

Queensland Rail

Annual and Financial Report 2018-19



General information

This is the consolidated Annual and Financial Report 2018-19 ("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

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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 2018-19

I am pleased to submit for presentation to Parliament the Queensland Rail Annual and Financial Report 2018-19.

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 2019 (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 52-53 of this annual report. As outlined in the report, a dividend of \$141.5 million was declared for the year ended 30 June 2019.

The Board unanimously endorses the Queensland Rail Annual and Financial Report 2018-19.

Yours sincerely



David Marchant AM
Chair

6 September 2019

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

Frankie Carroll
Under Treasurer
Queensland Treasury

Nick Easy
CEO
Queensland Rail

Table of contents

Queensland Rail Annual and Financial Report 2018-19

About us	5
Chair's report	7
CEO's report	8
Year in review	9
Operational performance	10
Financial summary	11
Customer focus	13
Citytrain	17
Safety and security	21
People and culture	24
In the community	26
Regional Network and Freight	29
North Queensland flood recovery	32
Travel and Tourism	34
Governance structure	36
Organisational structure	37
Board	38
Executive Leadership Team	41
Corporate governance	44
Summary of the 2018-19 Operational Plan	51
Compliance checklist	52
Glossary and acronyms	54
Queensland Rail Financial Report 2018-19	56



About us

Queensland Rail's purpose is to provide a customer-focused, safe, reliable, on-time, value for money rail service that benefits the community, supports industry and is integrated with the public transport system. The organisation's vision is connecting communities through a modern, world-class rail service.

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 employs more than 7,300 people (headcount) and has total assets valued at \$7.8 billion.

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, with more than 54 million

passenger trips undertaken in the 2018-19 financial year.

The regional commuter and rail tourism markets are serviced by the Travel and Tourism products. These comprise eight services connecting regional communities across Queensland with other regional centres and the South East Queensland corner, and support the Queensland tourism industry through the provision of unique rail tourism experiences.


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

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).



In early 2019, Queensland experienced a once in 500-year flood event which affected many parts of North and North West Queensland. Queensland Rail's network sustained significant impacts, predominantly on the Mount Isa line.



Queensland Rail Chair David Marchant and Chief Executive Officer Nick Easy.

Chair's report



In 2018-19, Queensland Rail focused on enhancing the experience of its customers through significant investment in infrastructure, network and business capabilities, greater collaboration with our stakeholders and the continued modernisation of the organisation.

During the year, we invested \$782.5 million in improving and maintaining the rail network to deliver reliable and safe services for customers. This included commissioning the \$56 million Roma Street to Corinda signalling upgrade in South East Queensland and replacing ageing

timber bridges across our regional network with more durable and sustainable structures. We also continued to deliver our \$357 million rolling program of station accessibility upgrades to make it easier for customers with a disability, parents with prams and customers with luggage to travel safely.

Growing the volume of freight on the rail network is a strategic objective of our organisation. During the period we continued to partner with local industries and government stakeholders to identify new opportunities to carry more freight by rail. We progressed a number of projects aimed at building additional capacity on the rail network, including the Toowoomba Range Clearance Project which better equips our network to carry large freight containers. Additionally, work continued on building additional passing loops on the North Coast line, extending the Yepoon branch line and investing in, and upgrading, the Mount Isa line.

The strong focus on customers continued during the period, as the organisation introduced timetable improvements in South East Queensland for the first time since 2016. Queensland Rail demonstrated its ability to deliver these increased services reliably and sustainably, exceeding Citytrain on-time running (OTR) and reliability targets for every quarter of the financial year. This achievement was made possible because of strong investment in business capabilities and continued efforts to modernise the organisation. This includes safely accelerating driver training, recruiting a sustainable pipeline of drivers and guards, optimising resource deployment to meet demand and implementing improved forecasting, planning and management tools. Focusing on these key business capabilities has prepared Queensland Rail to support the Queensland Government in the delivery of city-shaping initiatives like Cross River Rail.

As I've travelled around Queensland Rail's vast network in 2018-19 and spoken to employees about the past year, the recurring theme has been collaboration and how it is leading to even greater results. Collaboration is vital to becoming a modern, world-class railway and this year we have strengthened our relationships with transport and industry partners and local communities to deliver positive outcomes, including through the re-building of the Mount Isa line, and partnering with the Department of Transport and Main Roads to deliver

improved transport outcomes for customers, including freight customers.

During the period, the Board continued its oversight of Queensland Rail's performance and strategic direction to ensure the best outcomes for its customers, the organisation and the Queensland Government. This included maintaining oversight of Queensland Rail's progress towards implementing the recommendations of the Strachan Commission of Inquiry (COI). The organisation made steady progress towards implementing the recommendations it owns and, to date, 24 of the total 36 recommendations have been completed.

Reflecting on the events of the year, I want to take the opportunity to acknowledge the commitment of my fellow Board members and recognise the role they have played in steering the organisation. I would also like to extend my thanks to former Chair, Phillip Strachan, for his significant contribution to Queensland Rail and acknowledge former Board members Paul Wallis and Sandra Birkenleigh also for their contributions.

The Board continues to work closely with the Queensland Government, and I thank our responsible Ministers for their ongoing guidance and support as we work together to build a world-class, customer-focused organisation.

The Board also recognises the efforts and contribution of our Executive Leadership Team and the leadership of Nick Easy as Chief Executive Officer, during a productive year for Queensland Rail.

Looking forward, we are focused on guiding the program of continuous improvement that is underway across both the South East Queensland and regional networks. A key focus for the organisation is maintaining our excellent on-time running and reliability performance for customers as we deliver an extra 430 services each week from 29 July 2019. Additionally, we will continue to work closely with the Cross River Rail Delivery Authority (CRRDA) and Queensland Government to support the delivery of the \$5.4 billion Cross River Rail infrastructure program.

In the 2019-20 financial year, \$801.4 million will be invested in the rail network to ensure it is safe and reliable and can continue to support the growth of regional freight and travel networks, as well as more than 54 million customer journeys in South East Queensland each year. These maintenance works, coupled with our ongoing program of station accessibility upgrades and other key improvements to our infrastructure and facilities, will position us to deliver the safe, reliable, on-time services our customers expect and deserve.

I look forward to continuing to work with the Board and Executive Leadership Team as we enter the next exciting chapter of Queensland Rail's journey.



David Marchant AM
Chair

CEO's report



It has been a big year for Queensland Rail – we continued to improve our operational performance, invested in our network to deliver better outcomes for our customers and communities and demonstrated a culture of safety, collaboration and innovation.

Operationally, we improved our performance against most of our key performance indicators this financial year, including Citytrain customer satisfaction and on-time running, as well as a number of important safety measures. Our teams across the business have worked hard

to deliver reliable services for customers, and this can be seen in our on-time running and reliability performance. We have exceeded our targets for these two measures for seven consecutive quarters and are focused on ensuring we maintain this performance as we prepare to introduce extra services into the Citytrain timetable from 29 July 2019.

The safety of our people and customers is our highest priority. One of the most significant achievements of the last year has been the focus and effort to reduce a critical safety measure – Signals Passed At Danger (SPAD). Our SPAD rate improved every quarter during the year and has been the best-recorded rate in almost four years. This is the result of our employees working together under the guidance of a SPAD Prevention Taskforce and has involved the implementation of technology and signalling upgrades at key locations, as well as awareness and education programs.

Our customer injuries per million journeys have also been better than target since the third quarter in 2017-18. This result is attributed to a number of programs aimed at improving customer safety and accessibility and a strong focus from our Station Customer Service teams. The pleasing results achieved in these critical safety measures are evidence of what can be achieved through collaboration, innovative work practices and focused effort.

Throughout the year, our employees continued to demonstrate a culture of safety and implemented innovative work practices, tools and engineering controls to make our work environments safer. Examples include equipping our vehicles with cameras utilising artificial intelligence to remove the risk of collisions, using drones to inspect overhead wires and bridges and deploying a drain crawler to access and film inside confined spaces. These safety innovations are focused on ensuring we can continue to monitor, maintain and invest in our network while protecting our people.

Our focus on safety in 2018-19 was also evident in our organisation's commitment to becoming a White Ribbon accredited workplace. In May 2019, we became the first rail organisation in Australia to achieve accreditation. Our goal in taking part in this accreditation program is to strengthen our ability to recognise, respond to and prevent domestic and family violence. During the year, more than 780 Queensland Rail leaders completed specialised training, and employee training was launched at the start of 2019. As an organisation with a significant employee population our actions matter, and we are proud of the progress and efforts we've made to date to help eliminate domestic and family violence.

We maintained a strong customer focus during the year and delivered a number of improvements, including adding 60,000 extra seats to the weekly timetable through the upgrade of three-carriage to six-carriage trains and introducing 32 extra services in the Citytrain timetable each week. These are the first improvements we have made to the timetable since October 2016 and the detailed planning, preparation and coordination that's gone into ensuring we sustainably and reliably deliver increased capacity for customers is extraordinary.

While there were many highlights for our organisation over the last year, by far the most significant challenge we faced was re-connecting regional communities following the unprecedented flood event in northern Queensland

in early 2019. The widespread flooding impacted our employees and our network. The North Coast line was initially closed from Mackay through to Cairns. However, the most significant damage was to the Mount Isa line, which was closed for a total of 12 weeks. In an extraordinary team effort, our employees came together from across the state to repair the significant damage to the track and re-opened the line in record time without a single lost-time injury (LTI).

As we move into 2019-20, I would like to acknowledge the significant effort of teams throughout our organisation involved in preparations to return a further 430 weekly services to the timetable for customers. This has been a key focus for Queensland Rail and has been underpinned by the largest traincrew recruitment and training effort in Queensland Rail's history and significant modernisation of our training program.

This coming financial year, our priority is to maintain our focus on delivering reliable and improved services for our customers. We will continue to work closely with the Department of Transport and Main Roads to facilitate integrated public transport choices for customers and work closely with the Cross River Rail Delivery Authority to support the construction of the \$5.4 billion Cross River Rail project – a city-shaping initiative that is vital for Queensland Rail's transformation to a modern, world-class railway.

We've had a productive year, and I look forward to the continued progress and improvements we will make for our customers in the 12 months ahead.

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

Nick Easy
Chief Executive Officer

Year in review

July

- Queensland Rail's Community Officers visited North Queensland to share the importance of rail safety with more than 5,700 school students
- Traditional Owners of the Kuranda Region, the Djabugay people, celebrated NAIDOC Week with the Travel and Tourism team.

August

- The 'Heavy Metal Stops for No One' level crossing safety campaign was launched for Rail Safety Week, warning of the dangers of disobeying level crossing signs and signals
- Work commenced on the new \$2 million Queensland Police Service Railway Squad Outpost at Northgate station.

October

- Trained medics were stationed at Roma Street, Central, Fortitude Valley and Bowen Hills stations in a successful trial that provided timely help for medical emergencies
- More than 600 pairs of thongs were transported on the Spirit of Queensland to Cairns and on to remote communities on the Cape York Peninsula, to assist patients in accessing health care in larger regional centres.

September

- Queensland Rail employees hosted state-wide celebrations for R U OK? Day
- The \$4.8 million Freshwater station upgrade project was completed, enhancing facilities for the 400,000 people who enjoy the Kuranda Scenic Railway journey each year
- Spring Bluff station's prize-winning gardens featured in the Toowoomba Carnival of Flowers, with a heritage fleet connecting customers between the station and the main event.

November

- Station accessibility upgrades commenced at Strathpine, Morayfield and Boondall stations
- Queensland Rail Travel celebrated the 25th anniversary of the iconic Spirit of the Outback and 20th anniversary of its Rockhampton Tilt Train
- Queensland Rail honoured the Centenary of Armistice through a commemorative 'Troop Train' service from Brisbane's CBD to Cleveland.
- A new 65 square metre mural was commissioned for the Pillars Project to mark the 40th anniversary of the Merivale Bridge.

December

- The \$56 million signalling upgrade was commissioned between Roma Street and Corinda stations to further increase the reliability of the Ipswich and Springfield lines
- More than 10,000 gifts were donated to the Queensland Rail and RizeUp Christmas Appeal.

February

- The North Coast line was reopened following a round-the-clock recovery effort to repair damage, re-establishing an important freight connection between Brisbane and Townsville
- Queensland Rail delivered more than 230 large bales of hay to drought-stricken farmers in the remote town of Mungallala, made possible through donations from customers and employees.

January

- North and North West Queensland experienced a once in 500-year flood event which severely impacted the North Coast and Mount Isa railway lines.

March

- The 100th Commuter Catch-Up event was held at Central station
- The commissioning of a temporary bulk fertiliser facility enabled the first freight train movements to recommence between Richmond and Townsville, whilst work continued to completely reopen the Mount Isa line.

April

- The Mount Isa line was successfully re-opened after a 12-week recovery effort by a 400-strong taskforce to repair unprecedented flood damage to the line
- Improved real-time location functionality was rolled out through the MyTransLink app, providing customers with improved tracking information for train services.

June

- Queensland Rail announced an additional 430 services would be added to the timetable from 29 July 2019, in a return to the full service timetable
- Queensland Rail joined forces with emergency services, including Police, Ambulance and Fire and Emergency Services, in a major cross-agency training exercise to test emergency responses.

May

- An additional 32 weekly services were returned to the Citytrain timetable in peak times, providing additional capacity for customers when it was needed most
- Queensland Rail became the first rail organisation in Australia to become a White Ribbon Accredited workplace.

Operational performance

Summary of non-financial measures

	Unit	2018-19 Actual	2018-19 Target
Signal Passed At Danger per MTK - Operator	Rate	1.61	1.78
Customer injuries per million passenger journeys	Rate	7.78	9.49
Total Recordable Injury Frequency Rate	Rate	9.39	7.80
Safeworking Breaches as a Rail Infrastructure Manager	Count	67	63
Unscheduled absence (Days/FTE)	Rate	13.13	10.25
Operational cost per Revenue Train Kilometres - South East Queensland Above Rail	\$	29.48	31.86
Operational cost per Revenue Train Kilometres - South East Queensland Below Rail	\$	12.30	14.83
Operational cost per Revenue Train Kilometres - Travel and Tourism	\$	65.92	63.91
Operational cost per thousand GTK - Regional	\$	16.18	13.47
Capital Plan Scheduling (Project Stage Gates On Time)	%	67.10	80.00
On-time running - Citytrain 24/7 (adjusted for Force Majeure)	%	96.12	95.00
Reliability - Citytrain 24/7 (adjusted for Force Majeure)	%	99.78	99.50
Customer satisfaction - Citytrain (TransLink index)	Rate	70.88	70.00
Customer satisfaction - Traveltrain*	Rate	83.67	81.00

**In January 2019, Queensland Rail Travel improved its KPI calculation and methodology to more accurately reflect the overall customer experience. This involved removing "Not Applicable" scores from the customer survey results. Prior to this change, "Not Applicable" ratings were treated as scores of '0/10'. This change was effective from 1 January 2019 and will not be retrospectively applied to previous data.*

Financial summary

Consolidated income statement for the year ended 30 June 2019

	2018-19 Actual (\$M)	2017-18 Actual (\$M)
Revenue	2,107.4	1,959.7
Operating expenses	(1,345.4)	(1,268.5)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	762.0	691.2
Depreciation and amortisation expense	(386.2)	(348.2)
Earnings before interest and tax (EBIT)	375.8	343.0
Net finance costs	(174.0)	(183.4)
Income tax expense	(60.3)	(47.3)
Net profit	141.5	112.3

The Queensland Rail consolidated entities' EBIT increased by \$32.8 million.

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

Operating expenses increased by 6.1 per cent on the prior year, as a result of higher labour costs due to an increase in full time equivalents and an increase in loss on sale of assets, partly offset by a decrease in capitalised labour.

Depreciation and amortisation expense increased by 10.9 per cent mainly as a result of higher depreciation of infrastructure associated with the componentisation of track assets and higher amortisation of intangibles, partially offset by decreased depreciation of rollingstock assets.

A dividend of \$141.5 million was declared in respect of the year ended 30 June 2019. This dividend will be paid during 2019-20.

Financial performance measures compared to the 2018-19 Operational Plan

	Unit	2018-19 Actual	2018-19 Target
Earnings before interest and tax	\$M	375.8	371.0
Net profit after tax	\$M	141.5	133.6
Return on operating assets	%	5.34	5.11
Debt to debt plus equity	%	50.91	51.95

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 2019

	2018-19 Actual (\$M)	2017-18 Actual (\$M)
Current assets	162.9	181.3
Non-current assets	7,645.7	6,999.0
Total assets	7,808.6	7,180.3
Current liabilities	720.1	557.0
Non-current liabilities	3,784.2	3,800.3
Total liabilities	4,504.3	4,357.3
Net assets	3,304.2	2,823.0
Contributed equity*	3,068.2	2,587.0
Reserves	0.3	0.4
Retained earnings	235.7	235.7
Total equity*	3,304.2	2,823.0

*Numbers include rounding.

The consolidated entities' current assets decreased by 10.1 per cent to \$162.9 million as a result of a decrease in cash assets, partially offset by an increase in current inventory.

Non-current assets increased by 9.2 per cent primarily due to a net increase in property, plant and equipment (including the addition of the Moreton Bay Rail Line assets), after allowing for depreciation.

The consolidated entities' current liabilities increased by 29.3 per cent to \$720.1 million as a result of an increase in trade payables, short term borrowings, current tax liability and current provisions.

The consolidated entities' non-current liabilities decreased by 0.4 per cent to \$3,784.2 million as a result of a decrease in income in advance from asset funding.

Consolidated cash flows for the year ended 30 June 2019

	2018-19 Actual (\$M)	2017-18 Actual (\$M)
Net cash inflow from operating activities	589.4	521.4
Net cash (outflow) from investing activities	(544.6)	(481.8)
Net cash (outflow) from financing activities	(65.8)	(17.2)
Net increase/(decrease) in cash and cash equivalents	(21.0)	22.4

The increase in cash inflows from operating activities in the current year is due to an increase from Rail Transport Service Contract revenue, offset by an increase in payments to suppliers and employees and income tax remitted.

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

The increase in cash outflows from financing activities is attributable to a decrease in inflows from borrowings to fund capital expenditure and an increase in dividends paid.







Customer Focus



Queensland Rail has held more than 100 Commuter Catch-Ups, gathering feedback from more than 11,000 customers.

Queensland Rail has continued to develop a customer-focused culture, working to ingrain customer centric decision-making within the organisation. With more than 70 events held across the South East Queensland network to proactively listen to customer feedback, in addition to a dedicated team working across various social media and traditional feedback channels seven days a week, Queensland Rail worked hard to meet and exceed customer expectations throughout 2018-19.

Key highlights in 2018-19 included:

-  Improved digital customer experience through improved rollout of real-time information and iPhones for customer service staff
-  \$39.5 million investment in the station accessibility upgrade program
-  70 Commuter Catch-Up events
-  Responded to more than 7,700 pieces of customer feedback, and 12,500 social media enquiries
-  The installation of new Passenger Information Display Screens (PIDS) at key stations following feedback received at Commuter Catch Ups
-  Improvements for bike users with the roll out of secure storage facilities.

Commuter Catch-Ups

Commuter Catch-Ups are an important part of Queensland Rail's customer-focused culture and involve employees visiting stations to engage with customers and collect their feedback.

