term train crew forecasting, consistently undertaking sustainability assessments of our timetable and

proactively planning for and managing periods of stress, and streamlining the way we deliver driver and guard training.

Improving our timetable is important to Queensland Rail and we are working towards increasing our services for our customers as soon as we are in a position to reliably and sustainably do so. Key to improving our services is increasing our supply of train drivers and guards, and in 2017-18 significant work was undertaken to progress our goal of an additional 200 drivers and 200 guards, as well as ensuring a pipeline of talent for the future.

This included opening external recruitment to trainee driver and guard applicants without prior Queensland Rail experience, which attracted more than 10,000 applicants from right across Australia and internationally.

This was the biggest recruitment campaign in Queensland Rail's history, and will assist us to ensure a sustainable supply of train crew.

Most importantly, through this campaign, we sought candidates who not only demonstrated the skills required to be a trainee driver or guard, but who were also safety focussed, excellent communicators, and most importantly – willing to put our customers first every time.

Queensland Rail is committed to transforming its organisation into one that puts our customers first, always. Throughout the year, our employees, including senior leaders got out and about to meet with our customers and listen to what they had to say through 48 'Commuter Catch Up' events.

Everyone at Queensland Rail is focussed on delivering a quality experience for our customers, while ensuring we deliver reliable services, quality stations and facilities upgrade programs, and of course – ensuring safety comes first, always.

Our safety performance continued to be a focus for Queensland Rail in 2017-18, and I was pleased to see the organisation achieve a number of improvements in key areas including a decrease in the number of recorded injuries to our employees and customers and a steep decline in the number of safe working breaches occurring on our network. While Queensland Rail experienced a slight increase in its Signal Passed at Danger (SPAD) rate in the first half of 2017-18, the introduction of a dedicated SPAD Prevention Taskforce and additional prevention initiatives saw this trend stabilised from February 2018 onwards.

Safety will remain our number one priority moving into 2018-19 and a number of initiatives are already underway to further improve Queensland Rail's safety performance.

With my leadership team, I would like to thank our responsible Ministers, the Chair Phillip Strachan and the Board for its continued support and guidance.

Together, we are focussed on putting Queensland Rail on a path to better services, while ensuring we continue to deliver reliable and sustainable services that our customers can count on each and every day.

A handwritten signature in black ink, appearing to read 'Nick Easy'.

**Nick Easy**  
Chief Executive Officer

# Operational performance

## Summary of non-financial measures

	Unit	2017-18 Actual	2017-18 Target
Signal Passed At Danger per MTK - Operator	Rate	2.35	1.78
Customer injuries per million passenger journeys	Rate	1.36	1.52
Total Recordable Injury Frequency Rate	Rate	5.54	7.90
Safeworking Breaches as a Rail Infrastructure Manager	Count	57.00	67.00
Unscheduled absence (Days/FTE)	Rate	12.45	10.25
Operational cost per Revenue Train Kilometres - SEQ Above Rail	\$	27.95	27.70
Operational cost per Revenue Train Kilometres - SEQ Below Rail	\$	13.86	13.42
Operational cost per Revenue Train Kilometres - Travel and Tourism	\$	62.15	64.17
Operational cost per thousand GTK - Regional	\$	14.89	15.27
Capital Plan Scheduling (Project Stage Gates On Time)	%	23.17	80.00
On-time running - Citytrain 24/7 (adjusted for Force Majeure)	%	95.89	95.00
Reliability - Citytrain 24/7 (adjusted for Force Majeure)	%	99.71	99.50
Customer satisfaction - Citytrain (TransLink index) - Total - Quarterly	Rate	69.56	70.00
Customer satisfaction - Traveltrain	Rate	79.87	81.00

# Financial summary

## Consolidated income statement for the year ended 30 June 2018

	2017-18 Actual (\$M)	2016-17 Actual (\$M)
Revenue	1,959.7	1,881.2
Operating expenses	(1,268.5)	(1,176.0)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>691.2</b>	<b>705.2</b>
Depreciation and amortisation expense	(348.2)	(380.4)
<b>Earnings before interest and tax (EBIT)</b>	<b>343.0</b>	<b>324.8</b>
Net finance costs	(183.4)	(182.2)
Income tax expense	(47.3)	(42.1)
<b>Net profit</b>	<b>112.3</b>	<b>100.5</b>

The Queensland Rail consolidated entities' EBIT increased by \$18.2 million.

Revenue increase on the prior year was mainly attributable to higher Transport Service Contract revenue and an increase in access revenue.

Operating expenses increased by 7.9 per cent on the prior year, as a result of higher labour costs due to an increase in full time equivalents, a decrease in capitalised labour and an increase in consumable spend, partly offset by a decrease in industry partnered services and contractor costs.

Depreciation and amortisation expense decreased 8.5 per cent mainly as a result of lower depreciation of plant and equipment associated with the reliving of key rollingstock assets and lower amortisation of intangibles, partially offset by increased depreciation of infrastructure assets.

A dividend of \$112.3 million was declared in respect of the year ended 30 June 2018. This dividend will be paid during 2018-19.

## Financial performance measures compared to the 2017-18 Operational Plan

	Unit	2017-18 Actual	2017-18 Target
Earnings before interest and tax	\$M	343.0	311.3
Net profit after tax	\$M	112.3	89.8
Return on operating assets	%	5.21	4.80
Debt to debt plus equity	%	54.49	55.16

The performance indicators listed above are as per those included in the Queensland Rail Operational Plan.

# Financial summary (cont)

## Consolidated balance sheet as at 30 June 2018

	2017-18 Actual (\$M)	2016-17 Actual (\$M)
Current assets	181.3	186.7
Non-current assets	6,999.0	6,868.4
<b>Total assets</b>	<b>7,180.3</b>	<b>7,055.1</b>
Current liabilities	557.0	568.4
Non-current liabilities	3,800.3	3,659.2
<b>Total liabilities</b>	<b>4,357.3</b>	<b>4,227.6</b>
<b>Net assets</b>	<b>2,823.0</b>	<b>2,827.5</b>
Contributed equity	2,586.9	2,591.9
Reserves	0.4	(0.1)
Retained earnings	235.7	235.7
<b>Total equity</b>	<b>2,823.0</b>	<b>2,827.5</b>

The consolidated entities' current assets decreased 2.9 per cent to \$181.3 million as a result of a decrease in current tax assets, partially offset by an increase in cash advancements.

Non-current assets increased by 1.9 per cent due primarily to a net increase in property, plant and equipment after allowing for depreciation.

The consolidated entities' current liabilities decreased 2.0 per cent to \$557.0 million as a result of a decrease in short term borrowings, partially offset by an increase in trade and other payables.

The consolidated entities' non-current liabilities increased 3.9 per cent to \$3,800.3 million as a result of an increase in long term borrowings to fund capital expenditure.

## Consolidated cash flows for the year ended 30 June 2018

	2017-18 Actual (\$M)	2016-17 Actual (\$M)
Net cash inflow from operating activities	521.4	441.8
Net cash (outflow) from investing activities	(481.8)	(672.1)
Net cash inflow/(outflow) from financing activities	(17.2)	114.5
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>22.4</b>	<b>(115.8)</b>

The increase in cash inflows from operating activities in the current year is due to a reduction in net income tax payments, an increase from Rail Transport Service contract and receipts from customers, offset by an increase in payments to suppliers and employees and GST remitted to government.

The decrease in cash outflows from investing activities in the current year is a result of decreased expenditure on property, plant and equipment.

The decrease in cash inflows from financing activities is attributable to a decrease in borrowings to fund capital expenditure, partially offset by a reduction in dividends paid.



Queensland Rail continues to drive diversity across its workforce. Pictured: Traveltrain Maintainer, Amber.

# Fixing the Trains



Driving a customer centric organisation is one of Queensland Rail's highest priorities. Pictured: Customer Service Attendant, Melissa.

Queensland Rail is committed to 'Fixing the Trains' and delivering a world-class rail service for South East Queenslanders. In 2017-18, the organisation made good progress to stabilise its services, and progress its objectives in accordance with the Strachan Commission of Inquiry and Queensland Government's Fixing the Trains Action Plan.

#### **Key highlights in 2017-18 included:**

- 18 of the total 36 Strachan Commission of Inquiry Report recommendations completed, including 17 completed by Queensland Rail
- Significant progress made to implement the Fixing the Trains Action Plan
- Accelerated recruitment and training of additional train crew well progressed
- Services stabilised with more than 95 per cent of trains running on time.

#### **Moving Queensland Rail forward**

The previous 2016-17 financial year was a challenging period for Queensland Rail. Following the opening of the Redcliffe Peninsula line on 4 October 2016, the organisation experienced a series of unplanned service cancellations as a result of an identified train crew supply issue.

In January 2017 the Strachan Commission of Inquiry (COI) Report into the matter was handed down, followed by the Queensland Government's response to the COI in March 2017 - the Fixing the Trains Action Plan. Since this time, Queensland Rail's number one priority has been working closely with the Department of Transport and Main Roads (DTMR) and the Citytrain Response Unit to implement the identified recommendations for improvement, while working hard to restore its services and provide a reliable network for South East Queenslanders.

2017-18 saw Queensland Rail successfully restore services to a sustainable level, and good progress made to implement the recommendations under the COI and Fixing the Trains Action Plan.

#### **Strachan Commission of Inquiry and Fixing the Trains**

The COI Report made 36 recommendations to ensure Queensland Rail's previously experienced train crew supply issues were sustainably addressed. Key recommendations included:

- Developing modelling to assure train crew supply and timetable sustainability
- Moving from intermittent recruitment campaigns to ongoing recruitment
- Assessing the sustainability of the interim timetable to ensure reliable services could be provided while continuing to train the extra drivers and guards required
- Opening driver and guard positions to external applicants, with no previous experience
- Accelerating the average time of train driver training, while not compromising safety or compliance.

The Queensland Government has committed to delivering upon all 36 recommendations, and at 30 June 2018 a total of 18 recommendations had been completed, of which 17 were completed by Queensland Rail. In total, a further three were partially completed and 15 were in progress. The organisation will continue to work closely with DTMR and the Citytrain Response Unit to continue to address remaining recommendations throughout 2018-19.

The Queensland Government's Fixing the Trains Action Plan identified a further three areas of immediate focus for Queensland Rail, in order to restore services for customers and put the customer first.

These included:

- Restoring reliable and on-time rail services
- Delivering excellence in customer service
- Providing cleaner, safer trains and stations.

Throughout 2017-18, Queensland Rail also made good progress to ensure improvements in these three key areas.

#### **Delivering a robust timetable**

In 2017-18, Queensland Rail delivered more than 7,800 passenger services each week across the South East Queensland network. Under this timetable, Queensland Rail was able to stabilise its performance and deliver reliable services for its customers throughout the year.

In order to exceed its on-time running targets, extensive work was undertaken to continually test the sustainability of Queensland Rail's timetable throughout 2017-18, particularly in the lead up to previously identified stress periods which included school holidays, as well as the Gold Coast 2018 Commonwealth Games when unprecedented demand was experienced on the network.

Through proactive planning and management of service delivery throughout these periods, Queensland Rail was able to continue to deliver reliable services for its customers consistently throughout 2017-18 while continuing efforts to recruit and train additional drivers and guards.

In 2017-18, Queensland Rail also embedded a rolling eight-week and five-year forecast of train crew demand and supply to ensure appropriate planning and rostering requirements were met.

With gradual increases in train crew supply in the first half of 2018, the June-July school break was the first school holiday period in more than 18 months when Queensland Rail was able to continue regular service delivery without the requirement for service changes.

With service levels increasingly stabilised, Queensland Rail will remain focussed in 2018-19 on increasing the frequency of its services as soon as it is in a position to sustainably do so, in conjunction with further train crew supply increases.

This work will also take into account achieving compliance with mandated working hour provisions for train crew under the State Rail Safety Regulation and the required implementation of meal break changes for train crew which is a requirement of the 2017 *Traincrew Enterprise Agreement*.

## Accelerating train crew recruitment and training

The COI recommended that Queensland Rail operate with a sustainable surplus of train crew, in order to ensure service reliability. As a result, Queensland Rail has committed to introducing an additional 200 drivers and 200 guards to its train crew supply as well as instating ongoing recruitment activities for train crew to ensure a sustainable pipeline of talent for the future.

In 2017-18, Queensland Rail completed recruitment efforts for additional drivers and guards internally within its business and with applicants with prior Queensland Rail driving experience, and in August 2017 opened train crew recruitment externally to applicants without any prior experience with the organisation.

This external recruitment drive was the largest recruitment campaign in Queensland Rail's history, attracting more than 10,000 applicants from across Australia and internationally.

Through these internal and external recruitment activities, Queensland Rail has selected 160 new trainee drivers and 296 new trainee guards. Of these, 85 drivers and 210 guards have completed their qualifications and are working on the network (as at 30 June 2018).

Since October 2016, this represented a net increase of 40 additional qualified drivers as at 30 June 2018 when taking into account natural attrition activity such as retirement.

The multi-staged recruitment process for train drivers entered its final stages at the end of 2017-18 and the first cohort of externally appointed train guards commenced training school in early June 2018.

Significant progress was also made to reduce the average training time for trainee drivers from a peak of 18 months down to 13 months, through the streamlining of training processes without compromising on safety or compliance. Further reducing timeframes within its driver training programs remains a focus for Queensland Rail.

## A customer-centric organisation

In response to the Fixing the Trains Action Plan, Queensland Rail ramped up its efforts in 2017-18 to drive a customer-centric culture across its business.

More than \$6 million in station refresh works were completed at 10 stations, ranging from painting, signage, landscaping, corridor improvements and industrial cleaning.

In order to proactively listen to customer feedback and identify further areas of improvement, Queensland Rail hosted 48 'Commuter Catch Up' events at stations, providing Queensland Rail's leadership team and other staff with the opportunity to speak to customers about their experiences first hand. In response to these sessions, Queensland Rail is already taking steps to improve its services at different locations.

In January 2018, as a direct action of the Fixing the Trains Action Plan, Queensland Rail also appointed Ms Natalie Roach to the new role of Executive General Manager Customer Service and Innovation as part of its Executive Leadership Team, in order to continue to drive organisational change and ensure customers are central to everything Queensland Rail does.

Ms Roach joined the organisation with more than 18 years' experience leading large customer service and operational teams within the aviation and travel industries, including Heathrow Airport in the United Kingdom and with Qantas Airways across Australia.

## Key outcomes in 2017-18:

- 18 of the total 36 COI recommendations completed, including 17 completed by Queensland Rail
  - On-time and reliability targets met
  - Average training time for trainee drivers reduced from 18 to 13 months
  - Driver school capacity increased
  - Acceleration of driver and guard recruitment on track
  - Rolling 8-week and 5-year train crew forecast and demand model implemented
  - Recruitment undertaken with external driver and guard applicants
  - Executive General Manager Customer Service and Innovation appointed
- 48 Commuter Catch Up events held
- \$6 million Station Refresh Program completed
- Ongoing timetable sustainability assessments completed and proactively managed.



*The first three New Generation Rollingstock trains entered revenue service in December 2017.*

# Citytrain



Two of Queensland Rail's newest recruits. Recently graduated train guard Tim and driver Sarah.

With more than 53 million yearly customer trips and 152 stations spanning South East Queensland, the Citytrain network plays a key role in keeping the region moving each and every day. This financial year, Queensland Rail has maintained a strong focus on delivering safe and reliable services for its customers, exceeding its annual target of more than 95 per cent of trains running on-time.

#### **Key highlights in 2017-18 included:**

- 95.89 per cent of services operated on-time, exceeding contractual targets
- Service cancellation rate of 0.29 per cent
- 53.66 million passenger trips taken on the Citytrain network, up 3.81 per cent from 2016-17 (including special event trips)
- 1.5 million hours spent maintaining the South East Queensland network to improve reliability
- Customer satisfaction results improved from 69.32 (FY 2016-17) to 69.56 (FY 2017-18)
- The Next Generation Rollingstock (NGR) fleet commenced operating on the Citytrain network in mid-December 2017. As at 30 June, 16 units were available for service.

#### **A strong focus on On-Time Running (OTR)**

In 2017-18 Queensland Rail demonstrated its commitment to delivering on-time services for its customers, successfully exceeding its on-time running targets for the Citytrain network, with 95.89 per cent of services running on-time across South East Queensland. Queensland Rail also surpassed its service reliability targets with a service cancellation rate of 0.29 per cent.

This strong focus on on-time running also ensured customers and visitors were reliably connected to the largest event Australia will see this decade, the Gold Coast 2018 Commonwealth Games, which ran from 4-15 April 2018. Throughout the Games period, 97.76 per cent of train services ran on-time across South East Queensland.

#### **Increasing our train crew team**

Queensland Rail is focussed on improving the frequency of services for its customers. A key component of ensuring any future increases can be implemented sustainably involves increasing Queensland Rail's train crew supply, for which the organisation made good progress in 2017-18.

This included undertaking recruitment activities within its business with existing employees, targeting people with prior Queensland Rail driving experience, and opening a full external campaign in August 2017 in order to achieve its train crew targets and ensure a pipeline of talent for the future.

This external recruitment drive was the largest recruitment campaign Queensland Rail had ever undertaken, and attracted more than 10,000 applications from across Queensland, Australia and even overseas.

Through these internal and external recruitment activities, Queensland Rail has selected 160 new trainee drivers and 296 new trainee guards. Of these, 85 drivers and 210 guards have completed their qualifications and are working on the network (as at 30 June 2018).

Since October 2016, this represented a net increase of 40 additional qualified drivers as at 30 June 2018 when taking into account natural attrition activity such as retirement.

Queensland Rail will continue to accelerate the recruitment and training of additional train drivers and guards in 2018-19.

#### **A new generation of train travel**

2017-18 saw the introduction of the Department of Transport and Main Roads' (DTMR) New Generation Rollingstock (NGR) fleet to the Citytrain network.

In mid-December, the first three train units entered passenger service on the Gold Coast and Airport lines, ahead of the Gold Coast 2018 Commonwealth Games.

In the following months, Queensland Rail worked with DTMR to progress further trains through final testing and commissioning.

By the Commonwealth Games in April 2018, 11 units were available for passenger service, surpassing the eight required to deliver the increased Commonwealth Games timetable on the Gold Coast line. The new trains played an integral role in Queensland Rail's overall success throughout the Games. Following the Commonwealth Games, Queensland Rail worked to expand NGR's presence on the Citytrain network, introducing the fleet to the Doomben line in May 2018.

To ready the network for the NGR fleet, Queensland Rail also delivered additional train stabling facilities at strategic locations across its network valued at \$123.5 million. The sites are located at Robina, Elimbah, Woombye and Banyo, with additional sidings at Mayne and Kippa-Ring.

In total, the \$4.4 billion NGR project will deliver 75 new six-car trains and an additional 10,000 seats across the Citytrain network.

The NGR project is being delivered by the DTMR under an Availability Public Private Partnership (PPP), which was awarded to the Bombardier-led consortium called Qtectic in 2013.

Queensland Rail operates the NGR trains on behalf of DTMR, and works closely with DTMR and Qtectic to ensure strict safety and performance standards are met and to undertake the required planning and preparation to transition the new units into daily operations.

In 2017-18, the Queensland Government also committed to funding rectification works on the NGR units which will improve accessibility, for which the Department commenced planning and design work.

This work will continue to be undertaken concurrently while the NGR fleet continues to be delivered.

## Improving reliability across the Brisbane River

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Between February 2016 and mid-2018, Queensland Rail undertook \$14.8 million in important maintenance works on the Merivale Bridge, which connects Queensland Rail's network across the Brisbane River. The Merivale Bridge was constructed in 1978 and is one of Brisbane's most recognised structures, spanning 130 metres and providing a crucial link for train passengers travelling south of the City.

The final stages of the project were completed in 2017-18 and included a major clean and repaint of the Merivale Bridge for the first time since its construction. This took several months and required more than 3,400 litres of paint to complete.

The project also involved the replacement of existing transoms – which are similar to sleepers – with composite transoms, which are more durable and will last up to 50 years. A permanent gantry, stair access and a walkway was also constructed to provide Queensland Rail with improved access for future maintenance.

More than 420 trains run across the Merivale Bridge each weekday, and these important works will ensure the inner city network remains safe and reliable well into the future.

## Inner-City Impact Reduction Project

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In early 2018, Queensland Rail invested \$13 million to commission a new electrical substation at Fortitude Valley to boost the reliability of the inner-city network.

Previously, unplanned power outages in the inner-city area would affect all trains between Albion and Windsor in the north, and South Brisbane and Milton in the south and west. The innovative inner-city impact reduction project reduced the impacts of an unplanned power trip or outage by around half by splitting Queensland Rail's inner-city power supply into two – isolating Roma Street and Central stations from Fortitude Valley and Bowen Hills stations and ensuring at least one side of the city network remains energised in the event of an unplanned power trip.

The project ensures Queensland Rail can keep moving trains while issues, including those caused by unforeseen events such as a storm, are rectified.

The substation adds to a series of 28 other power substations strategically positioned across the South East Queensland rail network.

Its installation was highly complex, with the 23-tonne structure required to be commissioned offsite and lifted into place, via crane, into an extremely compact trackside footprint.

## Central Station Upgrade Program

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Central station is the Citytrain network's busiest location, welcoming more than 55,000 customers in and out of its gates each weekday.

The Central Station Upgrade Program will improve the station's accessibility and functionality.

The first stage of the refurbishment was completed in April 2017 and involved works to the back of house facilities including offices, customer communication and first aid areas.

To ensure Central station was fully operational during the Gold Coast 2018 Commonwealth Games, a range of front of house works were delivered ahead of the Games in April 2018.

These works included cleaning, painting, new lighting and fans, tile repairs, column cladding, lift and escalator maintenance, as well as replacement of roof sheeting on the outer concourse.

The planning for the remainder of the upgrade work is progressing, which will include major works such as full-length platform raising, new lifts and escalators.



**More than 53 million yearly customer trips were taken on the Citytrain network in 2017-18 – an 3.81 percent increase from the year prior.**

# Safety and Security



At Queensland Rail, safety comes first. Always. With the introduction of a new public safety campaign as part of Rail Safety Week 2017, more than 630 mandatory employee safety workshops held across the state, and the ongoing targeting of security across the rail network, 2017-18 saw a continued focus on safety and security across the organisation for both employees and customers.

## Key highlights in 2017-18 included:

- More than 630 workplace health and safety workshops with employees across the state
- Establishment of a dedicated taskforce to mitigate the risks of Signals Passed at Danger
- More than 150 rail safety presentations to 35,700 Queenslanders
- Employee Lost Time Injuries (LTI) reduced by 42.50 per cent
- Total Recordable Injury Frequency Rate (TRIFR) reduced by 39.39 per cent.

## Safety

Safety is central to Queensland Rail's operations and in 2017-18 the organisation undertook a range of initiatives, campaign and projects aimed at improving safety outcomes both internally with its employees and externally with its customers and the wider communities in which it operates.

### Rail Safety Week 2017

Annually, Queensland Rail joins with the Department of Transport and Main Roads, TransLink, QPS and many other organisations to raise awareness of rail safety in Queensland as part of Rail Safety Week.

In Rail Safety Week 2017 (13-19 August), Queensland Rail launched a new public safety campaign, aimed at encouraging customers and the wider community to consider their actions and take simple steps to ensure their safety at level crossings and at stations.

The 'Travel safe. Arrive safe' campaign used humorous caricatures and exaggerated scenarios to attract attention to the most common incidents seen on the network and the simple ways to avoid them. These included slips, trips and falls at stations, near misses at level crossings and being caught in closing train doors.

The campaign was rolled out across train stations and level crossings across

South East Queensland, and was featured in Queensland Rail's Pavillion at the 2017 Royal Queensland Show (Ekka) which annually sees more than 400,000 visitors.

### Safety at level crossings

Queensland Rail is committed to the ongoing safety of its employees, customers and road users at level crossings, through ongoing investment in engineering upgrades, community education and working with police on enforcement.

In 2017-18, Queensland Rail experienced an 33 per cent increase in the number of level crossing near miss incidents reported across its network.

In addition to the launch of the 'Travel safe. Arrive safe' campaign, Queensland Rail continued to roll out community education sessions to school students and community groups to spread awareness of the importance of level crossing and station safety. During this time, Queensland Rail conducted more than 150 rail safety presentations at schools, early learning centres and community events and engaged more than 35,700 Queenslanders.

Additionally, in 2017-18, Queensland Rail continued a \$12.5 million program to upgrade 21 priority level crossings across its regional network from passive to active protection.

Work to install flashing lights and an audible alarm system at level crossings on Depeler Road, Edmonton and Cemetery Road in Chinchilla were completed in late 2017, and civil works commenced at the remaining locations.

In early 2018, Queensland Rail experienced two separate incidents whereby motorists disobeyed the level crossing signs and signals in place at the Collins Avenue level crossing in Cairns and entered the path of the Kuranda Scenic Railway locomotive. Prior to these instances, a collision had not occurred at the site within the last decade. In order to enhance safety, a portable CCTV trailer was placed at the site, while Queensland Rail arranged for the installation of permanent security cameras at Collins



More than 250 security personnel patrol Queensland Rail's network.

Avenue, in addition to three further level crossings in Cairns located at James Street, Draper Street and Arthur Street. The cameras now assist Queensland Rail to monitor driver behaviour at the sites and aid police to prosecute level crossings infringements should they occur.

#### SPAD prevention

Safety is Queensland Rail's utmost priority and the organisation has a number of initiatives in place to reduce the risk of Signal Passed At Danger (SPAD) incidents on its network, from the engineering design of signalling systems, to driver training and monitoring, and cultural awareness programs.

In October 2017, Queensland Rail launched a dedicated SPAD Prevention Taskforce, bringing together employees from across its business to review and progress initiatives to further address the rate of SPADs.

The taskforce has already prepared a comprehensive strategy and introduced a broad range of safety controls and new initiatives focussing on human factors and driver behaviour such as:

- Ongoing reviews of signalling infrastructure to identify improvements, including at Normanby, Northgate and Bowen Hills
- Introduction of a new toolbox talk for network control officers
- New pre-start process for train drivers focussed on safe driving rules and fitness for duty
- Increased in-cab engagement with train drivers
- Tailored coaching and performance improvement.

Permanent resources have been allocated to the taskforce to continue to accelerate the implementation of SPAD improvement initiatives, with further tactics to be progressed in 2018-19 including the recruitment of an organisational psychologist specialising in human performance in safety critical settings; improving post-SPAD management and analysis in line with industry best practice; and mandatory competency assessments for drivers at 18 month intervals.

Since the implementation of initiatives by the Taskforce from February 2018, Queensland Rail experienced a decrease of more than 6 per cent in the rate of SPADs from January to June 2018.

#### Bridge strike prevention

In 2017-18, 107 incidents were reported whereby over height motor vehicles struck rail over road bridges across Queensland Rail's network, also known as a bridge strike.

Queensland Rail is committed to working with local road authorities to improve safety and prevent bridge strikes wherever possible. In 2017-18, Queensland Rail undertook extensive work to install new bridge strike protection beams at key locations on the Caboolture line, at Dakabin, and Countess Street near Roma Street station.

While all rail bridges are fitted with at least height clearance signage, the installation of the specially designed protection beams at high priority locations prevent the likelihood and impact of over-height vehicles impacting a bridge, improving safety and resulting in fewer delays for both rail and road commuters.

#### 'Safety comes first. Always'

Queensland Rail held more than 630 'Safety comes first. Always' mandatory workshops and toolbox talks with employees right across its business in 2017-18, targeting injury prevention and exploring the personal reasons why Queensland Rail employees should be committed to working safely both in and outside of the workplace.

The workshops were led by Queensland Rail's Senior Leadership Team and encouraged active, honest and robust discussions about safety.

Each team established their own safety commitment charter which formed guiding principles the teams were able to commit to, in order to work together to ensure they work safely and go home safely.

Throughout the year, Queensland Rail's employee injuries reduced significantly, with LTIs decreasing by 42.50 per cent and its TRIFR improving by 39.39 per cent.

#### Transition to the Rail Safety National Law (Queensland) Act 2017

In February 2017, the Queensland Parliament passed the *Rail Safety National Law (Queensland) Act 2017*, which saw Queensland join other states across Australia in administering nationally consistent rail safety legislation and regulation from 1 July 2017.

