

Annual and Financial Report

2023-2024

General information

This is the consolidated Annual and Financial Report 2023-2024 (“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 Rail Safety National Law.

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

Unless the context otherwise requires, Queensland Rail and its subsidiaries QRL and OTI are collectively referred to as “Queensland Rail” for the purposes of this 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: www.queenslandrail.com.au.

For further information on Queensland Rail

Phone: 13 16 17

Mail: Queensland Rail
GPO Box 1429
Brisbane, Queensland,
4001

Registered office

Queensland Rail
Level 14, Rail Centre 1
305 Edward Street
Brisbane, Queensland, 4000
Queensland Rail ABN 68 598 268 528

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.



Copyright © Queensland Rail Limited 2024.

Licence

This annual report is licensed by the State of Queensland (Queensland Rail) under a Creative Commons Attribution (CC BY) 4.0 International licence.



CC BY Licence Summary Statement

In essence, you are free to copy, communicate and adapt this annual report, as long as you attribute the work to the State of Queensland (Queensland Rail).

[View a copy of this licence.](#)

Attribution

Content from this annual report should be attributed as: The State of Queensland (Queensland Rail) annual report 2023-2024.

Disclaimer

While all care has been taken in preparing the report, Queensland Rail accepts no responsibility for decisions or actions taken as a result of any data, information, statement or advice, expressed, implied or contained in this report.

Queensland Rail is committed to minimising the impact on the environment by printing a limited number of copies of this report. An electronic version of this report is available at www.queenslandrail.com.au.

The Honourable Cameron Dick MP

Deputy Premier, Treasurer and
Minister for Trade and Investment
Member for Woodridge
1 William Street
Brisbane Qld 4000

The Honourable Bart Mellish MP

Minister for Transport and Main Roads and
Minister for Digital Services
Member for Aspley
1 William Street
Brisbane Qld 4000

Dear Treasurer and Minister

Queensland Rail Annual and Financial Report 2023-2024

I am pleased to submit for presentation to the Queensland Parliament the Queensland Rail Annual and Financial Report 2023-2024. 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); and
- 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 44-45 of this annual report. As outlined in the report, a dividend of \$140.6 million was declared for the year ended 30 June 2024.

The Board unanimously endorses the Queensland Rail Annual and Financial Report 2023-2024.

Yours sincerely



David Marchant AM
Chair

3 September 2024

Table of contents

General information.....	2
Table of contents.....	4
Our business	5
Chair's message.....	6
CEO's report.....	7
Safety	8
Queensland Rail's year in review.....	11
Our operational performance	13
Our financial performance	14
Regional	16
South East Queensland	18
Our people.....	20
Our communities	23
Governance structure.....	26
Organisational structure	27
Board	28
Executive Leadership Team.....	32
Corporate Governance.....	34
Summary of the FY24 Operational Plan	42
Compliance checklist.....	44
Glossary and acronyms.....	46
Financial Report	48
Independent Auditor's Report	101

Our business

Queensland Rail has been connecting communities since 1865, supporting local jobs, industries and economies. We are committed to delivering world-class rail services that are safe and reliable for our customers.

With total assets of \$9.8 billion and a network that extends more than 6,600 kilometres (km) across the state, we are also focused on delivering our services efficiently and sustainably to create value for our customers and Queenslanders.

Our 7,900-strong workforce delivers services across our South East Queensland (SEQ) and Regional networks, including Travel and Tourism services, and freight.

Our SEQ business provides 8,392 services each week, supporting our customers to reach their destination safely and on time. Across the last financial year (FY24), 47.25 million passenger trips were taken on the SEQ network, an increase of more than 10 per cent when compared with FY23.

The regional commuter and rail tourism markets are serviced by the Travel and Tourism team. There are eight services connecting regional communities across Queensland with other regional centres and SEQ. These services support the Queensland tourism industry through the provision of unique rail tourism experiences.

Our Regional business provides rail access for freight operators, supporting the critical transport of resources and general freight across the state.

We are proud of the role we play in providing vital passenger, tourism and freight services and we are dedicated to ensuring our systems, procedures and practices reflect the highest standards of corporate governance.

Established under the *QRTA Act*, Queensland Rail is a statutory authority 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. These include:

- management of railways;
- provision of rail transport services, including passenger services; and
- construction and maintenance of rail transport infrastructure.

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

Chair's message

On behalf of the Board, I am pleased to present Queensland Rail's Annual and Financial Report 2023-2024. It showcases the continued dedication of our team to deliver world-class rail services for our customers.

Throughout FY24, Queensland Rail made major progress against the Queensland Government's 'SEQ Rail Connect' blueprint for the rail network, through continued investment in service delivery and station accessibility for our customers.

Queensland Rail has continued to work closely with the Cross River Rail Delivery Authority (CRRDA) to deliver vital works that will enable integration of the tunnels and technology into the existing Queensland Rail network. Additionally, construction continued throughout FY24 on three new Gold Coast stations, and upgrades along the Fairfield to Salisbury corridor. Testing on the new European Train Control System (ETCS) was also undertaken in FY24 to enable the world-class system to operate safely and reliably for customers.

In FY24, Queensland Rail remained focused on improving reliability of services across the state. More than \$541 million was invested in vital network maintenance, together with an ongoing capital works program of more than \$1 billion.

As we continue to develop a network that can be accessed by all customers, more than \$150 million was invested in station accessibility upgrades throughout the state, with a further \$168 million invested in rollingstock upgrades. These critical upgrades will see rail travel become accessible to more members of the community over time.

We also continued to work with the Queensland Government on the regional manufacture and delivery of 65 new trains along with two new stabling yards and facilities, through the Queensland Train Manufacturing Program (QTMP), to meet projected customer growth.