Since 2017, 129 Commuter Catch-Ups have been conducted at 113 stations and feedback has been collected from more than 11,000 customers. In 2018-19, Queensland Rail conducted 70 Commuter Catch-Ups across South East Queensland collecting more than 17,700 pieces of feedback.

Customer feedback received at these catch-ups has driven a range of improvements, including improvements to the provision of customer information at stations with additional Passenger Information Display Screens installed at Manly, Auchenflower, Woodridge and Corinda. Installations will also commence shortly at Alderley, Newmarket and Yeerongpilly.

In 2018-19, Queensland Rail also introduced Commuter Catch-Ups targeted at Travel and Tourism customers. Catch-ups were held onboard seven services during the year, during which more than 600 customers were engaged. These sessions have been a valuable tool to engage face-to-face with customers on travel and tourism services, and Queensland Rail plans to continue to operate regional catch-ups in the future.

Customer Experience Team

This year, Queensland Rail established a dedicated Customer Experience team, including a Customer Insights team to provide guidance and direction to the business in delivering customer-focused initiatives. This team, working in partnership with TransLink, is focused on enhancing the customer experience through the analysis of data trends and customer feedback to identify improvement opportunities.

Customer Reference Group

Queensland Rail's Customer Reference Group brings the community and Queensland Rail employees together to share information and collaborate on customer-focused initiatives. The quarterly meetings continued throughout the period, allowing Queensland Rail to collect valuable qualitative feedback. Key topics included Cross River Rail, the station accessibility upgrade program, and level crossing safety.

Accessibility Reference Group

Queensland Rail's Accessibility Reference Group (ARG) provides a forum to engage with a cross-section of the state's peak disability sector organisations and obtain valuable input into customer-facing initiatives such as project design, construction, and service/product improvements.

The group's membership grew during the period, with the ARG now comprising representatives from Guide Dogs Queensland, Vision Australia, Queenslanders with Disability Network, MS Society, Spinal Life, Arthritis QLD, Better Hearing Australia, Inclusion Moves, Autism Queensland, Down Syndrome Queensland, Dementia Australia, Muscular Dystrophy Queensland, Council of the Ageing and Endeavour Foundation, along with several independent representatives.

Queensland Rail regularly engages with the ARG and seeks its feedback on initiatives and programs. This year, this has included collaborating on the development of a boarding ramp replacement for the travel and tourism network. The ramps currently in use require staff to assist customers who use a wheelchair to board the train. The innovative new ramp, which has been designed and developed in partnership with the ARG, addresses gradient issues and will allow all customers to board the train independently.

Improving the accessibility of our stations

Queensland Rail is committed to providing accessible, safe and reliable public transport for all Queenslanders.

The organisation's \$300 million commitment to deliver 16 station accessibility upgrades continued throughout the year and an additional \$57 million was committed for upgrades at another six stations as part of the Cross River Rail project.

As part of the Station Accessibility Upgrade Program, Queensland Rail has already successfully delivered upgraded facilities at Graceville, Dinmore, Nambour, Alderley and Newmarket stations.

Major construction is underway at Morayfield, Boondall and Strathpine stations and design work is well advanced for a further six stations – Auchenflower, Dakabin, Buranda, Albion, Cannon Hill and East Ipswich – with construction to begin in 2019-20.

Queensland Rail will work with the Cross River Rail Delivery Authority to facilitate its planned upgrades at Fairfield, Yeronga, Yeerongpilly, Moorooka, Rocklea and Salisbury stations as part of the delivery of this game-changing project for South East Queensland.

At the completion of these upgrades, patronage figures show that more than 84 per cent of customers will travel to and from independently accessible stations.

To further improve accessibility at Queensland Rail stations, a separate program of work will see partial platform raising completed at stations across the network to improve boarding for customers.

More than 90 platforms, which are not fully or partially high level, will be considered for an upgrade as part of the program. The partial platform upgrades will dramatically decrease the vertical gap between platforms and trains, to provide an easier and safer boarding experience for all customers.

Works commenced at Yeerongpilly station in June 2019, with the program to continue throughout 2019-20.

These investments will ensure customers at these locations can travel safely and easily, without barriers, including people who use mobility aids, seniors, and those with luggage and prams.

Improving customer information

Queensland Rail knows that accurate and timely information is critical to a customer's journey, particularly in times of unplanned disruptions.

Across 2018-19, the Station Customer Service team expanded the smartphone program, giving the majority of station staff access to an iPhone while on duty. Staff are able to access real-time data for specific services, stations or lines to assist customers and provide accurate information. Staff can also assist with journey planning or other information using the iPhone.

In April 2019, Queensland Rail implemented improved real-time location information for train services across the south east, providing customers with more accurate next-train information via the MyTransLink app.

Previously, the data feeding to the app was only able to provide a train's location if it was at a platform or at a mid-point between stations.

The improved software now reports a train's location using 2,650 track checkpoints across the network, rather than the previous 447, to show a smoother transition as the train progresses through its journey.

Improving cycling facilities

In 2018-19, Queensland Rail invested in improvements for bike users at train stations, rolling out new secure bike enclosures and casual bike racks.

As part of this initiative, six new secure bike storage facilities were installed along the Redcliffe Peninsula line in 2019, including at Murrumba Downs, Kippa-Ring, Mango Hill, Mango Hill East, Kallangur and Rothwell stations. These new enclosures provide secure storage capacity for an extra 172 bikes along the line.

Representatives from bicycle user groups also assisted Queensland Rail to identify 20 stations that would benefit from casual bike racks, which have been installed at Gaythorne, Enoggera, Newmarket, Wilston, Windsor, Northgate, Rocklea, Moorooka, Virginia, Hendra, Cannon Hill and North Boondall stations.

Casual bike racks will continue to be installed at Albion, Ascot, Auchenflower, Bowen Hills, Coopers Plains, Nundah, Shorncliffe, Woolloowin, Wynnum and Yeronga stations from July 2019.



Springfield Central

Queensland Rail TRANSLink



Queensland Rail is committed to providing accessible, safe and reliable public transport for all Queenslanders.

Citytrain



Father and daughter Train Driver and Guard duo - Celebrating Carmen's first day as a Driver at Queensland Rail.

With more than 152 train stations and 54 million annual customer journeys, the Citytrain network plays a key role in connecting South East Queensland each and every day. In 2018-19, Queensland Rail maintained its focus on delivering a safe and reliable network for its customers, in addition to progressing the largest traincrew recruitment campaign in its history to increase the frequency of services.

Key highlights in 2018-19 included:



60,000 extra weekly seats added to the network, through additional services and three to six-carriage upgrades



96.12 per cent of services operated on-time in 2018-19, with a service cancellation rate of just 0.20 per cent



55 million passenger trips taken on the Citytrain network, up 4.3 per cent from 2017-18 (including special event trips)



More than 1.4 million hours spent maintaining the South East Queensland network to improve reliability



Customer satisfaction results improved from 69.56 (FY 2017-18) to 70.88.

Increasing services for our customers

A top priority for Queensland Rail in 2018-19 was preparing the network for the implementation of 462 additional train services each week.

On 13 May 2019, 32 of these services were added to the network in peak travel times. These services were identified as a priority through customer feedback, wait times, and patronage modelling, and provided 14,000 extra seats for customers when they were needed most.

On 25 June 2019, Queensland Rail announced the remaining 430 services would return to the network in 2019-20, from 29 July 2019.

Extensive operational readiness and planning activities were completed in 2018-19 to ensure these services are embedded sustainably and reliably, with Queensland Rail investing in new tools and processes to monitor the sustainability of its network and proactively plan for any identified stress periods.

These tools allowed Queensland Rail to forecast for and actively manage a number of timetable stress periods in 2018-19, including school holiday periods, the introduction of a new master roster in February 2019, and the 32 priority services from May 2019.

In July 2019, Queensland Rail will focus on introducing the remaining 430 services for its customers sustainably and reliably, restoring services to the level planned with the opening of the Redcliffe Peninsula line in 2016.

Growing our train crew team

Underpinning Queensland Rail's ability to increase services for its customers was the continuation of the largest traincrew recruitment and training program in the organisation's history. As at 30 June, 176 drivers and 304 guards had completed their training and commenced operating services on the network compared to October 2016.

Queensland Rail's traincrew training programs have been redesigned and modernised since late 2016, expanding the use of simulators and digital learning, which has allowed training timeframes to be expedited, without compromising safety.

Since October 2016, the average period for driver training has reduced from a peak of 18 months to a rolling 12-month average of approximately 12.70 months (as at 30 June 2019).

In January 2019, Queensland Rail also commenced the introduction of 'network service designed' training, which has seen a number of drivers qualified on particular routes.

This allows new train drivers to achieve partial network deployment and is anticipated to reduce training time from a current average of 12.70 months to between 9-10 months.

As at 30 June 2019, in order to ensure a pipeline of talent for future service requirements, a further 75 drivers and 76 guards were undergoing training.

A strong focus on reliability

In 2018-19, Queensland Rail maintained its strong focus on delivering reliable and on-time train services for its customers. The organisation consistently exceeded its quarterly on-time running and reliability contractual targets by running 96.12 per cent of services on time, with a service cancellation rate of less than 0.20 per cent.

Queensland Rail continued to invest heavily in the maintenance and reliability of its network and to ensure the right people and equipment were strategically placed at key sites during peak times to respond to any unplanned disruptions.

More than 1.4 million hours of track maintenance was completed throughout the year, often during nights and on weekends, while Queensland Rail's trains underwent more than 158,000 hours of maintenance and upgrade works to support their safe and reliable running on the network.

Queensland Rail's Rail Operations Response Unit (RORU) was deployed 669 times from strategically located rapid response hubs across the network from Gympie to the Gold Coast, to investigate and fix a variety of unplanned and often unpredicted issues in a timely manner.

As part of Queensland Rail's continued commitment to improve its on-time running performance, from October 2017 to January 2018, the organisation trialled the provision of trained medics at Roma Street, Central, Fortitude Valley and Bowen Hills stations in peak times to enable a swift response to any medical emergencies. The initiative not only provided immediate support for customers requiring medical assistance, but also reduced train delays by having specialists immediately on hand to look after customers requiring attention and allowing trains to resume. Queensland Rail is now considering implementing medic resources at key stations on a permanent basis.

Together, these dedicated teams supported the overarching effort from within Queensland Rail's operational hub, the Rail Management Centre, where more than 7,800 services were coordinated every week.

New Generation Rollingstock continues to hit the tracks

After its inaugural revenue service on the Citytrain network in December 2017, the New Generation Rollingstock (NGR) fleet continued to be commissioned and deployed across South East Queensland in 2018-19.

As at 30 June 2019, 59 of the new trains were in service.

In July 2018, the NGR trains commenced operating Northgate shuttle services, followed by the Springfield and Redcliffe Peninsula lines in September 2018. In October 2018, the trains entered service on the Caboolture and Ipswich lines, and in February 2019 began service on the Shorncliffe and Cleveland lines.

The continued rollout of NGR triggered the start of the Electric Multiple Unit (EMU) fleet's progressive retirement following 40 years of service. To ensure the important history of the fleet is appropriately commemorated, Queensland Rail is retaining a small portion of the fleet as retirement plans progress.

This includes EMU01 which will be preserved for historic purposes.

Station customer service recruitment

To support the continued rollout of the NGR fleet, Queensland Rail has strengthened its customer service presence at stations.

All lines that NGR services operate on are now staffed from first to last NGR service. This change has increased the span of staffed hours to ensure all customers requiring boarding assistance are supported. Customers have responded positively to the increase in hours of operation, welcoming the enhancement of customer service, safety and security.

Major signalling upgrade for Ipswich and Springfield lines

In December 2018, Queensland Rail commissioned a \$56 million rail signalling upgrade between Roma Street and Corinda stations, helping to future proof and increase the reliability of the corridor, while also significantly decreasing the time required on future maintenance.

The project included the replacement of 8.5 kilometres of optical fibre cabling from Milton to Graceville, 22 new signalling portals which have bi-directional capability, as well as 59 new and upgraded signalling trackside control huts and associated equipment, boosting the reliability of the City network for customers.

Extensive planning work was undertaken in the eighteen months leading into the upgrades. To finish the project, more than 100 Queensland Rail employees worked around the clock over the Christmas period, completing more than 10,000 hours of construction and commissioning work safely and on-time.

Cross River Rail (CRR) and European Train Control System (ETCS)

Queensland Rail continued to work closely with the CRRDA in 2018-19 to support the delivery of this transformational project and integration with the existing rail network.

CRR will deliver a new 10.2 kilometre rail line from Dutton Park to Bowen Hills, which includes a 5.9 kilometre twin tunnel under the Brisbane River and CBD and will deliver new high capacity underground stations at Boggo Road, Woolloongabba, Albert Street and Roma Street along with upgrades to Dutton Park and Exhibition stations.

These high-capacity stations will revitalise multiple inner-city precincts and enable a rejuvenated rail network across the whole of South East Queensland.

ETCS Level 2 is a world-class signaling system, used by many high performing railways. The ETCS Level 2 project is also being delivered as part of the CRR program and will provide enhanced safety and capacity benefits for inner-city train services.

Queensland Rail has a key role to play in the CRR and ETCS Level 2 projects and has been working closely with the CRRDA to ensure their success.



Train Monitoring Officer Kiah Dodd at the Rail Management Centre.

Celebrating a Merivale milestone

On 18 November 2018, Queensland Rail celebrated the 40th anniversary of the 130 metre Merivale Bridge, Brisbane's first river rail crossing that connects South Brisbane and Roma Street stations.

Built in 1978, it became a signature piece of Brisbane's landscape, featuring a modern design for its time with a shallow steel-frame structure and suspended steel wire. It was named the Merivale Bridge because of its alignment with Merivale Street.

Four decades on, and the Merivale Bridge remains an important component of our city's rail system, carrying more than 420 services between north and south Brisbane each day.

As the city celebrated the 40th anniversary of Merivale, another project connecting Brisbane's north and south, the \$5.4 billion Cross River Rail, was ramping up.



New Generation Rollingstock crossing the Brisbane River to celebrate the 40th anniversary of the Merivale Bridge.

Safety and Security



Queensland Rail wants customers to not only be safe, but feel safe; working in 2018-19 to bolster the presence of security personnel and initiatives. Pictured: Authorised Officers Boyd and Claire.

In 2018-19, Queensland Rail continued its unwavering focus on the safety and security of the network, through ongoing investment in safety enhancing initiatives, including the development of an award-winning level crossing safety campaign.

Key highlights in 2018-19 included:



More than 800 Railway Squad operations conducted across the rail network



More than 1,600 operations undertaken across the rail network by Authorised Officers



More than 120,000 guardian train patrol hours through the guardian train initiative.

Safety

Level Crossing Safety

Safety comes first at Queensland Rail, always. This financial year the organisation launched a dedicated campaign to improve awareness and prevent unsafe behaviour at level crossings following a number of incidents throughout the network.

In conjunction with Rail Safety Week 2018, Queensland Rail launched the 'Heavy metal stops for no one' campaign to educate motorists and pedestrians on the dangers of ignoring level crossing signs and signals.

The targeted campaign was rolled out across South East and Regional Queensland, including schools and community groups. The organisation also reached more than 20,000 people who visited the Queensland Rail pavilion at the 'Ekka' in August 2018.

During the period the campaign launched in market (between August 2018 and January 2019), there was a 19 per cent decrease in the number of near misses at Queensland Rail's level crossings, compared to the same period the year prior. The campaign's success was later recognised at the 2019 Australasian Railway Association (ARA) Awards.

SPAD prevention

Safety is Queensland Rail's utmost priority and the organisation maintained a strong commitment to the management and prevention of SPAD incidents on its network in 2018-19.

In January 2019, Queensland Rail recorded its best-ever SPAD rate of 1.44 SPADs per million train kilometres travelled. This marked an improvement of 43 per cent in the SPAD rate compared with January 2018, when Queensland Rail recorded its peak SPAD rate of 2.53.

For the total 2018-19 financial year, Queensland Rail recorded a SPAD rate of 1.61 SPADs per million train kilometres, which was a 31 per cent rate improvement on the year prior.

These improvements follow the implementation of a dedicated 'SPAD Prevention Taskforce' in late 2017 and a broad range of additional SPAD-prevention controls and initiatives.

Since its establishment in October 2017, the Taskforce has brought together key employees from across Queensland Rail to deliver a comprehensive SPAD strategy and a broad range of new safety controls focused on human factors, driver behaviour, and increased levels of engagement with our staff.

In October 2018, the organisation appointed an Organisational Psychologist, specialising in human performance in safety-critical settings, to work directly with its train drivers and help guide the work of the Taskforce.

The Taskforce has also introduced new toolbox talks for staff, increased one on one engagement with train drivers to improve SPAD awareness,

and introduced a number of physical changes to signalling infrastructure at locations including Normanby, Northgate and Bowen Hills.

Transition to National Rail Safety Regulator

In 2018-19, Queensland Rail continued its transition to the *Rail Safety National Law (Queensland) Act 2017*.

The new legislation provides nationwide rules and regulations for the safety of workers, trains, customers and other users. It requires rail operators, including Queensland Rail, to maintain accreditation as a railway operator and rail infrastructure manager through a regulatory relationship with the Office of the National Rail Safety Regulator (ONRSR).

A major part of the transition during the 2018-19 financial year has been to align competency assurance with the new legislation.

A dedicated Queensland Rail working group has analysed the impacts of the legislation and managed changes within the business to ensure a smooth transition.

Security

In 2019, Queensland Rail was proud to be recognised as the only railway in Australia to receive a five-star customer rating for safety for the fifth consecutive year from Canstar Blue.

This record reflects the organisation's ongoing commitment to the safety and security of its network, employees and customers.

Police Railway Squad

Queensland Rail continued its longstanding partnership with the Queensland Police Service in 2018-19 to ensure the safety and security of the rail network.

The Queensland Police Service Railway Squad includes 78 Officers who operate from seven strategically located Police Outposts at Ipswich, Redbank, Robina, Beenleigh, Manly, Roma Street, and Petrie stations.

In 2018-19, the Railway Squad undertook 900 targeted operations across the network to deter anti-social behaviour and target any crime.

The Squad provides a highly visible uniform presence on the rail network to deter offenders and works closely with Queensland Rail's security team to detect, investigate and charge offenders.

Queensland Rail further cemented its partnership with Queensland Police Service in 2018-19, by signing a new Memorandum of Understanding between the agencies in June 2019 for the next four years.

The Railway Squad continued to be supported in 2018-19 by a range of other security personnel including Authorised Officer teams, Security Guards, Mobile Security Dog teams and TransLink Senior Network Officers.

Northgate Police Outpost

As 2018-19 came to a close, Queensland Rail and Queensland Police Service undertook final works to commission a new \$2 million Police Outpost at Northgate station.

Located at the junction of the Redcliffe Peninsula, Caboolture, Sunshine Coast and Shorncliffe lines, the new outpost will allow the Railway Squad to more efficiently deploy officers to Brisbane's northern stations when it opens in early July 2019.

The purpose-built facility will accommodate up to eight officers, providing them with a permanent base to plan their patrols and operations, respond to evolving incidents and detain and process offenders, as well as provide direct access to Queensland Rail's station CCTV system.