The new legislation provides nation wide rules and regulations for the safety of workers, trains, customers and other users; and requires rail operators, including Queensland Rail, to maintain accreditation as a railway operator

and railway infrastructure manager through a regulatory relationship with the Office of the National Rail Safety Regulator (ONRSR).

Queensland Rail's transition to regulation under ONRSR introduced a number of changes across its business from 1 July 2017 including to alcohol and other drugs testing processes, competency management, fatigue frameworks, incident reporting, major projects requirements, and significant increases in penalties for individuals who do not meet their obligations under the legislation.

Queensland Rail established a working group in order to understand the impacts of the legislation and the changes required within the business, and to oversee the work required to ensure a smooth transition.

Queensland Rail's Safety, Assurance and Environment team led the transition, working with the functional safety teams to provide more internal information about specific impacts and changes required during the transition period.

The transition to national legislation did not alter Queensland Rail's obligation and commitment to providing a safe workplace and safe railway operations.

## Ensuring the security of our network

Queensland Rail wants everyone using the rail network to not only be safe but also to feel safe. In 2017-18 the organisation continued to target the security and safety of the rail network by bolstering its security presence and increasing its security personnel and initiatives.

### Investing in security infrastructure

In 2017-18, Queensland Rail continued its long-standing partnership with the QPS, through the dedicated Police Railway Squad, in order to actively target and enforce security on the rail network.

The 78 strong officer Squad operates from seven specially designed Police Outposts strategically located and purpose built at key train stations across the South East Queensland network - Ipswich, Redbank, Robina, Beenleigh, Manly, Roma Street and Petrie.

In 2017-18, \$1.9 million was committed to further bolster the security of Queensland Rail's northern stations, through the approval of an additional Railway Squad Outpost to be constructed at Northgate station.

A team of eight police officers will be relocated to the new outpost once it opens from early 2019. Together with the existing Petrie station Police Outpost, the new Outpost at Northgate station will allow officers to be quickly and efficiently deployed to Brisbane's growing northern suburbs and along the new Redcliffe Peninsula line.

A further \$150,000 was also committed to the introduction of a dedicated mobile police facility, allowing Railway Squad and Queensland Rail security personnel to quickly deploy resources to any location across the network and process offenders remotely as required.

The mobile van made its debut at Gold Coast line stations during the Gold Coast 2018 Commonwealth Games, providing police with an additional presence and allowing for quick response times as required during this major international event.

The mobile QPS van is fitted out with Police communications and incident processing systems and will be able to be quickly mobilised across the network as required, significantly reducing the time taken to process offenders.

This built upon \$1.5 million invested in the overhaul of CCTV technology at Gold Coast stations from analogue to digital in time for the Games.

### Increasing security presence

In addition to Police Railway Squad Officers, a range of Queensland Rail security personnel regularly patrol the Queensland Rail network.

This includes a team of TransLink Senior Network Officers, Queensland Rail Authorised Officers, and more than 150 privately contracted security guards.

In 2017-18, Queensland Rail introduced an extra seven Authorised Officers to its team ahead of the Commonwealth Games and to assist with ongoing security operations, bringing the total number of Officers to 27.

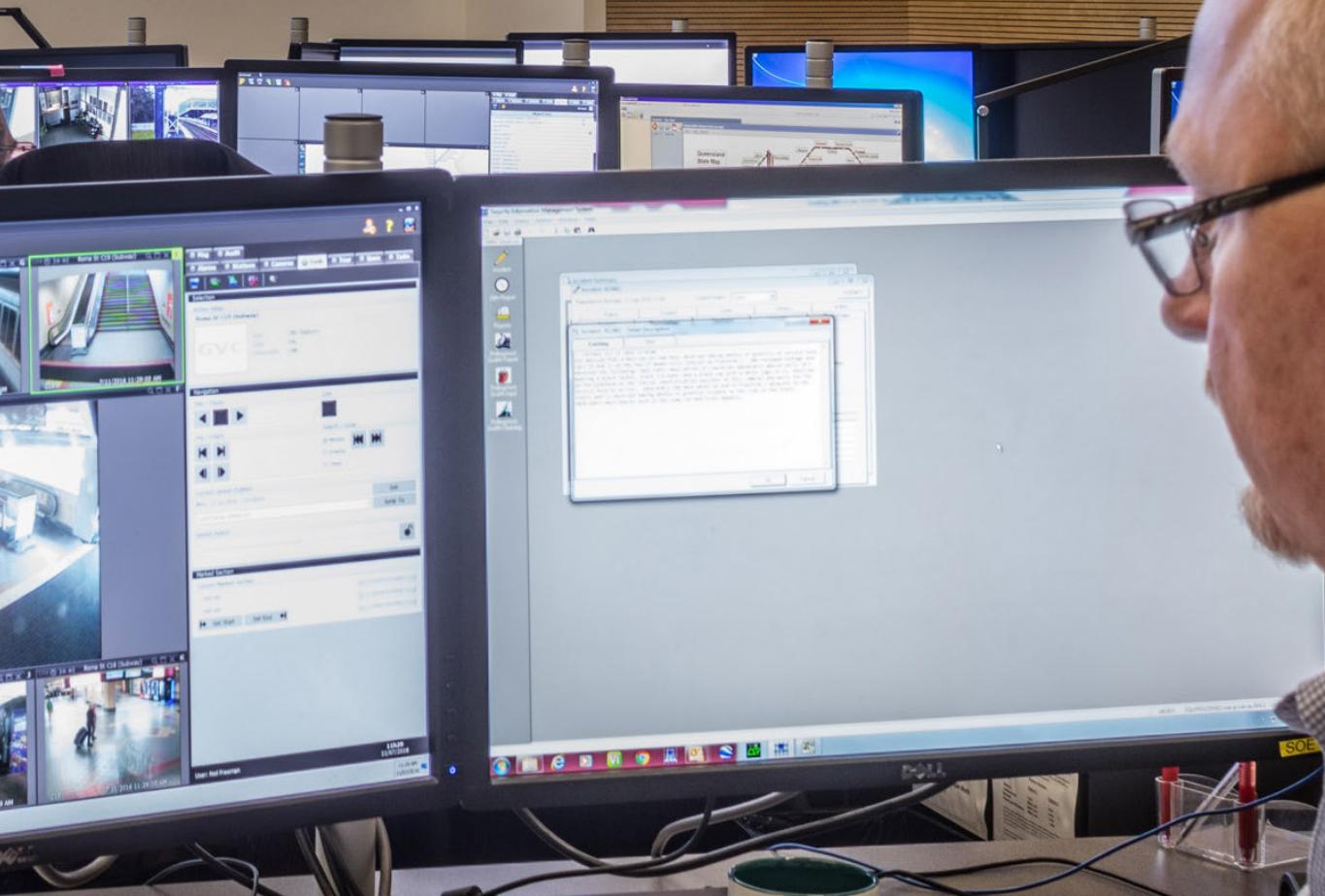
In addition to regular, daily patrols of the rail network, in 2017-18 Queensland Rail Authorised Officers and QPS Railway Squad conducted more than 843 proactive joint operations targeting crime and anti-social behaviour at key locations on the network, based on intelligence.

### Emergency preparedness

Queensland Rail has a comprehensive Emergency Management Framework in place and regularly tests its processes and procedures for emergency situations across the state.

Queensland Rail regularly partners with external agencies as part of these emergency preparedness exercises and in 2017-18 joined with the Queensland Police Service and other key agencies to undertake 15 proactive training exercises throughout the year.

In March 2018, Queensland Rail undertook a major training operation at Varsity Lakes station, ahead of the Gold Coast 2018 Commonwealth Games, involving 60 emergency services personnel and more than 300 actors. The exercise saw agencies successfully work together to simulate a significant security incident on the network and ensured all parties were prepared to respond in the unlikely event of a major incident throughout the 12-day event.



Queensland Rail's 24/7 security monitoring unit based at the Rail Management Centre reviews footage from more than 9,000 CCTV cameras across the Citytrain network in real-time to keep customers safe and secure.



# Nerang

12:29:33 To The City		
Service	Platform	Departs
12:29 City & Broadbeach	Exp 2	8 min
12:37 City & Broadbeach	Exp 2	16 min
12:44 City & Airport→	Exp 2	23 min
12:59 City & Broadbeach	Exp 2	30 min
1:07 City & Broadbeach	Exp 2	46 min
1:14 City & Airport→	Exp 2	53 min



12:29:33 To Varsity Lakes		
Service	Platform	Departs
12:22 Gold Coast	1	2 min
12:30 Gold Coast	1	10 min
12:37 Gold Coast	1	16 min
12:45 Gold Coast	1	24 min
12:52 Gold Coast	1	32 min
1:00 Gold Coast	1	39 min

Local buses  
Taxi Stand  
Passenger Pick-up



Nerang station on the Gold Coast line served as a key transport hub during the Gold Coast 2018 Commonwealth Games.

# Gold Coast 2018 Commonwealth Games & beyond

Queensland Rail was proud to have contributed to a successful Gold Coast 2018 Commonwealth Games (GC2018) - the largest sporting event to be held in Australia this decade which attracted more than 6,600 international athletes and 1.2 million ticketed spectators. Employees from right across the organisation came together to reliably deliver an extra 200,000 train kilometres on the Gold Coast line during this time and to support thousands of travelling spectators.

## Key highlights and statistics

- Services more than tripled on the Gold Coast line
- 270 services each day of competition
- 200,000 extra train kilometers delivered on the Gold Coast line
- Trains operating on average every 10 minutes and 24 hours a day
- 11 rapid response hubs manned 24/7 by Queensland Rail response crews
- Around 600,000 customer trips on the Gold Coast line.

## Preparing for Australia's largest event this decade

Services on the Gold Coast line were more than tripled to meet unprecedented demand between Brisbane and the Gold Coast during GC2018, with Gold Coast trains running 24 hours and on average every 10 minutes for the majority of each day of competition.

Detailed planning and significant investment was made to ensure the Queensland Rail network was ready to support this major event – from infrastructure to timetabling, security, emergency preparedness, and customer service.

All required projects and programs were complete by early 2018, ensuring Queensland Rail's network was Games-ready.

## Coomera to Helensvale duplication project

The Coomera to Helensvale duplication project, completed in October 2017, involved duplicating the only remaining 8.2 kilometre single section of track on the Gold Coast rail line, between Coomera and Helensvale stations. The duplication also involved the construction of eight new rail bridges totalling 1.4 kilometres in length – one of which spans 860 metres across the Coomera River, Hope Island Road and Saltwater Creek.

The project was carried out in two phases, with the first phase involving the design and construction of bridges and structures and then the second construction of the rail system, including track, overhead electrification system and signalling.

Duplicating this single section of track has enabled Queensland Rail to separate City and Coast-bound services on to two tracks, increasing service capacity and reliability.

The duplication was crucial to meeting the requirements of the GC2018 timetable and will help Queensland Rail cater for the Gold Coast's future public transport needs.

## Gold Coast stations upgrade

In the lead-up to the Commonwealth Games, the Gold Coast line stations of Ormeau, Coomera, Helensvale, Nerang, Robina and Varsity Lakes underwent \$10 million in refurbishment works to ensure their facilities were in prime condition to welcome thousands of local and international spectators.

Refurbishment works differed at each location, but generally included a revamp of the station buildings, a fresh coat of paint and upgraded toilet facilities, as well as new signage, closed circuit television (CCTV) and electronic passenger information display screens.

The pedestrian subway at Coomera station was re-tiled and the Ormeau station footbridge was overhauled to improve air flow and safety, while lift maintenance works were completed at Coomera and Nerang.

Helensvale received a lift upgrade and Queensland Rail also partnered with TransLink to deliver an overhaul of the station's bus interchange to increase functionality and safety ahead of GC2018 and in line with the opening of the Gold Coast Light Rail Stage 2.

## GC2018 Public Transport Plan

For more than 18 months in the lead up to the Games, Queensland Rail worked closely with DTMR and other public transport operators to develop an integrated public transport plan which would support more than 1.2 million ticketed spectators travelling to and from the Games.

The model, which encompassed heavy rail connecting to light rail at Helensvale station, the Gold Coast bus network, dedicated event bus shuttles, active transport and improvements to the M1, saw all modes working together to support the major event and connect spectators with venues right across the Coast.

In order to meet unprecedented demand on the Gold Coast heavy rail line, Queensland Rail crews worked around the clock to provide services 24 hours during each day of competition, running on average every 10 minutes for the majority of the day and even more frequently for more popular periods.

A total of eight NGR trains were required to operate on the Gold Coast line to ensure the delivery of the increased Gold Coast line timetable, and this was achieved in February, well ahead of the Games.

## Security enhancements

Due to the scale of GC2018, which attracted 1.2 million ticketed spectators and 6,600 athletes from across the world, the safety and security of the rail network was paramount.

Queensland Rail worked with the Queensland Police Service and other key agencies to roll out a comprehensive multi-agency approach to security for the Games, particularly on the Gold Coast rail corridor.

Additional security initiatives rolled out especially for GC2018 included:

- 24/7 security presence at key Gold Coast and key Brisbane stations
- Increased corridor patrols involving 4WDs, trail bikes and QPS dog squad
- Temporary QPS Rail Squad outpost established at Helensvale station
- Mobile police facility stationed at Nerang station
- \$1.5 million upgrade to high definition digital CCTV cameras at key Gold Coast stations
- Three new thermal imaging mobile CCTV trailers introduced
- Seven new Queensland Rail Authorised Officers trained
- Additional safety and security training for front line staff.

As a result of this proactive approach, no serious security incidents were reported across the rail network during GC2018.

## Customer service boost

More than 100 additional frontline customer service staff joined Queensland Rail's ranks ahead of the Games, ready to support the thousands of domestic and international travellers as they travelled to the Gold Coast for the major international event.

The new recruits underwent six weeks of intensive customer service training in preparation to support the thousands of visitors across the South East.

A number of bi-lingual recruits also provided valuable assistance to non-English speaking visitors.

A further 210 customer service staff from key stations also completed multicultural customer service skills training over a three-week period to further support international visitors to the region.

It was all hands on deck throughout the Games, with a team of Queensland Rail ambassadors, made up of employees who usually perform office-based roles, also attending Gold Coast stations to assist customer service staff in directing and serving an unprecedented number of customers travelling to various events.

## Rapid response hubs

Enormous preparations were undertaken to ensure Queensland Rail's response crews were appropriately situated across the network and ready to respond quickly and efficiently in the event an unplanned network or operational fault was to occur along the Gold Coast rail corridor.

Queensland Rail established 11 'rapid response hubs' at strategic locations across the network, where response crews, including network, security and operations staff, were able to be positioned, 24/7.

The hubs were also used to house tools and equipment to assist with any required network repair work.

Permanent hubs were established at Roma Street, Dutton Park and Banoon, in addition to an existing hub at Holmview.

Temporary hubs were established especially for the Games at Coomera and Robina - two of the busiest stations on the Gold Coast line – to allow for enhanced response times to any nearby incidents.

The hubs interacted with Queensland Rail's Rail Management Centre in Brisbane, to effectively coordinate responses to a number of incidents throughout the Games. Thanks to quick and efficient response times, Queensland Rail was able to deliver 97.76 per cent of trains on time during the Games period.

## Queensland Rail employees in spotlight for Queen's Baton Relay and GC2018 Closing Ceremony

One of the highlights for Queensland Rail in the lead up to GC2018 was the opportunity to take part in the iconic Queen's Baton Relay in Far North Queensland, where it was welcomed aboard the Kuranda Scenic Railway (KSR) on 15 March 2018.

The Relay boarded the KSR as part of its two-day trip to the Cairns region – 81 days after the Baton first touched down in Australia, and 20 days before the Gold Coast 2018 Commonwealth Games began.

Baton bearer and Queensland Rail employee of 16 years, Ms Angela Westaway, was selected by Queensland Rail to escort the baton on its iconic journey aboard Far North Queensland's favourite train.

The KSR stopped for a photo opportunity at Barron Falls before making its way into Freshwater station where the Baton was handed back to the Relay team.

The KSR is one of Australia's most recognised railway journeys, and is Queensland Rail's most popular tourism service, so it was only fitting to showcase the service to the world as part of the Queen's Baton Relay tour of the beautiful Far North Queensland region.

Queensland Rail Assistant Station Master Nerang Ms Luci Vosters was also selected to join other front line personnel such as Queensland Police Service and Surf Life Savers to represent Gold Coast local heroes at the Closing Ceremony on 15 April 2018.



# Instagram



queenslandrail\_official  
Gold Coast >



...



2018 likes

queenslandrail\_official

It's time to celebrate! 🎉🎊 We are excited for the  
Gold Coast 2018 Commonwealth Games.  
#GC2018 #QueenslandRail

Emergency services and employees from across the business banded together to ensure the Gold Coast 2018 Commonwealth Games were a roaring success.

# Customer Service



With the introduction of a new Executive General Manager Customer Service and Innovation to the organisation's Executive Leadership Team and 48 events held across the South East Queensland network to proactively listen to customer feedback, in 2017-18 Queensland Rail set out to ensure its customers' expectations and requirements were centric to its organisation.

## Key highlights in 2017-18 included:

- 48 Commuter Catch Up events held
- Appointment of Executive General Manager Customer Service & Innovation
- \$6 million in station refresh works complete
- Ongoing \$300 million program to improve station accessibility

Each and every day, Queensland Rail customers provide the organisation with feedback on what is important to them, and in 2017-18 Queensland Rail ensured it was listening.

With the appointment of the new role of Executive General Manager (EGM) Customer Service and Innovation to its Executive Leadership Team, and 48 'Commuter Catch Up' events held with customers across the network, in 2017-18 Queensland Rail set out to ensure a customer focussed culture was in place across its organisation and centric to its decisions.

Already, feedback provided to Queensland Rail is being actioned where possible – from simple ideas such as installing additional information display screens at stations to improving communication, to the ongoing consideration of the more complex or long-term ideas and suggestions.

## Appointment of EGM Customer Service and Innovation

The appointment of a chief customer officer to drive a customer-focussed culture across Queensland Rail was a key commitment of the Queensland Government's 'Fixing the Trains' Action Plan.

Ms Natalie Roach, a senior executive with more than 18 years' experience in driving change, innovation and customer service in the aviation and travel industries, was appointed to the new role of Executive General Manager Customer Service and Innovation in January 2018.

Ms Roach, who has led large customer service and operations teams at Heathrow Airport in the United Kingdom and with Qantas Airways across Australia, was appointed to spearhead an improved focus across Queensland Rail on customer service, innovation, information and technology and effective communication.

Queensland Rail receives thousands of pieces of feedback from its customers each month – from simple suggestions to more complex or long-term ideas.

Since joining the organisation, together with teams across Queensland Rail, Ms Roach has been focussed on ensuring this feedback is captured and listened to, in order to inform a pipeline of work in the near future which delivers meaningful improvements and a world-class experience for customers.

## Commuter Catch-Up statistics and summary

Established in early 2017, Commuter Catch Up events provide Queensland Rail's leadership team with a regular opportunity to speak firsthand with customers across the network and listen to their experiences and feedback.

Forty-eight events were held across the network in 2017-18, with more than 2,700 pieces of customer feedback received.

Key areas of feedback identified through the events included timetabling, station facilities, onboard comfort such as compliance with the Quiet Carriages, customer information and on-time running.

In response to feedback regarding customer information improvements raised at Commuter Catch Up events, Queensland Rail commenced the installation of additional electronic information display screens at key locations in 2017-18 including Milton and Chelmer stations.



**Roma Street station Customer Service Attendants Dane and Melissa.**

Queensland Rail continues to actively listen and record feedback, and with the support of the new Customer Service and Innovation team, will be working to implement a meaningful pipeline of work in 2018-19 and beyond to deliver customer improvements where possible and practical.

### **Customer Reference Groups**

In 2017-18, Queensland Rail continued to conduct qualitative engagement sessions through its quarterly Customer Reference Group (CRG) meetings. 2018 marked the tenth year of the CRG program, which provides a forum for customers and Queensland Rail employees to come together and openly share information with one another.

Eight meetings were held throughout the year, which attracted 80 public attendees. Key topics discussed included Commonwealth Games preparations, customer feedback and Commuter Catch-Up events, station upgrades and Fixing the Trains progress.

### **Refreshing key stations**

As part of the Queensland Government's Fixing the Trains Action Plan, Queensland Rail committed to delivering \$6 million in station refresh works at priority locations across the South East Queensland network in 2017-18.

During an extensive review, Queensland Rail assessed stations and analysed customer feedback to determine which locations were in need of minor upgrades to provide cleaner and safer services.

The \$6 million investment to make customers' journeys more enjoyable saw refresh works undertaken at Bowen Hills, Wilston, Windsor, Manly, Beenleigh, Park Road, Murarrie, Goodna and Wacol stations.

The upgrades included minor platform improvements, landscaping, replacement of signage, repainting, and an industrial clean at each station, as well as upgrades to the Abbotsford Road entrance at Bowen Hills.

A new mural was also commissioned within the rail corridor at Roma Street station, focusing on nearby landmarks.

### **Station accessibility upgrades**

Queensland Rail is committed to ensuring all customers can travel safely and without barriers and in 2017-18, the investment in improving the accessibility of stations across South East Queensland was increased to \$300 million.

In late 2017, this Station Accessibility Upgrade Program completed the delivery of accessibility upgrades at Graceville, Nambour, Alderley, Dinmore and Newmarket stations.

Works also commenced at Morayfield, Strathpine and Boondall stations while planning and design work commenced for Buranda, Cannon Hill, Fairfield, Dakabin, Auchenflower, East Ipswich and Loganlea stations.

While works can vary from site to site, the accessibility upgrades typically focus on lift installations and new pedestrian overpasses, platform raising to assist with boarding, and other features, such as hearing aid loops and accessible toilets.

Patronage figures show that once work finishes at the stations mentioned above, 83 per cent of Queensland Rail's customers will travel to and from independently accessible stations in South East Queensland.

Queensland Rail's dedicated accessibility team also continued to meet quarterly in 2017-18 with its Accessibility Reference Group (ARG) – an important forum to hear feedback from the sector and make improvements, where possible.

The ARG includes representatives from Guide Dogs QLD, Vision Australian, Queenslanders with Disability Network, MS Society, Spinal Life, Arthritis QLD and Better Hearing Australia.

# People and Culture



With more than 6,800 employees right across the state, Queensland Rail is one of Queensland's largest employers.

Queensland Rail recognises that its employees are its greatest assets. The organisation is committed to ensuring its workplace is a safe inclusive and enjoyable environment where our people work together to help achieve its strategic and operational objectives.

**As at 30 June 2018, there were 6,725 full-time equivalents (FTEs) employed at Queensland Rail, of which:**

- 87 per cent were employed in core functions (Citytrain, Regional Network and Freight, Travel and Tourism)
- The top three occupations were train driver (11 per cent), station manager and officer (10 per cent), and trackworker (10 per cent)
- 22 per cent were women (49 per cent in enabling functions and 18 per cent in core functions)
- 2 per cent identified as being Aboriginal or Torres Strait Islander
- 4 per cent identified as having a disability and 7 per cent as coming from a non-English speaking background
- 92 per cent were employed on a permanent basis
- The average length of service was 14 years and the average age of employees was 45 years.

### **Train crew recruitment and training**

Queensland Rail is committed to increasing its train crew team in order to sustainably deliver more frequent services for its customers. In 2017-18, the organisation undertook extensive work to attract an additional 200 trainee drivers and 200 trainee guards to ensure a sustainable pipeline of talent for the future.

As at 30 June 2018, 160 new trainee drivers and 296 new trainee guards had been selected since October 2016, of whom 85 trainee drivers and 210 trainee guards have already completed their qualifications and are working out on the South East Queensland network.

This represented a net increase of 40 additional qualified drivers as at 30 June 2018 when taking into account natural attrition activity such as retirement.

The new trainees were selected through multiple recruitment campaigns, both internally within Queensland Rail's business, with past Queensland Rail drivers, and with external applicants without Queensland Rail experience following an external recruitment campaign from August 2017.

This external campaign attracted more than 10,000 applications from right across Australia, and internationally.

Given the enormous interest in the positions, and to ensure Queensland Rail selected the best performing candidates, a multi-staged competitive recruitment process was undertaken which involved psychometric testing, an assessment centre, panel interview and health assessment.

Through the campaign, Queensland Rail sought candidates who not only demonstrated the skills required to be a trainee driver or guard, but also applicants who were safety focussed, excellent communicators, and most importantly – willing to put customers first every time.

With unprecedented intakes of new trainee drivers and guards, Queensland Rail also ramped up efforts in 2017-18 in order to streamline and improve efficiencies within its training programs.

### **Apprenticeships and learning**

Queensland Rail continued to actively invest in the next generation of its skilled workforce in 2017-18, through its ongoing apprenticeships and traineeships programs. As at 30 June 2018, the organisation employed 58 apprentices and trainees.

Queensland Rail offers a wide range of apprenticeships and traineeships which include:

- electrotechnology
- mechanical
- heavy or light Fabrication
- constructions and allied trades
- vehicle building
- transport and logistics
- business traineeship
- asset maintenance.

In 2017-18, Queensland Rail was proud to continue its partnership with TAFE Queensland SkillsTech through the introduction of a Queensland first school-based qualification for high school students aspiring towards a career in the rail industry.

The first cohort of Grade 11 and 12 students the Certificate II in Rail Infrastructure in January 2018 at Queensland Rail and TAFE Queensland SkillsTech's Rail Training Centre of Excellence in Acacia Ridge.

The new program has allowed the students to attend classes one day per week throughout their schooling year, in order to obtain hands-on experience in skills such as operating mechanical equipment, installing railway sleepers and carrying out track ballasting.

Opened in 2016, the Rail Centre of Excellence is a joint initiative between Queensland Rail and TAFE SkillsTech Queensland, which sees the facility shared with SkillsTech teachers and students for external rail-based training, when not in use by Queensland Rail for internal training requirements with its employees.

### **Graduate Engineering Program**

Queensland Rail's graduate engineering program is aimed at attracting graduate engineering students to encourage them to pursue a career within the rail industry. The program offers graduates the opportunity to focus on niche areas of engineering such as signal engineering, rail infrastructure design, trackside support systems, passenger systems and high voltage power systems. Graduates are engaged in meaningful and productive work, whilst providing them with an opportunity to apply and test their theoretical knowledge from university.

The program is underpinned by professional skills development program together with a knowledge-based job rotation and mentoring program. Participating in this program means that graduates will not only gain practical skills and experience, but also gain soft skills which are essential for anyone aspiring to be a capable and well-rounded engineering professional.

The graduate program offers various opportunities across several engineering business disciplines such as electrical, computer, software, mechanical, civil, and electrical and is designed to provide graduates with exposure and experience across several key disciplines to support their future career at Queensland Rail.

## Rail Careers Week

Queensland Rail was proud to represent the Queensland rail industry at the 2017 AusRAIL Plus conference, held at the Brisbane Convention and Exhibition Centre during the annual Rail Careers Week in November 2017.

The conference is the largest rail event within the Australasia region and in 2017 attracted more than 5,000 rail industry representatives from around the world and 450 exhibitors showcasing the latest industry products and services.

Queensland Rail's joint exhibit with the Department of Transport and Main Roads focussed on showcasing major future-proofing projects for the South East Queensland network, including Cross River Rail and the European Train Control System, and promoting the widespread opportunities for careers within the rail industry.

In celebration of Rail Careers Week, Queensland Rail arranged an excursion for a group of Maryborough State High School students to travel down to Brisbane on the Tilt Train service and to explore the AusRail Plus 2017 Conference. The Grade 8 and 9 students were also provided a behind the scenes tour of Queensland Rail's Rail Management Centre at Bowen Hills, in order to gain an understanding of Queensland Rail's network and the career opportunities available within the industry.

## Leadership Capability

Maintaining and strengthening the leadership capability in Queensland Rail was a continued focus in 2017-18, with the organisation's Frontline Leadership Program continuing with great success over the period. More than 400 frontline leaders commenced the program throughout the financial year, with workshops delivered in Brisbane, Toowoomba, Maryborough and Townsville ensuring participation across the state.

The program covers a broad range of subjects including operational management, innovation and problem solving, team management, communication and people skills, diversity and inclusion. Strategies are included in the program's design to ensure learning transfers to an improved performance in the workplace.