Network surveillance

Following a successful trial, audio-visual Body Worn Devices were rolled out to all Authorised Officers (AO) on the Citytrain network in May 2019. The camera's field of vision is like a human eye, so they "see" what the officer sees, which can assist with promoting safe behaviour and enforcement. To ensure privacy, the cameras are only activated when the AO conducts an enforcement activity, such as issuing a fine, or when they believe a situation with a customer could escalate, with the interaction recorded and used as evidence, if required.

These Body Worn Devices complement more than 12,000 CCTV cameras across the network, which can be monitored 24-hours a day from the Rail Management Centre in Bowen Hills.

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.

The organisation partners with external agencies as part of these emergency preparedness exercises and, in 2018-19, joined with the Queensland Police Service and other key agencies to undertake 12 proactive training exercises.

The most significant of these exercises was held in June 2019 and involved 150 emergency respondents from Queensland Rail, Queensland Police Service, Queensland Ambulance Service, Queensland Fire and Emergency Service and the Australian Army. Named 'Exercise Ignis', the activity tested the coordinated, inter-agency response to a hypothetical scenario – a train derailment - within a tunnel at Central station.



The 78 strong Queensland Police Railway Squad help keep the rail network safe, actively targeting and enforcing security. Pictured Jaye and dog Minka.

People and Culture



Almost 100 employees participated in the Darkness to Daylight challenge to raise funds and awareness for DFV prevention across the broader community.

Queensland Rail's vision is to connect communities through a modern, world-class rail service. The passion, diversity and expertise of its people are critical to this journey and Queensland Rail is committed to investing in its people so that they can succeed and deliver excellence for its customers.

As at 30 June 2019, there were 7,165 full-time equivalents (FTEs) employed at Queensland Rail, of which (by headcount):



87 per cent were employed in core functions (Citytrain, Regional Network and Freight, Travel and Tourism)



The top three occupations were station manager and officer (12 per cent), train driver (11 per cent), and trackworker (9 per cent)



23 per cent were women (52 per cent in Enabling functions and 19 per cent in core functions)



Two per cent identified as being Aboriginal or Torres Strait Islander



Four per cent identified as having a disability



Seven 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 13 years and the average age of employees was 45 years.

Planning for the Future Workforce

Effective workforce planning for key roles including traincrew, train controllers, engineering and trade provides Queensland Rail with a road map for future recruitment and workforce composition.

Recruitment activities for the 2020 Graduate Program commenced in January 2019 for graduates across a range of disciplines in the Network and Citytrain business areas.

Queensland Rail graduates participate in a two-year rotational program and receive support and mentoring from Queensland Rail business leaders. They gain real-world experience, on the job training and also participate in formal development opportunities.

The recruitment of Traineeships and Apprenticeships also continues as a key activity for onboarding the future workforce.

Valuing diversity

Queensland Rail continues to promote the importance and benefits of a diverse and inclusive workforce through its workforce planning, recruitment, and development strategies. Queensland Rail showcased its

support for diversity and inclusion through recognising and supporting key events and programs to increase awareness and understanding across its business areas.

With females representing less than 23 per cent of the organisation's workforce, Queensland Rail is committed to improving gender diversity.

International Women's Day (IWD), held on 8 March 2019, was celebrated to mark the contribution and achievements of women across Queensland Rail. The theme of IWD in 2019 was 'Balance for Better' and awareness raising activities were held with employees to highlight the benefits of gender diversity and the ongoing need for change to create gender balance and equality across many Australian industries, including rail.

This year was also the inaugural year of the QRWomen program, which aims to support women in senior leadership roles across Queensland Rail to build confidence and capability to lead.

The program was launched in May 2019, with more than 40 Queensland Rail female leaders attending to hear from Josephine Sukkar AM.

The year-long program continues with development and networking opportunities, including executive roundtable discussions, leadership development workshops facilitated in partnership with Queensland University of Technology (QUT), as well as peer support and learning.

Recognising the LGBTIQ+ community, Queensland Rail employees came together to celebrate "Wear It Purple" day and support rainbow young people through fostering respect and understanding, as well as creating a sense of pride for the diversity within Queensland Rail's workplace. Queensland Rail is committed to creating a genuinely safe and inclusive workplace where all employees can bring their authentic self to work. The 2018 theme of "Empower Together" recognised the power and resilience of the LGBTIQ+ community and encouraged everyone to foster respect within their communities.

Through its "Work and Welcome" program a partnership with not-for-profit organisation Multicultural Development Australia (MDA) provides Queensland Rail with opportunities across station operations, as well as grounds, civil and building maintenance to people of refugee and asylum seeker backgrounds. The paid work placements within, help participants to gain Australian work experience that can assist

them to find meaningful employment and demonstrates Queensland Rail's commitment to supporting the culturally diverse groups within Queensland's broader communities.

Queensland Rail also recognised the important role of Aboriginal and Torres Strait Islander staff and customers in the community.

Queensland Rail was proud to recognise both NAIDOC Week (7-14 July) and National Reconciliation Week (27 May to 3 June) by hosting staff gatherings across Queensland Rail locations, including those Queensland Rail staff part of the Aboriginal and Torres Strait Islander Reference Group. The 2018 NAIDOC theme 'Because of her, we can!' celebrated the essential role indigenous women have played and continue to play as active and significant role models at the community, local, state and national levels. Queensland Rail commenced the week with events in Brisbane, followed by co-hosting a NAIDOC celebration with the Djabugay people at Kuranda. Queensland Rail also partnered with Communities for Children (Mission Australia) for the annual NAIDOC celebration event in Inala.

White Ribbon Accreditation

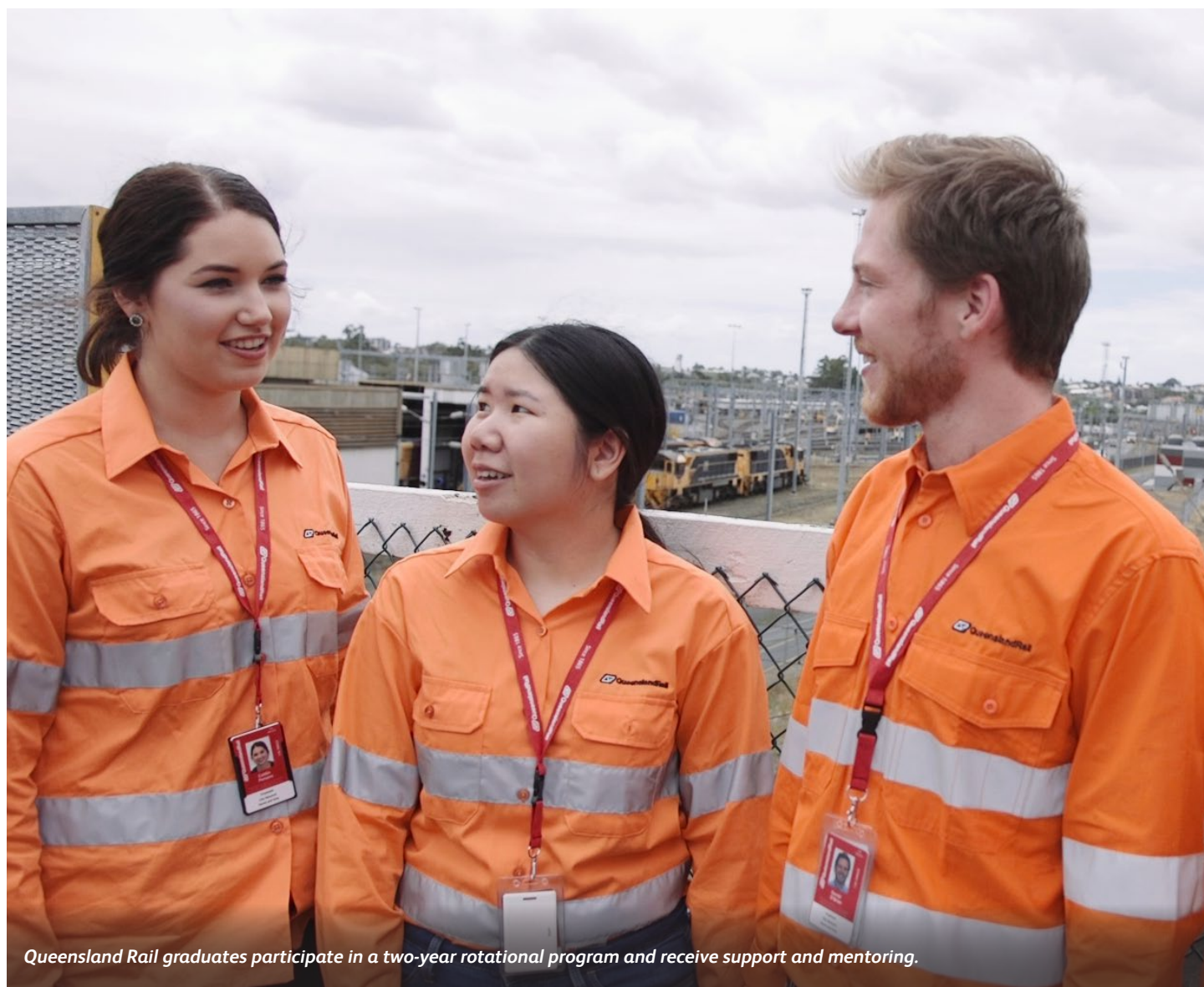
In May 2019, Queensland Rail became a White Ribbon Accredited (WRA) workplace, the first Australian rail organisation to do so. This involved a 12-month accreditation process which saw leaders complete domestic and family violence (DFV) training and extensive awareness-raising activities amongst employees. WRA workplaces aim to promote

a respectful, safe and inclusive culture that takes active steps to prevent and respond to domestic and family violence.

Throughout the accreditation journey, more than 780 leaders completed specialised training to equip them to better identify where DFV may be occurring and support affected employees. Employee training was launched at the start of 2019, including both online modules and face to face sessions. Employee DFV training aimed to equip Queensland Rail employees with vital knowledge to recognise the signs of DFV, plus information on how to assist and refer their colleagues, workmates or friends to the right support.

A key milestone saw Queensland Rail develop a new policy, which provides leave assistance and support for all employees who are experiencing DFV.

In May 2019, almost 100 employees also participated in the Darkness to Daylight challenge to raise funds and awareness for DFV prevention across the broader community. Queensland Rail employees ran or walked more than 733 kilometres and raised money for the cause.



Queensland Rail graduates participate in a two-year rotational program and receive support and mentoring.

In the Community



Queensland Rail employees helped to donate more than 230 large bales of hay to farmers and communities through Rural Aid Australia.

Queensland Rail is passionate about community involvement and the integral part it plays in the communities it connects. In 2018-19, the organisation continued engaging and supporting communities and not-for-profit organisations through a wide range of programs and events.

Key highlights in 2018-19 included:



Donated \$10,000 worth of hay to drought-affected farmers



Educated more than 23,000 children, students and community members about rail safety



Supported more than 84 not-for-profit events and initiatives



Worked with partners to raise more than \$50,000 in fundraising and donations from customers and employees



Provided more than \$300,000 worth of in-kind partnership opportunities.

Supporting our top five charity partners

In 2018-19, Queensland Rail continued to support its top five not-for-profit partners: Cancer Council Queensland, Guide Dogs Queensland, RSPCA Queensland, the Starlight Children's Foundation and Youngcare.

Queensland Rail proudly supports its partners by providing opportunities for them to raise funds and awareness at train stations throughout the year, in addition to in-kind promotion and advertising opportunities across its network. The partnerships also provide exclusive opportunities for employees to engage with, and support, these charity organisations.

Rural aid

During 2018-19 Queensland Rail employees rallied together to support Queensland farmers and rural communities impacted by one of Australia's worst droughts.

Through a range of employee fundraising efforts and public fundraising drives at train stations across Queensland, more than 230 large bales of hay were donated to farmers and communities through Rural Aid Australia. In February 2019, more than 75 tonnes of hay were delivered to drought-affected farmers in the remote South West Queensland community of Mungallala. The donation helped to provide much needed assistance for Mungallala's farmers and the broader community.

RizeUp Christmas appeal

Queensland Rail partnered with RizeUp again in 2018 to support its annual Christmas Appeal, encouraging Queenslanders to drop a gift into their local station to help spread festive joy to families impacted by domestic and family violence.

Queensland Rail employees worked to sort, pack and distribute the presents to families in refuge placements over Christmas. The 2018 campaign attracted more than 10,000 gifts, which were donated to families in need right across Queensland.

Community donations

Throughout 2018-19, Queensland Rail Travel supported a number of charitable donations by offering up its long distance train services to transport supplies.

In October 2018, Queensland Rail supported Queensland Health by transporting boxes of donated thongs from Brisbane to Cairns onboard the Spirit of Queensland. The thongs went to dozens of people living in isolated communities on the Cape York Peninsula who require footwear to be able to board flights to access health care.

In March 2019, Queensland Rail Travel also transported school supplies including stationery, backpacks, lunch boxes and other essentials. This donation was brought together and donated by the families of Virginia State School in South East Queensland for the students and families of the flood-impacted Mundingburra State School in Townsville.

Rail Safety Orientation Days

Queensland Rail continued to host its quarterly Rail Safety Orientation Days in 2018-19. Held for the past 13 years, these events aim to assist school students, those who have newly migrated to Australia, and customers who require assistance to travel independently on the Queensland Rail network to build their trust and confidence in train travel in a safe and controlled environment.

During 2018-19, these events were attended by more than 254 school students new to Australia from cultural and linguistically diverse backgrounds and 50 customers with disabilities.

The events offer customers the opportunity to meet and chat to train drivers and guards, station staff, authorised officers, transit officers from TransLink and the Queensland Police Service. This assists them to become more familiar with the people who can provide help on and around the train. The day also offers attendees the opportunity to practice safely boarding, disembarking and navigating trains without time pressures or crowds.

Queensland Rail is the only Australian rail operator to host Rail Safety Orientation Day events for key customers and each day is uniquely tailored to the requirements of its attendees.

Community education

In addition to rail safety orientation days, Queensland Rail continued to promote and educate communities about the importance of rail safety.

Throughout 2018-19, more than 143 rail safety presentations were delivered at schools, early learning centres and community centres in South East Queensland, engaging more than 23,000 children, students and community members on the importance of obeying warning signs and signals at level crossings, as well as the risks of trespassing in the rail corridor.

During July and August 2019, Queensland Rail took the rail safety message to North and Far North Queensland, presenting to more than 7,200 students and engaging residents of all ages at regional shows and through key local industry and government organisations.

Positive pARTnerships program

Queensland Rail's Positive pARTnerships program engages with local communities, school groups and artists to produce high quality artwork throughout the network. The program helps to instil community pride in rail infrastructure, provides opportunities for artists and reduces vandalism and graffiti on the network.

In 2018-19, 12 large scale projects were delivered across South East Queensland. This includes a new 75 square metre mural unveiled at Buranda station and the 11th installation on the pillars of the Merivale Bridge. The latest installation was crafted by renowned Melbourne street artist, Tyrone Wright, who used the subtle monochrome tones of the pillar's concrete surface to transform it into a delicate portrait, despite its large 64 square metre size.

In addition, Brisbane's northside received two new murals at Eagle Junction and Bowen Hills. At Eagle Junction, local Brisbane artist Rick Hayward transformed a 214 square metre wall adjacent to the rail corridor into a nostalgic nod to our nation, with bright bold font spelling out the iconic Australian lyrics, 'home among the gum trees'. At Bowen Hills, internationally renowned street artist John Radford Beers delivered a unique and colourful imagination-scape of a girl in a spacesuit watching a tiger pass through a forest.

Historical engagement

Established 154 years ago, Queensland Rail maintains a rich history and connection with many communities in Queensland. In 2018-19, the organisation supported a range of events and celebrations throughout the state where recognition of the history of the railways was central.

Key events included the 150th anniversary of the opening of the railway to Clifton in the Darling Downs, the 125th anniversary of the extension of the railway from Rockhampton to Emu Park, centenary celebrations for Rosewood and Mitchelton railway stations and the Amiens Soldier Settlement Armistice Centre.





Regional Network and Freight

The Toowoomba Range Clearance upgrade saw the height of 11 tunnels through the Toowoomba and Liverpool Ranges increased, allowing access for larger containers and providing an efficient transport option for agricultural freight.

Queensland Rail's regional network spans more than 5,700 kilometres of track and eight rail systems that carry passenger and freight services across the state. Queensland Rail is committed to improving supply chain solutions, partnering with regional communities and working with local industries to grow the volume and frequency of freight travelling on its network

Key highlights in 2018-19 included:



\$177.3 million access revenue received



Haulage of a range of commodities with a volume totalling approximately 14.486 billion Gross Tonne Kilometres (GTKs)



\$254 million spent maintaining the regional network.

Queensland Rail understands the important role freight plays in supporting regional economies, which is why in 2018-19, the organisation continued to invest in the capacity of its network.

One of the biggest challenges Queensland Rail faced this year was repairing significant damage to its regional network following unprecedented flooding in north and north west Queensland. Both the Mount Isa and North Coast lines sustained significant damage as a result of the severe weather event, with repairs prioritised to restore these critical connections for local communities as quickly and safely as possible.

Supporting local industries

In 2018-19, Queensland Rail facilitated the haulage of a range of commodities on its network, totalling a volume of approximately 14.486 billion GTKs. This comprised of 7,213 million GTK of intermodal and agricultural freight, 3,560 million GTK of coal, 2,023 million GTK of minerals, 1,061 million GTK of fertiliser and 629 million of acid.

Queensland Rail continues to work with local industries and communities across the state to identify new opportunities to grow the volume and frequency of freight travelling on its network. This includes working with the State Government and other stakeholders to make rail the most efficient and cost competitive to freight solution.

Investing in the Mount Isa line

The Mount Isa line is critical for North Queensland's economy, which is why Queensland Rail is committed to investing in improvements that drive the shift from road to rail in the region. Over the next five years, the organisation will spend \$380 million in capital upgrades and maintenance work on the line to make the freight journey faster and more reliable.

In June 2019, the Queensland Government also announced an additional investment to support North Queensland's resources industry, including plans to build a new container terminal at the Port of Townsville and the reduction of rail access charges on the Mount Isa line. Queensland Rail will work with the Department of Transport and Main Roads and Queensland Treasury to develop and implement subsidy arrangements for the Mount Isa Line in 2019-20.

Queensland Rail is proud of its connection and contribution to North West Queensland and currently employs more than 74 track maintenance workers for the Mount Isa line alone, who live locally, spend locally and are part of their communities.

Toowoomba Range Clearance upgrade

Queensland Rail is focused on working with local industries to improve the efficient and cost-effective movement of freight to support economic growth.

The Toowoomba Range Clearance Upgrade Project is an example of Queensland Rail's commitment to working with the agricultural sector and third-party rail operators to provide additional capacity for the movement of freight by rail.

As part of this project, the height of 11 tunnels through the Toowoomba and Liverpool Ranges is being increased to allow 9'6" high containers to travel through them, improving the current 8'6" limitation.

The additional clearance will allow larger containers – predominantly used for the movement of agricultural freight – to travel by rail, providing an efficient transport option for primary producers in the region.

North Coast line Capacity Improvement Project

Queensland Rail is committed to improving freight capacity on the North Coast line and in 2018-19 continued its \$100 million investment to lengthen eight passing loops and boost capacity for freight trains using this important supply chain.