Queensland Rail also continued its leadership forums for middle and senior leaders, featuring external guest speakers and presentations by internal subject matter experts. The forums provide important communication and networking opportunities to build collaboration between leaders across the business and stimulate diversity of thought.

## Encouraging workplace diversity

Queensland Rail is focussed on creating a diverse and inclusive workplace, where employee's unique backgrounds, strengths and experiences are respected and valued.

The organisation believes diversity and inclusion drives innovation, problem solving and team performance, which delivers better outcomes for its business and customers.

Queensland Rail encourages women, Aboriginal and Torres Strait Islander people, people with a disability, people from non-English speaking backgrounds, and all other members of the community to apply for vacancies within its organisation.

## International Women's Day

International Women's Day (IWD) creates a yearly opportunity to promote the benefits of diversity and recognise the contribution and achievements of women across Queensland Rail. The theme of IWD in 2018 was 'Press for progress' and called for all employees to be part of the change towards creating a diverse and inclusive workplace.

With less than 22 per cent female representation across its workforce, increasing gender diversity continues to be an opportunity across Queensland Rail's business. Queensland Rail is committed to increasing gender diversity, understanding that this is essential part of transforming its culture and delivering a world-class rail service for customers.

As part of IWD 2018, a number of events were hosted across the business to prompt discussion regarding inclusivity and the importance of gender diversity in the workplace. These included the hosting of a table by Queensland Rail's CEO Nick Easy at the United Nations International Women's Day Breakfast in Brisbane, the profiling of female employees succeeding in traditionally male oriented careers and a number of celebratory events across the organisation.

## Work placement program for refugees

In October 2017, Queensland Rail was proud to see Ms Alice Tinorwirashe and Mr Patrick Katambayi complete their porter training with Queensland Rail as part of Multicultural Development Australia's (MDA) 'Work and Welcome' program. After successfully completing their placements, Alice and Patrick were offered ongoing employment and are now proudly members of Queensland Rail's customer service team.

The MDA program offers refugees and asylum seekers the opportunity to learn new skills and contribute to the wider community.

As a Chaplain in Zimbabwe, Alice advocated for women's rights which ultimately resulted in her fearing for the safety of herself and her children. It was after this that she sought refuge, where the MDA program led her to a promising career with Queensland Rail.

Queensland Rail has proudly supported MDA's Work and Welcome program since 2016, welcoming people of a refugee background with a paid work placement and allowing them to gain local experience in an Australian workplace.

## NAIDOC Week 2017

NAIDOC Week (2-9 July) provided Queensland Rail with the opportunity to celebrate the importance of Aboriginal and Torres Strait Islander (ATSI) people and the contribution they make to the organisation and the communities it serves. The 2017 theme - *Our Languages Matter* - emphasised and celebrated the unique and essential role that Indigenous languages play in cultural identity, linking people to their land and water and in the transmission of Aboriginal and Torres Strait Islander history, spirituality and rites, through story and song.

Queensland Rail commenced the week with ceremonies acknowledging Traditional Owners and Elders at its CBD buildings of Rail Centre 1 and Rail Centre 2. Queensland Rail also partnered with Communities for Children (Mission Australia) for the annual NAIDOC celebration event at Inala. Queensland Rail's Customer and Community Education Coordinator and three Indigenous employees attended the event to share their stories and promote career opportunities within Queensland Rail.



*Queensland Rail's employees span across a range of fields – each working together to deliver as one team.*

# In the community



*Internationally renowned artist Matt Adnate added his touch to The Pillars Project on the Merivale Bridge in South Brisbane.*

Queensland Rail is committed to being a good corporate neighbour and is passionate about the communities in which it operates. In 2017-18, the organisation remained committed to engaging and supporting communities and not-for-profit organisations through a wide range of programs and events.

#### **Key highlights in 2017-18 include:**

- Educated more than 35,700 students state wide about rail safety
- Supported more than 50 not-for-profit events and initiatives
- Raised more than \$500,000 in fundraising and donations from customers and employees and provided more than \$500,000 worth of in kind opportunities
- Commenced journey to become a White Ribbon Accredited workplace.

#### **Supporting our top five charity partners**

In 2017-18, Queensland Rail continued to support its top five not-for-profit partners: Cancer Council Queensland, Guide Dogs Queensland, The Starlight Children's Foundation, RSPCA Queensland and Youngcare.

Queensland Rail supports its top five partners by providing regular opportunities for partners to raise funds and awareness at key train stations throughout the year, in addition to in kind advertising opportunities on the network.

Queensland Rail also uses its presence within the community to bring awareness among its customers and employees of key initiatives of its partners. In 2017-18, some of the largest fundraising campaigns hosted by the top five partners which Queensland Rail supported included RSPCA Cupcake Day, the Starlight Children's Foundation's Starlight Day and the Cancer Council Queensland's Daffodil Day and Australia's Biggest Morning Tea.

#### **Journey to White Ribbon Accreditation**

In 2017-18, Queensland Rail commenced its process to become a White Ribbon Accredited (WRA) workplace. WRA workplaces aim to promote respectful, safe and inclusive cultures that take active steps to prevent and respond to domestic and family violence.

Queensland Rail's participation in this accreditation program strengthens the organisation's ability to recognise the signs of domestic and family violence, respond to disclosures and support employees who are affected.

The accreditation process commenced in May 2018 with activities including an anonymous baseline survey and employee training.

In May 2018, more than 60 Queensland Rail employees participated in the Darkness to Daylight challenge at South Bank to raise funds and awareness for domestic and family violence prevention. The Challenge was held overnight from Wednesday 23 May to Thursday 24 May 2018 and involved a 110 kilometre run throughout the night, with each kilometre representing the number of lives lost to domestic violence each year.

The group of Queensland Rail employees ran and walked almost 450 kilometres and raised more than \$3,000 for the cause.

#### **Rail Safety Orientation Day**

2017-18 marked the 12th year of Queensland Rail's Rail Safety Orientation Days (RSOD).

Through the quarterly events, Queensland Rail provides an opportunity for Queensland Rail customers and students to familiarise themselves with trains and platforms in a controlled environment.

During the year, the events were attended by more than 150 new immigrant

and refugee students from Milperra State High School, many of whom had recently arrived in Australia from more than 30 different countries around the world.

The events aim to provide attendees the confidence to travel independently on Queensland Rail's services and focus on train and station features, rail safety and train etiquette.

#### **Community education**

In 2017-18, Queensland Rail continued its focus on educating communities about the importance of rail safety.

More than 150 rail safety presentations were delivered throughout the year at schools and early learning centres, engaging more than 37,500 students on topics including level crossing and station safety and train etiquette.

In May and June, Queensland Rail's Community Partnerships Team commenced a series of regional engagements with schools, community groups and regional shows in the Mackay, Whitsundays, North Queensland and Far North Queensland regions, which will engage more than 30,000 residents throughout these communities.

#### **CEO Sleepout**

On Thursday 21 June, Queensland Rail's CEO Nick Easy participated in the annual 'Vinnies CEO Sleepout' at the Brisbane Powerhouse along with more than 200 other business and community leaders from across Queensland.

The Brisbane event raised more than \$1 million thanks to more than 5,000 donations, with Mr Easy exceeding his personal target of \$5,000, raising \$6,623 in total which equates to 21 support programs, 55 beds and 220 meals.

The annual event aims to raise vital awareness and funding to support those experiencing homelessness across Australia, including 22,000 Queenslanders, and Queensland Rail was proud to take part in 2018.

#### **Oxley station master's house**

A 142 year old Queensland Rail station master's house donated to Corinda State High School in 2007 for restoration through their school's manual arts program was officially completed and opened to the public in October 2017.

Queensland Rail oversaw the relocation of the station master's house from Oxley station to the school, which took five months to plan and four weeks to complete. The donation of the house was a joint venture to provide a unique, hands-on educational opportunity to Corinda State High School students.

Since 2007 more than 150 woodwork students helped to restore the house to its former glory. The students completed internal and external work, including accessibility modifications to meet current standards, installing timber windows, new ceilings, flooring and architraves.

The station master's house will be used by Corinda State High School as an exhibition, workshop and event space.

## Positive pARTnerships program

Through Queensland Rail's Positive pARTnerships program, the organisation works with local communities, school groups and artists to produce high quality artwork across the network which aims to instil community pride in rail infrastructure.

To date, the Positive pARTnerships program has delivered 143 projects including 81 stations, covering more than 24,220 square meters of the Queensland Rail network.

Projects completed in 2017-18 included the transformation of a rail underpass near Wellington Point station by year 12 visual arts students from Redlands College, the transformation of a blank concrete wall overlooking the rail tracks at the Barracks in Milton, and vibrant artwork installed in the pedestrian subway at Nambour station by renowned artists Simon Degroot.

The Positive pARTnerships team also completed its 10<sup>th</sup> installation on the pillars of the Merivale Bridge, featuring artwork by acclaimed artist Matt Adnate. The 10th installation of The Pillars Project involved an 82 square metre mural visible to river traffic, Coronation Drive and one of Brisbane's busiest walk and cycle ways and is the largest canvas in The Pillars Project to date.

The mural, completed by Melbourne artists Matt Adnate, was designed in close consultation with traditional land owners and community groups and completed by Matt Adnate. The location of the site has been known as a 'meeting point' and 'place of pathways' for indigenous Australians for thousands of years.

## Environment and sustainability

Queensland Rail is committed to operating in an environmentally responsible manner and incorporating environmental sustainability into our operations, for the benefit of customers, employees, the community and the environment. During 2017-18, Queensland Rail embarked on various environmental sustainability focussed initiatives including the plastic bag removal on Queensland Rail Travel services, hosting environment workshops across the state and working with a community based conservation group in Kuranda.

In line with the Queensland Government's single use plastic bag ban, which came into effect 1 July 2018, Queensland Rail Travel services have replaced plastic bags onboard with paper bags. To maintain safe carrying of hot drinks on board for customers, Queensland Rail's Travel and Tourism team have also effectively implemented eco-friendly cardboard drink carriers to replace the plastic sleeves previously used. Queensland Rail Travel have also introduced waste segregation and sorting processes in their administration offices. This initiative has been fully implemented at the Brisbane Roma Street Office and is in the process of being rolled out across regional Queensland Rail Travel depots.

In May 2018, Queensland Rail and Kuranda Envirocare joined forces to help protect important habitat for the endangered Kuranda Tree Frog. Queensland Rail's Asset Maintenance team in Far North Queensland are working to support the endangered species and its environment by adapting their maintenance activities. The team's efforts will have a significant impact on overall frog population numbers and will also assist with improving the health of downstream environments, which flow into the Barron River.

Throughout 2017-18, Queensland Rail's Environment team also hosted various workshops across the state to engage and train key business areas on new or key environmental requirements such as fire ants, working in and around waterways, erosion and sediment control and general environmental assessment.

## Energy and Emissions Strategy

A business-wide energy review identified additional opportunities, which the Queensland Rail Environment team worked with stakeholders across the business to develop, through an Energy and Emissions Strategy and supporting action plan.

The strategy sought to identify areas for further investigation and prioritise initiatives that would help improve energy use across the business, while delivering operational, financial and environmental benefits - now and into the future.

Queensland Rail commenced optimising its road vehicle fleet to improve maintenance regimes, aid fuel efficiency and embed innovation such as solar panels and LED lights on work trucks. Upgrades of energy efficient lighting systems and fixtures at facilities are also ongoing.

The Low Voltage Systems Engineering team began trialling specialised equipment at key Queensland Rail sites to improve power factor, reduce energy costs and maximise the serviceable life of electrical equipment. Performance of these trial installations will be assessed through power quality monitoring and analysis. Pending the outcome of the trial, similar equipment may be installed at other Queensland Rail sites in the future.



Queensland Rail supported a number of charities through fundraising initiatives in 2017-18, including Guide Dogs Queensland – one of its top five charity partners.

# Regional Network and Freight



Queensland Rail's regional network spans more than 5,700 kilometres of track and comprises seven rail systems which convey passenger and freight services across the state. Queensland Rail is committed to improving supply chain solutions, developing partnerships and fostering new business opportunities to help meet the needs of the resources, agricultural, construction and tourism industries.

## Key highlights in 2017-18 include:

- \$178 million access revenue received
- Hauled a range of commodities with a volume totalling approximately 15 billion Gross Tonne Kilometres (GTKs)
- \$233 million spent maintaining the regional network.

In 2017-18, Queensland Rail invested extensively to ensure its regional network performed safely and reliably for both passenger and freight services.

A range of capital upgrade programs also commenced throughout the year, in order to improve freight opportunities in regional Queensland.

## Supporting local industries

In 2017-18, Queensland Rail facilitated the haulage of a range of commodities on its network, with a volume totalling approximately 15 billion GTKs. This comprised of 7,613 million GTK of intermodal freight, 3,609 million GTK of coal, 1,589 million GTK of minerals, 1,351 million GTK of fertiliser and 828 million GTK of acid.

To support our local canegrowers, Queensland Rail entered into a new 10-year tripartite access agreement with Wilmar Sugar Pty Ltd and Pacific National Pty Ltd to facilitate the transportation of sugar and molasses to ports for export. This agreement supports the haulage of approximately 1.4 million tonnes of sugar along the North Coast line each season, from the Burdekin Mills to the Port of Townsville, and from the Proserpine Mills to the Port of Mackay.

## Toowoomba Range Clearance upgrade

In February 2018, Queensland Rail commenced a major upgrade to improve freight opportunities through the Toowoomba and Liverpool Ranges. The project involves the lowering of 11 rail tunnels throughout the ranges, in order to enable the transport of 9'6" high cube containerised freight by rail, which is increasingly being used to export goods.

The project will ensure rail is a more attractive and viable option for industries which use the larger containers to get their goods to the Port of Brisbane for export, and help to improve the overall competitiveness of the agricultural sector in the south west region.

The tunnels being lowered are stone and brick lined and were constructed in the 1860s on Australia's first main rail line through the Great Dividing Range. This project will strike a balance between maintaining the heritage status of the tunnels while meeting modern day requirements.

## North Coast line Capacity Improvement Project

Geotechnical and investigatory work commenced in 2017-18 on a \$100 million upgrade to safely accommodate longer freight trains and boost service capacity on the North Coast line.

The project will involve the extension of eight passing loops between Rockhampton and Townsville, in addition to the modification of the existing signalling systems.

Once complete, the project will enable the length of freight trains between Brisbane and Townsville to be increased by up to 45 per cent – enhancing the current maximum length from 650 metres to 950 metres.

The project will allow freight operators and their end customers to introduce cost and productivity efficiencies and enable Queensland Rail to better cater for future growth in services along this important corridor.

## Timber bridge replacement program

In 2017-18, Queensland Rail continued a program to replace ageing timber rail bridges across its regional network with more durable and sustainable concrete and steel structures.

In February 2018, a \$48 million program to replace 109 timber rail bridges between Emerald and Clermont and Emerald to Winton was completed, boosting the reliability and longevity of the Central West rail line.



In early 2018, Queensland Rail also announced a further \$28 million to upgrade 18 timber rail bridges on the West Moreton rail network between Ipswich and Chinchilla, and \$46 million to replace 18 timber bridges on the North Coast rail line between Townsville and Cairns.

Work on the West Moreton bridge upgrades commenced in March, while work on the North Coast line upgrades is expected to commence in late 2018.

The replacement of timber rail bridges with concrete and steel structures not only improves the service life of the bridges, but also significantly decreases the time and cost required for ongoing maintenance.

#### **Investing in the Mount Isa line**

With more than 70 weekly movements – transporting approximately 84,000 tons of freight in commodities such as copper, lead, zinc, phosphate, sulphuric acid, mining reagents, fuel, cement, general freight, and livestock – the Mount Isa line is an integral piece of infrastructure in North West Queensland.

Queensland Rail is committed to improving rail infrastructure along the Mount Isa line, and in 2017-18, invested more than \$43 million to improving the performance, safety and reliability of the 1,000 kilometre line.

Queensland Rail prides itself on being an important part and major employer in the North West community, currently employing 80 track maintenance workers along the Mount Isa line alone, who live locally, spend locally and are part of their communities.

The Mount Isa line is an important asset to supporting and growing the local economy, and Queensland Rail is continuing to work with the Department of Transport and Main Roads, freight operators and companies in the north west to improve freight operations and opportunities wherever possible.

#### **North Coast line and Burnett River rail bridge upgrades**

In 2017-18 Queensland Rail announced \$27.2 million to upgrade three integral rail bridges traversing the Burnett River in Bundaberg, the Kolan River and Boyne River in Central Queensland.

The project involves the cleaning and reinforcement of both water and land based cast iron piers in order to extend the service life of each of the structures by at least 30 years.

The works will improve the reliability of the network through these areas, reduce maintenance requirements and reduce the requirement of speed restrictions over the structures.

#### **Major signalling upgrade for Bundaberg**

In 2017-18, Queensland Rail commenced work on a \$21.8 million project to boost the reliability and safety of the Bundaberg rail network, through the replacement of signalling systems at Bundaberg and Bundaberg North, which control the safe movement of train services through the region.

The project includes the installation of a new power equipment room near Bundaberg station, featuring a new generator to provide back-up power supply in the event of an unplanned power trip.

Works commenced in early 2018 on the renewal of the rail signalling between the Kolan/Mount Perry and Thabeban Road level crossings as part of this project, and in September 2018, works are expected to begin to upgrade the rail signalling at Walker Street level crossing, which includes installing active pedestrian gates, flashing lights and new track infrastructure at the crossing.

The final stage of the project, expected to commence in 2019, will involve upgrades to the rail signalling at Hanbury Street level crossing and the installation of a new pedestrian crossing at Perry Street.

#### **Yeppoon rail line upgrade**

In November 2017, \$4.1 million in funding was announced to restore the 1.9 kilometre section of the Yeppoon branch rail line with works expected to be completed in 2018-19. Works include upgrading the tracks and sleepers and replacing two old timber bridges with concrete culverts. Restoring the rail line will strengthen Rockhampton's beef industry and create an additional processing plant in the region, broadening options for regional producers and providing an opportunity to attract new producers. The upgraded rail line will unlock access to the abattoir, allowing livestock to be transported on rail directly from the north west and central west regions of Queensland to Rockhampton for processing. It is expected the project will create local jobs during construction and will support more than 500 jobs at the abattoir.

# Travel and Tourism



The Queensland Rail Travel and Tourism network plays an important role in connecting regional Queensland and offers the largest and most comprehensive network of long distance and tourist trains in Australia. Extending along the Queensland coastline from Brisbane to Cairns and West to Charleville, Longreach and Mount Isa, the services cover more than 4,200 kilometres of regional track and 72 stations across the state.

## Key highlights in 2017-18 include:

- More than 750,000 customers travelled on the Travel and Tourism network
- More than 85 per cent of Travel and Tourism trains arrived at their destination on time
- Customer satisfaction results improved from 79.50 (FY 2016-17) to 79.87 (FY 2017-18)
- More than 3,900 services operated across the Travel network throughout the year.

## Bundaberg and Rockhampton Tilt Train overhaul

The Bundaberg and Rockhampton Tilt Trains are the most utilised long-distance services in the Queensland Rail Travel fleet, carrying on average 200,000 customers each year.

In 2017-18, Queensland Rail completed a \$28 million overhaul of the electric Tilt Train fleet. The overhaul, which spanned 2.5 years will extend the service life of the trains and ensure they continue to perform safely and reliably for many years to come.

To keep Queenslanders moving, Queensland Rail refurbished one train at a time and instated a diesel replacement train to service the region in the interim.

The first refurbished Tilt Train was completed and re-entered service in mid-2016. In September 2017, the second Tilt Train returned to service, restoring the fleet to its original capacity and timetable.

The mid-life overhaul delivered modern, attractive and refreshed interiors as well as enhancements to the train's mechanical, electrical and safety systems to meet the latest industry standards. In addition, Wi-Fi was enabled in the carriages to help make customer journeys more comfortable, benefitting those travelling for work or leisure alike.

The popularity of the Tilt Train services saw destination stations Bundaberg, Rockhampton and Maryborough continue their decade-long streak as Queensland Rail Travel's most popular regional stations.

## Kuranda Scenic Railway (KSR)

The KSR continued to be Queensland Rail Travel's most popular Tourist offering, with more than 411,000 customers enjoying its idyllic views over the serene Kuranda Rainforest and Barron Falls in 2017-18.

In early 2018, severe weather conditions in the Cairns region resulted in multiple unplanned closures of the Kuranda Range. This included a major closure from 25 March to 13 April 2018, when cyclonic activity caused the worst damage the range had seen since 1976, with damage identified in more than 50 locations and multiple land slips spanning 30 kilometres.

Skilled Queensland Rail crews worked around the clock alongside a geotechnical engineer to carry out site investigations, repairs and necessary checks and assurances before reopening the line. Queensland Rail was pleased to reopen the Range to tourists ahead of the last weekend of the Easter School Holidays.

## Platform 10 Roma Street station refresh

In mid-2017, Queensland Rail commenced a \$3.7 million upgrade to enhance the gateway to its Travel and Tourism network – Roma Street station's Platform 10. With approximately 175,000 customer movements in and out of Platform 10 each year, Roma Street station is the most heavily utilised station on the long distance rail network.

The project, which was completed in June 2018, delivered a new travel centre and customer lounge where customers can enjoy an air-conditioned service desk and waiting area before or after their journey.

The baggage area was also modernised, with the new design meaning reduced manual handling of luggage for customers and Queensland Rail staff. The upgrade also improved the accessible toilet facilities to better cater to customers and office space was redesigned to improve back of



*Queensland Rail's long distance services are a great addition to a domestic holiday, including the Spirit of Queensland (pictured).*

house operations. In addition, Queensland Rail made improvements to its catering services for travel network trains, with the installation of state-of-the-art catering facilities at Roma Street.

#### **Freshwater station refresh**

Freshwater station is a key boarding point for the KSR, with approximately 60 per cent of customers boarding the iconic rail service at this location. In mid-2017, works commenced on a \$3.95 million project to upgrade the station's bus interchange and car parking, and install a new customer transit shelter.

The new bus interchange will cater for six coach buses and six minibuses, with a new covered walkway for pedestrians providing a safer, all weather connection from the bus interchange to the station. Customer car parking is also being improved, including two new accessible car spaces and a new drop-off zone with a waiting shelter at the front of the station.

The upgrade will provide increased capacity, more accessible facilities and a modernised station for tourists and locals at Freshwater station.

#### **Supporting regional tourism**

Rail plays an important role in supporting local tourism industries and connecting visitors with regional centres across Queensland. To help foster tourism opportunities, particularly during low season, Queensland Rail offered a number of sale packages for its long distance services throughout 2017-18.

A '2 for 1' fare was again offered during the summer months (November-March) for travel on Queensland Rail's three western services - the Spirit of the Outback, The Westlander and The Inlander. Despite the same fare being offered over the corresponding period in 2016-17, the 2017-18 campaign resulted in a further 6.6 per cent increase in patronage on these western services throughout the period.

In February and March 2018, a Coastal Rail Sale on the refreshed Tilt Trains was introduced to encourage rail travel along the costal corridor. The sale achieved an increase of more than 3,500 customers compared with the same period the year prior.

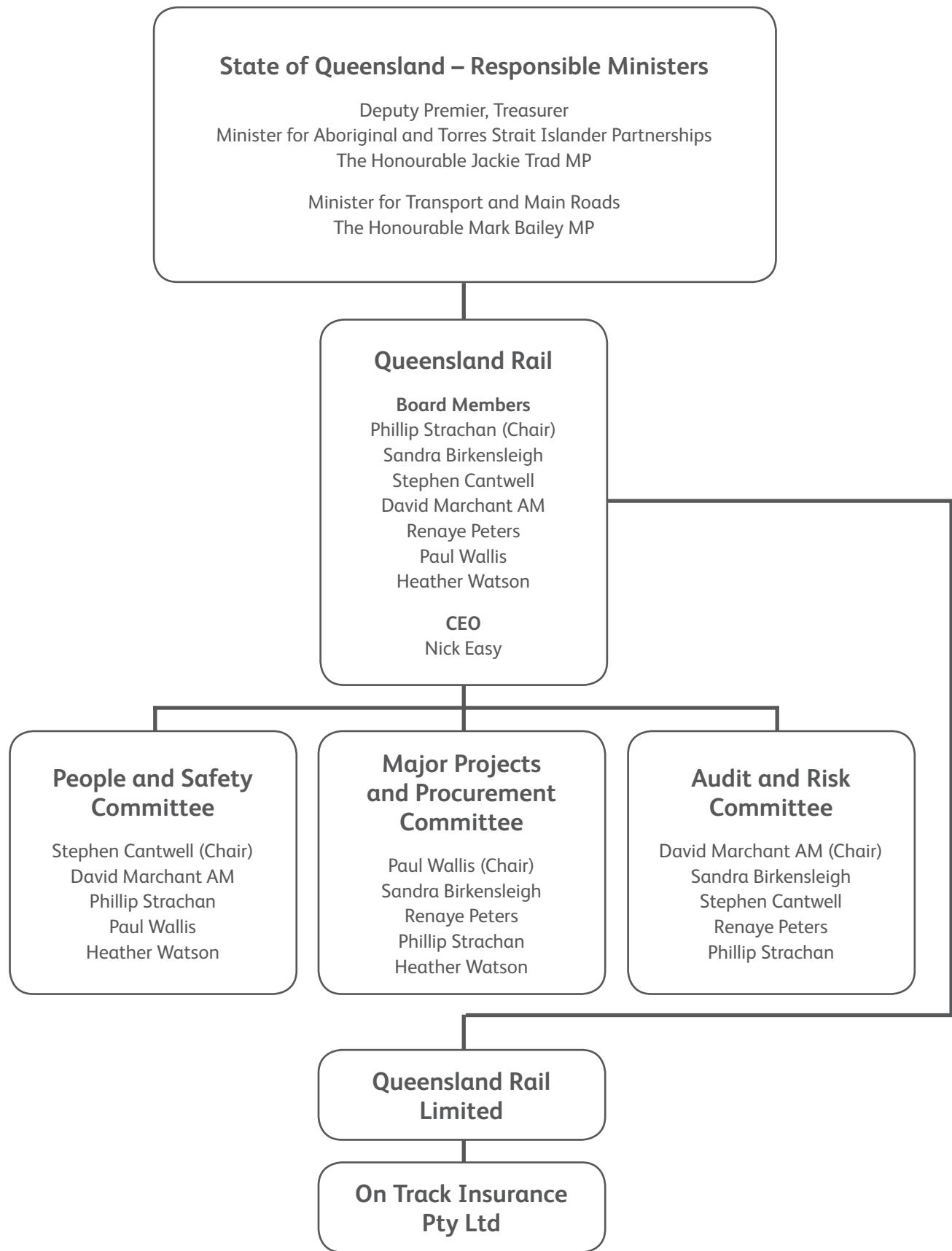
#### **Travel fleet improvements**

Queensland Rail committed more than \$44 million to overhaul its long distance fleet at Downer's Maryborough workshop.