A \$14.5 million contract to complete the civil design and construction work was awarded during this period and design and site geotechnical investigations commenced. Early works, including earthworks and the construction of culverts, will commence in the coming year.

When completed, the project will allow the length of freight trains travelling on the line to be increased from 650 metres to 950 metres, significantly boosting the volume operators can transport on the line.

Timber bridge maintenance and upgrades

Queensland Rail is committed to improving the safety, reliability and efficiency of its regional network, and has a dedicated program in place to upgrade its timber rail bridges across the state.

During 2018-19, the organisation continued its \$46 million program to replace 16 timber bridges between Townsville and Cairns, a \$40 million program to replace four timber bridges between Maryborough and Gladstone on the North Coast line, and its \$28 million program to replace 18 timber bridges on the West Moreton line.

The organisation also carried out \$14 million in works to complete the upgrade project for three major rail bridge structures over the Burnett, Kolan and Boyne Rivers. These steel bridges are more than 120 years old and Queensland Rail has invested a total of \$27 million to strengthen the structures and to extend their service life a further 30 years.

Asset improvements were also achieved using alternate materials in regional areas, such as the use of longer life composite transoms to replace old timber transoms across the Burnett River bridge.

These investments are aimed at improving the service life of the bridges and significantly decreasing the time and cost required for ongoing maintenance.

Yeppoon branch line

The Yeppoon branch line at Rockhampton is a 9.71 kilometre spur that connects to the North Coast line at Glenmore. The line originally serviced the community of Yeppoon, but services were suspended in 2004 due to decreased usage and a section of the line was pulled up.

The beef processing sector is Queensland's largest manufacturing industry – employing an estimated 118,000 workers across the state and generating just under \$5 billion in economic value annually.

In order to support this vital industry and local jobs, Queensland Rail worked hard throughout 2018-19 to restore a 1.9 kilometre section of the Yeppoon branch line to deliver an important supply chain improvement for the Central Queensland beef industry. The project is on track to be delivered in late-2019 and involves remediating four rail bridges and replacing and resurfacing the full length of track.

A further \$946,000 was committed to the project in early-2019, bringing the total budget to \$5 million, to upgrade an existing siding to facilitate longer trains, further improving cattle delivery efficiency.

By restoring this section of the line, Queensland Rail will provide a direct rail connection to the JBS Abattoir.

When complete, the project will help to support more than 530 local jobs at the JBS Abattoir, as well as in the beef agriculture, processing and export industries.

Bundaberg resignalling project

Throughout the 2018-19 financial year works continued on the \$21.8 million Bundaberg resignalling project, which included upgrades to four pedestrian crossings in the region. Upgrade works were completed at the Bourbong Street, Perry Street and Walker Street pedestrian crossings, with new pedestrian mazes, flashing lights and audible alarms installed at each site. Works on the final crossing at Hanbury Street are due to commence in August 2019.

The wider project will also replace the region's signalling system with a more reliable system designed to effectively facilitate safe train movements and be easier to maintain.

This project also includes the installation of a new power equipment room near Bundaberg station, including a new generator to provide back-up power supply to the rail signalling system in the event of an unplanned power trip such as during storm activity.

Bundaberg's rail signalling system is currently linked, meaning when there is a fault, all rail crossings in the area are activated as a safety precaution, with the potential to cause widespread traffic impacts. By installing this new signalling technology across the Bundaberg rail network, the railway level crossings at Hanbury Street, Perry Street, Maynard Road, Thabeban Road and Verdant Siding Road will operate independently of one another, reducing potential road traffic delays in the event of a fault.

Regional Asset Renewal and Life Extension Projects

Queensland Rail is committed to efficiently managing regional network assets through significant investment in renewal and maintenance

programs. Major asset renewal programs were progressed through 2018-19. Amongst these were the renewal of priority sections of running rails and the replacement of concrete drain structures.

Other key operational projects delivered across the regional network in 2018-19 included the replacement of timber bridge piers, cutting and embankment earthworks, track stability improvements, vegetation and fire reduction activities.

These significant investments in the ongoing maintenance of the regional network is aimed at improving reliability, reducing future maintenance requirements, and increasing the efficiency of the regional network.

New rail freight operator in Queensland

In 2018-19, Queensland Rail signed an access agreement with a new rail operator, Watco.

Watco has been awarded the bulk grain haulage contract in Queensland by GrainCorp with a commencement date of late 2019. Under the bulk grain haulage agreement, Watco will operate grain trains from designated loading facilities in south western, western and central Queensland to the ports in Brisbane, Gladstone and Mackay.



Workers on the Victoria Tunnel, Little Riverpool Range.

North Queensland flood recovery



In early 2019, Queensland experienced a once in 500-year flood event which affected many parts of North and North West Queensland. Queensland Rail's network sustained significant impacts, predominantly on the Mount Isa line, which required an incredible team effort to rebuild and reconnect.

North Coast line flooding

Following major track washouts and scouring in North Queensland, Queensland Rail worked around the clock to repair 16 kilometres of track and repack 1500 tonnes of ballast within just three days, to restore services south of Townsville on 9 February 2019.

Major track damage north of Townsville to Ayr took crews approximately two weeks to complete, with this section able to reopen to services on 14 February 2019.

These important repairs re-established Queensland's primary freight route between Brisbane and Townsville, allowing important supplies to be transferred into Townsville as wider recovery efforts continued across the region.

Mount Isa line flooding

The Mount Isa line was the worst affected section of Queensland Rail's network, sustaining significant damage at more than 200 sites between a 300 kilometre stretch from Hughenden to Oorindi (60 kilometres east of Cloncurry).

Reopening this important transport route for communities and industry was an absolute priority for Queensland Rail, which saw the organisation establish a recovery taskforce and allocate every available resource over an accelerated 12-week recovery program to restore services.

Repairs were made to 47 kilometres of rail and more than 120,000 tonnes of ballast, in addition to repairing 38 bridge abutments, 75 culverts and a train derailment site at Nelia.

Mount Isa Recovery Taskforce

With an unprecedented flood recovery task at hand, Queensland Rail mobilised a dedicated taskforce, which brought together key expertise from across the business, and industry, to coordinate recovery efforts at more than 200 sites, involving up to 400 Queensland Rail employees and contractors.

Engineers and track repair crews were brought in from across Queensland to assist with the recovery efforts, in addition to contractors from Rockhampton, Townsville, Ingham, Cloncurry, Richmond and Mount Isa from a range of backgrounds including surveyors, earthworks, excavators, truck operators, and traffic control.

The Taskforce met regularly throughout the 12-week period to lead more than 160,000 hours of work to repair track infrastructure between Hughenden and Oorindi as quickly as possible, without compromising

safety. These coordinated efforts enabled the line to reopen within the expected timeframe, on 29 April 2019.

Temporary accommodation camps

Due to the remote location of the damaged sites, accommodation for employees and contractors presented a significant challenge for the Taskforce.

In response, Queensland Rail worked with the Department of Transport and Main Roads and the Department of Housing and Public Works to establish a 60-bed camp at Richmond and 120-bed camp at Julia Creek to help house the increased number of Queensland Rail employees and contractors who mobilised to North West Queensland to accelerate the repair and recovery works.

Nelia site remediation and deviation

Following an aerial inspection of flood damage on 7 February 2019, Queensland Rail became aware that a Pacific National train stowed at Nelia, 300 kilometres east of Mount Isa, had become inundated by rising floodwaters.

The train, comprised of one locomotive and 80 wagons containing zinc concentrate, lead concentrate and copper anodes, had been stowed at the site as a precaution due to heavy rainfall in the area.

Once ground conditions improved and site access became available, Queensland Rail worked closely with the Department of Environment and Science and the Department of Agriculture and Fisheries, in addition to the owner of the train (Pacific National) and product (Glencore) in response to the incident.

Pacific National, Glencore and Queensland Rail jointly appointed an independent environmental specialist to undertake a comprehensive sampling regime and to develop and implement a remediation action plan.

While site remediation works continued, Queensland Rail also constructed a 1.2 kilometre rail deviation around the flood-impacted train, which comprised of more than 1,700 sleepers and 4,000 tonnes of ballast, to allow trains to resume as quickly as possible while environmental remediation works continued at the site.

Temporary Freight Terminals

Prior to the full extent of the Mount Isa line reopening to rail traffic on 29 April 2019 Queensland Rail worked with the Department of Transport and Main Roads, local councils and industry to establish two temporary

intermodal facilities at Hughenden and Richmond allowing trains to resume between Hughenden and Richmond to Townsville, with road transport delivering product from the areas west of the damaged line.

A bulk fertiliser facility was established at Richmond, while the temporary Hughenden site allowed for the transfer of containerised freight from truck to rail, for transport into Townsville.

The intermodal facilities were well received by local industry and provided an important contingency measure to support the North West Minerals Province while repairs continued.

Reconstructed line more efficient than before

The Mount Isa line's closure presented a unique opportunity for Queensland Rail's maintenance staff to gain unrestricted track access to the remainder of the line and undertake large scale maintenance activities such as rerailing and track reconditioning.

As a result, when the line reopened on 29 April 2019 end-to-end run times between Townsville and Mount Isa were able to be reduced by up to 50 minutes, with the overall delays due to temporary speed restrictions reduced from 128 minutes to 78 minutes across the 1,000 kilometre journey.

Queensland Rail estimates this could deliver approximately 29 hours per week in productivity savings for the freight network between Townsville and Mount Isa.

Flood resilience enhancements to Mount Isa line

The 2019 floods were touted a once in 500-year flood event and significantly exceeded Queensland Rail's previous flood experiences on the Mount Isa line.

Once flood recovery efforts were complete, Queensland Rail engaged an independent expert to assist its business to undertake a new hydrological model of the Mount Isa line, based on the 2019 floods, to identify areas that may benefit from additional flood mitigation solutions.

The outcome of this model will inform the organisation's strategy, scheduling and budgeting of future flood resilience works – including design and construction of flood mitigating technologies – over the next several years, with the most susceptible areas prioritised.

Supporting local communities

More than \$53 million was spent on the extensive recovery program for the Mount Isa line. This included labour, contractor hire, materials and consumables, establishment of temporary intermodal facilities at Hughenden and Richmond, construction of a rail deviation at Nelia and costs to remediate the site, and travel and accommodation including the establishment of temporary workers camps at Richmond and Julia Creek.

Queensland Rail sourced contractors, materials and equipment from local communities wherever possible, to see much of this program supporting local contractors and communities during what was a very difficult time for many.

More than \$33 million of these costs went straight back into regional Queensland economies, with materials and contractors sourced from a number of locations including Brisbane, Rockhampton, Townsville, Ingham, Cairns, Julia Creek, Cloncurry, Richmond and Mount Isa.

This included technical support services, labour, tool and machinery hire, traffic control, earthworks, catering, transportation, quarry product, lighting and specialised materials such as resurfacing kits and road mats.

The reinstatement of the Mount Isa line from 29 April 2019 has restored this vital North West Queensland supply chain, which supports the movement of more than \$4 billion in commodities each year, and we look forward to identifying ways to further improve its flood resilience into the future wherever possible.



Travel and Tourism



Queensland Rail has a proud history of connecting communities across the state and acknowledges the important role it plays in supporting local tourism economies. This past year, Queensland Rail's travel fleet celebrated some important milestones, as the organisation continued to promote regional travel and tourism.

Key highlights in 2018-19 included:



More than 770,000 customers travelled on the Travel and Tourism network



More than 82 per cent of Travel and Tourism trains arrived at their destination on time



More than 2,358 services operated across the Travel network throughout the year.

The Year of Outback Tourism

This year was named by the Queensland Government as the Year of Outback Tourism. Queensland Rail played its part in supporting this important initiative by extending its popular '2 for 1' sales on western services to the month of May and encouraging international and domestic visitors to travel by rail to the regions and support Queensland's vibrant calendar of regional events.

More than 1,400 customers took up the opportunity to travel at a discounted rate on The Inlander, The Westlander and Spirit of the Outback in support of the Year of Outback Tourism.

Spirit of the Outback's 25th anniversary

On 17 November 2018, Queensland Rail celebrated 25 years of connecting visitors with the iconic Queensland outback between Brisbane, Rockhampton and Longreach, through the Spirit of the Outback service.

To mark the occasion, local tourism providers, community representatives and travellers were invited to join Queensland Rail to celebrate a quarter-century of the service at Longreach station and onboard the train as it made its way back to Brisbane.

Over the last 25 years, the service has proven to be an integral part of western Queensland's tourism industry, linking towns between Brisbane and Longreach and promoting visitors to various sites, tours, and experiences.

When the service began in 1993, it introduced a new way of travelling to Longreach, with an onboard chef and outback themed restaurant, sleeper carriages for overnight comfort, and professional onboard service. The Spirit of the Outback continues to provide a relaxing and

memorable experience as the train travels through various iconic sceneries and towns.

20 years of the Rockhampton Tilt Train

Queensland Rail celebrated the 20th anniversary of the Rockhampton Tilt Trains on 6 November 2018.

Introduced in 1998, the fleet introduced ground-breaking technology from Japan that allowed it to approach curves at a higher speed.

Within two years of its launch, more than half a million people had travelled on the Tilt Trains, which transport customers between Brisbane and Rockhampton – a 639 kilometre trip with 11 key locations in between.

For the Rockhampton area alone, the fleet has injected upwards of \$4 million a year in the local economy, attracting tourists, connecting locals like never before with healthcare, family and friends and giving long-distance workers a new, affordable and quick way to travel.

The fleet has travelled almost 12 million kilometres over the past two decades and today carries more than 200,000 customers each year.

A fresh look for Freshwater station

In 2018-19, Queensland Rail completed a \$4.8 million refurbishment of the Kuranda Scenic Railway's (KSR) popular Freshwater station in Far North Queensland. The upgrade included improvements to the coach and bus interchange, updates to customer parking facilities, and platform enhancements, as well as a new transit shelter.

With around 60 per cent of KSR customers boarding from the station, the upgrade was an important investment in this iconic tourism experience for the region.

The KSR is proudly regarded as one of the country's most iconic rail journeys and Queensland Rail's most popular tourist service, with more than 420,000 visitors each year from both local and international markets. This year, a KSR package tour was named one of Australia's Top 10 experiences in the Trip Advisor 2018 Travellers' Choice Awards, and on Lonely Planet's list of Amazing Train Journeys.

Barron Falls platform extension

In 2018-19, Queensland Rail invested \$1.1 million to extend the length of the iconic viewing platform at Barron Falls, along the KSR route, to improve the experience for the hundreds of thousands of tourists who enjoy the service each year.



Barron Falls plays a pivotal role in the tourist-favourite KSR service, with customers able to disembark at the viewing platform for a short period to take in the breathtaking views.

The project involved extending the 124-year old viewing platform by 20 metres to accommodate the full 284 metre, 15-carriage KSR train and improve the experience for visitors.

Improving onboard customer experience

In 2018-19 Queensland Rail Travel launched new look menus across the entire long-distance fleet. The menus were designed with Queensland suppliers and their fresh ingredients to showcase the produce on offer across the state. In March 2019, the new look menus were distributed and provided all trains with separate menus in every seat pocket.

The new menus include fresh Queensland produce and a mix of meal options, which the onboard staff prepare daily. Recent customer research indicates the new look menu has had a positive impact on customer satisfaction.

In June 2019, stage one of the Spirit of Queensland Seat Comfort Upgrade project was completed. The upgrade included improving

customer comfort in premium economy seating through upgrading the seat bases and installing footrests, with all premium economy seat bases now upgraded.

Stage two of the upgrade is in progress with the footrest trial completed and design finalised.

Travel fleet improvements

Works are underway at Downer's Maryborough workshop overhauling Queensland Rail's long-distance L-Series carriages.

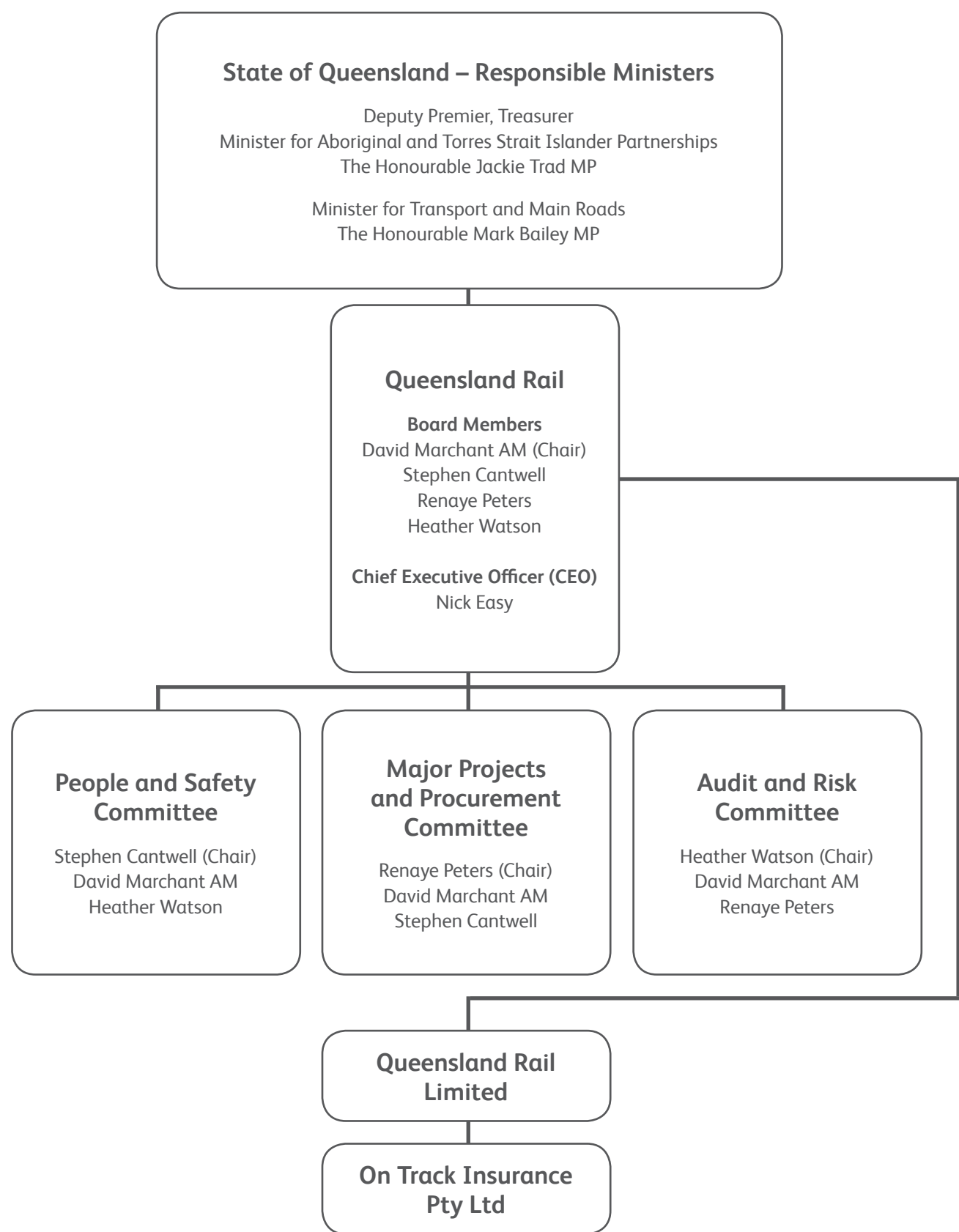
The first four carriages in the fleet, which are used on the Inlander, the Spirit of the Outback and the Westlander, were delivered to Downer in 2018. The \$23.5 million contract includes a mechanical overhaul along with the introduction of a number of customer improvements including onboard entertainment.

This investment 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.



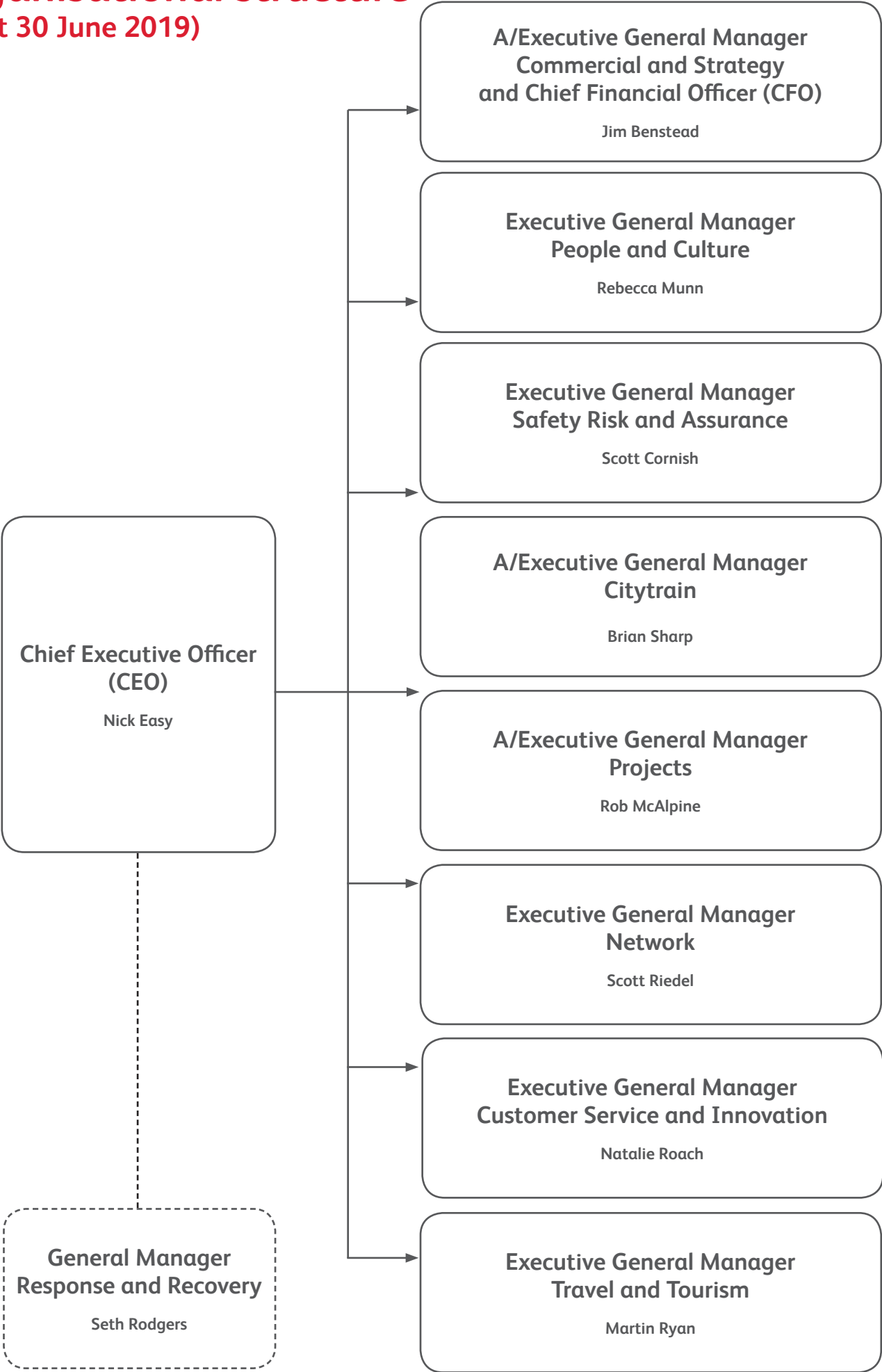
Governance structure

(as at 30 June 2019)



Organisational structure

(as at 30 June 2019)





Queensland Rail Board Members

Board

David Marchant AM

Chair, Independent Non-Executive Director

Appointed 7 October 2015

Experience: David joined the Board of Queensland Rail on 7 October 2015, and was appointed as Chair on 15 October 2018.

David has extensive Board experience and has held a number of executive and non-executive roles across a range of sectors including rail, road, water, gas, electricity, logistics and supply chain management.

David is a former Chief Executive Officer of the Australian Rail Track Corporation and Director and Chair of the Australasian 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.

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

Qualifications: GAICD

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

Other Board and Committee Memberships: Airservices Australia - Director; Chair - Technology and Investment Committee; Member - Audit and Risk Committee; Member - Remuneration and Human Resources Committee; Member - Safety Committee

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.

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.

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

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

Other Board and Committee Memberships: Tasmanian Railways Pty Ltd - Director; Chair - Safety, Health and Environment Committee; Member - Audit and Risk Committee; Member - Governance and Nomination Committee; Port of Brisbane Pty Ltd - Director; Townsville Industrial Development Board - Member

Renaye Peters

Independent Non-Executive Director

Appointed 1 October 2016

Experience: Renaye was appointed as the Vice President Campus, Infrastructure and Services at Monash University in October 2018.

Prior to this, Renaye was the Director for South East Queensland of AECOM, 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 and 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, 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. Renaye has worked closely with CEOs, board members, Ministers and Directors General to establish shared understanding of industry macro and micro economic impacts.

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

Member of: Major Projects and Procurement Committee (Chair), Audit and Risk Committee

Other Board and Committee Memberships: Division Councillor – Property Council Australia (Victorian Division Council)

Board (cont)

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: Audit and Risk Committee (Chair), People and Safety Committee

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



Queensland Rail Executive Leadership Team

Executive Leadership Team

Nick Easy CEO

Nick has more than three decades of leadership experience in complex organisations across the transport, logistics and emergency services industries, Nick has strong business leadership, project management and transformation skills.

At Queensland Rail he is leading a strategic transformation program focused on delivering a customer-focused, modern, reliable and accessible rail network for customers.

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.

Jim Benstead A/Executive General Manager Commercial and Strategy and CFO

Jim has more than 30 years' experience in the transport and logistics industries.

Throughout his executive career he has specialised in driving business improvement, delivering transformational change and leading outcome-focused commercial teams.

As A/Executive General Manager Commercial and Strategy and CFO, Jim is responsible for Queensland Rail's enterprise strategy and insights, property, road fleet, procurement, information management and legal services teams, as well as the Company Secretary and Board Office.

Rebecca Munn

Executive General Manager People and Culture

Rebecca is an adaptable and experienced executive with more than 20 years' experience in management and senior roles, both globally and locally. She has worked across public, government and private organisations.

Rebecca is passionate, and results driven and is most effective in large, complex, challenging and diverse environments. She brings a broad range of external experience from multiple industries, including emergency services, mining and manufacturing.

As Executive General Manager People and Culture, she is responsible for people capability, employee relations, people services, planning our future workforce and supporting engagement and well-being at Queensland Rail.

Scott Cornish

Executive General Manager Safety, Risk and Assurance

Scott has over 30 years' experience in the oil and gas, transport and logistics industries for major producers and railway operators across the globe.

He has held senior management roles focused on operations, health, safety and environment, risk management, security and the community.

Scott is a highly experienced leader with an outstanding track record of implementing innovative strategies and initiatives that deliver safety outcomes in high risk operating businesses.

As Executive General Manager Safety, Risk and Assurance, Scott is responsible for workplace health and safety, rail safety assurance and risk and compliance activities across Queensland Rail.

Brian Sharp

A/Executive General Manager Citytrain

Brian has held Executive Leadership roles for more than 20 years and has an enviable international track record in the USA, Europe and Asia with some of the world's most recognised companies including General Electric USA, Virgin Group and Qantas in Australia.

He is highly competent and an experienced leader in engineering/maintenance operations of high performance, highly-regulated capital-intensive assets in aviation and heavy rail industries.

Brian is a passionate leader responsible for integrated safety management systems and employee welfare. He is committed to demonstrated delivery of safe, reliable and cost-efficient assets to meet the objectives of our customers, employees and stakeholders.

Rob McAlpine

A/Executive General Manager Projects

Rob has more than 30 years' experience in the rail industry, having worked extensively in both the passenger and freight sectors.

He has extensive experience leading teams in business development, strategy, project delivery and operations, and has held a range of senior leadership positions across commercial and government owned rail organisations, in Australia and New Zealand.

As A/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 a team that manages the Transport Services Contract with the state and is leading Queensland Rail's inputs to the Cross River Rail and European Train Control System projects.

Scott Riedel

Executive General Manager Network

Scott is a results-oriented and tertiary qualified business leader with a solid technical background and strong commercial acumen. Scott has more than 30 years' experience in the Australian, Asian and United Kingdom rail industries.

As Executive General Manager Network, Scott is responsible for the operational and strategic management of the Queensland Rail's 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 motivated and accomplished senior executive leader with 20 years' international experience in driving strategic change, transformation and customer experience improvements in the global aviation and travel industries.

Natalie has extensive experience in operations management, stakeholder engagement, communications and business transformation and has demonstrated success in driving efficiencies in complex and highly regulated environments whilst improving the customer experience and service levels.

As Executive General Manager Customer Service and Innovation, Natalie champions a customer-focused strategy and culture across Queensland Rail. She is responsible for the Customer Experience, Accessibility, Corporate and Government Affairs (including media relations) and Information Technology functions.

Martin Ryan

Executive General Manager Travel and Tourism

Martin has more than 30 years' experience in senior management roles across a variety of industries, including transport, logistics, aviation, retail and tourism.

He has held senior management and executive roles in customer service, communications, marketing and stakeholder relations in the travel and tourism industries.

As Executive General Manager Travel and Tourism, Martin is responsible for delivering safe, reliable and customer-focused long distance and tourist train operations across Queensland.

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

While Queensland Rail is a statutory authority, it continues 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 2018-19

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

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. No new members were appointed during the reporting period.

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 and committee meetings. Information in relation to composition of the

Corporate governance (cont)

Board and terms of appointment for all members who held office during the financial year is set out on pages 47-49 and 92 of the Annual and Financial Report 2018-19.

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 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.

The Board undertakes performance evaluations on a periodic basis to achieve and maintain corporate governance best practice and continual improvement. The purpose of the evaluation is to assess the performance 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. Generally, an external independent consultant is engaged every second year to assist the evaluation and provide an independent review of Board performance. Written advice is provided to the responsible Ministers on completion of each Board evaluation. An evaluation was not completed for the 2018-19 reporting period.

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 biennially. 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 47-49 of the Annual Report 2018-19.

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.

The internal audit function derives its independence from its direct reporting relationship to the Audit and Risk Committee. The Senior Manager Internal Audit also has unrestricted access to the Committee and to the Committee Chair. The internal audit function is governed by an internal audit charter which is consistent with relevant audit and ethical standards and 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

Corporate governance (cont)

review of the organisation's enterprise risks. This plan is ultimately approved and monitored by the Audit and Risk Committee through regular reporting provided by the Senior Manager Internal Audit.

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 review and implementation of recommendations made by the internal audit function and external auditors.

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 coordination 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 ongoing 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 Audit and Risk Committee and Board on a periodic basis, along with appropriate risk mitigation and management plans.

The Board evaluates reported risks reaching a defined enterprise risk

Corporate governance (cont)

tolerance level and actively monitors these risks and associated controls, 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 Executive General Manager, Safety, Risk and Assurance 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 coordination 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 biennially. 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 pages 47-49 of the Annual and Financial Report 2018-19. 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 2018-19.

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 12 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
- Standing reports on key major projects and initiatives.
- 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 2018-19 Board meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
David Marchant AM (Chair) ¹	11	12
Phillip Strachan ²	4	4
Sandra Birkensleigh ³	4	4
Stephen Cantwell	12	12
Renaye Peters	10	12
Paul Wallis ³	4	4
Heather Watson	12	12

¹Appointed Chair 15 October 2018

² Ceased as Chair and Board Member 4 October 2018

³ Ceased as Board Member 4 October 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.

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 are outlined in its approved Charter and 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.

The Committee observed the terms of its Charter during the reporting period.

Ms Heather Watson is the current Committee Chair. Committee member attendance at 2018-19 Audit and Risk Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Heather Watson (Chair) ¹	3	3
Sandra Birkenleigh ²	1	1
Stephen Cantwell ³	1	1
David Marchant ⁴	4	4
Renaye Peters	4	4
Phillip Strachan ²	1	1

¹Appointed as Committee Member and Chair 31 October 2018

²Ceased as Committee Member 4 October 2018

³Ceased as Committee Member 31 October 2018

⁴Ceased as Committee Chair 14 October 2019; continued as Committee Member

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 are outlined in its approved Charter and 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

Corporate governance (cont)

the public

- The adequacy and effectiveness of Queensland Rail's compliance systems with relevant safety legislation, regulations, engineering standards and accreditation requirements
- Providing direction and oversight of safety-related risks, controls and assurance processes.

The Committee observed the terms of its Charter during the reporting period.

Mr Stephen Cantwell is the current Chair of the committee. Committee member attendance at 2018-19 People and Safety Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Stephen Cantwell (Chair)	4	4
David Marchant AM	4	4
Phillip Strachan ¹	1	1
Paul Wallis ¹	1	1
Heather Watson	4	4

¹ Ceased as Committee Member 4 October 2018

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

The Committee observed the terms of its Charter during the reporting period.

Ms Renaye Peters is the current chair of the committee. Committee member attendance at 2018-19 Major Projects and Procurement Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Renaye Peters (Chair) ¹	4	4
Sandra Birkenleigh ²	0	1
Stephen Cantwell ³	3	3
David Marchant ³	3	3
Phillip Strachan ²	1	1
Paul Wallis ⁴	1	1
Heather Watson ⁵	1	1

¹ Appointed Committee Chair 31 October 2018

² Ceased as Committee Member 4 October 2018

³ Appointed as Committee Member 31 October 2018

⁴ Ceased as Committee Member and Chair 4 October 2018

⁵ Ceased as Committee Member 31 October 2018

Notifications by Responsible Ministers

1. Queensland Rail Performance payments

By letter dated 2 October 2018, pursuant to section 12 of the QRTA Act, the responsible Ministers directed Queensland Rail not to pay any performance payments to Queensland Rail's Chief Executive Officer or Queensland Rail staff for 2017-18.

2. Repealing direction for Cairns freehold property

By letter dated 30 March 2019, the responsible Ministers repealed the direction issued on 1 February 2016 pursuant to section 54 of the QRTA Act, to do all things necessary to transfer the assets identified as Lots 3 and 6 on RP701190 (39 Law Street, Cairns North) from Queensland Rail's equity to the Cairns and Hinterland Hospital and Health Services in freehold.

3. Queensland Rail dividends

By letter dated 25 June 2019, 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 2018-19 period. The dividend is to be paid to the Consolidated Fund no later than 30 November 2019.

Corporate governance (cont)

Information Management

The importance of managing Queensland Rail's information continues to grow as digitisation spreads across the organisation and we move towards becoming a World Class Digital Railway. Whilst these changes bring plenty of opportunities they also present risks to the organisation that must be managed in line with the company's legislative and regulatory obligations.

Queensland Rail has continued its development of an Enterprise Information Management Strategy and supporting program of work in areas including:

- Information & Data Governance
- Information and Cyber Security
- Digital Engineering
- Business Information Analytics
- Records Management
- Information Culture.

Delivering on these key initiatives over the coming years will support Queensland Rail's ability to:

- Provide a reliable service and information to its customers
- Continue to improve its asset management capabilities with better information systems
- Support the Cross River Rail project
- Undertake integrated planning across network and rail operations
- Leverage its vast information assets through reliable Business Information and data-driven decisions
- Mitigate risks around information that may impact the organisation.

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 2019 customer barbecue event to encourage locals to visit and promote the Kuranda Scenic Railway - \$8,907.

Summary of the FY2018-19 Operational Plan

The Operational Plan is the formal statement of Queensland Rail's strategic direction, including objectives, strategies and performance outcomes for 2018-19 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 2018-19 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 2018-19 Operational Plan are summarised below.

Performance Monitoring

The 2018-19 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 several 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 2018-19 Operational Plan highlights Queensland Rail's focus on Citytrain by delivering a customer-focused, safe, reliable, on-time, and value for money rail service. The primary focus for the product in 2018-19 is to enhance the customer experience and return to a full-service timetable in South East Queensland as soon as sustainable, which was achieved in July 2019.

Throughout the year, modern New Generation Rollingstock trains continued to enter service across South East Queensland and further station and accessibility upgrades progressed.

Queensland Rail is also continuing works associated with the implementation of the European Train Control System which will significantly contribute to improving its Signals Passed At Danger performance, increase inner-city capacity and improve service reliability. Queensland Rail is committed to collaborating and supporting the Government with its South East Queensland 10-year Rail Network Strategy and the delivery of Cross River Rail and complementary works.

The 2018-19 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. Throughout the year, Queensland Rail refined its long-term strategic options for Travel and Tourism services in collaboration with the Government, with a focus on improving the customer experience and supporting regional population growth.