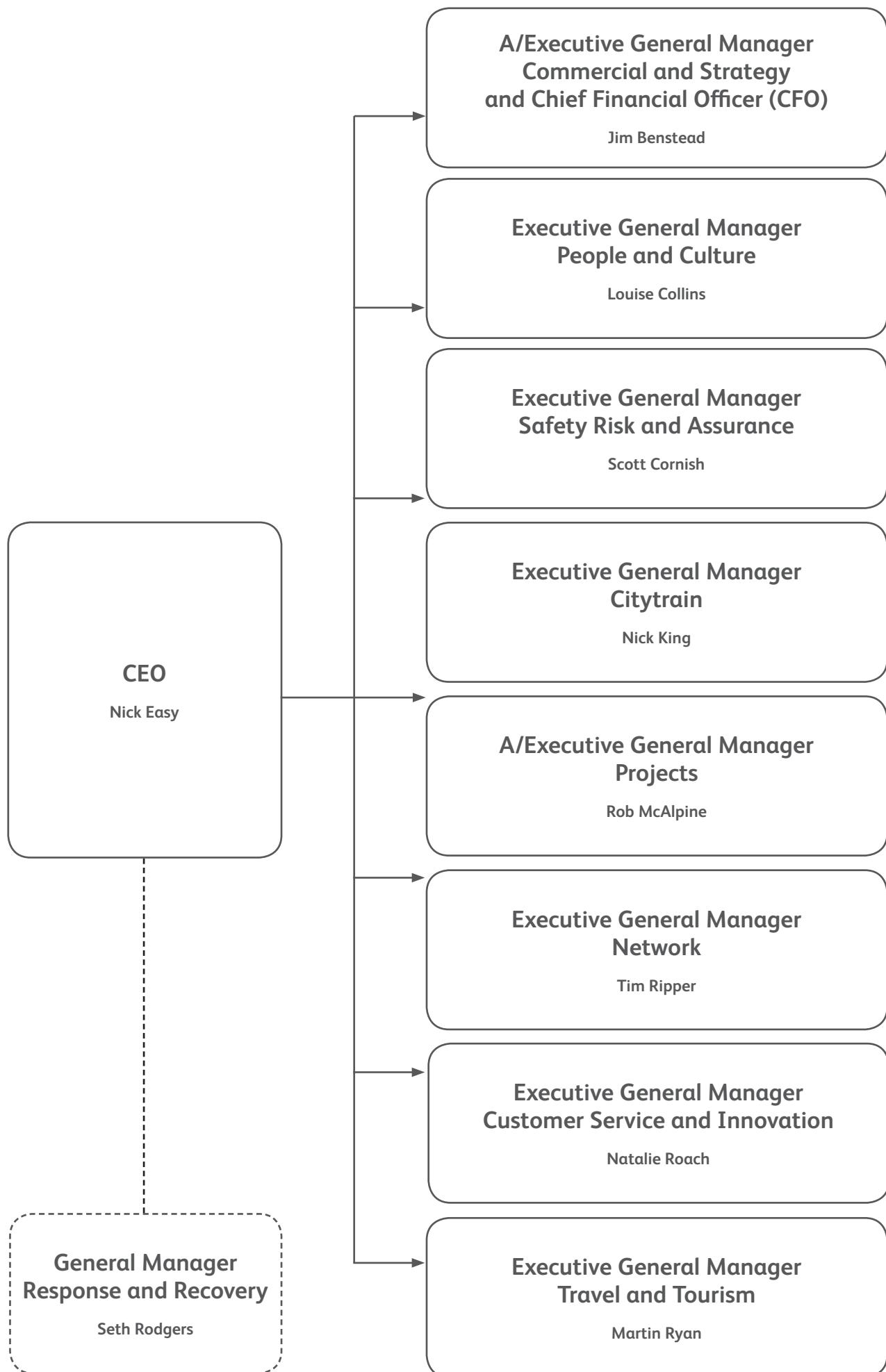
This included a \$23.5 million mechanical overhaul of its L-Series carriages used on the Inlander that travels to Mount Isa, the Spirit of the Outback that connects through to Longreach and the Westlander, which services out to Charleville. In addition, \$21 million was committed to maintain the performance of 15 diesel locomotives which haul these services as well as the KSR.

These investments will ensure Queensland Rail is able to continue connecting communities right across the state, as well as supporting Queensland's tourism economy, for many years to come.

# Governance structure



# Organisational structure



# Board



L-R: Paul Wallis, Renaye Peters, Heather Watson, Phillip Strachan, Sandra Birkensleigh, Steven Cantwell and David Merchant AM.

## Phillip Strachan

### **Chair, Independent Non-Executive Director**

Appointed 7 February 2017

**Experience:** Phillip has 35 years' experience working at Rio Tinto which has provided him with strong strategic managerial and operational experience, and a key focus on business performance. He has held a number of executive roles within the Rio Tinto Group, including Chief Financial Officer at Rio Tinto Aluminium in Brisbane and Chief Financial Officer at Rio Tinto Alcan in Montreal. He also spent time as Chief Executive Officer of the Bauxite and Alumina global business unit.

Phillip has mergers and acquisition experience and has been involved in developing and driving the strategy and leading the operations of a global business. He is currently a Director of the Great Barrier Reef Foundation, a position he has held since 2003 and is the current Chair of its Audit and Risk Committee. In 2016 he became a Director of Tilt Renewables Limited, a company listed on the NZX and ASX. At Tilt he is Chair of the Health, Safety, Environment and Community Committee and a member of the People and Remuneration Committee.

More recently, Phillip served as a Commissioner of the Queensland Rail Train Crewing Practices Commission of Inquiry in late 2016, with the final report of the Commission delivered to the Queensland Government on 31 January 2017. In 2018 Phillip became a member of the Audit and Risk Committee of the University of the Sunshine Coast.

**Qualifications:** BCom, FCPA, MAICD

**Member of:** Audit and Risk Committee, Major Projects and Procurement Committee, People and Safety Committee

**Other Board and Committee Memberships:** Director – Great Barrier Reef Foundation, Director – Tilt Renewables Limited, Member – Audit and Risk Committee, University of the Sunshine Coast

## Sandra Birkensleigh

### **Independent Non-Executive Director**

Appointed 1 September 2017

**Experience:** Sandra is a professional Non-Executive Director. She is currently a board member of the National Disability Insurance Agency, MLC Insurance Limited, Auswide Bank Limited, Horizon Oil Limited, 7-Eleven Holdings Pty Ltd and Sunshine Coast Children's Therapy Centre.

In all cases she Chairs the Audit Committee or Audit and Risk Committee and sits on a number of other Board committees including Nominations and Disclosure. She is also the Independent member of the Audit Committee of the Reserve Bank of Australia, Chair of the Audit and Risk Committee of the Public



Trustee of Queensland and member of the Council of the University of the Sunshine Coast and Chair of its Audit and Risk Committee.

Sandra has extensive experience in financial services and was previously a partner of PricewaterhouseCoopers for 16 years leading a number of practice areas including 5 years as Global Leader of their Governance Risk and Compliance practice.

**Qualifications:** BCom, CA, GAICD

**Member of:** Audit and Risk Committee, Major Projects and Procurement Committee

**Other Directorships:** Director - National Disability Insurance Agency, Director - MLC Insurance Limited, Director - Auswide Bank Limited, Director - Horizon Oil Limited, Director - 7-Eleven Holdings Pty Ltd, Director - Sunshine Coast Children's Therapy Centre, Independent Member of Audit Committee - Reserve Bank of Australia, Independent Chair Audit and Risk Committee and Member of Investment Board – Public Trustee of Queensland, Council Member – University of the Sunshine Coast.

## Stephen Cantwell

**Independent Non-Executive Director**

Appointed 1 October 2016

**Experience:** Stephen has more than 35 years' experience in a broad range of strategic, functional and customer-facing roles within multi-billion dollar national and international business environments. He has extensive functional and operational experience backed by strong commercial acumen.

Most recently, Stephen has worked with Bradken, a publicly listed Australian-based company supplying differentiated consumable and capital products to global markets in the resources, freight rail and power generation sectors. During this time, he headed multi-million dollar businesses making and selling products across the globe. This work involved responsibility for operations in Australasia, Africa, China, India; as well as North and South America.

As Chief Operating Officer and later Interim Chief Executive Officer of Queensland Rail, Stephen led Australia's largest transportation company through a period of major restructuring and change, delivering growth and innovation across a broad portfolio of Queensland Rail's activities. He has established a reputation as a national leader in transport innovation and his work has extended well into the resources sector where he has led the commercial development of the supply chain and infrastructure components of a number of major projects in liquefied natural gas, alumina and coal, in Australia and overseas. He has built strong international and business credentials, working with a range of global corporations and governments to advise in the areas of transport, logistics and infrastructure.

# Board (cont)

**Qualifications:** MBus, BBus, Grad Dip Transport and Logistics Management, FCILT, FCIEAM, GAICD

**Member of:** People and Safety Committee (Chair), Audit and Risk Committee

**Other Board and Committee Memberships:** Director – Tasmanian Railways Pty Ltd (TasRail), Director – Port of Brisbane Pty Ltd

## David Marchant AM

**Independent Non-Executive Director**

Appointed 7 October 2015

**Experience:** David has extensive Board experience and has held a number of executive and non-executive roles across a range of sectors including road, rail, water, gas, electricity, logistics and supply chain management. He is a former Chief Executive Officer of the Australian Rail Track Corporation and Director and Chair of the Australian Railway Association. David also served as a Director of the Rail Industry Safety and Standards Board.

David has worked as Managing Director of Lend Lease Engineering and Managing Director of Lend Lease Infrastructure Services, and as a Director of the Hunter Valley Coal Chain Coordination Company Pty Ltd.

He received the General Division of the Order of Australia in 2013 for significant service to the rail industry through national structural reform and infrastructure upgrades and has been a member of the Australian Institute of Company Directors since 2000.

**Qualifications:** GAICD

**Member of:** Audit and Risk Committee (Chair), People and Safety Committee

**Other Directorships:** Director - Airservices Australia, Chair – Technology and Investment Committee, Member – Audit at Risk Committee, Member – Safety Committee

## Renaye Peters

**Independent Non-Executive Director**

Appointed 1 October 2016

**Experience:** Renaye was appointed as the Director for South East Queensland by AECOM in September 2017. Prior to this she was a Director at Conrad Gargett and has more than 25 years of infrastructure experience, including senior executive roles with Leighton Contractors, Brisbane Airport and Visionstream.

Experienced in building high performance teams to deliver results, Renaye has contributed to many significant infrastructure projects such as Eastern Busway and Inner Northern Busway.

Renaye has worked on many major precincts / projects and is known for her ability to offer innovative approaches to complex and sensitive tasks. An outspoken advocate for delivering more to communities when delivering infrastructure, Renaye highlights the importance of weaving infrastructure back into the urban fabric, creating added economic benefits and engagement with the community.

Renaye has contributed to the development of Queensland and Brisbane through board and committee roles such as the Queensland Government Precinct Advisory Committee (Chair), Brisbane City Council Infrastructure Committee (Chair), the Urban Land Development Authority and the University of Queensland Senate.

Renaye's contributions are sought by government and industry to address key industry and state wide issues such as skill development, innovation and collaboration. She has worked closely with CEOs, board members, Ministers and Directors General to establish shared understanding of industry macro and micro economic impacts.

**Qualifications:** B.Arch (Hons), B.App.Sci, Grad Dip Project Management, Registered Architect, FAICD

**Member of:** Audit and Risk Committee, Major Projects and Procurement Committee

**Other Directorships:** Director – AECOM, Chair – Brisbane City Council Infrastructure Committee, Division Councillor – Property Council Australia (QLD)

# Board (cont)

## Paul Wallis

### Independent Non-Executive Director

Appointed 30 July 2014

**Experience:** Paul is a professional engineer with 40 years' experience in the planning, design and delivery of key infrastructure projects. In June 2016 he retired after 30 years with global consulting firm Arup Pty Limited, where he was the Brisbane leader and the regional Energy Business leader. Prior to joining Arup in 1986, he worked as a specialist geotechnical engineering consultant in Australia and as an Engineering Project Manager on major public housing projects with the Hong Kong Housing Authority.

Paul is experienced in leading engineering teams to achieve results through innovation and challenging conventional design solutions to solve problems. He has contributed to many significant projects across Queensland and internationally, especially in large scale transport infrastructure and energy development projects. These include the Airport Link and Northern Busway project in Brisbane, LNG facilities on Curtis Island at Gladstone, and the Kogan Power Station on Queensland's Darling Downs.

Paul previously served on an advisory council to the Faculty of Engineering, Architecture and IT at the University of Queensland and was also a Director of Green Cross Australia and Kidsafe Queensland Inc. Paul remains a Kidsafe Ambassador.

**Qualifications:** BA MSc, RPEQ, GAICD

**Member of:** Major Projects and Procurement Committee (Chair), People and Safety Committee

**Other Directorships:** None other than Queensland Rail.

## Heather Watson

### Independent Non-Executive Director

Appointed 6 June 2018

**Experience:** Heather is a consultant and former partner with McCullough Robertson Lawyers. She brings more than 30 years' experience as a private sector lawyer and partner in regional and metropolitan practice. For the last decade her specialist focus has been providing legal and governance strategic advice across charitable, non-profit and public sectors.

Her industry expertise covers aged care, health and community services, affordable housing and Indigenous communities.

Her governance experience, both as an advisor and director, includes organisations with large workforces, multiple locations, significant property interests, business model transitions, subsidiary structures and complex stakeholder interests.

**Qualifications:** LLB, GradCertBus, MAICD

**Member of:** Major Projects and Procurement Committee, People and Safety Committee

**Other Directorships:** Board Member - Children's Health Queensland Hospital and Health Service, Chair - Uniting (NSW & ACT), Director - Uniting (Victoria & Tasmania) and Chair, Governance Committee, Director - Australian Regional and Remote Community Services Ltd, Director - Community Services Industry Alliance Ltd and Chair, Community Services Reform Council, Director - National Affordable Housing Consortium Ltd and Chair, Governance and Remuneration Committee, Chair - Epic Good Foundation, Director - SEFA Partnerships Ltd, Advisory Council Member - Queensland Family and Child Commission, Advisory Board Member - Australian Charities and Not for Profit Commission

# Executive Leadership Team



## **Nick Easy Chief Executive Officer (CEO)**

Prior to commencing at Queensland Rail, Nick was the CEO of the Port of Melbourne, Australia's largest container and general cargo port, where he managed \$10 billion of land and sea assets.

He has also served as the CEO of the Metropolitan Fire and Emergency Services Board from June 2011 until February 2014 and was responsible for leading 2200 employees through a period of sector reform.

Nick holds a Bachelor of Applied Science and Post-Graduate Diploma in Environmental Management.

## **Jim Benstead A/Executive General Manager Commercial and Strategy & Chief Financial Officer (CFO)**

Jim has more than 30 years of extensive experience in the transport industry specialising in driving business improvement, delivering transformational change and leading outcome focussed commercial teams.

As Acting Executive General Manager Commercial and Strategy and CFO, Jim has responsibility for monitoring the overall financial performance of the business, third party rail access revenue agreements and the business service groups of Enterprise Strategy and Insights, Property, Road Fleet, Procurement, Legal and Governance.

## **Louise Collins Executive General Manager People and Culture**

Louise has worked in the rail industry for over 15 years with experience in operations planning, customer service, technology-enabled business process improvement, human resource management and operations line leadership. She has led large scale transformation initiatives delivering significant cost reduction, asset efficiencies, process improvement and culture change.

Louise has previously worked for Queensland Rail and has re-joined as the Executive General Manager People and Culture to lead the human resource and employee relations divisions and the transformation of Queensland Rail through improved management processes and our people

## **Scott Cornish Executive General Manager Safety, Risk and Assurance**

Scott has over 30 years of experience in the Oil and Gas industry and has held senior management roles encompassing Operations, HSE, Security and the Community. Most recently Scott was responsible for delivering Health, Safety, Environment and Risk Management for a major Australian Oil and Gas producer.

As Executive General Manager, Safety, Risk and Assurance, Scott is the responsible officer for all Workplace Health and Safety, Rail Safety Assurance and Risk and Compliance activities across Queensland Rail.

## **Nick King Executive General Manager Citytrain**

Nick has worked in the rail industry for over 30 years, in Australia, South East Asia and the UK. During this time he has been responsible for a variety of roles in both railway operations and fleet service provision. Experiences include timetable and roster development, network control, operations management, fleet introduction and fleet asset management. In his current role as Executive General Manager Citytrain, Nick is responsible for the safe and reliable operation of the Citytrain service, along with the strategic management of the operating assets and staff required to be a world class service provider.

Nick is a Chartered Engineer, holds a BSc (Hons) in Production Engineering and is a Member of the Institute of Engineering and Technology.

## **Rob McAlpine A/Executive General Manager Projects**

As Acting Executive General Manager Projects, Rob is accountable for the operational, commercial and strategic management and performance of Queensland Rail's project delivery, ensuring high service standards are upheld and supported by efficient and effective resource utilisation, appropriate engineering standards and safety performance. He also leads teams that manage the Transport Services Contract with the state.

Rob has more than 30 years' experience in the rail industry, having worked extensively in both the passenger and freight sectors. Rob holds a civil engineering degree and masters of business administration (MBA) from the University of Queensland and has extensive experience leading teams in business development, strategy and project delivery.

He has held a range of senior leadership positions across commercial and government owned rail organisations, in Australia and New Zealand, including Group General Manager Operations for KiwiRail in New Zealand, leading a national team of 1700 employees. Rob was also a global rail director for a large Fortune 500 infrastructure and consultancy business.

## **Tim Ripper Executive General Manager Network**

Tim has been in the rail industry for over 30 years, both in Australia and Hong Kong. During this time he has performed a variety of roles in design, construction, maintenance, asset management and more recently as a business leader and network manager.

In his current role as Executive General Manager Network, Tim is responsible for the operational and strategic management of the network. His team ensures Queensland Rail provides a safe and reliable network for the people of Queensland, and delivers progressive commercial outcomes for the government and Queensland Rail.

## **Natalie Roach Executive General Manager Customer Service and Innovation**

Natalie is a highly experienced senior executive leader with more than 18 years' experience in driving change, innovation and customer service in the global aviation and travel industries.

Natalie brings to Queensland Rail extensive experience, encompassing operations management, people leadership, stakeholder engagement and transformation. She has demonstrated success in driving efficiencies in complex and highly regulated environments; improving the customer experience and service levels.

As Executive General Manager Customer Service and Innovation, Natalie is responsible for creating a customer-focussed culture across Queensland Rail. Natalie is responsible for the management of functions including customer relations, communications (including government and media relations), and information technology.

## **Martin Ryan Executive General Manager Travel and Tourism**

Martin has recently been responsible for ensuring the quality, movement and delivery of train services, acting as Chief Operating Officer from the end of December 2016 until June 2017.

In this role, Martin helped implement the Commission of Inquiry recommendations and put Queensland Rail on the path to 'Fix the trains'.

Martin has now moved back to his substantive position as Executive General Manager of Travel and Tourism where he is responsible for Queensland Rail's long distance and tourist train operations.

# Corporate governance

Queensland Rail is committed to ensuring that its systems, procedures and practices reflect the highest standards of corporate governance. Processes have been established to ensure that Queensland Rail's corporate governance practices are reviewed regularly and are continually refined in accordance with its enterprise governance framework.

## Guidelines

The responsible Ministers have requested that while Queensland Rail is no longer a government owned corporation, Queensland Rail continue to apply the *Corporate Governance Guidelines for Government Owned Corporations*, issued by the Queensland Government.

The guidelines reference the *Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations* and they provide the framework for government owned corporations to develop, implement, review and report on their corporate governance arrangements.

An overview of existing corporate governance practices in line with the above guidelines is set out below.

## Corporate governance statement 2017-18

### Principle 1 – Foundations for management and oversight

The roles and responsibilities of the Board and individual members are defined in the Board Charter. These roles and responsibilities are reviewed by the Board at least biennially and a copy of the charter is available at [queenslandrail.com.au](http://queenslandrail.com.au)

In accordance with section 15 of the *QRTA Act* the Board's specific functions include:

- Deciding the strategies and the operational, administrative and financial policies of Queensland Rail
- Ensuring Queensland Rail performs its functions and exercises its powers in a proper, effective and efficient way
- Ensuring that, so far as is practicable, Queensland Rail acts under, and achieves the objects in its strategic and operational plans
- Accounting to the responsible Ministers, as required under the *QRTA Act*, for the performance of Queensland Rail;
- Reviewing the performance of the Chief Executive Officer on an annual basis.

In exercising its functions and powers, the Board's key responsibilities include:

- Business strategy and expenditure
- Delegation of authority to senior executive
- Relations with responsible Ministers and key stakeholders
- Financial matters and risk management
- Ethics, governance and policy
- Senior executive appointments.

The Board has delegated responsibility for the day-to-day operation of Queensland Rail to the CEO including the implementation and delivery of the Board's strategic direction. The CEO is supported by the senior executive team with management responsibilities clearly defined and documented through formal position descriptions, performance plans and the Board approved *Authorities, Approvals and Accountabilities Policy*.

Newly appointed members are taken through a formal induction process

to provide them with an overview of business operations, strategies and information in relation to the Board and committee functions. The induction process assists the members to understand their roles and responsibilities within Queensland Rail and includes an overview of key corporate expectations, existing governance arrangements and the culture and values of the organisation. Induction materials and individual briefings were provided to incoming members.

Members are issued with a comprehensive Board handbook that details Queensland Rail and Board operational information, governance requirements and policies. The Board handbook assists with the induction process and also supports existing members with their ongoing governance responsibilities. The handbook is reviewed and updated annually.

Performance evaluations for the CEO and senior executives are carried out each financial year in accordance with Queensland Rail's remuneration framework and the Board approved *Performance Payment Policy: Chief and Senior Executives*. The performance evaluation for the CEO is conducted by the Board and is based on the achievement of agreed Key Performance Indicators (KPIs), which are set annually by the Board and are linked to the strategic and operational objectives of Queensland Rail. The performance evaluation for senior executives is carried out in accordance with the same process based on the achievement of agreed KPIs. The evaluation is conducted by the CEO and the Board.

The outcome of annual performance evaluations for the CEO and senior executives are provided to responsible Ministers in accordance with the *Policy for Government Owned Corporation Chief and Senior Executives Employment Arrangements*.

### Principle 2 – Structure the Board to add value

All members of the Board, including the Chair, are non-executive members. Queensland Rail Board members are appointed by the responsible Ministers in accordance with the *QRTA Act*. As such, the size and composition of the Board is determined by the responsible Ministers.

The Board considers that all Board members who held office during the year are independent as defined under the *ASX Corporate Governance Principles and Recommendations*. In assessing the ongoing independence of each member, the Board considers the assessment criteria outlined in the ASX recommendations. Materiality in relation to independence is considered on a case-by-case basis with reference to each member's individual circumstances.

Board members are required to keep the Board advised, on an ongoing basis, of any business interests and other directorship and employment roles that may conflict with those of Queensland Rail.

In circumstances where a conflict is believed to exist, the member concerned does not take part in any decision or consideration of the issue. In addition, the member will not receive copies of the relevant Board papers. Members must notify the Board via the Company Secretary of changes to business interests and appointments which could potentially conflict with their role as Board member for Queensland Rail.

Details of the current Board members' experience and expertise are disclosed in this annual report as is information on attendance at Board

# Corporate governance (cont)

and committee meetings. Information in relation to composition of the Board and terms of appointment for all members who held office during the financial year is set out on pages 55-57 of the Annual Report 2017-18 and pages 31-32 of the Financial Report 2017-18.

A process is in place whereby members, either collectively or individually, may seek independent professional advice where it is considered necessary to fulfil their duties and responsibilities. This is done at Queensland Rail's expense. A member wishing to seek such advice must first obtain the approval from the Chair.

Members are encouraged to further their knowledge through participation in industry, governance and government forums and attend seminars hosted by the Australian Institute of Company Directors, Governance Institute of Australia and other peak professional bodies. In addition to peer review, interaction and networking with other directors and industry leaders, Queensland Rail Board members participate in Queensland Rail leadership forums and actively engage with Queensland Rail employees and visit Queensland Rail operations to gain an understanding of operational employee requirements, challenges and issues.

The ongoing provision of timely and relevant information to the Board is of critical importance in enabling the Board to effectively discharge its obligations in accordance with the requirements of the *QRTA Act*. The structure, format and content of Board agendas and Board papers presented to Board members for consideration and approval, along with Board paper quality and timeliness, is reviewed on an ongoing basis with a formal review annually.

The Board reviews its own performance and that of the committees of the Board on a regular basis to ensure they are working effectively. The Board participates in regular Board member-only sessions that provide an opportunity for the Board members to review and analyse their current performance as a Board and discuss any issues that may exist.

A formal Board performance evaluation is conducted on an annual basis to achieve and maintain corporate governance best practice and continual improvement. An independent consultant is engaged to assist with the evaluation every second year, with the next independent review planned for late 2018.

The performance evaluation process generally includes the evaluation of the Board as a whole, the chair and the effectiveness of the Board committees. The process is undertaken through a formal questionnaire completed by each member and members of the senior executive team. The review considers a range of issues including Board role, strategy, monitoring performance, risk and compliance oversight, stakeholder communication, Board structure and processes. The Board evaluation for 2017-18 was completed in December 2017 with written advice of the outcome of the evaluation provided to responsible Ministers in January 2018.

## Principle 3 – Promote ethical and responsible decision making

Queensland Rail has well established policies, procedures and practices that seek to promote ethical standards of behaviour and a culture of compliance that is risk aware and embraces good governance practices in accordance with corporate, legal and community obligations.

These expected standards of integrity, honesty and accountability are reflected in the formal *Code of Conduct*, which applies to all Board members,

employees, consultants and contractors and is aligned with the organisation's strategic objectives. The *Code of Conduct* is supported by other policy related documents in relation to ethics, privacy, dealing with conflicts of interest, trading in securities and official misconduct.

While as a statutory authority, Queensland Rail does not issue securities, the organisation has established standards and procedures that set out the legal duties that apply to members and employees in relation to the potential misuse of information including the insider trading prohibition under the *Corporations Act 2001 (Cth)*.

Ongoing training in relation to ethical business practices is provided by the organisation and the Queensland Rail *Code of Conduct* also forms part of the induction process for new employees, consultants and contractors. A copy of the *Code of Conduct* is available on the Queensland Rail website.

Queensland Rail also has in place related processes and policy documents setting out the requirements of the *Public Interest Disclosure Act 2010 (Cth)*, which facilitates disclosure of public interest information and provides protection for those who make public disclosures.

## Principle 4 – Safeguard integrity in financial reporting

The Board has established an Audit and Risk Committee that reviews the integrity of Queensland Rail's financial reporting systems. The committee is governed by its own charter, which is approved by the Board and reviewed annually. A copy of the Audit and Risk Committee charter is available on the Queensland Rail website. The committee assists the Board by reviewing and monitoring assurance activities over business operations, the effectiveness of internal controls, regulatory reporting, financial risks, compliance issues and enterprise risk management frameworks. The committee is responsible for oversight and monitoring both internal and external audit functions.

The role of the chair of the committee is not held by the Chair of the Board and all committee members are independent non-executive members. Membership of the committee and details of attendance at meetings is disclosed on pages 56-57 of the Annual Report 2017-18.

The CEO and CFO certify in writing that the Queensland Rail financial report represents a true and fair view of Queensland Rail's financial position and performance, and that it has been prepared in accordance with the appropriate Australian Accounting Standards, Statement of Accounting Concepts, Interpretations and Framework for the Preparation and Presentation of Financial Statements in all material respects.

Queensland Rail's internal audit function provides independent assurance to key stakeholders including the Audit and Risk Committee, CEO and senior executives regarding the adequacy and effectiveness of the organisation's system of internal controls, risk management procedures and governance processes throughout the organisation.

To maintain independence the internal audit function is governed by the Queensland Rail internal audit charter which is approved by the Audit and Risk Committee.

Queensland Rail has a detailed internal audit plan that is managed by the Senior Manager Internal Audit. The risk based internal audit plan is developed through extensive internal and external consultation and a review of the organisation's risk register. This plan is ultimately approved and monitored by the Audit and Risk Committee through regular reporting provided by the Senior Manager Internal Audit.

# Corporate governance (cont)

In addition to the annual internal audit plan the internal audit function completes management request audits throughout the year.

In accordance with the *Auditor-General Act 2009 (Qld)*, the external audit function of Queensland Rail is performed by the Queensland Audit Office. The Audit and Risk Committee monitors the performance of the external auditors on an annual basis.

## Principle 5 – Make timely and balanced disclosure

Queensland Rail has established communication protocols and standards in relation to the disclosure of public information and regularly assesses the information needs of all stakeholders to ensure that they continue to be informed about activities in a timely and accurate manner.

In addition, the organisation has a dedicated Government and Community Relations team to assist with management of government and regulatory relationships and the co-ordination of information and reporting requests.

Regular communications are initiated with key stakeholders including responsible Ministers and government representatives. The Chair and CEO meet with responsible Ministers and/or their representatives on a regular basis. Queensland Rail management also meets with representatives of the responsible Ministers after each Board meeting to provide an update on the agenda items considered and discuss any relevant governance matters. Information needs of these stakeholders are also discussed at Board meetings. As required by the *QRTA Act*, detailed quarterly reports are provided to responsible Ministers and their representatives, as well as individual ministerial briefings on specific issues. These reports include information regarding financial performance, updates on major capital programs, key operational matters, risk management and governance issues as well as information required to be given in accordance with Queensland Rail's operational and strategic plans.

## Principle 6 – Respect the rights of shareholders

Queensland Rail respects the rights of responsible Ministers as the ultimate owners of the business. The Board and senior executives of Queensland Rail engage with responsible Ministers and their representatives on a regular basis. As at 30 June 2018, Queensland Rail's responsible Ministers were the Honourable Jackie Trad MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships; and the Honourable Mark Bailey MP, Minister for Transport and Main Roads. Queensland Rail is committed to ensuring that responsible Ministers and their representatives are provided with information to make informed assessments of Queensland Rail's operational and financial performance and position.

Queensland Rail prepares an operational plan and strategic plan for responsible Ministers' approval in accordance with the *QRTA Act*. The operational plan and strategic plan are formal performance contracts between Queensland Rail and the responsible Ministers detailing proposed undertakings and target performance for the year ahead.

In line with the requirements of the *QRTA Act*, responsible Ministers are advised in a timely manner of all issues likely to have a significant financial, operating, employee, community or environmental impact including those matters that may prevent or significantly affect achievement of the performance objectives outlined in the operational plan.

Approval of responsible Ministers is sought for major investments and expenditure outlays, as well as Queensland Rail's entry into significant supply or customer contracts in accordance with government Investment Guidelines.

## Principle 7 – Recognise and manage risk

Queensland Rail recognises that effective risk management and compliance frameworks are a key element of an organisation's corporate governance processes. The Board has approved a Risk Management Policy and associated framework for identifying, assessing and managing Queensland Rail's strategic, operational, financial and reputation risks.

The objectives of the policy are to:

- Maintain an integrated, fit for purpose, leading practice risk management framework which facilitates the effective management of risks and also provides assurance that risks are being effectively managed and controls are effective
- Ensure the risk management system, together with associated risk tools, allow for the consistent and reliable application of the risk management framework
- Ensure that there are clearly defined roles and responsibilities for managing risk within Queensland Rail
- Ensure that risk management related roles and adequate resources are allocated throughout the business to meet the requirements of the Risk Management Policy
- Ensure that risk management is an integral part of Queensland Rail decision making and business planning
- Document all risks, risk assessments and related controls into risk registers in an agreed business system
- Based on the Board's approved risk appetite, apply risk tolerance levels to ensure the appropriate management and reporting of risk
- Provide risk management training and support to employees to ensure education and awareness of risk management requirements to improve the knowledge, skills and proficiency of risk practitioners, risk champions and others within the organisation
- Assess and continuously improve the effectiveness of the risk management framework and related processes and controls via on-going monitoring, periodic reviews, communication and consultation
- Promote a culture of accountability and responsibility for risk management by including risk related performance measures in individual performance and development plans.

The approach defined within the Risk Management Policy is consistent with the Australian and New Zealand risk management standards (ISO 31000:2009). Supporting the policy is a framework prepared to guide the various business functions in addressing their particular risks through a structured risk management approach. The framework is designed to ensure risks are regularly identified, assessed, monitored and reported to the Board on a periodic basis, along with appropriate risk mitigation and management plans.

The Board evaluates reported risks reaching a defined enterprise risk tolerance level and actively monitors these risks and associated controls,

# Corporate governance (cont)

including any additional risk mitigation treatments that are proposed. Assurance activities are undertaken to ensure that the controls are operating effectively.

The Board has charged management with the responsibility for managing risk within the organisation and the implementation of mitigation measures, under the direction of the CEO and supported by senior executives. The group risk management function, led by the General Manager, Risk, Compliance and Insurance has been established to facilitate the process by providing a centralised role in advising the various business functions on executing risk management and mitigation strategies, as well as consolidating risk reporting to senior executives and the Board.

The CEO and CFO have declared in writing to the Board that Queensland Rail's risk management and control system is operating efficiently, effectively and economically in all material respects based on representations by management.

Queensland Rail has established an appropriate fraud control framework for the ongoing monitoring and co-ordination of fraud control activities. The framework is supported by the *Code of Conduct* and associated governance principles, standards and procedures that outline employee obligations in relation to ethical behaviour and the process for reporting, recording and investigating allegations of fraud.

A dedicated ethics hotline has been established to enable employees to report any concerns regarding unethical conduct, breaches of the law and suspected fraud or corrupt conduct. A dedicated Crime and Corruption Commission (CCC) Liaison Officer manages the obligations under the *Crime and Corruption Act 2001 (Qld)* in relation to notification of suspected corrupt conduct to the CCC.

## Principle 8 – Remunerate fairly and responsibly

The Board has established a People and Safety Committee that, among other things, oversees and monitors Queensland Rail's remuneration framework. The committee is governed by its own charter, which is approved by the Board and reviewed annually. A copy of the People and Safety Committee charter is available on the Queensland Rail website. The committee assists the Board in the effective discharge of its governance and oversight responsibilities relating to human resource and safety practices. It achieves this, in part, by reviewing, overseeing and providing recommendations on the recruitment, termination, retention, succession planning and annual remuneration and performance review of the CEO and senior executives including the establishment of appropriate performance measures.

Membership of the committee and details of attendance at meetings is disclosed on page 56-57 of the Annual and Financial Report 2017-18. Queensland Rail recognises that the achievement of its corporate objectives is dependent on the efforts of its people and has established remuneration policies, procedures and frameworks designed to attract and retain high calibre employees and to align individual and team efforts to agreed KPIs linked to the operational and strategic plans of the organisation.

The senior executive remuneration arrangements are subject to approval or endorsement by the Board in accordance with the Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements. Remuneration for Board members is established by the responsible Ministers in accordance with the *QRTA Act*.

Details of the nature and amount of payments to each Queensland Rail Board member and specified Queensland Rail senior executives are set out in the Annual and Financial Report 2017-18.

## Government policies and guidelines

Queensland Rail complies with relevant government policies and guidelines in accordance with the requirements of the responsible Ministers.

## Board meetings

The Board held 15 meetings during the financial year. Typically, at Board meetings, the agenda will include the following:

- Disclosure of member interests
- Minutes of the previous meeting and any outstanding issues raised by members at previous meetings
- CEO and CFO reports
- Ongoing strategic business improvement
- Reports on major projects and current business issues
- Transactions requiring Board approval in accordance with the delegations framework
- Updates from committee chairs on matters considered at committee meetings
- The minutes of previous committee meetings
- Board correspondence and executed documents register review.

A private session involving only non-executive Board members is held at the beginning of each Board meeting and is chaired by the Chair. The CEO, CFO, General Counsel and Company Secretary are also present at all Board meetings. Senior executives attend Board meetings when an issue under their area of responsibility is being considered or as otherwise requested by the Board. Member attendance at 2017-18 Board meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Phillip Strachan (Chair)	15	15
Sandra Birkensleigh <sup>1</sup>	12	12
Stephen Cantwell	15	15
Jemina Dunn <sup>2</sup>	3	4
David Marchant AM	13	15
Renaye Peters	14	15
Paul Wallis	12	15
Heather Watson <sup>3</sup>	1	1

<sup>1</sup> Appointed to the Board 1 September 2017

<sup>2</sup> Ceased as Board Member 12 October 2017

<sup>3</sup> Appointed to the Board 6 June 2018

# Corporate governance (cont)

## Board committees

The Board has established three standing committees to assist with meeting its responsibilities: the Audit and Risk Committee, the People and Safety Committee, and the Major Projects and Procurement Committee. Each of these committees is governed by its own charter.

The membership of each Board committee is made up of a minimum of three members from the Board. The CEO and senior executives attend meetings at the discretion of the committee.

An annual evaluation of committee performance forms part of the Board's overall performance review.

### Audit and Risk Committee

The Audit and Risk Committee is a Board committee created to assist the Board in the effective discharge of its governance and oversight responsibilities relating to the financial reporting and risk management of Queensland Rail.

The committee oversees and monitors the preparation of financial statements, internal control structures, compliance and risk management frameworks and the internal and external audit functions of Queensland Rail.

The committee's key responsibilities include:

- The integrity of Queensland Rail's financial reporting and disclosure procedures and processes
- Review of significant accounting policies and alternative treatments available
- The effectiveness of Queensland Rail's systems of accounting and internal controls
- The scope of Queensland Rail's internal audit and external audit programs and any material issues arising from these audits
- The effectiveness of the processes and assurance activities used by management to monitor and ensure Queensland Rail's compliance with laws, regulations, ethical guidelines and obligations for external reporting of financial information
- Review of risk mitigation policies and associated risk assessment documentation adopted by Queensland Rail
- Evaluating the effectiveness of risk management protocols and frameworks used to implement Queensland Rail's risk management policies, procedures and documentation
- Review and monitor key risk exposures, control mitigations and residual risks of Queensland Rail including the annual insurance program
- Evaluating the effectiveness of the risk management and control structures in place to identify and monitor Queensland Rail's compliance with applicable laws, regulations and governance obligations
- Evaluating the performance and independence of the Internal Audit function.

Mr David Marchant is the current Committee Chair. Committee member attendance at 2017-18 Audit and Risk Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
David Marchant (Chair)	3	4
Sandra Birkensleigh <sup>1</sup>	3	3
Stephen Cantwell	4	4
Renaye Peters	3	4
Phillip Strachan	4	4
Paul Wallis <sup>2</sup>	1	1

<sup>1</sup>Appointed to the Committee 28 September 2017

<sup>2</sup>Ceased as Committee Member 28 September 2017

### People and Safety Committee

The People and Safety Committee is a Board committee created to assist the Board in the effective discharge of its governance and oversight responsibilities relating to the human resources and safety practices of Queensland Rail.

The committee oversees and monitors the remuneration and performance framework for Queensland Rail's senior executives and other employees the development of human resources policies and practices to enhance employee engagement and workforce productivity and performance. The committee also provides strategic direction and oversight of Queensland Rail's safety policies, frameworks and practices.

The committee's key responsibilities include:

- The appointment and termination of the CEO and senior executives (direct reports to CEO)
- The annual remuneration and performance review of the CEO and senior executives including the establishment of appropriate performance measures and incentive targets
- The development and review of human resource policies and practices which enhance organisational performance, workforce productivity, leadership and succession planning in line with Queensland Rail's expected values and behaviours
- The adequacy and effectiveness of Queensland Rail's code of conduct, remuneration, learning and development and industrial relations strategies and plans
- Employee and external stakeholder engagement (including responsible Ministers, government and community) and external corporate communications strategies and plans
- Development and review of policies, frameworks and practices relating to the security and safety of Queensland Rail's network and trains
- Reviewing and monitoring frameworks and practices dealing with the health, safety and welfare of Queensland Rail's customers, employees and the public
- The adequacy and effectiveness of Queensland Rail's compliance systems with relevant safety legislation, regulations, engineering standards and accreditation requirements

# Corporate governance (cont)

- Providing direction and oversight of safety related risks, controls and assurance processes.

Mr Stephen Cantwell is the current Chair of the committee. Committee member attendance at 2017-18 People and Safety Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Stephen Cantwell (Chair)	4	4
Jemina Dunn <sup>1</sup>	1	1
David Marchant AM	4	4
Phillip Strachan	4	4
Paul Wallis <sup>2</sup>	3	3

<sup>1</sup> Ceased as Committee Member 12 October 2017

<sup>2</sup> Appointed to the Committee 28 September 2017

- Evaluating and monitoring procurement performance to ensure alignment with Queensland Rail's strategic objectives relating to service quality, efficiency, profitability and growth.

Mr Paul Wallis is the current chair of the committee. Committee member attendance at 2017-18 Major Projects and Procurement Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Paul Wallis (Chair)	4	4
Sandra Birkensleigh <sup>1</sup>	2	3
Jemina Dunn <sup>2</sup>	1	1
Renaye Peters	4	4
Phillip Strachan	4	4

<sup>1</sup> Appointed to the Committee 28 September 2017

<sup>2</sup> Ceased as Committee Member 12 October 2017

## Major Projects and Procurement Committee

The Major Projects and Procurement Committee is a Board committee created to assist the Board in the effective discharge of its governance and oversight responsibilities relating to the delivery of major projects and procurement decisions within Queensland Rail.

The committee's key responsibilities include:

- Evaluating and endorsing Queensland Rail's major project proposals and delivery of approved capital investment program and funding to ensure alignment with Queensland Rail's approved operational and strategic plans
- Ensuring that major project implementation is in a manner consistent with Queensland Rail's strategy and the expectations of responsible Ministers
- Oversight of project management frameworks to ensure appropriate governance structures, capabilities and resources are in place for the efficient and cost effective delivery of projects
- Reviewing major project plans as they relate to capital works, operations, asset replacement and maintenance to achieve prudent and efficient project delivery within budget and agreed timeframes
- Reviewing the adequacy and effectiveness of internal controls and risks as they relate to major projects, procurement and investment considerations
- Oversight of tender methodologies and appropriate probity processes to ensure the ethical procurement of goods and services to ensure compliance with the Queensland Rail and State Government Procurement Policy
- Ensuring strategic procurement objectives are developed and implemented through a procurement strategy to ensure that major investment decisions are formulated strategically to enable prudent and efficient outcomes through market engagement
- Development of strategic business initiatives to ensure procurement policies, procedures and frameworks are consistent with the strategic planning and performance objectives of Queensland Rail

# Corporate governance (cont)

## Notifications by Responsible Ministers

### 1. Toowoomba Range Tunnel Clearance Project

By letter dated 17 October 2017, the responsible Ministers directed Queensland Rail to proceed with the Toowoomba Range Tunnel Clearance Project at a total estimated cost of \$47.5 million.

### 2. Queensland Rail dividends

By the letter dated 29 June 2018, pursuant to section 56(2) of the *QRTA Act*, the responsible Ministers directed Queensland Rail pay a dividend equal to 100 per cent of Queensland Rail Group's Net Profit after Tax (NPAT) for the 2017-18 period. The dividend is to be paid to the Consolidated Fund no later than 30 November 2018.

## Information systems and record keeping

Managing Queensland Rail's information and performing appropriate record keeping functions are integral to risk mitigation. The organisation has a requirement to meet legislative and statutory obligations regarding the creation, management, custodianship and disposal of our information assets.

Initiatives throughout 2017-18 included:

- Completed the upgrade of the electronic document and records management system to the latest supported version
- Completed the introduction of digital personnel files
- Maintaining Payment Card Industry Compliance
- Descriptive data capture of physical record objects in archival storage.

Queensland Rail has commenced an enterprise wide initiative to develop a corporate information management strategy. This strategy will provide a pathway to further enhance Queensland Rail's information maturity and manage its information governance challenges by ensuring:

- An enterprise-wide risk-based approach to information management is applied
- Information management is viewed as a business requirement and enabler
- Roles, responsibilities and segregation of duties are clearly defined
- Adequate and appropriate resources are committed to the task
- Staff are aware and trained in how to manage information in their work context
- Information management is planned, managed, measurable, and measured.
- Information management is reviewed, assured and audited.

## Open data

Information relating to consultancies, overseas travel and Queensland Languages Services Policy is published through the Queensland Government Open Data website (<https://data.qld.gov.au>).

## Corporate Entertainment and Hospitality

There was one event related to corporate entertainment and hospitality that exceeded \$5,000 during the year. It was:

- Australia Day 2018 customer barbecue event to encourage locals to visit and promote the Kuranda Scenic Railway - \$6,946.

# Summary of the FY2017-18 Operational Plan

The Operational Plan is the formal statement of Queensland Rail's strategic direction, including objectives, strategies and performance outcomes for 2017-18 and represents the performance agreement between the Board of Queensland Rail and responsible Ministers' departments. The Operational Plan is consistent with Queensland Rail's Strategic Plan and reflects the strategic activity in year one of this planning horizon.

The Annual Report provides a summary of Queensland Rail's performance outcomes against the 2017-18 Operational Plan relating to the delivery of strategic and operational objectives.

Queensland Rail measures performance against these objectives to focus efforts upon achieving its strategy. Key performance indicator measures and related targets were identified within the Operational Plan to track the success of strategies during this financial year. Key components of the 2017-18 Operational Plan are summarised below.

## Performance Monitoring

The 2017-18 Operational Plan contains a framework for performance monitoring that ensures the Queensland Rail Board is accountable to its responsible Ministers for Queensland Rail's performance. This framework enables Queensland Rail to report on a number of mandatory financial and non-financial performance indicators to present a balanced perspective on Queensland Rail's overall performance. Queensland Rail reports to its responsible Ministers on a quarterly basis in relation to performance against each of its Operational Plan KPIs.

## Government Revenues and Funding

The Operational Plan reflects funding under the Transport Service Contract agreement for:

- Citytrain
- Travel and Tourism
- Regional Network (including Freight).

The 2017-18 Operational Plan highlights Queensland Rail's focus on Citytrain by delivering a safe, on-time, reliable, value for money and customer focussed rail commuter rail service. The primary focus for the product in 2017-18 is to restore Citytrain services to a sustainable level through:

- Reviewing the timetable to determine sustainability of service levels and identify contingency options, where appropriate
- Developing a comprehensive rolling five-year forecasting model for traincrew supply and demand
- Delivering improved amenities and improve customer communications
- Introducing a rolling eight-week traincrew management plan to provide a forward view of staff availability.

Queensland Rail is continuing to deliver operational readiness activities associated with the introduction of New Generation Rollingstock trains and supporting Government in planning for Cross River Rail and other rail-related programs.

The 2017-18 Operational Plan also highlights Queensland Rail's focus on Travel and Tourism through the provision of safe, reliable long distance passenger and tourism services that connect regional centres and support local economies and jobs.

## Employment and Industrial Relations

The Operational Plan includes an Employment and Industrial Relations Plan (E&IR Plan), which aligns all related initiatives with the organisation's values and the *Government Owned Corporations – Wages and Industrial Relations Policy 2015*. The objective of Queensland Rail's E&IR philosophy is:

- To support the achievement of the Queensland Rail vision
- To build a constructive organisational culture which provides opportunities for our people to develop, lead, make a difference and perform
- To develop workplace relations instruments (agreements and policies) and positive relationships that enable a culture of fairness, employee engagement and high performance.

## Modifications to the Operational Plan

The *QRTA Act 2013 (Qld)* requires that Queensland Rail's Annual Report include particulars of any direction given to Queensland Rail to modify its Operational Plan during the relevant year. Queensland Rail did not modify its Operational Plan during this financial year.

# Compliance checklist

Summary of Requirement	Basis for requirement	Annual report reference
<b>Letter of Compliance</b>	<ul style="list-style-type: none"> <li>A letter of compliance from the accountable officer or statutory body to the relevant Minister/s</li> </ul>	ARRs – section 7 Page 3
<b>Accessibility</b>	<ul style="list-style-type: none"> <li>Table of contents</li> <li>Glossary</li> </ul>	ARRs – section 9.1 Page 4 Pages 62-63
	<ul style="list-style-type: none"> <li>Public availability</li> </ul>	ARRs – section 9.2 Page 2
	<ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>	<i>Queensland Government Language Services Policy</i> Page 2
		ARRs – section 9.3
	<ul style="list-style-type: none"> <li>Copyright notice</li> </ul>	<i>Copyright Act 1968</i> Page 2
		ARRs – section 9.4
	<ul style="list-style-type: none"> <li>Information Licensing</li> </ul>	<i>QGEA – Information Licensing</i> N/A
		ARRs – section 9.5
<b>General information</b>	<ul style="list-style-type: none"> <li>Introductory Information</li> </ul>	ARRs – section 10.1 Page 5
	<ul style="list-style-type: none"> <li>Machinery of Government changes</li> </ul>	ARRs – section 31 and 32 N/A
	<ul style="list-style-type: none"> <li>Agency role and main functions</li> </ul>	ARRs – section 10.2 Pages 2, 5, 8-9
	<ul style="list-style-type: none"> <li>Operating environment</li> </ul>	ARRs – section 10.3 Pages 5, 10, 15-43
<b>Non-financial performance</b>	<ul style="list-style-type: none"> <li>Government's objectives for the community</li> </ul>	ARRs – section 11.1 Pages 5, 15-16, 19-20 37-38
	<ul style="list-style-type: none"> <li>Other whole-of-government plans / specific initiatives</li> </ul>	ARRs – section 12.2 Pages 8-9, 15-16
	<ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>	ARRs – section 12.3 Pages 5, 8-9, 10, 15-43, 59
	<ul style="list-style-type: none"> <li>Agency service areas and service standards</li> </ul>	ARRs – section 11.4 Pages 11-12, 59
<b>Financial performance</b>	<ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>	ARRs – section 12.1 Pages 11-12
<b>Governance – management and structure</b>	<ul style="list-style-type: none"> <li>Organisational structure</li> </ul>	ARRs – section 13.1 Pages 44-45
	<ul style="list-style-type: none"> <li>Executive management</li> </ul>	ARRs – section 13.2 Pages 46-51
	<ul style="list-style-type: none"> <li>Government bodies (statutory bodies and other entities)</li> </ul>	ARRs – section 13.3 Page 2
	<ul style="list-style-type: none"> <li><i>Public Sector Ethics Act 1994 (Qld)</i></li> </ul>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 N/A
	<ul style="list-style-type: none"> <li>Queensland public service values</li> </ul>	ARRs – section 13.5 Pages 5, 8-9, 15-43

# Compliance checklist (cont)

Summary of Requirement	Basis for requirement	Annual report reference
<b>Governance – risk management and accountability</b>	• Risk management	ARRs – section 14.1
	• Audit committee	ARRs – section 14.2
	• Internal audit	ARRs – section 14.3
	• External scrutiny	ARRs – section 14.4 Pages 15-16, 22-24, 40-41, 55
	• Information systems and recordkeeping	ARRs – section 14.5 Page 58
<b>Governance – human resources</b>	• Strategic workforce planning and performance	ARRs – section 15.1 Pages 33-34, 55, 59
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> N/A
		Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016)
<b>Open Data</b>		ARRs – section 15.2
	• Statement advising publication of information	ARRs – section 16 Page 58
	• Consultancies	ARRs – section 33.1 Page 58
	• Overseas travel	ARRs – section 33.2 Page 58
	• Queensland Language Services Policy	ARRs – section 33.3 Page 2
<b>Financial statements</b>	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1 See Financial Report attached – Pages 1-51
	• Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2 See Financial Report attached – Pages 48-51

FAA Financial Accountability Act 2009 (Qld)

FPMS Financial and Performance Management Standard 2009

ARRs Annual Report requirements for Queensland Government Agencies

# Glossary and Acronyms

## Glossary

### **Citytrain network**

A collective term for the tracks, stations, trains and infrastructure providing train services in south-east Queensland bounded by the Gold Coast in the south, Rosewood in the west and the Sunshine Coast in the north

### **Customer**

A term used for any passenger utilising Citytrain or Travel or Tourism services, or a rail operator in the context of the freight network

### **Freight**

General freight that is not transported in a bulk train and does not include intermodal and industrial products

### **Lost Time Injury Frequency Rate (LTIFR)**

A measure of the number of lost time injuries per million hours worked, used by Queensland Rail to monitor and report employee health and safety

### **Network**

Queensland's rail system, including all main railway lines, marshalling yards, bulk freight loading and unloading points and customer stations

### **On-Time Running (OTR)**

Measure of trains arriving at their destination on time

### **Positive pARTnerships Program**

A Queensland Rail program involving work with community groups, local schools and stakeholders to collaborate and produce high quality public artwork projects on Queensland Rail property

### **Return on Assets (ROA)**

Defined as EBIT less income from investments, divided by average operating assets

### **Return on Equity (ROE)**

Defined as operating profit after tax divided by average equity

### **Rollingstock**

Rail locomotives and wagons

### **Transport Oriented Development (TOD)**

A planning concept promoting the creation of well-designed and sustainable urban communities focussed around public transport modes

### **TransLink**

A division of the Department of Transport and Main Roads that facilitates passenger transport services for Queenslanders and aims to provide a single integrated transport network accessible to everyone

### **Travel and Tourism network**

A collective term for Queensland Rail's eight different travel and tourism services

## Acronyms

### **AOD**

Alcohol and other drugs

### **ARR**

Annual report requirements for Queensland Government agencies

### **ASX**

Australian Securities Exchange

### **ARA**

Australian Railway Association

### **CARRS-Q**

The Centre for Accident Research and Road Safety Queensland

### **CCTV**

Closed Circuit Television

### **CEO**

Chief Executive Officer

### **CFO**

Chief Financial Officer

### **COI**

Commission of Inquiry

### **Corporations Act**

*Corporations Act 2001 (Cth)*

### **CRU**

Citytrain Response Unit

### **DDA**

*Disability Discrimination Act 1992 (Cth)*

### **DTMR**

Department of Transport and Main Roads

### **EBIT**

Earnings Before Interest and Tax

### **EBITDA**

Earnings Before Interest, Tax, Depreciation and Amortisation

### **ETCS**

European Train Control System

### **ELT**

Executive Leadership Team

### **FAA**

*Financial Accountability Act 2009 (Qld)*

### **FPMS**

*Financial and Performance Management Standard 2009*

### **FTE**

Full-time equivalent (employee)

### **GTK**

Gross Tonne Kilometres

# Glossary and Acronyms (cont)

## **KSR**

Kuranda Scenic Railway

## **NGR**

New Generation Rollingstock

## **QCA**

Queensland Competition Authority

## **QPS**

Queensland Police Service

## **QRL**

Queensland Rail Limited

## **QTC**

Queensland Treasury Corporation

## **TSC**

Transport Services Contract

## **RISB**

Rail Industry Safety Standards Board

## **RMC**

Rail Management Centre

## **SPAD**

Signal Passed at Danger

## **TRIFR**

Total Recordable Injury Frequency Rate

# Queensland Rail

## Financial Report 2017-18

**Queensland Rail**

ABN 68 598 268 528

**Financial report  
for the year ended 30 June 2018**

# *Queensland Rail*

ABN 68 598 268 528

## *Financial report - 30 June 2018*

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These financial statements cover Queensland Rail and its controlled entities.

Queensland Rail is a statutory body established under the *Queensland Rail Transit Authority Act 2013*.

The statutory body is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the statutory body is:

Level 14, Rail Centre 1  
305 Edward Street  
Brisbane Qld 4000

A description of the nature of the statutory body's operations and its principal activities is included in the notes to the financial statements.