Employment and Industrial Relations

The Operational Plan includes an Employment and Industrial Relations (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
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 7	Page 3
Accessibility	<ul style="list-style-type: none"> Table of contents 	ARRs – section 9.1	Page 4, 54-55
	<ul style="list-style-type: none"> Glossary 	ARRs – section 9.2	Page 2
	<ul style="list-style-type: none"> Public availability 	<i>Queensland Government Language Services Policy</i>	Page 2
	<ul style="list-style-type: none"> Interpreter service statement 	ARRs – section 9.3	
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968	Page 2
	<ul style="list-style-type: none"> Information Licensing 	ARRs – section 9.4	
		<i>QGEA – Information Licensing</i>	N/A
		ARRs – section 9.5	
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10.1	Page 5
	<ul style="list-style-type: none"> Machinery of Government changes 	ARRs – section 10.2, 31 and 32	N/A
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 10.2	Pages 2, 5, 7-8
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 10.3	Pages 5, 10, 13-35
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 11.1	Pages 5, 10, 13-35
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 11.2	Pages 7-8, 19, 30
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.3	Pages 5, 7-8, 10, 13-35, 51
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.4	Pages 10, 51
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	Pages 11-12
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	Pages 36-43
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	Pages 41-43
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	Page 2
	<ul style="list-style-type: none"> Public Sector Ethics Act 1994 	<i>Public Sector Ethics Act 1994</i>	N/A
		ARRs – section 13.4	
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.5	Pages 5, 7-8, 13-35
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 14.1	Pages 44-50
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 14.2	Pages 48
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 14.3	Pages 45-46
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 14.4	Pages 44-50
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs – section 14.5	Page 50
Governance – human resources	<ul style="list-style-type: none"> Strategic workforce planning and performance 	ARRs – section 15.1	Pages 18, 24-25
	<ul style="list-style-type: none"> Early retirement, redundancy and retrenchment 	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i>	N/A
		ARRs – section 15.2	
Open Data	<ul style="list-style-type: none"> Statement advising publication of information 	ARRs – section 16	Page 50
	<ul style="list-style-type: none"> Consultancies 	ARRs – section 33.1	https://data.qld.gov.au
	<ul style="list-style-type: none"> Overseas travel 	ARRs – section 33.2	https://data.qld.gov.au
	<ul style="list-style-type: none"> Queensland Language Services Policy 	ARRs – section 33.3	https://data.qld.gov.au

Compliance checklist (cont)

Summary of requirement		Basis for requirement	Annual report reference
Financial statements	<ul style="list-style-type: none"> Certification of financial statements 	FAA – section 62	Page 104
		FPMS – sections 42, 43 and 50	
		ARRs – section 17.1	
	<ul style="list-style-type: none"> Independent Auditor's Report 	FAA – section 62	Pages 105-109
		FPMS – section 50	
		ARRs – section 17.2	

FAA Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2019

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

Network

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

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

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

AO

Authorised Officers

AOD

Alcohol and other drugs

ARG

Accessibility Reference Group

ASX

Australian Securities Exchange

ARA

Australasian Railway Association

CCC

Crime and Corruption Commission

CCTV

Closed Circuit Television

CCUs

Commuter Catch-Ups

CEO

Chief Executive Officer

CFO

Chief Financial Officer

COI

Commission of Inquiry

Corporations Act

Corporations Act 2001 (Cth)

CRR

Cross River Rail

CRRDA

Cross River Rail Delivery Authority

CRU

Citytrain Response Unit

DDA

Disability Discrimination Act 1992 (Cth)

DFV

Domestic and Family Violence

DTMR

Department of Transport and Main Roads

E&IR

Employment and Industrial Relations

EBIT

Earnings Before Interest and Tax

Glossary and Acronyms (cont)

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation

EMU

Electric Multiple Unit

ETCS

European Train Control System

ELT

Executive Leadership Team

FAA

Financial Accountability Act 2009 (Qld)

FPMS

Financial and Performance Management Standard 2019

FTE

Full-time equivalent (employee)

GTKs

Gross Tonne Kilometres

IWD

International Women's Day

KPIs

Key Performance Indicators

KSR

Kuranda Scenic Railway

LTI

Lost-time injury

MDA

Multicultural Development Australia

NGR

New Generation Rollingstock

ONRSR

Office of the National Rail Safety Regulator

OTR

On-time Running

QCA

Queensland Competition Authority

QRL

Queensland Rail Limited

QRTA Act

Queensland Rail Transit Authority Act 2013 (Qld)

QTC

Queensland Treasury Corporation

QUT

Queensland University of Technology

RISSB

Rail Industry Safety Standards Board

RORU

Rail Operations Response Unit

RMC

Rail Management Centre

SEQ

South East Queensland

SPAD

Signal Passed at Danger

TRIFR

Total Recordable Injury Frequency Rate

TSC

Transport Services Contract

WRA

White Ribbon Accredited

Queensland Rail

ABN 68 598 268 528

Financial report for the year ended 30 June 2019

Queensland Rail

ABN 68 598 268 528

Financial report - 30 June 2019

Contents

	Page
Financial statements	
Statements of comprehensive income	1
Balance sheets	2
Statements of changes in equity	3
Statements of cash flows	5
Notes to the financial statements	6
Management certificate	47
Independent auditor's report	48

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.

Statements of comprehensive income

	Notes	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
Revenue from continuing operations	1	2,104,009	1,956,391	1,109,764	1,011,685
Other income		3,358	3,328	-	-
Revenue		2,107,367	1,959,719	1,109,764	1,011,685
Supplies and services	2	(458,472)	(463,827)	-	-
Employee benefits expense	3	(854,731)	(795,995)	(967,443)	(897,756)
Depreciation and amortisation expense		(386,219)	(348,205)	-	-
Other expenses		(32,182)	(8,721)	(797)	(468)
Expenses		(1,731,604)	(1,616,748)	(968,240)	(898,224)
Operating profit		375,763	342,971	141,524	113,461
Finance income		287	256	-	-
Finance expenses		(174,242)	(183,665)	-	-
Net finance costs		(173,955)	(183,409)	-	-
Profit before income tax		201,808	159,562	141,524	113,461
Income tax expense	4	(60,284)	(47,309)	-	-
Profit for the year		141,524	112,253	141,524	113,461
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Changes in the fair value of cash flow hedges		(33)	605	-	-
Income tax relating to components of other comprehensive income	4	10	(181)	-	-
Other comprehensive (loss) / income for the year		(23)	424	-	-
Total comprehensive income for the year		141,501	112,677	141,524	113,461

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

Balance sheets

	Notes	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		3,446	24,441	-	-
Trade and other receivables		51,174	45,153	441,115	384,331
Prepayments		10,615	17,845	-	-
Inventories		97,391	86,338	-	-
Current tax assets		-	7,423	-	7,423
Other current assets		239	53	-	-
Total current assets		162,865	181,253	441,115	391,754
Non-current assets					
Receivables		-	-	23,793	24,761
Prepayments		10,500	3,910	-	-
Inventories		23,263	23,658	-	-
Property, plant and equipment	5	7,515,296	6,875,907	-	-
Intangible assets	6	96,576	95,248	-	-
Deferred tax assets	7	-	-	84,947	74,795
Investment in subsidiary		-	-	2,845,324	2,845,324
Other non-current assets		55	311	12,836	3,465
Total non-current assets		7,645,690	6,999,034	2,966,900	2,948,345
Total assets		7,808,555	7,180,287	3,408,015	3,340,099
LIABILITIES					
Current liabilities					
Trade and other payables	8	357,467	303,708	174,778	143,377
Borrowings	14	46,448	-	-	-
Provisions	9	264,110	238,122	260,699	235,307
Current tax liabilities		25,519	-	25,519	-
Other current liabilities		26,519	15,163	194	234
Total current liabilities		720,063	556,993	461,190	378,918
Non-current liabilities					
Borrowings	14	3,380,000	3,380,000	-	-
Provisions	9	30,500	35,228	23,793	24,761
Deferred tax liabilities	10	362,276	361,933	-	-
Other non-current liabilities		11,469	23,153	-	13,388
Total non-current liabilities		3,784,245	3,800,314	23,793	38,149
Total liabilities		4,504,308	4,357,307	484,983	417,067
Net assets		3,304,247	2,822,980	2,923,032	2,923,032
EQUITY					
Contributed equity		3,068,249	2,586,959	2,829,655	2,829,655
Reserves		347	370	-	-
Retained earnings		235,651	235,651	93,377	93,377
Total equity		3,304,247	2,822,980	2,923,032	2,923,032

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

Statements of changes in equity

Consolidated	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018		2,586,959	370	235,651	2,822,980
Profit for the year		-	-	141,524	141,524
Other comprehensive income		-	(23)	-	(23)
Total comprehensive income for the year		-	(23)	141,524	141,501
Transactions with owners in their capacity as owners:					
Contributions of equity		481,290	-	-	481,290
Distributions of equity		-	-	-	-
Dividends provided	11	-	-	(141,524)	(141,524)
		481,290	-	(141,524)	339,766
Balance at 30 June 2019		3,068,249	347	235,651	3,304,247
Balance at 1 July 2017		2,591,946	(54)	235,650	2,827,542
Profit for the year		-	-	112,253	112,253
Other comprehensive income		-	424	-	424
Total comprehensive income for the year		-	424	112,253	112,677
Transactions with owners in their capacity as owners:					
Contributions of equity		-	-	-	-
Distributions of equity		(4,987)	-	-	(4,987)
Dividends provided	11	-	-	(112,252)	(112,252)
		(4,987)	-	(112,252)	(117,239)
Balance at 30 June 2018		2,586,959	370	235,651	2,822,980

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

Statements of changes in equity (continued)

Parent	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018		2,829,655	-	93,377	2,923,032
Profit for the year		-	-	141,524	141,524
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	141,524	141,524
Transactions with owners in their capacity as owners:					
Contributions of equity		-	-	-	-
Distributions of equity		-	-	-	-
Dividends provided	11	-	-	(141,524)	(141,524)
		-	-	(141,524)	(141,524)
Balance at 30 June 2019		2,829,655	-	93,377	2,923,032
Balance at 1 July 2017		2,834,642	-	92,168	2,926,810
Profit for the year		-	-	113,461	113,461
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	113,461	113,461
Transactions with owners in their capacity as owners:					
Contributions of equity		-	-	-	-
Distributions of equity		(4,987)	-	-	(4,987)
Dividends provided	11	-	-	(112,252)	(112,252)
		(4,987)	-	(112,252)	(117,239)
Balance at 30 June 2018		2,829,655	-	93,377	2,923,032

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

Statements of cash flows

		Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
	Notes				
Cash flows from operating activities					
Receipts from customers*		351,798	356,521	968,240	898,485
Receipts from Rail Transport Service Contract*		1,955,771	1,801,570	-	-
Dividends received from subsidiaries		-	-	113,461	100,758
Interest received		350	194	-	-
Payments to suppliers and employees*		(1,382,411)	(1,334,870)	(942,367)	(878,477)
Interest and other costs of finance paid		(188,286)	(194,577)	-	-
GST input tax credits		87,005	86,932	617	571
GST remitted		(207,824)	(196,907)	-	-
Other		21	(2)	22	(3)
Income taxes (paid) / refunded		(27,020)	2,556	(27,020)	2,556
Net cash inflow from operating activities	12	589,404	521,417	112,953	123,890
Cash flows from investing activities					
Payments for property, plant and equipment and intangibles		(551,315)	(497,283)	-	-
Proceeds from the disposal of property, plant and equipment and intangibles		6,720	15,524	-	-
Loans to related parties		-	-	(701)	(23,375)
Net cash outflow from investing activities		(544,595)	(481,759)	(701)	(23,375)
Cash flows from financing activities					
Proceeds from borrowings	13	46,448	83,275	-	-
Dividends paid	11	(112,252)	(100,515)	(112,252)	(100,515)
Net cash outflow from financing activities		(65,804)	(17,240)	(112,252)	(100,515)
Net (decrease) / increase in cash and cash equivalents		(20,995)	22,418	-	-
Cash and cash equivalents at the beginning of the financial year		24,441	2,023	-	-
Cash and cash equivalents at end of year		3,446	24,441	-	-

* Inclusive of goods and services tax (GST).

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

Contents of the notes to the financial statements

	Page
Notes to the statements of comprehensive income	7
1 Revenue from continuing operations	7
2 Supplies and services	8
3 Employee benefits expense	9
4 Income tax expense	9
Notes to the balance sheets	11
5 Property, plant and equipment	11
6 Intangible assets	16
7 Deferred tax assets	17
8 Trade and other payables	18
9 Provisions	18
10 Deferred tax liabilities	22
11 Dividends	22
Notes to the statements of cash flows	23
12 Reconciliation of profit after income tax to net cash inflow from operating activities	23
13 Reconciliation of liabilities arising from financing activities	23
Risk	24
14 Financial risk management	24
15 Capital risk management	27
16 Correction of errors and revision of estimates	28
Unrecognised items	28
17 Contingencies	28
18 Commitments	29
19 Events occurring after the reporting period	30
Other items	30
20 Key management personnel disclosures	30
21 Related party transactions	37
22 Subsidiaries	39
23 Remuneration of auditors	39
24 Special payments	39
25 Queensland Rail Limited consolidated financial information	40
Policies	41
26 Summary of significant accounting policies	41

Notes to the statements of comprehensive income

1 Revenue from continuing operations

	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
<i>Revenue from contracts with customers</i>				
Rail Transport Service Contract revenue	1,777,911	1,646,206	-	-
Network access revenue	177,257	177,954	-	-
Passenger transport revenue	72,221	70,385	-	-
Other revenue from customer contracts	71,135	60,543	-	-
Managed services revenue	-	-	968,240	898,224
<i>Other revenue</i>				
Other revenue	5,485	1,303	-	-
Inter-company dividend revenue	-	-	141,524	113,461
	2,104,009	1,956,391	1,109,764	1,011,685

The consolidated entity recognises revenue as performance obligations are satisfied and it is probable that future economic benefits will flow to the consolidated entity. Revenue shall be measured at an amount that reflects 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. Scheduled services and non-scheduled services for Citytrain are the separately identifiable performance obligations for Citytrain and City Network services. The maintenance of the City Network infrastructure are ancillary costs of providing reliable and safe Citytrain services.
- **Travel and Tourism Services**
Queensland Rail Limited earns revenue associated with travel services provided to the public on Travel and Tourism Services. Scheduled services are the separately identifiable performance obligations for Travel and Tourism Services.
- **Regional Infrastructure Services**
Queensland Rail Limited earns revenue for the maintenance of the Regional Network infrastructure. The separately identifiable performance obligation for Regional Network is the continued maintenance of the regional infrastructure to a safe and fit for purpose standard throughout the year. Revenue generated is recognised as the services are provided over time.

(b) Passenger transport

Other train passenger service revenue comprises ticket and related sales on Travel and Tourism Services. Traveltrain and Tourist train revenues are recognised at the time the service is provided and income relating to future services is accounted for as a liability. The sale of catering items is recognised when the goods have been transferred to the customer.

(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. Revenue generated from the utilisation of the Access Rights is recognised as the services are provided. Take or pay revenue is recognised at a point in time.

1 Revenue from continuing operations (continued)

(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. Revenue generated from the Managed Services Agreement is recognised as the services are provided.

(e) Income in advance from contracts with customers

Consolidated 2019	Passenger transport revenue \$'000	Other revenue from customer contracts \$'000	Total \$'000
Opening balance	5,521	3,344	8,865
Revenue recognised from the opening balance as performance obligations are satisfied	(5,521)	(3,344)	(8,865)
Income in advance recognised as performance obligations not yet satisfied	68,024	14,704	82,728
Revenue recognised as performance obligations are satisfied	(62,695)	(11,881)	(74,576)
Closing balance	5,329	2,823	8,152

The parent entity does not have any income in advance.

2 Supplies and services

	Consolidated 2019 \$'000	2018 \$'000
Materials and consumable items	152,786	149,091
Trade services	79,940	90,814
Professional services and fees	55,568	56,736
Traction electricity and train fuel	45,589	45,782
Lease and hire charges	38,792	40,044
Utilities	28,543	29,522
Other supplies and services	25,863	22,410
Vehicle running expenses	16,569	15,466
Capital and external works	14,822	13,962
	458,472	463,827

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

3 Employee benefits expense

	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
Wages and salaries	601,590	571,164	708,329	667,304
Annual leave	64,943	59,287	64,943	59,287
Long service leave	32,740	19,587	32,740	19,587
Superannuation				
Defined benefit superannuation expense	14,986	15,332	14,986	15,332
Defined contribution superannuation expense	63,140	57,586	63,140	57,586
Other employee benefits	28,844	27,910	28,844	27,910
Employee related expenses	48,488	45,129	54,461	50,750
	854,731	795,995	967,443	897,756

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 consolidated entity's total employee benefits expense was \$989.5 million (2018: \$923.9 million). Of this \$134.8 million (2018: \$127.9 million) was recognised directly in property, plant and equipment leaving \$854.7 million (2018: \$796.0 million) reported as employee benefits expense.

The number of full-time equivalent (FTE) employees as at reporting date was 7,164.6 (2018: 6,725.4). 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 statements 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 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
Current tax		61,238	38,637	10,152	5,060
Deferred tax		230	8,990	(10,152)	(5,060)
Adjustments for current tax of prior periods (Recognition) / utilisation of unused capital tax loss		(293)	(588)	-	-
		(891)	270	-	-
		60,284	47,309	-	-
Deferred income tax expense / (benefit) included in income tax expense comprises:					
Increase in deferred tax assets	7	(11,439)	(4,896)	(10,152)	(5,060)
Increase in deferred tax liabilities	10	11,669	13,886	-	-
		230	8,990	(10,152)	(5,060)

4 Income tax expense (continued)

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

	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
Profit from continuing operations before income tax expense	201,808	159,562	141,524	113,461
Tax at the Australian tax rate of 30% (2018: 30%)	60,542	47,869	42,457	34,038
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:				
Dividends received from subsidiaries	-	-	(42,457)	(34,038)
Capital losses not recognised	-	(3)	-	-
Other	35	31	-	-
Adjustments for current tax of prior periods	(293)	(588)	-	-
	(258)	(560)	(42,457)	(34,038)
Total income tax expense	60,284	47,309	-	-

(c) Amounts recognised directly in equity

	Notes	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'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	(10)	181	-	-
		(10)	181	-	-

(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 sheets

5 Property, plant and equipment

(a) Movements in property, plant and equipment

	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Major plant and equipment \$'000	Infrastructure \$'000	Total \$'000
Consolidated							
At 1 July 2018							
Cost	374,161	103,060	708,247	349,535	2,222,554	6,034,390	9,791,947
Accumulated depreciation and impairment losses	-	(690)	(243,879)	(162,096)	(1,158,862)	(1,350,513)	(2,916,040)
Net book amount	374,161	102,370	464,368	187,439	1,063,692	4,683,877	6,875,907
Year ended 30 June 2019							
Opening net book amount	374,161	102,370	464,368	187,439	1,063,692	4,683,877	6,875,907
Additions	559,726	-	-	49	-	-	559,775
Transfers between asset classes	(460,249)	-	22,692	81,199	51,080	305,278	-
Transfers to supplies and services	(4,048)	-	-	-	-	-	(4,048)
Transfers to State Government	-	-	-	-	-	-	-
Transfers from State Government*	-	-	70,513	4,042	-	406,735	481,290
Disposals	-	(38)	(1,084)	(6,219)	(189)	(22,124)	(29,654)
Depreciation expense	-	-	(28,374)	(39,585)	(89,772)	(210,243)	(367,974)
Closing net book amount	469,590	102,332	528,115	226,925	1,024,811	5,163,523	7,515,296
At 30 June 2019							
Cost	469,590	103,022	809,323	402,035	2,208,003	6,733,879	10,725,852
Accumulated depreciation and impairment losses	-	(690)	(281,208)	(175,110)	(1,183,192)	(1,570,356)	(3,210,556)
Net book amount	469,590	102,332	528,115	226,925	1,024,811	5,163,523	7,515,296

* The transfers from State Government represents assets associated with the Moreton Bay Rail Link and also car park assets. The assets were transferred in June 2019 at their carrying amount in exchange for equity in Queensland Rail Limited in accordance with a Transfer Notice under the *Queensland Rail Transit Authority Act 2013*.