## Statement of comprehensive income

Notes	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Revenue from continuing operations	1,956,391	1,877,288	1,011,685	912,536
Other income	3,328	3,904	-	-
<b>Revenue</b>	<b>1,959,719</b>	<b>1,881,192</b>	<b>1,011,685</b>	<b>912,536</b>
Supplies and services	(463,827)	(447,168)	-	-
Employee benefits expense	(795,995)	(709,828)	(897,756)	(809,402)
Depreciation and amortisation expense	(348,205)	(380,428)	-	-
Other expenses	(8,721)	(19,006)	(468)	(2,376)
<b>Expenses</b>	<b>(1,616,748)</b>	<b>(1,556,430)</b>	<b>(898,224)</b>	<b>(811,778)</b>
<b>Operating profit</b>	<b>342,971</b>	<b>324,762</b>	<b>113,461</b>	<b>100,758</b>
Finance income	256	1,582	-	-
Finance expenses	(183,665)	(183,760)	-	-
<b>Net finance costs</b>	<b>(183,409)</b>	<b>(182,178)</b>	<b>-</b>	<b>-</b>
<b>Profit before income tax</b>	<b>159,562</b>	<b>142,584</b>	<b>113,461</b>	<b>100,758</b>
Income tax expense	47,309	(42,069)	-	-
<b>Profit for the year</b>	<b>112,253</b>	<b>100,515</b>	<b>113,461</b>	<b>100,758</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit or loss</i>				
Changes in the fair value of cash flow hedges	605	(28)	-	-
Income tax relating to components of other comprehensive income	(181)	8	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>424</b>	<b>(20)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>112,677</b>	<b>100,495</b>	<b>113,461</b>	<b>100,758</b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

## Balance sheet

Notes	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	<b>24,441</b>	2,023	-	-
Trade and other receivables	<b>45,153</b>	41,783	<b>384,331</b>	353,096
Inventories	<b>86,338</b>	87,372	-	-
Current tax assets	<b>7,423</b>	45,970	<b>7,423</b>	45,970
Other current assets	<b>17,898</b>	9,578	-	-
<b>Total current assets</b>	<b>181,253</b>	186,726	<b>391,754</b>	399,066
<b>Non-current assets</b>				
Receivables	-	2,558	<b>24,761</b>	27,754
Inventories	<b>23,658</b>	24,933	-	-
Property, plant and equipment	<b>6,875,907</b>	6,749,837	-	-
Intangible assets	<b>95,248</b>	86,393	-	-
Deferred tax assets	-	-	<b>74,795</b>	69,735
Investment in subsidiary	-	-	<b>2,845,324</b>	2,845,324
Other non-current assets	<b>4,221</b>	4,716	<b>3,465</b>	3,524
<b>Total non-current assets</b>	<b>6,999,034</b>	6,868,437	<b>2,948,345</b>	2,946,337
<b>Total assets</b>	<b>7,180,287</b>	7,055,163	<b>3,340,099</b>	3,345,403
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	<b>8</b>	<b>303,708</b>	283,288	<b>143,377</b>
Borrowings	<b>14</b>	-	46,725	-
Provisions	<b>9</b>	<b>238,122</b>	222,974	<b>235,307</b>
Other current liabilities		<b>15,163</b>	15,381	<b>234</b>
<b>Total current liabilities</b>		<b>556,993</b>	568,368	<b>378,918</b>
<b>Non-current liabilities</b>				
Borrowings	<b>14</b>	<b>3,380,000</b>	3,250,000	-
Provisions	<b>9</b>	<b>35,228</b>	44,309	<b>24,761</b>
Deferred tax liabilities	<b>10</b>	<b>361,933</b>	350,466	-
Other non-current liabilities		<b>23,153</b>	14,478	<b>13,388</b>
<b>Total non-current liabilities</b>		<b>3,800,314</b>	3,659,253	<b>38,149</b>
<b>Total liabilities</b>		<b>4,357,307</b>	4,227,621	<b>417,067</b>
<b>Net assets</b>		<b>2,822,980</b>	2,827,542	<b>2,923,032</b>
<b>EQUITY</b>				
Contributed equity		<b>2,586,959</b>	2,591,946	<b>2,829,655</b>
Reserves		<b>370</b>	(54)	-
Retained earnings	<b>11</b>	<b>235,651</b>	235,650	<b>93,377</b>
<b>Total equity</b>		<b>2,822,980</b>	2,827,542	<b>2,923,032</b>
				2,926,810

The above balance sheet should be read in conjunction with the accompanying notes.

## Statement of changes in equity

Consolidated	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2017</b>		<b>2,591,946</b>	<b>(54)</b>	<b>235,650</b>	<b>2,827,542</b>
Profit for the year		-	-	112,253	112,253
Other comprehensive income		-	424	-	424
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>424</b>	<b>112,253</b>	<b>112,677</b>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions of equity	11	(4,987)	-	-	(4,987)
Dividends provided		-	-	(112,252)	(112,252)
		<b>(4,987)</b>	<b>-</b>	<b>(112,252)</b>	<b>(117,239)</b>
<b>Balance at 30 June 2018</b>		<b>2,586,959</b>	<b>370</b>	<b>235,651</b>	<b>2,822,980</b>
<b>Balance at 1 July 2016</b>		<b>2,591,946</b>	<b>(34)</b>	<b>235,650</b>	<b>2,827,562</b>
Profit for the year		-	-	100,515	100,515
Other comprehensive income		-	(20)	-	(20)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(20)</b>	<b>100,515</b>	<b>100,495</b>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions of equity	11	-	-	-	-
Dividends provided		-	-	(100,515)	(100,515)
		<b>-</b>	<b>-</b>	<b>(100,515)</b>	<b>(100,515)</b>
<b>Balance at 30 June 2017</b>		<b>2,591,946</b>	<b>(54)</b>	<b>235,650</b>	<b>2,827,542</b>

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

### Statement of changes in equity (continued)

Parent	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2017</b>		<b>2,834,642</b>	-	<b>92,168</b>	<b>2,926,810</b>
Profit for the year		-	-	113,461	113,461
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>113,461</b>	<b>113,461</b>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions of equity		(4,987)	-	-	(4,987)
Dividends provided	11	-	-	(112,252)	(112,252)
		<b>(4,987)</b>	<b>-</b>	<b>(112,252)</b>	<b>(117,239)</b>
<b>Balance at 30 June 2018</b>		<b>2,829,655</b>	-	<b>93,377</b>	<b>2,923,032</b>
<b>Balance at 1 July 2016</b>		<b>2,834,642</b>	-	<b>91,925</b>	<b>2,926,567</b>
Profit for the year		-	-	100,758	100,758
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>100,758</b>	<b>100,758</b>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions of equity		-	-	-	-
Dividends provided	11	-	-	(100,515)	(100,515)
		<b>-</b>	<b>-</b>	<b>(100,515)</b>	<b>(100,515)</b>
<b>Balance at 30 June 2017</b>		<b>2,834,642</b>	-	<b>92,168</b>	<b>2,926,810</b>

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

## Statement of cash flows

Notes	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>				
Receipts from customers*	<b>356,521</b>	321,779	<b>898,485</b>	811,778
Receipts from Rail Transport Service Contract*	<b>1,801,570</b>	1,750,729	-	-
Dividends received from subsidiaries	-	-	<b>100,758</b>	165,433
Interest received	<b>194</b>	1,590	-	-
Payments to suppliers and employees*	<b>(1,334,870)</b>	(1,262,753)	<b>(878,477)</b>	(810,441)
Interest and other costs of finance paid	<b>(194,577)</b>	(191,514)	-	-
GST input tax credits	<b>86,932</b>	100,019	<b>571</b>	563
GST remitted	<b>(196,907)</b>	(188,709)	-	-
Other	<b>(2)</b>	24	<b>(3)</b>	24
Income taxes (paid) / refunded	<b>2,556</b>	(89,368)	<b>2,556</b>	(89,368)
<b>Net cash inflow from operating activities</b>	<b>12</b>	<b>521,417</b>	<b>441,797</b>	<b>123,890</b>
				77,989
<b>Cash flows from investing activities</b>				
Proceeds from the disposal of assets	<b>15,524</b>	6,659	-	-
Payments for fixed assets	<b>(497,283)</b>	(678,738)	-	-
Loans to related parties	-	-	<b>(23,375)</b>	-
Repayments of loans by related parties	-	-	-	104,207
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(481,759)</b>	<b>(672,079)</b>	<b>(23,375)</b>
				104,207
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	<b>83,275</b>	296,725	-	-
Dividends paid	<b>(100,515)</b>	(182,196)	<b>(100,515)</b>	(182,196)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>11</b>	<b>(17,240)</b>	<b>114,529</b>	<b>(100,515)</b>
				(182,196)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>22,418</b>	<b>(115,753)</b>	-
Cash and cash equivalents at the beginning of the financial year		<b>2,023</b>	<b>117,776</b>	-
<b>Cash and cash equivalents at end of year</b>		<b>24,441</b>	<b>2,023</b>	-
				-

\* Inclusive of goods and services tax (GST).

The above statement of cash flows should be read in conjunction with the accompanying notes.

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## Notes to the statement of comprehensive income

### 1 Revenue from continuing operations

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Rail Transport Service Contract revenue	1,646,206	1,582,668	-	-
Passenger transport revenue	70,385	69,715	-	-
Network access revenue	177,954	163,358	-	-
Other revenue	61,846	61,547	-	-
Managed services revenue	-	-	898,224	811,778
Inter-company dividend revenue	-	-	113,461	100,758
	<b>1,956,391</b>	<b>1,877,288</b>	<b>1,011,685</b>	<b>912,536</b>

The consolidated entity recognises revenue when the amount can be reliably measured and it is probable that future economic benefits will flow to the consolidated entity. Revenue shall be measured at the fair value of the consideration received or receivable.

#### (a) Rail Transport Service Contract

A Rail Transport Service Contract (TSC) was entered into between Queensland Rail Limited and the State of Queensland on 20 July 2015. This was a three year contract with two extension options of 12 to 24 months each. The first of these options has been executed for a period of 24 months commencing 1 July 2018.

Revenue for the provision of agreed services is fixed under the contract. This contract covers revenue to Queensland Rail Limited from the Department of Transport and Main Roads (DTMR), on behalf of the State of Queensland, for services provided by Queensland Rail Limited associated with:

- Citytrain and City Network Services  
Queensland Rail Limited earns revenue for the delivery of train services on the City Network in accordance with the timetable and for maintenance of the City Network infrastructure.
- Travel and Tourism Services  
Queensland Rail Limited earns revenue associated with travel services provided to the public on Travel and Tourism Services.
- Regional Infrastructure Services  
Queensland Rail Limited earns revenue for the maintenance of the Regional Network infrastructure.

#### (b) Passenger transport

Other train passenger service revenue comprises ticket and related sales on Travel and Tourism Services.

#### (c) Network access

Revenue generated from rail network access is calculated based on a number of operating parameters (such as tonnage hauled) applied to either regulator approved tariffs or negotiated access agreements. In some circumstances where paths are not utilised by customers, a take or pay fee is charged. This fee is subject to individual access contracts.

#### (d) Managed Services Agreement

Revenue generated from the provision of personnel services to Queensland Rail Limited includes direct and indirect costs as per the Managed Services Agreement. All employees within the consolidated entity reside in Queensland Rail. The Managed Services Agreement facilitates the invoicing of all employee related costs, including their associated leave entitlement expenses, to Queensland Rail Limited.

## 2 Supplies and services

	Consolidated	
	2018	2017
	\$'000	\$'000
Materials and consumable items	<b>149,091</b>	121,242
Trade services	<b>90,814</b>	123,912
Professional services and fees	<b>56,736</b>	49,988
Capital and external works	<b>13,962</b>	10,428
Lease and hire charges	<b>40,044</b>	39,779
Traction electricity and train fuel	<b>45,782</b>	40,148
Utilities	<b>29,522</b>	26,914
Vehicle running expenses	<b>15,466</b>	14,887
Other supplies and services	<b>22,410</b>	19,870
	<b>463,827</b>	447,168

The parent entity does not incur any supplies and services expenditure.

## 3 Employee benefits expense

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	<b>571,164</b>	507,910	<b>667,304</b>	602,103
Annual leave	<b>59,287</b>	55,112	<b>59,287</b>	55,112
Long service leave	<b>19,587</b>	13,306	<b>19,587</b>	13,306
Superannuation				
Defined benefit superannuation expense	<b>15,332</b>	15,616	<b>15,332</b>	15,616
Defined contribution superannuation expense	<b>57,586</b>	50,784	<b>57,586</b>	50,784
Other employee benefits	<b>27,910</b>	25,153	<b>27,910</b>	25,153
Employee related expenses	<b>45,129</b>	41,947	<b>50,750</b>	47,328
	<b>795,995</b>	709,828	<b>897,756</b>	809,402

In accordance with accounting standards and Queensland Rail capitalisation policy, all employee expenses directly attributable to the acquisition or construction of an asset are recognised directly in property, plant and equipment.

The number of full-time equivalent (FTE) employees as at reporting date was 6,725.4 (2017: 6,520.2). FTEs include full-time, part-time and casual employees based on a thirty-eight hour week.

#### 4 Income tax expense

Income tax expense comprises current and deferred tax and is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity. The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

##### (a) Income tax expense

Notes	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current tax	38,637	31,410	5,060	(873)
Deferred tax	8,990	11,656	(5,060)	873
Adjustments for current tax of prior periods	(588)	(727)	-	-
Utilisation / (recognition) of unused capital tax loss	270	(270)	-	-
	<b>47,309</b>	<b>42,069</b>	<b>-</b>	<b>-</b>
Deferred income tax expense / (benefit) included in income tax expense comprises:				
(Increase) / decrease in deferred tax assets	7 (4,896)	618	(5,060)	873
Increase in deferred tax liabilities	10 13,886	11,038	-	-
	<b>8,990</b>	<b>11,656</b>	<b>(5,060)</b>	<b>873</b>

##### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Profit from continuing operations before income tax expense	<b>159,562</b>	142,584	<b>113,461</b>	100,758
Tax at the Australian tax rate of 30% (2017: 30%)	<b>47,869</b>	42,775	<b>34,038</b>	30,227
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:				
Entertainment	-	1	-	-
Dividends received from subsidiaries	-	-	(34,038)	(30,227)
Capital losses	(3)	(1)	-	-
Other	31	21	-	-
Adjustments for current tax of prior periods	<b>(588)</b>	<b>(727)</b>	<b>-</b>	<b>-</b>
	<b>(560)</b>	<b>(706)</b>	<b>(34,038)</b>	<b>(30,227)</b>
Total income tax expense	<b>47,309</b>	<b>42,069</b>	<b>-</b>	<b>-</b>

## 4 Income tax expense (continued)

### (c) Amounts recognised directly in equity

Notes	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:				
Net deferred tax - debited / (credited) directly to equity	7, 10	181	(8)	-
		181	(8)	-

### (d) Income tax consolidation

Queensland Rail and its wholly owned Australian subsidiaries Queensland Rail Limited and On Track Insurance Pty Ltd are entities which are members of the Queensland Rail National Tax Equivalents Regime (NTER) income tax consolidated group. Income tax equivalent payments are made to the Queensland Government.

In accordance with Interpretation 1052 the specified subsidiary members each recognise the tax effect of their own transactions in their financial statements and the head entity recognises the aggregate current income tax liability of the consolidated entity and the benefit of any tax losses arising in the consolidated entity in its financial statements.

The income tax consolidated group compensates Queensland Rail for any current tax payable assumed and is compensated by Queensland Rail for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Queensland Rail under income tax consolidation legislation. The funding amounts are recognised as non-current inter-company receivables or payables.

## Notes to the balance sheet

### 5 Property, plant and equipment

#### (a) Movements in property, plant and equipment

Consolidated	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Major plant and equipment infrastructure \$'000	Total \$'000
<b>At 1 July 2017</b>						
Cost	582,994	107,781	662,186	302,169	2,195,154	5,539,852
Accumulated depreciation and impairment losses	-	(783)	(218,556)	(154,464)	(1,055,567)	(1,210,929)
Net book amount	582,994	106,998	443,630	147,705	1,139,587	4,328,923
<b>Year ended 30 June 2018</b>						
Opening net book amount	582,994	106,998	443,630	147,705	1,139,587	4,328,923
Additions	490,894	-	-	-	1,667	870
Transfers between asset classes	(687,805)	1,221	47,859	72,747	38,788	527,190
Transfers to supplies and services	(11,922)	-	-	-	-	(11,922)
Transfers to State Government	-	(4,987)	-	-	-	(4,987)
Disposals	-	(862)	(884)	(4,841)	(606)	(6,809)
Depreciation expense	-	-	(26,237)	(28,172)	(115,744)	(166,297)
Closing net book amount	374,161	102,370	464,368	187,439	1,063,692	4,683,877
<b>At 30 June 2018</b>						
Cost	374,161	103,060	708,247	349,535	2,222,554	6,034,390
Accumulated depreciation and impairment losses	-	(690)	(243,879)	(162,096)	(1,158,862)	(1,350,513)
Net book amount	374,161	102,370	464,368	187,439	1,063,692	4,683,877
						6,875,907

## 5 Property, plant and equipment (continued)

### (a) Movements in property, plant and equipment (continued)

Consolidated	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Major plant and equipment infrastructure \$'000	Total \$'000
<b>At 1 July 2016</b>						
Cost	488,106	109,779	656,835	281,266	2,185,355	5,156,455
Accumulated depreciation and impairment losses	-	(783)	(197,332)	(153,933)	(933,673)	(1,072,025)
Net book amount	488,106	108,996	459,503	127,333	1,251,682	4,084,430
<b>Year ended 30 June 2017</b>						
Opening net book amount	488,106	108,996	459,503	127,333	1,251,682	4,084,430
Additions	617,308	-	-	-	-	617,308
Transfers between asset classes	(517,445)	117	8,308	48,222	50,609	410,189
Transfers to supplies and services	(4,975)	-	-	-	-	(4,975)
Transfers to State Government	-	-	-	-	-	-
Disposals	-	(2,115)	(544)	(5,191)	(912)	(9,858)
Depreciation expense	-	-	(23,637)	(22,659)	(161,792)	(155,838)
Closing net book amount	582,994	106,998	443,630	147,705	1,139,587	4,328,923
<b>At 30 June 2017</b>						
Cost	582,994	107,781	662,186	302,169	2,195,154	5,539,852
Accumulated depreciation and impairment losses	-	(783)	(218,556)	(154,464)	(1,055,567)	(1,210,929)
Net book amount	582,994	106,998	443,630	147,705	1,139,587	4,328,923

The parent entity does not hold any property, plant and equipment.

## 5 Property, plant and equipment (continued)

### (b) Initial recognition

Items of expenditure in excess of \$2,000 which are expected to provide future economic benefits are recognised as an item of property, plant and equipment, with the exception of the purchase of office equipment and other items of a similar nature that provide limited quantifiable benefits. The threshold applies to all property, plant and equipment except capital spares.

Capital spares have a threshold of \$20,000. If capital spares are under \$20,000, the item is recorded in inventory. Expenditure that does not meet the definition of an asset is treated as an operating expense in the period in which the expenditure is incurred.

Property, plant and equipment is measured at cost less accumulated depreciation.

#### *Work in progress*

The cost of property, plant and equipment constructed by the consolidated entity includes the cost of all materials used in construction, direct labour, site preparation, interest and foreign currency gains and losses incurred where applicable and an appropriate proportion of variable and fixed overheads based on direct labour hours.

The transfers between asset classes represents property, plant and equipment commissioned during the period.

The transfers to supplies and services represent expenditure incurred over the life of capital projects that are expensed in the current year on the basis that they are operational in nature or comprise expenditure on capital works on behalf of third parties in accordance with the consolidated entity's capitalisation policy.

#### *Land*

The *Transport Infrastructure Act 1994* stipulates that the consolidated entity only retains ownership of its non-corridor land. As such, only non-corridor land is recorded in these accounts. Ownership of corridor land remains with the Department of Natural Resources and Mines on behalf of the State. This land is leased to the Department of Transport and Main Roads and subsequently sub-leased to the consolidated entity for no cost. The sub-lease term is for an initial term of 100 years with a renewal option for an additional 100 years.

#### *Buildings*

The fit out costs of leased properties is disclosed under buildings.

#### *Major plant and equipment*

Rollingstock is considered to be major plant and equipment.

#### *Gifted and donated assets*

Assets received from government at no cost are measured at fair value and recognised as income in advance which is subsequently amortised to government grants revenue over the useful life of the asset. Fair value means 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.

### (c) Subsequent and maintenance costs

Costs related to repairs and maintenance activities are expensed when performed. Subsequent costs are only recognised as property, plant and equipment when there is an increase in the original assessed capacity or service potential of an asset, it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

## 5 Property, plant and equipment (continued)

### (d) Depreciation

Assets are depreciated from the date of acquisition, or, in respect of internally constructed or manufactured assets, from the time an asset is completed and held ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate.

Buildings, plant and equipment, major plant and equipment and infrastructure are depreciated on a straight-line basis over the useful life net of the residual value. Motor vehicles are depreciated using the diminishing value basis (percentages range from 13.64% to 35.00%).

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Major spares purchased specifically for particular assets are recognised as an item of property, plant and equipment and depreciated in line with standard asset class lives.

Land and work in progress are not depreciated.

The depreciation rates used during the year were based on the following range of useful lives:

- Buildings 10 - 50 years
- Major plant and equipment 8 - 40 years
- Plant and equipment 4 - 25 years
- Infrastructure\* 6 - 100 years

Remaining useful lives of assets are reviewed annually.

\* Longer life infrastructure includes bridges, tunnels and other long lived civil works. Approximately 32% of the cost of infrastructure assets comprise assets with useful lives of 100 years. Shorter life infrastructure includes telecommunications and security and surveillance equipment. Approximately 33% of the cost of infrastructure assets comprise railway track. The useful life of this class of asset is between 40 - 50 years.

#### *Judgements and estimates*

On initial recognition management estimates the useful lives and residual value of property, plant and equipment. The useful life is based on the expected period of time over which economic benefits from use of the asset will be derived and the residual value is based on the consideration that may be received from a willing buyer at the end of the asset's useful life. Management reviews useful life and residual value assumptions on an annual basis having given consideration to variables including historical and forecast usage rates, technological advancements, changes in legal and economic conditions, condition of the asset and movement in market indices and prices.

The commissioning of the New Generation Rollingstock (NGR) commenced in the current reporting period. The rollout of this fleet is expected to take several years. Management have been monitoring the transition to the NGR and it is expected that some existing rollingstock will be retired as of the next reporting period. The NGR assets are provided by the Department of Transport and Main Roads and operated by Queensland Rail in accordance with the Rail Transport Service Contract.

Management will be implementing a new framework from 1 July 2018 to improve the management of its property, plant and equipment. All asset classes will be capitalised at their optimum componentised level to reflect current business replacement forecasts. The replacement framework will drive improved estimation of useful lives in subsequent reporting periods at both the host asset and componentised asset level.

The impact of implementing this framework will be accounted for prospectively from 1 July 2018. In accordance with paragraph 28(h) of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* it is deemed impracticable to account for this framework retrospectively, being the current and prior reporting periods.

## 5 Property, plant and equipment (continued)

### (e) Impairment

Assets (including work in progress) are reviewed for impairment annually to determine if there are indications that the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped into cash generating units (CGUs) at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU.

Queensland Rail identified three CGUs being South East Queensland, Regional and Mt Isa. An impairment assessment on all CGUs was undertaken prior to reporting date. No impairment was recognised in the current or prior reporting period.

#### *Judgements and estimates*

Value in use calculations require the use of assumptions. These assumptions include the allocation of management's assessment of future cash flows for the next five years for the consolidated entity to each CGU and the discounting of nominal amounts using the weighted average cost of capital applicable to that CGU. The cash flows include a terminal value which is determined using a perpetuity calculation after adjusting for annual growth.

Management has adopted a traditional approach, using a single set of estimated cash flows, when assessing future cash flows in accordance with accounting standards. In the prior year, an expected cash flow approach was adopted. The expected cash flows approach represents expectations about possible future cash flows. Probabilities were assigned to Rail Transport Service Contract revenue and were weighted in accordance with their likelihood.

### (f) Non-current assets pledged as security

No assets have been pledged as security by the consolidated entity.

## 6 Intangible assets

Consolidated	Software work in progress \$'000	Software \$'000	Total \$'000
<b>At 1 July 2017</b>			
Cost	53,373	123,188	176,561
Accumulated amortisation and impairment losses	-	(90,168)	(90,168)
Net book amount	<u>53,373</u>	<u>33,020</u>	<u>86,393</u>
<b>Year ended 30 June 2018</b>			
Opening net book amount	53,373	33,020	86,393
Additions	20,669	-	20,669
Transfers between asset classes	(14,071)	14,071	-
Disposals	-	(59)	(59)
Amortisation expense	-	(11,755)	(11,755)
Closing net book amount	<u>59,971</u>	<u>35,277</u>	<u>95,248</u>
<b>At 30 June 2018</b>			
Cost	59,971	134,297	194,268
Accumulated amortisation and impairment losses	-	(99,020)	(99,020)
Net book amount	<u>59,971</u>	<u>35,277</u>	<u>95,248</u>
<b>At 1 July 2016</b>			
Cost	28,747	116,407	145,154
Accumulated amortisation and impairment losses	-	(78,333)	(78,333)
Net book amount	<u>28,747</u>	<u>38,074</u>	<u>66,821</u>
<b>Year ended 30 June 2017</b>			
Opening net book amount	28,747	38,074	66,821
Additions	36,344	-	36,344
Transfers between asset classes	(11,718)	11,718	-
Disposals	-	(270)	(270)
Amortisation expense	-	(16,502)	(16,502)
Closing net book amount	<u>53,373</u>	<u>33,020</u>	<u>86,393</u>
<b>At 30 June 2017</b>			
Cost	53,373	123,188	176,561
Accumulated amortisation and impairment losses	-	(90,168)	(90,168)
Net book amount	<u>53,373</u>	<u>33,020</u>	<u>86,393</u>

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits are recognised as intangible assets. Costs recognised as intangible assets include external direct costs of materials and service and direct payroll related costs of employees' time spent on the project. Amortisation is calculated using the straight-line method over the useful life which varies from 4 to 7 years.

Intangibles have a threshold of \$50,000. If intangibles are under \$50,000, expenditure is not recognised as an intangible asset and is treated as an operating expense in the period in which the expenditure is incurred.

## 7 Deferred tax assets

Notes	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>The balance comprises temporary differences attributable to:</b>				
Accrued expenses	5,863	6,482	1,169	114
Capital losses	-	270	-	-
Provisions	82,534	80,091	73,228	69,274
Superannuation contributions	398	347	398	347
Unearned revenue	7,482	4,507	-	-
Foreign exchange gains	51	5	-	-
Cash flow hedges	-	23	-	-
Total deferred tax assets	96,328	91,725	74,795	69,735
Set-off of deferred tax liabilities pursuant to set-off provisions	10 (96,328)	(91,725)	-	-
Net deferred tax assets	-	-	74,795	69,735
<b>Movements:</b>				
Opening balance	-	-	69,735	70,262
Prior year adjustments	-	346	-	346
Credited / (charged) to the statement of comprehensive income	4 4,896	(618)	5,060	(873)
Cash flow hedges	(23)	8	-	-
Recognition of unused capital tax loss	-	270	-	-
Utilisation of capital losses	(270)	-	-	-
Set-off of deferred tax liabilities pursuant to set-off provisions	10 (4,603)	(6)	-	-
Closing balance at 30 June	-	-	74,795	69,735
Deferred tax assets expected to be recovered within 12 months	-	-	70,945	24,325
Deferred tax assets expected to be recovered after more than 12 months	-	-	3,850	45,410

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the assets and settle the liability simultaneously.

### *Judgements and estimates*

The consolidated entity's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be subject to a tax. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only when it is considered probable that they will be recovered. Recoverability is dependent on the generation of sufficient future taxable profits.

## 8 Trade and other payables

	Consolidated 2018 \$'000	2017 \$'000	Parent 2018 \$'000	2017 \$'000
Trade payables	173,673	168,318	23,244	16,450
Dividend payable	112,252	100,515	112,252	100,515
Other payables	9,745	8,958	7,917	7,388
	<b>295,670</b>	<b>277,791</b>	<b>143,413</b>	<b>124,353</b>
GST input tax credits receivable	(8,530)	(11,240)	(36)	(4)
GST payable	16,568	16,737	-	-
	<b>8,038</b>	<b>5,497</b>	<b>(36)</b>	<b>(4)</b>
Total trade and other payables	<b>303,708</b>	<b>283,288</b>	<b>143,377</b>	<b>124,349</b>

These amounts are unsecured and are usually paid within the terms set by the supplier.

## 9 Provisions

Consolidated	2018			2017		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Employee benefits	230,256	12,832	243,088	214,124	15,688	229,812
Provision for insurance claims	-	-	-	850	-	850
Litigation and workers' compensation provision	6,043	12,392	18,435	6,033	12,408	18,441
Land rehabilitation provision	538	6,160	6,698	22	6,205	6,227
Make good provision	-	1,197	1,197	-	2,609	2,609
Onerous contracts provision	1,285	2,647	3,932	1,945	7,399	9,344
	<b>238,122</b>	<b>35,228</b>	<b>273,350</b>	<b>222,974</b>	<b>44,309</b>	<b>267,283</b>

Parent	2018			2017		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Employee benefits	230,256	12,832	243,088	214,124	15,688	229,812
Provision for insurance claims	-	-	-	-	-	-
Litigation and workers' compensation provision	5,051	11,929	16,980	5,299	12,066	17,365
Land rehabilitation provision	-	-	-	-	-	-
Make good provision	-	-	-	-	-	-
Onerous contracts provision	-	-	-	-	-	-
	<b>235,307</b>	<b>24,761</b>	<b>260,068</b>	<b>219,423</b>	<b>27,754</b>	<b>247,177</b>

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## 9 Provisions (continued)

### (a) Employee benefits

Employee obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur. The remaining non-vested employee obligations are included as non-current liabilities. Employee benefits include wages and salaries, annual leave, leave loading, long service leave, retiring allowance and related on-costs (where applicable). Sick leave is not provided for on the grounds that it is non-vesting.

Retirement allowance is payable to employees that retire or are paid according to Voluntary Employee Redundancy Scheme (VERS) or Medical Separation who:

- are not members of a QSuper contributory or defined benefit superannuation fund;
- were employed prior to 1 February 1995;
- have 10 or more years of continuous service; and
- have reached the retirement attainment age of 55.

#### *(i) Short-term employee benefit obligations*

Short-term liabilities are benefits expected to be settled wholly within 12 months after the end of the reporting period. These liabilities are in respect of employees' services up to the reporting date and are measured at their vested amount plus on-costs.

#### *(ii) Long-term employee benefit obligations*

Long-term liabilities are benefits not expected to be settled wholly within 12 months after the end of the reporting period. These liabilities are measured using the expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future long-term payments are discounted using market yields at the reporting date on Australian high-quality corporate bonds (G100) with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### *Judgements and estimates*

The determination of the provisions required is dependent on a number of assumptions including expected wage increases, probability of meeting the conditions of the benefit and the estimation of the length of time before the benefit is utilised. Wage increases are based on the current agreements in place and both the probability of meeting the conditions and the estimated time until utilised are based on the three year history.

#### *Superannuation*

Contributions are expensed as they are made.

The entity pays an employer subsidy to the Government Superannuation Office in respect of employees who are contributors to either the Public Sector Superannuation (QSuper) scheme or State Service Superannuation.

Employer contributions to the Super Defined Benefit Fund are determined by the State Actuary. The rate of employer contribution is reviewed at each triennial actuarial investigation, however the Treasurer announced in the 2015/16 State Budget that investment of employer contributions into the Employer Fund would be suspended for five years until 2019/20 due to there being sufficient funds to meet payment obligations to members of the defined benefit scheme. After that time, the previous arrangements will recommence. No liability is recognised for accruing superannuation benefits as this liability is held on a Whole-of-Government basis and reported in the Whole-of-Government consolidated financial statements. The entity also makes superannuation guarantee payments into the QSuper Accumulation Fund (RailSuper) and QSuper Accumulation Fund (Contributory) administered by the Government Superannuation Office.

No liability / asset is recognised for the entity's share of any potential deficit of the Super Defined Benefit Fund of QSuper.

## 9 Provisions (continued)

### (b) Litigation and workers' compensation provision

Provision is made for the estimated liability for workers' compensation and litigation claims. Independent actuarial valuations are used to estimate the provisions required for self-insured workers' compensation. Litigation claims are assessed separately for common law, statutory and asbestos claims. The outstanding liability is determined after factoring future claims inflation and discounting future claim payments.

#### *Judgements and estimates*

The determination of the provisions required is dependent on a number of assumptions including the total future cost to finalise existing open claims, wage increases that will impact existing claims, inflation and the amount of claims that have been incurred but not yet reported. Estimates are made based on the average number of claims and average claim payments over a specified period of time. Claims Incurred But Not Reported (IBNR) are also included in the estimate. Claims are expected to be paid over a period exceeding more than one year.

### (c) Land rehabilitation provision

This provision recognises the estimated costs to remediate contaminated land in accordance with the consolidated entity's constructive obligations per the environmental sustainability policy. These estimated costs have arisen as a result of past events.

The provision for land rehabilitation is the present value of management's best estimate of the expenditure required to settle the land rehabilitation present obligation at the reporting date. The provision was originally recognised in 2010 based on advice from external consultants and management's best estimate of likely remediation costs. In 2014 external consultants were engaged to provide updated valuations.

#### *Judgements and estimates*

The determination of the provision required is dependent on estimations of the expenditure required to settle the land rehabilitation obligation.

### (d) Onerous contracts provision

This provision represents the net unavoidable costs expected to be incurred on commitments for property leases concerning commercial office space in Brisbane. The net unavoidable costs comprise the commitments under the lease contracts for offices that are currently vacated by the consolidated entity less expected revenue to be received from the sub-lease of office space under the same contracts. The onerous provision is equivalent to the present value of the future net unavoidable costs.

#### *Judgements and estimates*

The determination of the provision required is dependent on estimations for the likelihood of whether floors will be utilised by the consolidated entity.

## 9 Provisions (continued)

### (e) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated 2018	Provision for insurance claims \$'000	Litigation and workers' compensation provision \$'000	Land rehabilitation provision \$'000	Make good provision \$'000	Onerous contracts provision \$'000	Total \$'000
<b>Current and non-current</b>						
Carrying amount at start of year	850	18,441	6,227	2,609	9,344	37,471
Charged / (credited) to profit or loss						
- additional provisions recognised	157	7,270	284	-	-	7,711
- unused amounts released	-	-	-	(1,464)	(3,467)	(4,931)
- unwind discount	-	-	187	52	172	411
Amounts used during the year	(1,007)	(7,276)	-	-	(2,117)	(10,400)
Carrying amount at end of year	-	18,435	6,698	1,197	3,932	30,262
 <b>Parent 2018</b>						
<b>Current and non-current</b>						
Carrying amount at start of year	-	17,365	-	-	-	17,365
Charged / (credited) to profit or loss						
- additional provisions recognised	-	6,010	-	-	-	6,010
- unused amounts released	-	-	-	-	-	-
- unwind discount	-	-	-	-	-	-
Amounts used during the year	-	(6,395)	-	-	-	(6,395)
Carrying amount at end of year	-	16,980	-	-	-	16,980

## 10 Deferred tax liabilities

Notes	Consolidated	
	2018 \$'000	2017 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Accrued income	10	9
Consumables and spare parts	7,376	9,370
Property, plant and equipment	450,580	432,664
Prepayments	137	148
Cash flow hedges	158	-
Total deferred tax liabilities	458,261	442,191
Set-off of deferred tax liabilities pursuant to set-off provisions	7 (96,328)	(91,725)
Net deferred tax liabilities	<u>361,933</u>	<u>350,466</u>
<b>Movements:</b>		
Opening balance	350,466	337,698
Prior year adjustments	2,026	1,736
Charged to the statement of comprehensive income	4 13,886	11,038
Cash flow hedges	158	-
Set-off of deferred tax liabilities pursuant to set-off provisions	7 (4,603)	(6)
Closing balance at 30 June	<u>361,933</u>	<u>350,466</u>
Deferred tax liabilities expected to be settled within 12 months	(74,475)	(27,208)
Deferred tax liabilities expected to be settled after more than 12 months	436,408	377,674

The parent entity does not have any deferred tax liabilities.

## 11 Retained earnings and dividends

### (a) Movements in retained earnings

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	235,650	235,650	92,168	91,925
Profit for the year	112,253	100,515	113,461	100,758
Dividends provided	(112,252)	(100,515)	(112,252)	(100,515)
Balance 30 June	<u>235,651</u>	<u>235,650</u>	<u>93,377</u>	<u>92,168</u>

### (b) Dividends

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Dividend declared	112,252	100,515	112,252	100,515
Dividend paid	100,515	182,196	100,515	182,196

All dividends declared / paid were unfranked.

## Notes to the statement of cash flows

### 12 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Profit for the year	112,253	100,515	113,461	100,758
Depreciation and amortisation	348,205	380,428	-	-
Amortisation of prepaid access facilitation charges	-	(518)	-	-
Losses on sale of non-current assets	3,525	12,230	-	-
Unrealised loss on derivatives	154	5	-	-
Impairment of trade receivables	10	24	-	-
Inventory obsolescence	2,700	1,328	-	-
Change in operating assets and liabilities:				
(Acrease) / decrease in trade debtors	(822)	1,906	(12,442)	64,414
Increase in inventories	(391)	(4,489)	-	-
(Acrease) / decrease in other operating assets	30,722	(44,912)	2,556	(75,263)
Increase / (decrease) in trade creditors	(59)	(6,702)	7,293	(6,673)
Increase / (decrease) in other liabilities	19,053	(2,569)	131	(14,019)
Increase in other provisions	6,067	4,551	12,891	8,772
Net cash inflow from operating activities	521,417	441,797	123,890	77,989

### 13 Reconciliation of liabilities arising from financing activities

Consolidated	Current borrowings \$'000	Non-current borrowings \$'000	Total \$'000
At 1 July 2017	46,725	3,250,000	3,296,725
Cash flows	(46,725)	130,000	83,275
At 30 June 2018	-	3,380,000	3,380,000
At 1 July 2016	-	3,000,000	3,000,000
Cash flows	46,725	250,000	296,725
At 30 June 2017	46,725	3,250,000	3,296,725

The parent entity does not have any liabilities arising from financing activities.

## Risk

### 14 Financial risk management

The consolidated entity's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. All cash and cash equivalents, derivative financial instruments and borrowings are held and recognised by Queensland Rail Limited. The Queensland Rail parent entity is not exposed to any market, credit or liquidity risk within the consolidated entity.

Financial risk management is carried out by the consolidated entity under policies approved by the Members of the Board (the Board).

The fair value of financial assets and financial liabilities must be estimated for recognition and for disclosure purposes. The derivative financial assets and liabilities held by the consolidated entity have been classified as level 2 on the fair value hierarchy as values are indirectly derived from market indices.

## 14 Financial risk management (continued)

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments. The carrying amount of current borrowings approximates the fair value, as the impact of discounting is not significant.

### (a) Market risk

#### (i) Foreign exchange risk

The consolidated entity is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), the Euro (EUR) and the Japanese Yen (JPY).

The consolidated entity's exposure to foreign exchange risk at reporting date was as follows:

Consolidated	30 June 2018			30 June 2017		
	USD \$'000	EUR €'000	JPY ¥'000	USD \$'000	EUR €'000	JPY ¥'000
Cash and cash equivalents	110	987	17,433	81	58	28,766
Forward exchange contracts (qualifying for hedge accounting)	2,242	7,720	-	1,052	-	-
Net exposure	<b>2,352</b>	<b>8,707</b>	<b>17,433</b>	1,133	58	28,766

The consolidated entity uses derivative financial instruments such as foreign exchange contracts to hedge significant risk exposures. Trading for profit is strictly prohibited.

The consolidated entity's foreign exchange risk management policy dictates the level of hedging to be undertaken within the Board approved limits.

Derivatives are recognised at fair value. The consolidated entity applies hedge accounting to transactions which are highly probable.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset.

#### Judgements and estimates

Management's judgement is necessary when determining whether a derivative financial instrument qualifies for hedge accounting, such as whether forecast transactions are highly probable as required by AASB 139 *Financial Instruments: Recognition and Measurement*. The assessment of whether forecast transactions are highly probable is judgemental and is subject to changes to the timing and magnitude of underlying purchases.

#### (i) Cash flow and fair value interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. The Queensland Treasury Corporation (QTC) has been authorised to manage the interest rate risk of the consolidated entity within limits in accordance with the risk profile approved by the Board.

## 14 Financial risk management (continued)

### (a) Market risk (continued)

At reporting date the consolidated entity had the following exposure to variable rate borrowings:

Consolidated	30 June 2018		30 June 2017	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Overdrafts and loans	5.8%	<u>3,380,000</u>	6.0%	<u>3,296,725</u>
Net exposure to cash flow interest rate risk		<u>3,380,000</u>		<u>3,296,725</u>

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The fair value of borrowings is determined by reference to pricing models and valuation techniques as advised by QTC. The carrying amounts and fair values of current and non-current borrowings at reporting date are:

Consolidated	2018		2017	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<i>Non-traded financial liabilities</i>				
Current borrowings (unsecured)	-	-	46,725	46,725
Non-current borrowings (unsecured)	<u>3,380,000</u>	<u>3,653,271</u>	<u>3,250,000</u>	<u>3,567,790</u>
	<u>3,380,000</u>	<u>3,653,271</u>	<u>3,296,725</u>	<u>3,614,515</u>

The carrying amount of current borrowings in the prior year of \$46.7 million represents the drawdown of funds from the working capital facility with QTC. In the current period the working capital facility was in credit to the amount of \$17.7 million and is included in cash and cash equivalents.

The following table summarises the sensitivity of the consolidated entity's debt with QTC to interest rate risk:

Consolidated 30 June 2018	Carrying amount \$'000	Interest rate risk		Equity \$'000
		-1%	+1%	
Client Specific Debt Pool	3,380,000	2,726	2,726	(2,519)
Total increase / (decrease)		<u>2,726</u>	<u>2,726</u>	<u>(2,519)</u>
30 June 2017				
Client Specific Debt Pool	3,250,000	2,600	2,600	(2,426)
Total increase / (decrease)		<u>2,600</u>	<u>2,600</u>	<u>(2,426)</u>

Debt is drawn from facilities with QTC incorporating fixed and floating debt and is initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Interest is accrued and paid monthly.

Borrowing costs which are directly attributable to the construction of material qualifying assets are recognised as part of the cost of the asset. Qualifying assets are assets not funded from other sources with a cost of more than \$1.0 million and which take a substantial period of time to prepare for intended use or sale. The rate used to determine the amount of borrowing cost to be capitalised is the QTC interest rate applicable to the consolidated entity's outstanding borrowings during the year, in this case 5.83% (2017: 6.02%). During the year, interest costs of \$12.3 million were capitalised (2017: \$8.7 million).

## 14 Financial risk management (continued)

### (b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, net of any allowances for impairment of those assets, as disclosed in the balance sheet and notes to the consolidated financial statements.

Policies are in place to ensure that sales of products and services are only made to customers with an appropriate credit history.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions and are approved by the Board. The consolidated entity has policies that limit the amount of credit exposure to any one financial institution.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity, other than amounts owing by the State of Queensland.

### (c) Liquidity risk

Liquidity risk management within the consolidated entity ensures sufficient cash to meet short-term and long-term financial commitments.

#### *Financing arrangements*

The short-term borrowing arrangements with QTC are interest bearing, refer to note 14(a)(ii). The borrowing arrangements are subject to annual review.

The amount of undrawn short-term borrowing facilities with QTC available at reporting date is \$150.0 million (2017: \$103.3 million).

Long-term borrowings are sourced from the Client Specific Debt Pool subject to annual approval of the Queensland State Treasurer. The consolidated entity may draw up to the amount of the approved borrowing program.

Borrowings are not secured.

#### *Maturity analysis*

The amounts disclosed in the maturity table below are the contractual undiscounted cash flows.

QTC borrowings are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of this loan has been included in the over five years time band with no interest payment assumed in this time band.

Consolidated 30 June 2018	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>Non-derivatives</b>				
Non-interest bearing	169,236	-	-	169,236
Variable rate	22,220	-	-	22,220
Duration based	154,117	613,538	3,380,000	4,147,655
<b>Total non-derivatives</b>	<b>345,573</b>	<b>613,538</b>	<b>3,380,000</b>	<b>4,339,111</b>

30 June 2017

<b>Non-derivatives</b>				
Non-interest bearing	161,065	-	-	161,065
Variable rate	68,433	-	-	68,433
Duration based	156,105	623,805	3,250,000	4,029,910
<b>Total non-derivatives</b>	<b>385,603</b>	<b>623,805</b>	<b>3,250,000</b>	<b>4,259,408</b>

## 15 Capital riskmanagement

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The responsible Ministers advise the appropriate methodology in determining the dividend payable annually.

The consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and external 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents (including bank overdraft). Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The consolidated entity's gearing ratios are as follows:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Total borrowings	<b>3,683,708</b>	3,580,013
Less: cash and cash equivalents	<b>(24,441)</b>	<b>(2,023)</b>
Net debt	<b>3,659,267</b>	3,577,990
 Total equity	 <b>2,822,980</b>	 2,827,542
Total capital	<b>6,482,247</b>	6,405,532
 <b>Gearing ratio</b>	 <b>56%</b>	 56%

The consolidated entity is also required by QTC to maintain an Earnings Before Interest and Tax (EBIT) Interest Coverage of greater than 1.25:1, except where the total debt to capital is greater than 70%, in which case the EBIT Interest Coverage must be at least 2:1. The consolidated entity has complied with this requirement for both the current and prior reporting periods.

## 16 Correction of errors and revision of estimates

There have been no corrections of errors in the current reporting period.

There were no material revisions of estimates during the current reporting period.

## Unrecognised items

### 17 Contingencies

Contingencies comprise guarantees either held or issued by the consolidated entity and assets and liabilities not qualifying for recognition at reporting date. A majority of the guarantees held relate to performance guarantees on construction contracts provided by third parties.

The consolidated entity had contingencies at reporting date in respect of:

#### (a) Contingent assets

	2018 Fair value \$'000	2017 Fair value \$'000
<b>Consolidated</b>		
Non-qualifying assets	4,525	3,017
Third party guarantees	71,000	71,000
Bank guarantees	109,461	111,618
Insurance company guarantees	6,178	-
	<b>191,164</b>	<b>185,635</b>

The parent entity does not hold any guarantees.

#### (b) Contingent liabilities

Issues relating to common law claims and product warranties are dealt with as they arise. There were no material contingent liabilities requiring disclosures in the financial statements other than as set out below.

	2018 Fair value \$'000	2017 Fair value \$'000
<b>Consolidated</b>		
Non-qualifying liabilities	3,068	10,145
Bank guarantees	<b>26,294</b>	<b>25,483</b>
	<b>29,362</b>	<b>35,628</b>

The parent entity has not issued any guarantees.

#### *Litigation*

A number of common law claims are pending against the consolidated entity. Provisions are taken up for some of these exposures based on the Board's determination and are included as such in note 9.

As at reporting date, the following cases were filed in the courts naming Queensland Rail as defendant:

	Consolidated 2018	2017	Parent 2018	2017
Number of cases before the Supreme Court	2	3	-	-
Number of cases before the District Court	12	8	-	-

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time.

## 18 Commitments

The future commitments of the consolidated entity (excluding GST) at reporting date were as follows:

### (a) Commitments payable

Consolidated	2018		2017	
	Capital \$'000	Lease \$'000	Capital \$'000	Lease \$'000
Within one year	135,615	7,955	165,080	6,772
Later than one year but not later than five years	100,364	11,704	18,483	14,681
Later than five years	26,844	593	-	599
	<b>262,823</b>	<b>20,252</b>	<b>183,563</b>	<b>22,052</b>

The parent entity does not have any commitments payable.

### (b) Commitments receivable

Consolidated	2018		2017	
	Lease \$'000	Lease \$'000	Lease \$'000	Lease \$'000
Within one year		6,300		6,516
Later than one year but not later than five years		11,776		15,452
Later than five years		<b>16,930</b>		<b>21,851</b>
		<b>35,006</b>		<b>43,819</b>

The parent entity does not have any commitments receivable.

## 19 Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

## Other items

### 20 Key management personnel disclosures

#### (a) Responsible Ministers

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The consolidated entity does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as key management personnel of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016/17, which are published as part of Queensland Treasury's Report on State Finances.

The responsible Ministers of Queensland Rail and its subsidiaries during the year ended 30 June 2018 were:

- J Trad MP  
Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships  
(appointed as Treasurer 12 December 2017 and ceased as Minister for Transport 11 December 2017)
- M Bailey MP  
Minister for Transport and Main Roads  
(appointed 12 December 2017)
- C Pitt MP  
Treasurer and Minister for Trade and Investment  
(ceased 11 December 2017)

#### (b) Members, directors and specified executives

Compensation and other terms of employment for the specified executives are formalised in service agreements.

Details of the compensation of each specified member, director and executive are as follows:

	2018 \$'000	2017* \$'000
Short-term benefits	3,565	4,002
Post-employment benefits	391	374
Long-term benefits	8	231
Termination benefits	-	172
	<hr/>	<hr/>
	<b>3,964</b>	<b>4,779</b>

\* The prior year aggregate includes all compensation provided to individuals who held a key management personnel role, however, the remuneration tables for members, directors and specified executives only includes information for individuals holding key management personnel roles during the current reporting period.

Short-term benefits includes cash salary, annual leave paid, at risk performance incentives (for specified executives only), fees and non-monetary benefits. Non-monetary benefits represent the value of Exempt and Reportable Fringe Benefits for the respective Fringe Benefits Tax year.

## 20 Key management personnel disclosures (continued)

### (c) Key management personnel compensation

#### (i) Members and directors of Queensland Rail and subsidiaries

2018	Members		Short-term	Post-	Total
			benefits	employment	
			Member fees and allowances \$'000	Super-annuation \$'000	
P Strachan		Chair	132	13	145
Appointment date: 7 February 2017					
Appointment term: 2 years 8 months					
Expiry date: 30 September 2019					
S Birkenleigh		Member	35	3	38
Appointment date: 1 September 2017					
Appointment term: 3 years					
Expiry date: 31 August 2020					
S Cantwell*		Member	46	4	50
Appointment date: 1 October 2016					
Appointment term: 3 years					
Expiry date: 30 September 2019					
J Dunn**		Member	-	-	-
Appointment date: 1 October 2016					
Ceased: 12 October 2017					
D Marchant AM		Member	46	4	50
Appointment date: 7 October 2015					
Appointment term: 3 years					
Expiry date: 30 September 2018					
R Peters		Member	44	4	48
Appointment date: 1 October 2016					
Appointment term: 3 years					
Expiry date: 30 September 2019					
P Wallis		Member	46	4	50
Reappointment date: 1 October 2016					
Appointment term: 3 years					
Expiry date: 30 September 2019					
H Watson		Member	2	-	2
Appointment date: 6 June 2018					
Appointment term: 2 years 3 months					
Expiry date: 30 September 2020					
Total			351	32	383

\* This member did not receive monetary benefits directly. Payments were made to the entity, of which he is a director, on his behalf.

\*\* This member was not paid any member fees in the current financial year while she was employed by the Queensland Government as CEO of Southbank.

## 20 Key management personnel disclosures (continued)

### (c) Key management personnel compensation (continued)

2017 Members		Short-term benefits	Post- employment benefits		Total \$'000
			Member fees and allowances \$'000	Super- annuation \$'000	
P Strachan	Chair	50	5	55	
S Cantwell	Member	32	3	35	
J Dunn	Member	33	3	36	
D Marchant AM	Member	45	4	49	
R Peters	Member	32	3	35	
P Wallis	Member	46	4	50	

All the members listed above are members of the Queensland Rail Board and directors of the Queensland Rail Limited Board.

J Benstead is appointed as Managing Director of On Track Insurance Pty Ltd, with no set appointment term. As an employee of Queensland Rail, J Benstead did not receive remuneration in his capacity as director of On Track Insurance Pty Ltd.

N Jones is appointed as Director of On Track Insurance Pty Ltd, with no set appointment term. As an employee of former parent company, Aurizon Operations Limited (formerly QR National Limited), N Jones did not receive remuneration in his capacity as director of On Track Insurance Pty Ltd.

These amounts are not in addition to the amounts disclosed in the Key Management Personnel note of the Queensland Rail Limited financial statements as they were recharged by the entity in accordance with the Managed Services Agreement.

Members' and directors' remuneration and terms of appointment are set by responsible Ministers. Members' and directors' remuneration is subsequently reviewed annually by responsible Ministers.

Members and directors are not entitled to termination payments on termination of their period of service.

## 20 Key management personnel disclosures (continued)

### (c) Key management personnel compensation (continued)

#### (i) Specified executives of the consolidated entity

2018 Specified executives	Short-term benefits			Post-employment benefits Super-annuation \$'000	Long-term benefits Long service leave \$'000	Total \$'000
	Cash salary and fees \$'000	Cash bonuses \$'000	Non-monetary benefits \$'000			
N Easy Chief Executive Officer Appointment date: 3 April 2017 Appointment term: 5 years Expiry date: 2 April 2022	666	-	4	85	-	755
J Benstead* Acting Chief Financial Officer and Executive General Manager Commercial & Strategy (from 19 October 2016)	356	-	4	41	-	401
R Bosiljevac* Acting General Counsel and Executive General Manager Governance (until 3 December 2017)	109	-	2	9	-	120
L Collins** Executive General Manager People and Culture Appointment date: 15 May 2017 Appointment term: 2 years 1 month Expiry date: 30 June 2019	400	-	4	51	-	455
L Gordon* Executive General Manager Projects Appointment date: 21 July 2014 Ceased: 28 June 2018	395	-	4	50	-	449
P Hourigan*** Acting General Counsel and Executive General Manager Governance Appointment date: 4 December 2017 Appointment term: 7 months Expiry date: 30 June 2018	282	-	2	-	-	284
N King**** Executive General Manager Citytrain Contract appointment date: 19 June 2017 Permanent appointment date: 30 April 2018 Appointment term: 1 year 8 months Expiry date: 31 December 2019	80	-	4	8	-	92
R McAlpine***** Acting Executive General Manager Projects Appointment date: 18 June 2018 Appointment term: 6 months Expiry date: 16 December 2018	-	-	-	-	-	-

## 20 Key management personnel disclosures (continued)

### (c) Key management personnel compensation (continued)

2018	Short-term benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees \$'000	Cash bonuses \$'000	Non-monetary benefits \$'000			
<b>Specified executives</b>						
T Ripper*	416	-	4	54	8	482
Executive General Manager Network Appointment date: 1 July 2014						
N Roach*	171	-	2	22	-	195
Executive General Manager Customer Service and Innovation Appointment date: 8 January 2018						
M Ryan*	305	-	4	39	-	348
Executive General Manager Travel and Tourism Appointment date: 26 June 2017						
<b>Total</b>	<b>3,180</b>	<b>-</b>	<b>34</b>	<b>359</b>	<b>8</b>	<b>3,581</b>

\* These specified executives are tenured and have no expiry date.

\*\* Performance Payment eligibility effective from 22 January 2018.

\*\*\* This specified executive was paid as a consultant through the entity in which he is a controlling partner. There is no eligibility for Performance Payment.

\*\*\*\* This specified executive did not receive monetary benefits directly up to 30 April 2018. Payments were made to the entity in which he was permanently employed during this time. There was no eligibility for Performance Payment during that time.

\*\*\*\*\* This specified executive is not eligible for Performance Payment.

## 20 Key management personnel disclosures (continued)

### (c) Key management personnel compensation (continued)

2017	Short-term benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees \$'000	Cash bonuses \$'000	Non-monetary benefits \$'000			
Specified executives						
N Easy Chief Executive Officer	154	-	1	20	-	175
J Benstead Acting Chief Financial Officer and Executive General Manager Commercial & Strategy	242	-	3	28	-	273
R Bosiljevac Acting General Counsel and Executive General Manager Governance	48	-	1	4	-	53
L Collins Executive General Manager People and Culture	46	-	1	6	-	53
L Gordon Executive General Manager Projects	389	59	4	50	-	502
N King Executive General Manager Citytrain	-	-	-	-	-	-
T Ripper Executive General Manager Network	390	63	4	52	14	523
M Ryan Executive General Manager Travel and Tourism	184	-	4	19	-	207

The appointment authority for all specified executives is section 35 of the *Queensland Rail Transit Authority Act 2013*, with the exception of the Chief Executive Officer who is appointed under section 29. The responsibilities for each specified executive position are detailed in the Annual Report.

These amounts are not in addition to the amounts disclosed in the Key Management Personnel note of the Queensland Rail Limited financial statements as they were recharged by the entity in accordance with the Managed Services Agreement.

The above are the key executives representing the consolidated entity. These executives provide advice in relation to strategy and future direction of the consolidated entity under the business model adopted. On Track Insurance Pty Ltd does not have any senior executives who are involved in setting strategy or future direction for the entity and no On Track Insurance Pty Ltd executives are disclosed above for this reason.

Termination of the employment of an executive can be made by Queensland Rail to the specified executive either with notice, without notice or due to the incapacity of the specified executive. The formal policy concerning the termination of employment of Queensland Rail chief and senior executives is the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements v 2.0*. This policy was issued by the Government in the 2014/15 period and is applicable to arrangements issued from this period.

## 20 Key management personnel disclosures (continued)

### (c) Key management personnel compensation (continued)

#### Chief Executive provisions

The employment of the Chief Executive may be terminated by the Board at any time in accordance with section 30(3) of the *Queensland Rail Transit Authority Act 2013*.

The employment of the Chief Executive may also be terminated by either party at any time giving the other party 3 months written notice of termination. When such termination occurs, the Chief Executive is entitled to the following:

- any accrued leave; and
- salary for the balance of the notice period (if Queensland Rail elects to make payment in lieu of the notice period).

No other termination or compensation payments are payable to the Chief Executive.

The employment of the Chief Executive may be terminated by Queensland Rail immediately, and without compensation, if the Chief Executive engages in misconduct or other unethical behaviour.