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 \$'000	Infrastructure \$'000	Total \$'000
At 1 July 2017							
Cost	582,994	107,781	662,186	302,169	2,195,154	5,539,852	9,390,136
Accumulated depreciation and impairment losses	-	(783)	(218,556)	(154,464)	(1,055,567)	(1,210,929)	(2,640,299)
Net book amount	582,994	106,998	443,630	147,705	1,139,587	4,328,923	6,749,837
Year ended 30 June 2018							
Opening net book amount	582,994	106,998	443,630	147,705	1,139,587	4,328,923	6,749,837
Additions	490,894	-	-	-	1,667	870	493,431
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)
Transfers from State Government	-	-	-	-	-	-	-
Disposals	-	(862)	(884)	(4,841)	(606)	(6,809)	(14,002)
Depreciation expense	-	-	(26,237)	(28,172)	(115,744)	(166,297)	(336,450)
Closing net book amount	374,161	102,370	464,368	187,439	1,063,692	4,683,877	6,875,907
At 30 June 2018							
Cost	374,161	103,060	708,247	349,535	2,222,554	6,034,390	9,791,947
Accumulated depreciation and impairment losses	-	(690)	(243,879)	(162,096)	(1,158,862)	(1,350,513)	(2,916,040)
Net book amount	374,161	102,370	464,368	187,439	1,063,692	4,683,877	6,875,907

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

5 Property, plant and equipment (continued)

(b) Initial recognition

From 1 July 2018, items of expenditure which are expected to provide future economic benefits are recognised as an item of property, plant and equipment, when in excess of:

- \$1 for land;
- \$5,000 for plant and equipment and major plant and equipment;
- \$10,000 for infrastructure and building assets; and
- \$20,000 for capital spares.

Prior to 1 July 2018, the threshold of \$2,000 was applied to all plant and equipment, infrastructure and building assets.

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. If capital spares cost less than \$20,000, the item is recorded in inventory.

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 subleased to the consolidated entity for no cost. The sublease 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.

(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.

5 Property, plant and equipment (continued)

(d) Depreciation (continued)

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:

Infrastructure 6 - 100 years including:

Rail	50 years
Sleepers	17 - 50 years
Ballast	30 years
Civil works	20 - 100 years
Bridges	20 - 100 years
Electrification	15 - 50 years
Field signals	15 - 40 years
Telecommunications	6 - 20 years

Buildings 10 - 50 years including:

Structures	25 - 50 years
Lifts and escalators	10 - 50 years
Air conditioning units	10 - 25 years
Fire equipment	10 - 30 years
Fit outs	15 years

Major plant and equipment 7 - 50 years including:

Country and suburban cars	35 - 50 years
Overhauls	7 - 15 years
Plant and equipment	4 - 25 years

Remaining useful lives of assets are reviewed annually.

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 prior 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 implemented a new framework from 1 July 2018 to improve the management of its property, plant and equipment. All asset classes are capitalised at their optimum componentised level to reflect current business replacement forecasts. The replacement framework drives improved estimation of useful lives and depreciation expense.

The impact of implementing this framework was 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 was 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. 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 cash generating unit (CGU).

For the purposes of assessing impairment, assets are grouped into 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. 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. Assets that were damaged beyond repair as a result of the North Queensland flood disaster in the current reporting period have been disposed of at their carrying amount and their replacement has been recognised as property, plant and equipment. This replacement program has not resulted in an impairment of the assets within the Regional or Mt Isa CGUs.

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 an expected cash flow approach when assessing future cash flows in accordance with accounting standards. The expected cash flow approach represents expectations about possible future cash flows. Probabilities were assigned to transport service contract revenue and were weighted in accordance with their likelihood. This approach has provided management certainty in determining the recoverable amount of Queensland Rail's assets.

(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
At 1 July 2018			
Cost	59,971	134,297	194,268
Accumulated amortisation and impairment losses	-	(99,020)	(99,020)
Net book amount	59,971	35,277	95,248
Year ended 30 June 2019			
Opening net book amount	59,971	35,277	95,248
Additions	19,761	-	19,761
Transfers between asset classes	(62,363)	62,363	-
Transfers to supplies and services	(188)	-	(188)
Disposals	-	-	-
Amortisation expense	-	(18,245)	(18,245)
Closing net book amount	17,181	79,395	96,576
At 30 June 2019			
Cost	17,181	188,015	205,196
Accumulated amortisation and impairment losses	-	(108,620)	(108,620)
Net book amount	17,181	79,395	96,576
At 1 July 2017			
Cost	53,373	123,188	176,561
Accumulated amortisation and impairment losses	-	(90,168)	(90,168)
Net book amount	53,373	33,020	86,393
Year ended 30 June 2018			
Opening net book amount	53,373	33,020	86,393
Additions	20,669	-	20,669
Transfers between asset classes	(14,071)	14,071	-
Transfers to supplies and services	-	-	-
Disposals	-	(59)	(59)
Amortisation expense	-	(11,755)	(11,755)
Closing net book amount	59,971	35,277	95,248
At 30 June 2018			
Cost	59,971	134,297	194,268
Accumulated amortisation and impairment losses	-	(99,020)	(99,020)
Net book amount	59,971	35,277	95,248

The parent entity does not hold any intangible assets.

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.

From 1 July 2018, intangibles have a threshold of \$100,000. If intangibles cost less than \$100,000, expenditure is not recognised as an intangible asset and is treated as an operating expense in the period in which the expenditure is incurred. Prior to 1 July 2018, the threshold of \$50,000 was applied.

7 Deferred tax assets

	Notes	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
The balance comprises temporary differences attributable to:					
Accrued expenses		16,754	5,863	3,734	1,169
Capital losses		891	-	-	-
Provisions		88,951	82,534	80,759	73,228
Superannuation contributions		454	398	454	398
Unearned revenue		1,542	7,482	-	-
Foreign exchange gains		66	51	-	-
Total deferred tax assets		108,658	96,328	84,947	74,795
Set-off of deferred tax liabilities pursuant to set-off provisions	10	(108,658)	(96,328)	-	-
Net deferred tax assets		-	-	84,947	74,795
Movements:					
Opening balance		-	-	74,795	69,735
Credited to the statements of comprehensive income	4	11,439	4,896	10,152	5,060
Cash flow hedges		-	(23)	-	-
Recognition of unused capital tax loss		891	-	-	-
Utilisation of capital losses		-	(270)	-	-
Set-off of deferred tax liabilities pursuant to set-off provisions	10	(12,330)	(4,603)	-	-
Closing balance at 30 June		-	-	84,947	74,795
Deferred tax assets expected to be recovered within 12 months		-	-	80,853	70,945
Deferred tax assets expected to be recovered after more than 12 months		-	-	4,094	3,850

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 sheets. 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		Parent	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Trade payables	207,388	173,673	33,178	23,244
Dividend payable	141,524	112,252	141,524	112,252
Other payables	1,487	9,745	108	7,917
	350,399	295,670	174,810	143,413
GST input tax credits receivable	(11,276)	(8,530)	(32)	(36)
GST payable	18,344	16,568	-	-
	7,068	8,038	(32)	(36)
Total trade and other payables	357,467	303,708	174,778	143,377

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within the terms set by the supplier.

9 Provisions

Consolidated	Current	2019	Total	Current	2018	Total
	\$'000	Non-current	\$'000	\$'000	Non-current	\$'000
Employee benefits	254,397	13,647	268,044	230,256	12,832	243,088
Litigation and workers' compensation provision	7,646	10,703	18,349	6,043	12,392	18,435
Land rehabilitation provision	983	4,128	5,111	538	6,160	6,698
Make good provision	-	1,297	1,297	-	1,197	1,197
Onerous contracts provision	1,084	725	1,809	1,285	2,647	3,932
	264,110	30,500	294,610	238,122	35,228	273,350

Parent	Current	2019	Total	Current	2018	Total
	\$'000	Non-current	\$'000	\$'000	Non-current	\$'000
Employee benefits	254,397	13,647	268,044	230,256	12,832	243,088
Litigation and workers' compensation provision	6,302	10,146	16,448	5,051	11,929	16,980
Land rehabilitation provision	-	-	-	-	-	-
Make good provision	-	-	-	-	-	-
Onerous contracts provision	-	-	-	-	-	-
	260,699	23,793	284,492	235,307	24,761	260,068

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 sheets 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 and 2019 external consultants were engaged to provide updated valuations. Management gave consideration to the most recent valuation and the likelihood of their remediation within the foreseeable future.

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 sublease 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 2019	Litigation and workers' compensation provision \$'000	Land rehabilitation provision \$'000	Make good provision \$'000	Onerous contracts provision \$'000	Total \$'000
Current and non-current					
Carrying amount at start of year	18,435	6,698	1,197	3,932	30,262
Charged / (credited) to profit or loss					
- additional provisions recognised	7,297	-	-	-	7,297
- unused amounts released	(872)	(1,759)	76	(838)	(3,393)
- unwind discount	-	172	24	79	275
Amounts used during the year	(6,511)	-	-	(1,364)	(7,875)
Carrying amount at end of year	18,349	5,111	1,297	1,809	26,566

Parent 2019	Litigation and workers' compensation provision \$'000	Land rehabilitation provision \$'000	Make good provision \$'000	Onerous contracts provision \$'000	Total \$'000
Current and non-current					
Carrying amount at start of year	16,980	-	-	-	16,980
Charged / (credited) to profit or loss					
- additional provisions recognised	6,328	-	-	-	6,328
- unused amounts released	(872)	-	-	-	(872)
- unwind discount	-	-	-	-	-
Amounts used during the year	(5,988)	-	-	-	(5,988)
Carrying amount at end of year	16,448	-	-	-	16,448

10 Deferred tax liabilities

	Notes	Consolidated 2019 \$'000	2018 \$'000
The balance comprises temporary differences attributable to:			
Accrued income		300	10
Consumables and spare parts		10,255	7,376
Property, plant and equipment		460,091	450,580
Prepayments		139	137
Cash flow hedges		149	158
Total deferred tax liabilities		470,934	458,261
Set-off of deferred tax liabilities pursuant to set-off provisions	7	(108,658)	(96,328)
Net deferred tax liabilities		362,276	361,933
Movements:			
Opening balance		361,933	350,466
Prior year adjustments		1,014	2,026
Charged to the statements of comprehensive income	4	11,669	13,886
Cash flow hedges		(10)	158
Set-off of deferred tax liabilities pursuant to set-off provisions	7	(12,330)	(4,603)
Closing balance at 30 June		362,276	361,933
Deferred tax liabilities expected to be settled within 12 months		(90,163)	(74,475)
Deferred tax liabilities expected to be settled after more than 12 months		452,439	436,408

The parent entity does not have any deferred tax liabilities.

11 Dividends

	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
Dividend declared	141,524	112,252	141,524	112,252
Dividend paid	112,252	100,515	112,252	100,515

All dividends declared / paid were unfranked.

Notes to the statements of cash flows

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

	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
Profit for the year	141,524	112,253	141,524	113,461
Depreciation and amortisation	386,219	348,205	-	-
Losses on sale of non-current assets	22,934	3,525	-	-
Unrealised loss on derivatives	51	154	-	-
Impairment of trade receivables	3	10	-	-
Inventory obsolescence	2,003	2,700	-	-
Change in operating assets and liabilities:				
(Increase) in trade debtors	(6,025)	(822)	(28,064)	(12,442)
(Increase) in inventories	(12,661)	(391)	-	-
(Increase) / decrease in other operating assets	8,132	30,722	(52,539)	2,556
Increase / (decrease) in trade creditors	428	(59)	2,128	7,293
Increase in other liabilities	25,536	19,053	25,480	131
Increase in other provisions	21,260	6,067	24,424	12,891
Net cash inflow from operating activities	589,404	521,417	112,953	123,890

13 Reconciliation of liabilities arising from financing activities

Consolidated	Current borrowings \$'000	Non-current borrowings \$'000	Total \$'000
At 1 July 2018	-	3,380,000	3,380,000
Cash flows	46,448	-	46,448
At 30 June 2019	46,448	3,380,000	3,426,448
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

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

Risk

14 Financial risk management

(a) Financial instruments categories

Financial instruments are categorised into one of three measurement bases - amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets and financial liabilities are recognised in the balance sheets when the consolidated entity becomes party to the contractual provisions of the financial instrument. The consolidated entity has the following categories of financial assets and financial liabilities:

	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
Financial assets				
<i>Financial assets at FVTPL</i>				
Cash and cash equivalents	3,446	24,441	-	-
Trade and other receivables	51,174	45,153	464,908	409,092
<i>Financial assets at FVOCI</i>				
Derivative assets	294	364	-	-
Total financial assets	54,914	69,958	464,908	409,092
Financial liabilities				
<i>Financial liabilities at FVTPL</i>				
Trade and other payables	357,467	303,708	174,778	143,377
<i>Financial liabilities at AC</i>				
Borrowings	3,426,448	3,380,000	-	-
<i>Financial liabilities at FVOCI</i>				
Derivative liabilities	20	5	-	-
Total financial liabilities	3,783,935	3,683,713	174,778	143,377

(b) Risks arising from financial instruments

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 carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(i) Market risk

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:

	30 June 2019			30 June 2018		
Consolidated	USD \$'000	EUR €'000	JPY ¥'000	USD \$'000	EUR €'000	JPY ¥'000
Cash and cash equivalents	189	88	36,171	110	987	17,433
Forward exchange contracts (qualifying for hedge accounting)	1,105	4,013	-	2,242	7,720	-
Net exposure	1,294	4,101	36,171	2,352	8,707	17,433

Queensland Rail 24
30 June 2019

14 Financial risk management (continued)

(b) Risks arising from financial instruments (continued)

The consolidated entity uses derivative financial instruments such as foreign exchange contracts to hedge risk exposures. 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. 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.

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.

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.

Financial liabilities at amortised cost

The fair value of borrowings is provided by the QTC. Fair value is calculated using the market value of the underlying debt portfolio, or in the case of fixed rate loans on a discounted cash flow basis. The carrying amounts and fair values of borrowings at reporting date are:

Consolidated	2019		2018	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<i>Non-traded financial liabilities</i>				
Current borrowings (unsecured)	46,448	46,448	-	-
Non-current borrowings (unsecured)	3,380,000	3,841,877	3,380,000	3,653,271
	3,426,448	3,888,325	3,380,000	3,653,271

Weighted average interest rate	5.5%	5.8%
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The carrying amount of current borrowings in the current year of \$46.4 million represents the drawdown of funds from the working capital facility with QTC. In the prior 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 2019	Carrying amount \$'000	Interest rate risk			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Client Specific Debt Pool	3,380,000	2,866	2,866	(2,649)	(2,649)
Total increase / (decrease)		2,866	2,866	(2,649)	(2,649)
30 June 2018					
Client Specific Debt Pool	3,380,000	2,726	2,726	(2,519)	(2,519)
Total increase / (decrease)		2,726	2,726	(2,519)	(2,519)

14 Financial risk management (continued)

(b) Risks arising from financial instruments (continued)

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.

The short-term borrowing arrangements with QTC are interest bearing. The borrowing arrangements are subject to annual review.

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 5.53% (2018: 5.83%). During the year, interest costs of \$13.5 million were capitalised (2018: \$12.3 million).

(ii) 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 sheets 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.

(iii) Liquidity risk

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

Financing arrangements

The amount of undrawn working capital facilities with QTC available at reporting date is \$103.6 million (2018: \$150.0 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.

14 Financial risk management (continued)

(b) Risks arising from financial instruments (continued)

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 2019	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Non-derivatives				
Non-interest bearing	194,712	-	-	194,712
Variable rate	67,679	-	-	67,679
Duration based	147,188	586,498	3,380,000	4,113,686
Total non-derivatives	409,579	586,498	3,380,000	4,376,077

30 June 2018

Non-derivatives				
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
Total non-derivatives	345,573	613,538	3,380,000	4,339,111

15 Capital risk management

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 sheets) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheets plus net debt.

The consolidated entity's gearing ratios are as follows:

	Consolidated 2019 \$'000	2018 \$'000
Total borrowings	3,783,915	3,683,708
Less: cash and cash equivalents	(3,446)	(24,441)
Net debt	3,780,469	3,659,267
Total equity	3,304,247	2,822,980
Total capital	7,084,716	6,482,247
Gearing ratio	Consolidated 53%	56%

15 Capital risk management (continued)

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

	2019 Fair value \$'000	2018 Fair value \$'000
Consolidated		
Non-qualifying assets	5,025	4,525
Third party guarantees	81,000	71,000
Bank guarantees	125,623	109,461
Insurance company guarantees	2,230	6,178
	213,878	191,164

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.

	2019 Fair value \$'000	2018 Fair value \$'000
Consolidated		
Non-qualifying liabilities	5,063	3,068
Bank guarantees	26,294	26,294
	31,357	29,362

The parent entity has not issued any guarantees.

17 Contingencies (continued)

(b) Contingent liabilities (continued)

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 2019	2018	Parent 2019	2018
Number of cases before the Supreme Court	-	2	-	-
Number of cases before the District Court	9	12	-	-

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.

(i) Environmental incident - Townsville

In February 2018, Queensland Rail discovered an area of oil impacted soil within the rail corridor near Townsville, which was confirmed to be associated with a third party's underground heavy fuel pipeline that traverses the rail corridor. As the third party is in liquidation, with liquidators advising they have no means to affect rectification, Queensland Rail undertook priority temporary containment works in May 2018 and further investigative works in September and December 2018 to confirm the source of the spill and delineate area of impact where practicable. All works have been in consultation with the Department of Environment & Science (DES). In February 2019, DES advised they had issued correspondence to a related party to the in liquidation third party, requesting action to address the matter, and it is understood this party intends to undertake further investigative and remediation works. Queensland Rail will provide access to the corridor to facilitate works as necessary, however no requests for access have been received to date. Queensland Rail will continue to liaise with DES.

(ii) Environmental incident - Mt Isa

During February 2019, a third-party operator's train, which had been stowed at Nelia upon the Mt Isa line, was inundated by unprecedented floodwaters. The train comprised a locomotive and wagons containing zinc concentrate and lead concentrate. The floodwaters have resulted in the displacement of the train and loss of product to the environment. Queensland Rail is working closely with DES, the third party operator and the product owner throughout the phases of containment, investigation and remediation. A Clean-up Notice has been issued to the three parties by DES under the provisions of the *Environmental Protection Act 1994*. Assessments to define extent of impact, including temporal changes, and consequent risk exposures is ongoing, and remediation works are progressing. Liaison with affected stakeholders is ongoing, including to mitigate business impacts as a result of the incident.

18 Commitments

The future commitments of the consolidated entity (excluding GST) at reporting date were as follows:

(a) Commitments payable

	2019		2018	
Consolidated	Capital \$'000	Lease \$'000	Capital \$'000	Lease \$'000
Within one year	131,173	12,443	135,615	9,715
Later than one year but not later than five years	247,344	17,168	100,364	16,027
Later than five years	-	12,472	26,844	10,821
	378,517	42,083	262,823	36,563

The parent entity does not have any commitments payable.

The prior period lease payable commitments have been restated due to a review of contracts for fibre optics.

18 Commitments (continued)

(b) Commitments receivable

	2019 Lease \$'000	2018 Lease \$'000
Consolidated		
Within one year	8,198	8,645
Later than one year but not later than five years	15,017	18,891
Later than five years	28,589	27,166
	51,804	54,702

The parent entity does not have any commitments receivable.

The prior period lease receivable commitments have been restated due to a review of contracts for fibre optics.

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.

The responsible Ministers of Queensland Rail and its subsidiaries during the year ended 30 June 2019 were:

- J Trad MP
Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships
- M Bailey MP
Minister for Transport and Main Roads

(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:

	2019 \$'000	2018* \$'000
Short-term benefits	4,217	3,565
Post-employment benefits	491	391
Long-term benefits	61	8
	4,769	3,964

* 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

2019		Short-term benefits	Post- employment benefits	
		Member fees and allowances \$'000	Super- annuation \$'000	Total \$'000
Members				
D Marchant AM	Chair	105	10	115
Reappointment date: 1 October 2018				
Reappointment term: 3 years				
P Strachan	Chair	38	4	42
Ceased: 4 October 2018				
S Birkenleigh	Member	13	1	14
Ceased: 4 October 2018				
S Cantwell*	Member	46	4	50
Appointment date: 1 October 2016				
Appointment term: 3 years				
R Peters	Member	45	4	49
Appointment date: 1 October 2016				
Appointment term: 3 years				
P Wallis	Member	13	1	14
Ceased: 4 October 2018				
H Watson	Member	45	4	49
Appointment date: 6 June 2018				
Appointment term: 2 years 3 months				
Total		305	28	333

* This member did not receive monetary benefits directly. Payments were made to the entity, of which he is a director, on his behalf.

2018		Short-term benefits	Post- employment benefits	
		Member fees and allowances \$'000	Super- annuation \$'000	Total \$'000
Members				
P Strachan	Chair	132	13	145
S Birkenleigh	Member	35	3	38
S Cantwell	Member	46	4	50
D Marchant AM	Member	46	4	50
R Peters	Member	44	4	48
P Wallis	Member	46	4	50
H Watson	Member	2	-	2

Queensland Rail 31
30 June 2019

(c) Key management personnel compensation (continued)

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.

(ii) Specified executives of the consolidated entity

2019	Short-term benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees \$'000	Cash bonuses \$'000	Non-monetary benefits \$'000	Super-annuation \$'000	Long service leave \$'000	
Specified executives						
N Easy Chief Executive Officer Appointment date: 3 April 2017 Appointment term: 5 years	686	-	4	88	-	778
M Barrett* Acting Executive General Manager People and Culture (from 13 October 2018 until 19 April 2019)	143	-	2	11	9	165
J Benstead* Acting Chief Financial Officer and Executive General Manager Commercial & Strategy	364	-	4	42	-	410
L Collins Executive General Manager People and Culture Ceased: 19 October 2018	142	-	1	17	-	160
S Cornish* Executive General Manager Safety, Risk & Assurance Appointment date: 2 July 2018	364	-	4	46	-	414
C Key* Acting Executive General Manager Network (from 13 October 2018 until 17 March 2019)	148	-	2	17	-	167
N King Executive General Manager Citytrain Ceased: 23 June 2019	541	-	4	55	-	600

Queensland Rail Annual and Financial Report 2018-19 | Page 89

20 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

2019	Short-term benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees \$'000	Cash bonuses \$'000	Non-monetary benefits \$'000	Super-annuation \$'000	Long service leave \$'000	
Specified executives						
R McAlpine [^] Acting Executive General Manager Projects Appointment date: 18 June 2018 Appointment term: 13 months	395	-	4	50	-	449
R Munn [^] Executive General Manager People and Culture Appointment date: 8 April 2019	94	-	1	12	-	107
S Riedel [^] Executive General Manager Network Appointment date: 18 March 2019	137	-	1	17	-	155
T Ripper* Executive General Manager Network Ceased: 12 October 2018	143	-	1	17	52	213
N Roach* Executive General Manager Customer Service and Innovation	381	-	4	49	-	434
M Ryan* Executive General Manager Travel and Tourism	313	-	4	40	-	357
B Sharp* Acting Executive General Manager Citytrain (from 8 June 2019)	25	-	-	2	-	27
Total	3,876	-	36	463	61	4,436

* These specified executives are tenured and have no expiry date.

[^] These specified executives are not eligible for Performance Payments.

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	Super-annuation \$'000	Long service leave \$'000	
Specified executives						
N Easy Chief Executive Officer	666	-	4	85	-	755
J Benstead Acting Chief Financial Officer and Executive General Manager Commercial & Strategy	356	-	4	41	-	401
L Collins Executive General Manager People and Culture	400	-	4	51	-	455
N King Executive General Manager Citytrain	80	-	4	8	-	92
R McAlpine Acting Executive General Manager Projects	-	-	-	-	-	-
T Ripper Executive General Manager Network	416	-	4	54	8	482
N Roach Executive General Manager Customer Service and Innovation	171	-	2	22	-	195
M Ryan Executive General Manager Travel and Tourism	305	-	4	39	-	348

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.

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*.

20 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

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 approve 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.

(iii) Performance Payments

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.

20 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

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.

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.

	2019 \$'000	2018 \$'000
Aggregate performance bonus compensation		
Aggregate performance bonus compensation paid	-	-
Aggregate performance bonus compensation accrued for current period	7,308	3,548
Aggregate compensation (including performance bonus compensation) to employees eligible for performance bonus compensation for current period	75,050	73,368
	2019	2018
Number of employees eligible for performance bonus compensation	410	406

(d) Transactions with key management personnel

During the current and prior reporting periods, R Peters, member of Queensland Rail and director of Queensland Rail Limited, was a director for South East Queensland in AECOM Australia Pty Ltd (AECOM). Queensland Rail Limited engaged AECOM for professional services and provided rental accommodation to AECOM during the current and prior periods.

During the current reporting period, S Cornish, specified executive of Queensland Rail and Queensland Rail Limited from 2 July 2018, was an Industry Director at Rail Industry Safety and Standards Board (RISSB). Queensland Rail Limited paid corporate membership fees during this period.

During the current and prior reporting periods, 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 the current and prior periods.

During the current and prior reporting periods, 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 the current and prior periods.

All figures displayed below are exclusive of GST.

	Consolidated 2019 \$'000	2018 \$'000
Professional services - AECOM Australia Pty Ltd	318	1,394
Corporate membership - Rail Industry Safety and Standards Board	271	-
Corporate membership - Australasian Railway Association	92	85
Contribution - TrackSAFE Foundation	60	60
Telecommunications revenue - Airservices Australia	(61)	(58)
Rental revenue - AECOM Australia Pty Ltd	(4)	(3)
	676	1,478

Queensland Rail 36
30 June 2019

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 2019 \$'000	2018 \$'000
Sale of goods and services to subsidiaries	968,240	898,224
Dividend revenue from subsidiaries	141,524	113,461
Dividend receivable from subsidiaries	141,524	113,461
Receivables from subsidiaries - current	299,591	270,870
Receivables from subsidiaries - non-current	23,793	24,761
Shares in subsidiaries	2,845,324	2,845,324

(b) Loans to / (from) related parties

	Parent 2019 \$'000	2018 \$'000
<i>Loans to / (from) subsidiaries</i>		
Beginning of the year	(9,923)	(43,441)
Loans advanced	61,202	80,118
Loans repayments received	(38,443)	(46,600)
End of year	12,836	(9,923)

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 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000	Nature of transaction
Revenue from continuing operations	1	1,840,739	1,693,163	-	-	Rail Transport Service Contract, government concessions and sales
Supplies and services	2	43,654	5,530	-	-	Consumables
Employee benefits expense	3	42,908	39,119	42,826	39,082	Payroll tax
Other expenses		3,289	3,890	-	-	Land tax and audit fees
Finance income		203	111	-	-	Interest revenue
Finance expenses		187,289	194,796	-	-	Interest and financing costs
Income tax expense	4	60,284	47,309	-	-	Income tax
Cash and cash equivalents		-	17,691	-	-	Short-term investments
Trade and other receivables		13,987	8,252	-	-	Rail Transport Service Contract and other accounts receivables
Current tax assets		-	7,423	-	7,423	Current tax receivable
Trade and other payables	8	189,656	142,319	145,494	115,937	Dividend payable, interest payable, capital works payable and payroll tax payable
Current borrowings	14	46,448	-	-	-	Short-term borrowings
Current tax liabilities		25,519	-	25,519	-	Current tax payable
Other current liabilities		13,032	1,057	-	-	Asset funding and other income in advance
Non-current borrowings	14	3,380,000	3,380,000	-	-	Long-term borrowings
Other non-current liabilities		10,568	20,198	-	-	Asset funding in advance
Contributed equity		481,290	(4,987)	-	(4,987)	Capital contributions / (distributions)
Dividend declared	11	141,524	112,252	141,524	112,252	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 2019 %	2018 %
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.

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 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
<i>Queensland Audit Office</i>				
Audit of the financial statements	438	433	49	48
	438	433	49	48

24 Special payments

	Consolidated 2019 \$'000	2018 \$'000	Parent 2019 \$'000	2018 \$'000
Ex-gratia payments	797	468	797	468
	797	468	797	468

Queensland Rail 39
30 June 2019

24 Special payments (continued)

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 confidential deeds of settlement on resignation or dismissal in the current and prior reporting periods.
- 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 in the form of confidential deeds of settlement for wages disputes in the current reporting period.
- Ex-gratia payments made in the form of Employment Termination Payments on behalf of a deceased employee in the prior reporting period.
- Ex-gratia payment made to an employee in the form of a confidential deed of settlement on the cessation of a temporary transfer 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.

A summarised version of the Queensland Rail Limited consolidated financial statements are disclosed below:

	2019 \$'000	2018 \$'000
Consolidated statement of comprehensive income		
Revenue	2,107,367	1,959,719
Expenses	(1,731,604)	(1,616,748)
Operating profit	375,763	342,971
Net finance costs	(173,955)	(183,409)
Profit before income tax	201,808	159,562
Income tax expense	(60,284)	(47,309)
Profit for the year	141,524	112,253
Other comprehensive (loss) / income for the year	(23)	424
Total comprehensive income for the year	141,501	112,677

25 Queensland Rail Limited consolidated financial information (continued)

	2019 \$'000	2018 \$'000
Consolidated balance sheet		
Current assets	162,865	173,830
Non-current assets	7,645,690	7,012,422
Total assets	7,808,555	7,186,252
Current liabilities	699,988	562,406
Non-current liabilities	3,882,028	3,878,574
Total liabilities	4,582,016	4,440,980
Net assets	3,226,539	2,745,272
Total equity	3,226,539	2,745,272
Consolidated statement of changes in equity	2019 \$'000	2018 \$'000
Balance at the beginning of the financial year	2,745,272	2,746,056
Total comprehensive income for the year	141,501	112,677
Transactions with owners in their capacity as owners	339,766	(113,461)
Balance at end of year	3,226,539	2,745,272
Consolidated statement of cash flows	2019 \$'000	2018 \$'000
Cash flows from operating activities	589,912	498,285
Cash flows from investing activities	(543,894)	(458,384)
Cash flows from financing activities	(67,013)	(17,483)
Net increase / (decrease) in cash and cash equivalents	(20,995)	22,418
Cash and cash equivalents at the beginning of the financial year	24,441	2,023
Cash and cash equivalents at end of year	3,446	24,441

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".

26 Summary of significant accounting policies (continued)

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 implemented the Response and Recovery Program in recent years. 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.

Queensland Rail's focus in the current reporting period was delivering improvements to training and retention initiatives concerning its train crew.

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 2019.

(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 2018, do not have a material impact on the financial statements of the consolidated entity.

The consolidated entity has applied the following standards for the first time for their annual reporting year commencing 1 July 2018:

- AASB 15 *Revenue from Contracts with Customers*; and
- AASB 9 *Financial Instruments*.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 *Revenue from Contracts with Customers* 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 consolidated entity expects to be entitled in exchange for those goods or services.

The implementation of AASB 15 did not have an impact on the financial statements of the consolidated entity as the previous processes under the superseded standard, AASB 118 *Revenue*, are consistent with the requirements of AASB 15 for the consolidated entity.

AASB 9 *Financial Instruments*

The consolidated entity applied AASB 9 *Financial Instruments* for the first time in 2018/19. The prior period has not been restated and is reported under AASB 139 *Financial Instruments: Recognition and Measurement*.

Under AASB 9, financial instruments are categorised into one of three measurement bases - amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

26 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- Trade and other receivables

Trade and other receivables are initially recognised at the transaction price and are subsequently measured at and classified as FVTPL. An analysis has been done using the required AASB 9 matrix and there is no impact to trade receivables from the application of the new requirements.

- Trade and other payables

Trade and other payables are measured initially at the transaction price and subsequently at FVTPL due to the current nature of these liabilities.

- Derivative instruments

The consolidated entity applies cash flow hedge accounting to remove volatility in the statements of comprehensive income.

The consolidated entity hedge accounts only the spot rate movement with all movements in the forward points previously accounted for as FVTPL.

The consolidated entity elected to apply AASB 9 prospectively with all future forward point movements accounted for as FVOCI. Due to the immaterial hedge portfolio held by the consolidated entity, there is minimal impact from the application of the new requirements.

- Cash at bank and borrowings

The consolidated entity utilises a working capital facility with Queensland Treasury Corporation (QTC), investing any surplus daily. QTC has a rating of AA+, therefore the credit risk is minimal unless the ratings decrease significantly.

Debt is drawn from facilities with the 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.

(iii) Early adoption of standards

Standards and amendments that are available for early adoption for the current financial year beginning 1 July 2018 were not early adopted.

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 statements of comprehensive income. The lease payments will reduce the lease liability and will no longer be recognised in the statements of comprehensive income. This will result in some volatility in the financial statements.

Judgements and estimates

The useful lives of all leases will be based on the economic life of the contract including the first option period where it is considered likely that the option will be exercised. Management will review the life of each lease and changes to options annually.

The discount rate used to determine the present value of the lease liability will be the Queensland Treasury Corporation Fixed Rate Loan rate that corresponds with the lease commencement and lease term.

The right-of-use asset will be measured at cost after the commencement date. The low value asset threshold will be set at \$10,000 for each separately identified asset within a contract.

All subleases will be assessed to determine if they qualify as a finance lease. Where the economic life of the sublease represents substantially most of the remaining life of the head lease, the sublease will be classified as a finance lease. The right-of-use asset will be derecognised and a net investment in sublease will be recognised.

26 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Transition plan

The consolidated entity has elected to apply the practical expedient referred to as the modified retrospective approach (also known as the cumulative catch-up approach) on transition. The consolidated entity elects to apply this approach to all of its leases, measuring the right-of-use assets as if the standard always applied. The lease liability will be the present value of the future lease payments at the date of initial application.

Onerous provisions associated with lease assets will be derecognised and will be adjusted against the right-of-use asset. The carrying amount of make good assets relating to lease assets will be derecognised and adjusted against the right-of-use asset. The carrying amount of lease incentive liabilities will be derecognised and adjusted against the lease liability associated with the right-of-use assets.

Management have assessed the impact of AASB 16 on existing lease contracts and conclude that:

- As at the reporting date, the consolidated entity expects to recognise the following on transition:

	1 July 2019
	\$'000
Balance sheets impact	
Increase in right-of-use assets	71,699
Decrease in other assets	(3,246)
Increase in lease liabilities	80,352
Decrease in other liabilities	(6,521)
Decrease in opening retained earnings	(5,378)

- As at the reporting date, the consolidated entity expects the net profit after tax to increase by approximately \$0.9 million in 2019/20:

	2020
	\$'000
Statements of comprehensive income impact	
Decrease in other revenue	(1,743)
Decrease in supplies and services expense	15,000
Increase in operating profit before depreciation	13,257
Increase in depreciation and amortisation expense	(10,669)
Increase in operating profit	2,588
Increase in interest expense	(1,260)
Increase in profit before tax	1,328
Increase in income tax expense	(398)
Increase in profit after tax	930

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.

(v) Going concern

The financial report for the consolidated entity is prepared on a going concern basis. Current liabilities exceed current assets by \$557.2 million. The consolidated entity has access to short-term borrowing facilities up to the amount of \$150.0 million of which \$103.6 million are undrawn as at reporting date (refer note 14(b)(iii)). The consolidated entity has also secured approval from the Queensland Government to source additional long-term borrowings in the 2019/20 financial year up to the amount of \$250.0 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.

26 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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 sheets 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 sheets.

Cash flows are presented in the cash flow statements 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 and other receivables

Trade and other receivables are initially recognised at the transaction price and are subsequently measured at and classified as FVTPL. Trade receivables generally have standard payment terms of 7 to 30 days. The consolidated entity applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which requires the use of the lifetime expected loss provision for all trade receivables.

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. Trade receivables have not had a significant increase in credit risk since they were originated.

Other receivables are classified as current assets unless collection is not expected within the 12 months from the reporting date.

(f) Contributed equity

Equity injections and distributions of equity are treated as a change in the value of contributed equity.

26 Summary of significant accounting policies (continued)

(g) 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 statements of comprehensive income.

During the current reporting period, the previous commercial lease Queensland Rail Limited entered 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 ceased. MBRL assets were transferred to Queensland Rail Limited on 28 June 2019. All assets forming the MBRL are now owned by Queensland Rail Limited.

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).

(h) 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.

(i) 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:

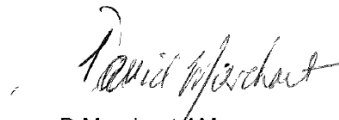
- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material aspects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Queensland Rail and its controlled entities for the financial year ended 30 June 2019 and of the financial position of the consolidated entity at the end of that year.

We acknowledge responsibility under section 8 and section 15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



N Easy
Chief Executive Officer

Brisbane, Qld
29 August 2019



D Marchant/AM
Chair

Brisbane, Qld
29 August 2019

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 2019, 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 sheets as at 30 June 2019, the statements of comprehensive income, statements of changes in equity and statements 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 (\$7.515 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 the 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"> Costs transferred from work in progress in 2019 of \$460.2 million (2018: \$687.8 million) to the fixed asset register following project completion. Increased estimated project costs accrued as work in progress in 2019 of \$448.1 million (2018: \$264.5 million). The calculation of accruals involves a high degree of management estimation. 	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"> Testing the design and implementation and operating effectiveness of the key controls over asset addition processes. Evidencing of review of project cost reports by project managers. Reviewing the completion and certification by responsible officers for operating expense and work in progress transfer forms. Testing a sample of assessment and classification of project costs as operating expense or capital at project commencement. Testing monitoring controls to ensure timely transfer of costs to the fixed asset register. Reviewing the appropriateness of the accounting treatment for a sample of new, ongoing and completed projects. 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.

Depreciation expense (\$367.97 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"> Reviewing management's annual assessment of useful lives and condition assessments. This represents a comprehensive review of all assets. For a sample of remaining useful life reviews examining supporting documentation and confirming revised estimates to the fixed asset register. Checking the consistency of useful lives compared to the prior year. Comparing useful life assessments recorded in the fixed asset register to the disclosed accounting policy. Reviewing for evidence of asset obsolescence, failure or disposals that could indicate a need to review useful life assumptions.

Key audit matter	How my audit addressed the key audit matter
	<ul style="list-style-type: none"> • Reviewing for evidence that the entity will use assets for longer than the useful lives estimated for valuation and depreciation purposes. • For a sample of assets, recalculating depreciation expense. • 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.

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 2018-19 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"> • Assessing the adequacy of management's review of the impairment process. • Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness for the impairment test with reference to common industry practice. • Challenging the reasonableness of key assumptions based on my knowledge of the entity and industry. • Assessing the identification of cash generating units, and input assumptions adopted by management in the value in use model. • Evaluating the reasonableness of management's documented considerations of indicators of impairment against my knowledge of the entity. • Reviewing the accuracy of calculations used in the value in use model. • 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. • Reviewing the asset impairment accounting policies disclosures in the financial statements for consistency with Australian Accounting Standards.

Other information

Other information comprises the information included in the group's annual report for the year ended 30 June 2019, 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 2019:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



29 August 2019

Vaughan Stemmett
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