#### Senior Executive provisions

Under the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements v 2.0*, all new appointments to senior executives are on an ongoing (tenured) basis with no specific end date. Termination by notice can be made by the specified executive or Queensland Rail at any time by either party giving to the other 1 month written notice. When such termination occurs, specified executives that are tenured are entitled to the following:

- any accrued leave;
- salary for the balance of the notice period (if Queensland Rail elects to make payment in lieu of the notice period); and
- if the termination is by Queensland Rail in circumstances other than serious misconduct, a termination payment of 3 months' salary.

Queensland Rail reviews the total fixed remuneration of eligible employees on 1 July each year. Senior Executives' individual remuneration reviews require Board approval under the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements v 2.0*. Under these provisions, the Board has the discretion to approval annual total fixed remuneration increases in accordance with annual performance reviews.

The Queensland Rail Board has also implemented the *Performance Payment Policy - Chief and Senior Executive* which reflects the expectations of the Queensland State Government as outlined in the stated policy.

The *Performance Payment Policy - Chief and Senior Executive* provides for a performance pay process that is administered on a 12 month (financial year) cycle and aligns the executives with Queensland Rail Organisational, Functional and Individual Key Performance Indicators (KPIs). The Chief Executive Officer is aligned to Organisational and Individual KPIs. A maximum payment of 15% per annum of an eligible Chief or Senior Executive's total fixed remuneration on the achievement of performance outcomes is available. The Performance Payment framework consists of the following key aspects:

- Organisational KPIs are aligned to Operational Plan performance targets including On Time Running (OTR), Reliability - Citytrain, Signals Passed at Danger, Customer Injuries, Customer Satisfaction - Citytrain and Customer Satisfaction - Traveltrain.
- Individual KPIs are set by the Chief Executive Officer on the recommendation of the relevant executive member. Individual KPIs are reflective of Organisational and Functional KPIs for which the executive has direct accountability and / or reflective of strategic business plans, budgets and capital / infrastructure projects.
- KPI results are reviewed by the Board and Chief Executive Officer on an annual basis to ensure payments are aligned with the achievement of individual and organisational performance objectives. Eligible executives must also meet minimum expectations for the consistent demonstration of the Queensland Rail Values; and
- Board and Chief Executive Officer discretion is reserved in the payment against the scheme based on consideration of performance and shareholder expectations.

The Chief and Senior Executives participate in the Queensland Rail performance management process based on quarterly and annual performance reviews. Annual performance results of the Executives are assessed and calibrated by the Chief Executive Officer and Executive General Manager People and Culture. The Board is responsible for the assessment of the Chief Executive Officer's performance.

## 20 Key management personnel disclosures (continued)

### (c) Key management personnel compensation (continued)

The Queensland Rail Board approves the calculation and payment of the Chief and Senior Executive Performance Payments and provides written advice to the responsible Ministers in accordance with the Government Arrangements.

Aggregate performance bonus compensation	2018 \$'000	2017 \$'000
Aggregate performance bonus compensation paid	-	7,181
Aggregate performance bonus compensation accrued for current period	3,548	-
Aggregate compensation (including performance bonus compensation) to employees eligible for performance bonus compensation for current period	73,368	81,111
	2018	2017
Number of employees eligible for performance bonus compensation	406	423

The following categories of employees are eligible for performance based, at risk, incentive bonus compensation:

- specified executives;
- other executives;
- salaried employees; and
- specified award employees.

Performance bonus compensation paid to specified executives is granted upon approval by the Queensland Rail Board. Performance bonus compensation paid to other employees is granted upon approval by the Chief Executive Officer or in accordance with a subsidiary agreement. The amount of the compensation is determined by performance against key performance indicators set at the start of the year for employees or conditions of a subsidiary agreement for work units.

### (d) Transactions with key management personnel

During the current reporting period, R Peters, member of Queensland Rail and director of Queensland Rail Limited, was appointed as the director for South East Queensland by AECOM Australia Pty Ltd (AECOM) in September 2017. Queensland Rail Limited engaged AECOM for professional services and provided rental accommodation to AECOM during this period.

During the current reporting period, N Easy, specified executive of Queensland Rail and Queensland Rail Limited, was a director of Australasian Railway Association and a director of TrackSAFE Foundation. Queensland Rail Limited paid corporate membership to Australian Railway Association and a contribution to TrackSAFE Foundation during this period.

During the prior reporting period, K Wright, specified executive of Queensland Rail and Queensland Rail Limited until 28 January 2017, was a board member of TrackSAFE Foundation, until his resignation from the board on 28 January 2017. Queensland Rail Limited paid a contribution to this organisation during this period.

During the current reporting period, D Marchant, member of Queensland Rail and director of Queensland Rail Limited, was a director of Airservices Australia. Queensland Rail Limited provided telecommunication services to this organisation during this period.

During the prior reporting period, S Cantwell, member of Queensland Rail and director of Queensland Rail Limited from 1 October 2016, was a director of Port of Brisbane Pty Ltd. Queensland Rail Limited paid for a land lease to this organisation during this period.

During the prior reporting period, H Gluer, specified executive of Queensland Rail and Queensland Rail Limited until 27 October 2016, was a director of Queensland Music Festival. Queensland Rail Limited paid a sponsorship to this organisation during this period.

During the current reporting period, P Hourigan, specified executive of Queensland Rail and Queensland Rail Limited from 4 December 2017, was a director and shareholder of Ironside Risk Partners Pty Ltd. Queensland Rail Limited compensated Ironside Risk Partners Pty Ltd for the services of P Hourigan during this period. This amount is disclosed as short-term benefits for P Hourigan within the table of specified executives.

## 20 Key management personnel disclosures (continued)

### (d) Transactions with key management personnel (continued)

During the prior reporting period, M Klug, chair of Queensland Rail and Queensland Rail Limited until 27 October 2016, was a consultant at Clayton Utz. Queensland Rail Limited engaged Clayton Utz during this period for legal advice however these payments are not related party transactions.

All figures displayed below are exclusive of GST.

	Consolidated	
	2018	2017
	\$'000	\$'000
Professional services - AECOM Australia Pty Ltd	1,394	-
Corporate membership - Australasian Railway Association	85	-
Contribution - TrackSAFE Foundation	60	3
Telecommunications revenue - Airservices Australia	(58)	-
Rental revenue - AECOM Australia Pty Ltd	(3)	-
Land lease - Port of Brisbane	-	51
Sponsorship - Queensland Music Festival	-	15
	<hr/>	<hr/>
	1,478	69

## 21 Related party transactions

The consolidated entity does not have any related party transactions or loans to disclose as these transactions and balances are eliminated on consolidation.

### (a) Transactions with related parties

The following transactions occurred with related parties:

	Parent	
	2018	2017
	\$'000	\$'000
Sale of goods and services to subsidiaries	898,224	811,778
Dividend revenue from subsidiaries	113,461	100,758
Dividend receivable from subsidiaries	113,461	100,758
Receivables from subsidiaries - current	270,870	252,077
Receivables from subsidiaries - non-current	24,761	27,754
Shares in subsidiaries	2,845,324	2,845,324

### (b) Loans to / (from) related parties

	Parent	
	2018	2017
	\$'000	\$'000
<i>Loans to / (from) subsidiaries</i>		
Beginning of the year	(43,441)	16,108
Loans advanced	80,118	32,386
Loans repayments received	(46,600)	(91,935)
End of year	<hr/>	<hr/>
	(9,923)	(43,441)

## 21 Related party transactions (continued)

### (c) Transactions and outstanding balances with State of Queensland controlled entities

The entity is a statutory body and is owned by the Queensland State Government.

The consolidated entity transacted with other State of Queensland controlled entities during the year as set out below:

	Notes	Consolidated 2018 \$'000	2017 \$'000	Parent 2018 \$'000	2017 \$'000	Nature of transaction
Revenue from continuing operations	1	<b>1,693,163</b>	1,629,866	-	-	Rail Transport Service Contract, government concessions and sales
Supplies and services	2	<b>5,530</b>	12,509	-	-	Consumables
Employee benefits expense	3	<b>39,119</b>	35,320	<b>39,082</b>	35,294	Payroll tax
Other expenses		<b>3,890</b>	3,150	-	-	Land tax and audit fees
Finance income		<b>111</b>	1,515	-	-	Interest revenue
Finance expenses		<b>194,796</b>	190,874	-	-	Interest and financing costs
Income tax expense	4	<b>47,309</b>	42,069	-	-	Income tax
Cash and cash equivalents		<b>17,691</b>	-	-	-	Short-term investments
Trade and other receivables		<b>8,252</b>	8,738	-	-	Rail Transport Service Contract and other accounts receivables
Current tax assets		<b>7,423</b>	45,970	<b>7,423</b>	45,970	Current tax receivable
Trade and other payables	8	<b>142,319</b>	136,008	<b>115,937</b>	100,515	Interest payable, capital works payable, payroll tax payable and dividend payable
Current borrowings	14	-	46,725	-	-	Short-term borrowings
Other current liabilities		<b>1,057</b>	1,006	-	-	Asset funding in advance
Non-current borrowings	14	<b>3,380,000</b>	3,250,000	-	-	Long-term borrowings
Other non-current liabilities		<b>20,198</b>	10,626	-	-	Asset funding in advance
Contributed equity		<b>4,987</b>	-	<b>4,987</b>	-	Capital distributions
Dividend declared	11	<b>112,252</b>	100,515	<b>112,252</b>	100,515	Dividend declared

## 22 Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Queensland Rail as at reporting date and the results of the subsidiaries for the year then ended.

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2018	2017
			%	%
Queensland Rail Limited	Australia	Ordinary	100	100
On Track Insurance Pty Ltd	Australia	Ordinary	100	100

The principal activities of Queensland Rail Limited are to carry out the key objectives of its parent, Queensland Rail, in accordance with the *Queensland Rail Transit Authority Act 2013*. Queensland Rail Limited retains title of all non-employee related assets, liabilities and contracts. The management of its assets are effected through the provision of employee services from Queensland Rail under a Managed Services Agreement.

The principal activities of On Track Insurance Pty Ltd are the provision of insurance coverage for all claims relating to events for both former parent, Aurizon Operations Limited (formerly QR National Limited) and Queensland Rail Limited up until 30 June 2010.

The Auditor-General of Queensland is the auditor of Queensland Rail Limited and On Track Insurance Pty Ltd.

Inter-company transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Non-current inter-company loans may not be demanded by the other entity and do not become payable other than through settlement of obligations associated with the loans or one of the entities exits the wholly-owned consolidated entity.

The Managed Services Agreement between Queensland Rail and its subsidiary, Queensland Rail Limited, permits all inter-company balances between both entities to be legally offset and settled on a net basis at the end of each reporting period.

Accounting policies have been adopted consistently across the consolidated entity.

Investment in the subsidiary is accounted for at cost in the financial records of the parent entity.

## 23 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the consolidated entity:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Audit and review of financial reports	433	465	48	50
	<hr/>	<hr/>	<hr/>	<hr/>
	433	465	48	50

## 24 Special payments

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Ex-gratia payments	<b>468</b>	2,376	<b>468</b>	2,376
	<b>468</b>	2,376	<b>468</b>	2,376

Special payments include ex-gratia expenditure and other expenditure that the consolidated entity is not contractually or legally obligated to make to other parties. The total of all special payments is disclosed within other expenses.

Special payments greater than \$5,000 include:

- Ex-gratia payments made to employees in the form of medical separations which are not required under their respective employment agreements in the current and prior reporting periods.
- Ex-gratia payments made to employees as deeds of settlement subsequent to dismissal in the current and prior reporting periods.
- Ex-gratia payments made in the form of Employment Termination Payments on behalf of a deceased employee in the current and prior reporting periods.
- Ex-gratia payment made to an employee as a deed of settlement on the cessation of a temporary transfer in the current reporting period.
- A pay rate increase paid to Queensland Rail employees covered by the State Certified Queensland Rail Traincrew Certified Agreement 2013 which was determined to be invalid by the High Court on 8 April 2015. Queensland Rail has elected to honour the terms, including pay rate increases, specified in the State Certified Traincrew Certified Agreement, pending negotiation of a new enterprise agreement under the *Fair Work Act 2009* (Cth) to replace the federal enterprise agreement that was applicable to relevant employees immediately prior to 3 May 2013. Pay rate increases for these employees from 8 April 2015 to 31 August 2016 meet the definition of a special payment.
- Ex-gratia payments made to employees as compensation for rostering amendments in the prior reporting period.

## 25 Queensland Rail Limited consolidated financial information

The Queensland Rail Limited consolidated entity, comprising Queensland Rail Limited and its subsidiary, On Track Insurance Pty Ltd, is wholly owned by Queensland Rail.

Queensland Rail is required to provide the annual report, which includes the Queensland Rail financial statements, to responsible Ministers for tabling in Parliament. This is in accordance with section 62 of the *Financial Accountability Act 2009*.

The financial statements of Queensland Rail Limited are not required to be included in the Queensland Rail annual report.

The financial results of the Queensland Rail Limited consolidated entity are significant and represent a substantial portion of the Queensland Rail consolidated entity's results. This note is disclosed to provide users of these financial statements more clarity concerning the financial results of the Queensland Rail consolidated entity.

## 25 Queensland Rail Limited consolidated financial information (continued)

A summarised version of the Queensland Rail Limited consolidated financial statements are disclosed below:

	2018 \$'000	2017 \$'000
<b>Consolidated statement of comprehensive income</b>		
Revenue	1,959,719	1,881,192
Expenses	(1,616,748)	(1,556,430)
<b>Operating profit</b>	<u>342,971</u>	<u>324,762</u>
Net finance costs	(183,409)	(182,178)
<b>Profit before income tax</b>	<u>159,562</u>	<u>142,584</u>
Income tax expense	(47,309)	(42,069)
<b>Profit for the year</b>	<u>112,253</u>	<u>100,515</u>
Other comprehensive income for the year, net of tax	424	(20)
<b>Total comprehensive income for the year</b>	<u>112,677</u>	<u>100,495</u>
 <b>Consolidated balance sheet</b>		
Current assets	173,830	140,494
Non-current assets	7,012,422	6,915,402
<b>Total assets</b>	<u>7,186,252</u>	<u>7,055,896</u>
Current liabilities	562,406	577,327
Non-current liabilities	3,878,574	3,732,513
<b>Total liabilities</b>	<u>4,440,980</u>	<u>4,309,840</u>
<b>Net assets</b>	<u>2,745,272</u>	<u>2,746,056</u>
<b>Total equity</b>	<u>2,745,272</u>	<u>2,746,056</u>
 <b>Consolidated statement of changes in equity</b>		
<b>Balance at the beginning of the financial year</b>	2,746,056	2,746,319
Total comprehensive income for the year	112,677	100,495
Transactions with owners in their capacity as owners	(113,461)	(100,758)
<b>Balance at end of year</b>	<u>2,745,272</u>	<u>2,746,056</u>

## 25 Queensland Rail Limited consolidated financial information (continued)

	2018 \$'000	2017 \$'000
<b>Consolidated statement of cash flows</b>		
Cash flows from operating activities	498,285	529,241
Cash flows from investing activities	(458,384)	(776,286)
Cash flows from financing activities	(17,483)	131,292
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>22,418</b>	<b>(115,753)</b>
 Cash and cash equivalents at the beginning of the financial year	 <b>2,023</b>	 117,776
 <b>Cash and cash equivalents at end of year</b>	 <b>24,441</b>	 2,023

## Policies

### 26 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Queensland Rail and its subsidiaries, Queensland Rail Limited and On Track Insurance Pty Ltd.

Queensland Rail is a for-profit statutory body domiciled in Australia and owned by the Queensland State Government. Queensland Rail is required to carry out its functions as a commercial enterprise, as specified in section 10 of the *Queensland Rail Transit Authority Act 2013*. These financial statements are denominated in Australian dollars.

Queensland Rail is referred to in this financial report as the "entity" or the "parent". Queensland Rail together with its subsidiaries, Queensland Rail Limited and On Track Insurance Pty Ltd, are collectively referred to as the "consolidated entity".

Queensland Rail's purpose is to provide a safe, reliable, on-time, value for money and customer focused rail service that benefits the community, supports industry and is integrated with the public transport system.

To achieve this, Queensland Rail commenced in the prior reporting period the implementation of the Response and Recovery Program. This transformation program is being delivered in three phases:

- Stabilise - restore Citytrain services to a sustainable level and regain customer and stakeholder confidence;
- Recover - deliver organisational recovery with a focus on operations and governance; and
- Transform - drive cultural changes with Queensland Rail and deliver a more integrated public transport structure for Queensland.

The principal activities of the consolidated entity consists of:

- South East Queensland above and below rail services;
- Traveltrain and tourism services throughout Queensland; and
- Network access services throughout Queensland.

These financial statements were approved for issue by the members on 29 August 2018.

#### (a) Basis of preparation

##### (i) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB);
- the *Financial and Performance Management Standard 2009*;
- Queensland Treasury and Trade's *Financial Reporting Requirements for Queensland Government Agencies* to the extent relevant; and
- other authoritative pronouncements.

##### (ii) New and amended standards adopted by the consolidated entity

The new standards and amendments to standards, that are mandatory for the first time for the financial year beginning on 1 July 2017, do not have a material impact on the financial statements of the consolidated entity.

## 26 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (i) Early adoption of standards

Standards and amendments that are available for early adoption for the current financial year beginning 1 July 2017 were not early adopted and are not expected to have a material impact on the accounts of the consolidated entity in future periods.

#### AASB 15 Revenue

AASB 15 *Revenue* is applicable to all annual reporting periods beginning on or after 1 January 2018. AASB 15 requires revenue recognition to reflect the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Management have assessed the impact of AASB 15 and concluded that there will be no material impact on the consolidated entity from the date of application as the current practice of recognising revenue is consistent with the requirements of this standard.

#### AASB 9 Financial Instruments

AASB 9 *Financial Instruments* (December 2014) is applicable to all annual reporting periods beginning on or after 1 January 2018. AASB 9 addresses classification and measurement of financial assets and liabilities, provides a new set of hedge accounting rules and prescribes new principles on the impairment of financial assets.

Management have assessed the impact of AASB 9 and concluded that there will be no material impact on the consolidated entity from the date of application.

#### AASB 16 Leases

AASB 16 *Leases* is applicable to all annual reporting periods beginning on or after 1 January 2019. AASB 16 introduces on balance sheet lessee accounting requiring a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

The right-of-use asset and the lease liability will be measured at the present value of future lease payments. The asset will be depreciated over the life of the lease. The finance charge associated with the lease liability and the depreciation will be recognised in the statement of comprehensive income. The lease payments will reduce the lease liability and will no longer be recognised in the statement of comprehensive income. This will result in some volatility in the financial statements.

Management have assessed the impact of AASB 16 on existing lease contracts and conclude that the impact of recognising operating leases in the balance sheet will not have a material impact on the consolidated entity from the date of application.

This assessment includes current arrangement for access to assets from the Queensland government in exchange for no consideration. These arrangements are often referred to as "peppercorn leases". Identification, substitution and economic benefits of the assets are considered. Corridor land referred to in note 5(b) is considered by management to qualify as a lease under AASB 16 as Queensland Rail is the primary economic beneficiary of its use.

Queensland Rail, however, will be adopting the practical expedience clause in AASB 16 permitting it to grandfather the existing accounting treatment under the current lease standard. Queensland Rail does not recognise any finance leases, refer note 26(h). On this basis, only changes to land parcels under the current sub-lease from the Queensland Government will be captured under AASB 16 from 1 July 2019.

Accounting for leases as a lessor has not been amended.

There are no other standards that are not yet effective that are expected to have a material impact on the consolidated entity in future reporting periods.

#### (iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain assets which, as stated, are at fair value.

## 26 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (i) Going concern

The financial report for the consolidated entity is prepared on a going concern basis. Current liabilities exceed current assets by \$375.7 million. The consolidated entity has access to short-term borrowing facilities up to the amount of \$150.0 million of which \$150.0 million are undrawn as at reporting date (refer note 14(c)). The consolidated entity has also secured approval from the Queensland Government to source additional long-term borrowings in the 2018/19 financial year up to the amount of \$170.0 million to fund operational, capital and dividend payments throughout that year. In addition revenue through the Rail Transport Service Contract, adequate interest coverage and a low gearing ratio provides further assurance of the consolidated entity's status as a going concern.

The parent is a going concern as all costs incurred in providing employees to its subsidiary, Queensland Rail Limited, is recharged by the parent under a Managed Services Agreement with Queensland Rail Limited. All transactions for operating activities of the parent are undertaken through the Queensland Rail Limited banking facilities.

### (b) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates (i.e. the functional currency). The consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

### (c) Rounding of amounts / comparative restatements

Amounts included in the financial statements have been rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

### (d) Goods and Services Tax (GST)

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

Trade receivables and trade payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing or financing activities, which are disclosed as operating cash flow.

Queensland Rail and its subsidiaries are grouped for GST purposes. This means that any inter-company transactions within the Queensland Rail consolidated entity do not attract GST. Queensland Rail is the representative member of the GST group and is responsible for reporting all GST liabilities and credits on behalf of the consolidated entity.

### (e) Trade receivables

Trade receivables are initially recorded at fair value less any allowance for uncollectible amounts. Trade receivables generally have credit terms ranging from 7 to 31 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment of trade receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the debt.

## 26 Summary of significant accounting policies (continued)

### (f) Investments and other financial assets

The consolidated entity classifies its non-derivative financial assets based on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. At reporting date, the consolidated entity has only one type of non-derivative financial asset: loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in current trade and other receivables and non-current receivables in the balance sheet.

### (g) Contributed equity

Equity injections and distributions of equity are treated as a change in the value of contributed equity.

### (h) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the consolidated entity as lessee are classified as operating leases (note 18). Operating lease rental (net of any incentives received from the lessor) is expensed on a straight-line basis over the lease term and is charged to the statement of comprehensive income.

Queensland Rail Limited entered into a commercial lease with the State of Queensland, acting through the Department of Transport and Main Roads (DTMR), to access the Moreton Bay Rail Link (MBRL) and provide Citytrain and City Network Services in respect of the MBRL. All assets forming the MBRL are owned by the State of Queensland and are leased to Queensland Rail Limited at no cost. The lease contract expires on 30 June 2018 and may be extended by DTMR. Queensland Rail commenced providing Citytrain and City Network services on the MBRL during the prior reporting period. No assets or liabilities relating to MBRL have been recognised by Queensland Rail Limited in the current reporting period.

Leases of property, plant and equipment where the consolidated entity, as lessee, assumes substantially all the risks and benefits of ownership are classified as finance leases. The consolidated entity did not have any finance leases at reporting date.

Expected rental revenue from operating leases where the consolidated entity is a lessor is recognised as income on a straight-line basis over the lease term (note 18).

### (i) Insurance

The consolidated entity insures against risks which are largely uncontrollable, have significant or catastrophic consequences for assets and / or revenue and the aggregate costs of which would exceed the limit of exposure the organisation is prepared to accept.

Insurance cover has accordingly been effected for a variety of such risks. Other areas of risk exposure are self-insured, including workers' compensation.

Until 30 June 2010, self-insurance and other underwriting activities were performed by Queensland Rail's wholly-owned subsidiary, On Track Insurance Pty Ltd. On Track Insurance Pty Ltd was transferred from Aurizon Operations Limited (formerly QR National Limited) on 6 October 2010 and will continue to provide cover for claims relating to events up until 30 June 2010 for both Queensland Rail and the Aurizon Operations Limited group.

### (j) Environmental regulation

The consolidated entity is subject to a variety of laws and regulations in the jurisdiction in which it operates or maintains land. Where remediation measures are probable and can be reliably measured, such costs incurred in complying with relevant laws and regulations are accounted for in accordance with the policy in note 9.

## Management certificate

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material aspects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Queensland Rail and its controlled entities for the financial year ended 30 June 2018 and of the financial position of the consolidated entity at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



N Easy  
Chief Executive Officer

Brisbane, Qld  
29 August 2018



P Strachan  
Chair

Brisbane, Qld  
29 August 2018

## INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Rail

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Queensland Rail (the parent) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2018, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the balance sheet as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the 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 parent and group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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. I addressed these matters 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.

**Carrying amount of property, plant and equipment (\$6.875 billion)**

Refer to note 5(a) in the financial report

Key audit matter	How my audit addressed the key audit matter
<p>The reported value of property, plant and equipment represents more than 96 per cent of total value of reported assets in the balance sheet. The cost method of valuation is used and the following risk factors have been considered during the audit:</p> <ul style="list-style-type: none"> <li>Increased costs transferred from work in progress in 2018 \$687.8 million (2017 \$517.4 million) to the fixed asset register following project completion.</li> <li>Increased estimated project costs accrued as work in progress in 2018 \$264.5 million (2017 \$193.4 million). The calculation of accruals involves a high degree of management estimation.</li> </ul>	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>Testing the design and implementation and operating effectiveness of the key controls over asset addition processes.</li> <li>Evidencing of review of project cost reports by project managers.</li> <li>Reviewing the completion and certification by responsible officers for operating expense and work in progress transfer form.</li> <li>Testing a sample of assessment and classification of project costs as operating expense or capital at project commencement.</li> <li>Testing monitoring controls to ensure timely transfer of costs to the fixed asset register.</li> <li>Reviewing the appropriateness of the accounting treatment for a sample of new, ongoing and completed projects.</li> <li>Testing a sample of work in progress costs for multi-year projects to determine whether these costs continue to meet the criteria for an asset recognition under the company's capitalisation policies and Australian Accounting Standards.</li> </ul>

**Depreciation expense (\$336.45 million)**

Refer to note 5(a) and 5(d) in the financial report

Key audit matter	How my audit addressed the key audit matter
<p>Depreciation expense is a significant balance that requires management to forecast the useful life of assets and their component parts.</p>	<p>My procedures included but were not limited to:</p> <p>Assessing the useful life estimates of assets and their component parts by:</p> <ul style="list-style-type: none"> <li>Reviewing management's annual assessment of useful lives and condition assessments. This represents a comprehensive review of all assets.</li> <li>For a sample of remaining useful life reviews examining supporting documentation and confirming revised estimates to the fixed asset register.</li> <li>Checking the consistency of useful lives compared to the prior year.</li> <li>Comparing useful life assessments recorded in the fixed asset register to the disclosed accounting policy.</li> </ul>

Key audit matter	How my audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>Reviewing for evidence of asset obsolescence, failure or disposals that could indicate a need to review useful life assumptions.</li> <li>Reviewing for evidence that the entity will use assets for longer than the useful lives estimated for valuation and depreciation purposes.</li> <li>For a sample of assets, recalculating depreciation expense.</li> <li>Evaluating remaining useful life estimates for reasonableness with reference to management's documented assessments, historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.</li> </ul>

***Indicators of impairment of property, plant and equipment***

*Refer to note 5(e) of the financial report*

Key audit matter	How my audit addressed the key audit matter
<p>Management have considered the existence of impairment indicators during 2017-18 and performed an impairment test to ensure that the assets carrying value was greater than its value in use.</p> <p>The impairment assessment is complex and management adopts assumptions in developing inputs used in the discounted cashflow models to calculate an asset's value in use.</p>	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>Assessing the adequacy of management's review of the impairment process.</li> <li>Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness for the impairment test with reference to common industry practice.</li> <li>Challenging the reasonableness of key assumptions based on my knowledge of the entity and industry.</li> <li>Assessing the identification of cash generating units, and input assumptions adopted by management in the value in use model.</li> <li>Evaluating the reasonableness of management's documented considerations of indicators of impairment against my knowledge of the entity.</li> <li>Reviewing the accuracy of calculations used in the value in use model.</li> <li>Reviewing the impairment model to assess the models used and the reasonableness of key assumptions applied in the assessment against my knowledge of the entity and industry.</li> <li>Reviewing the asset impairment accounting policies disclosures in the financial statements for consistency with Australian Accounting Standards.</li> </ul>

## **Other information**

Other information comprises the information included in the group's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. Those charged with governance are responsible for the other information.

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 entity for the financial report**

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

## **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 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 expressing an opinion on the effectiveness of the parent's and group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group'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. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Board, 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.

#### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- I received all the information and explanations I required.
- I consider that the entity complied with the prescribed requirements in relation to the establishment and keeping of accounts in all material respects.



30 August 2018

Vaughan Stennett  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