Significant pressures on material costs and supply chains continued in FY24, placing upward pressure on the capital program and service costs. To address this, and to continue scaling the network for future growth, Queensland Rail continues to enhance efficiencies and ensure resources are directed where they are needed most through our *Ready for Growth* transformation program.

Throughout FY24, I am pleased to report that Queensland Rail made significant progress against its strategic objectives with key initiatives advanced including improvements to on-time running performance, development of four product plans and a new integrated planning framework, more efficient inventory management and digitisation of forms and workflows to simplify the way we do business.

On behalf of the Directors, I thank the Executive Leadership Team for the work they have done in steering their portfolios and helping to move Queensland Rail closer to achieving its vision of providing world-class rail services for our customers. I also thank our responsible Ministers, the Deputy Premier, Treasurer and Minister for Trade and Investment, the Honourable Cameron Dick MP; and the Minister for Transport and Main Roads and the Minister for Digital Services, the Honourable Bart Mellish MP, for their ongoing support and guidance.

Finally, I sincerely thank the people of Queensland Rail for their hard work and the pride they take in connecting communities across Queensland. I acknowledge their significant achievements this year and look forward to continuing to work together to achieve more for our customers as we move towards the opening of the Cross River Rail (CRR) project, the Brisbane 2032 Olympic and Paralympic Games and beyond — leaving a positive and lasting legacy for future generations.

David Marchant AM
Chair

CEO's report

Queensland Rail is an organisation where connection counts, and throughout FY24 our people continued to work as 1TEAM with our purpose and vision at the forefront of operations. It was our pleasure to safely and reliably connect customers through close to 48 million passenger trips during the year, and to assist the safe transport of more than 14 billion gross tonne kilometres of freight.

Across FY24, we continued implementation of our *Ready for Growth* transformation program which brings together new and existing initiatives from across the organisation. The program is making improvements to ensure that, as an organisation, we are ready to support the integration of more than \$20 billion in new infrastructure and assets, more complex service delivery, and meet customer expectations.

The program is focused on ensuring our people are ready and have the right skills to adapt to changes and deliver for our customers now, and into the future, and advancing our digital capabilities to enable a digital railway and seamless customer experience.

Queensland was once again challenged with severe weather in FY24 with two tropical cyclones affecting Far North Queensland in short succession. As always, Queensland Rail rose to the occasion and worked safely and quickly to restore services for customers.

Delivering world-class rail services for customers means anticipating and responding to the needs of our communities. Improvement works under the Station Accessibility Upgrade Program in SEQ continued, to make our network more accessible to all customers.

Throughout FY24, we were proud to celebrate Queensland Rail's rich heritage and history and were pleased to support the return of chartered and special services on our heritage fleet. These services are now being delivered regularly and in partnership with community rail organisations.

Queensland Rail's commitment to safety continues to be at the forefront of operations and in May 2024, we were proud to be recognised for this commitment at the Rail Industry Safety Standards Board (RISSB) Rail Safety Awards. Queensland Rail won the community safety category with our trial of a Mental Health Co-Deployment program across the SEQ network. This was done in collaboration with Metro South Health to support people in crisis.

In celebration of National Reconciliation Week, we launched our first 'Innovate' Reconciliation Action Plan (RAP). The RAP documents our commitment to reconciliation and provides the framework for our contribution to the national reconciliation movement.

As we look ahead, Queensland Rail's future is incredibly exciting, but not without challenges. We can and will contribute more to our communities than just rail infrastructure, and truly leave a legacy for generations to come as we play a significant role in moving people and freight across our state. It is my absolute honour and privilege to lead Queensland Rail as Chief Executive Officer.

On behalf of the Executive Leadership Team, I share our sincere appreciation for the efforts of our people who, throughout FY24, have continued to demonstrate resilience, dedication and professionalism. I am also grateful to the Board for their strategic oversight and guidance, and to the Executive Leadership Team for their ongoing leadership, expertise and commitment to Queensland Rail's success.

Kat Stapleton
CEO

Safety

At Queensland Rail, Safety comes first, always. Queensland Rail prioritises safety across all areas of its operations, driving safety improvement programs that promote risk reduction and improved safety outcomes for customers and employees.

Key highlights:

- 470 joint operations with Queensland Police Service (QPS) Railway Squad and Authorised Officers for customer safety.
- Continued focus on customer safety through a range of targeted marketing campaigns.
- Completed upgrades to two level crossings.
- Commenced rollout of the Essential Eight to reduce cyber security risks.

Customer injury prevention

Queensland Rail continues to focus on preventing instances of customer injury across the rail network, including reducing instances of slips, trips and falls, both at stations and on trains.

Throughout FY24, Queensland Rail continued rollouts of its *'Travel with Care'* and *'Act Safe. Arrive Safe'* campaigns to educate customers and convey practical safety tips while onboard trains and at stations.

In combination with other business activities, including internal communication, station action plans and the broader business plan, the *'Travel with Care'* campaign had a positive impact on customer safety, correlating with a 53 per cent reduction in major slips, trips and falls on the SEQ network compared to the preceding six months.

Signals passed at danger prevention

Every Signal Passed at Danger (SPAD) event is taken very seriously and investigated thoroughly.

Queensland Rail's SPAD rates are generally lower than the Australian industry average and have not proportionately risen with increases to train services. However, SPAD prevention continues to remain a critical safety focus.

In FY24, Queensland Rail continued to deliver several SPAD prevention initiatives, through the SPAD prevention taskforce, including driver education and awareness.

The Queensland Rail Operator SPAD per million train kilometres for FY24 was 1.84, representing an increase from 1.49 in FY23.

Bridge strike prevention

In FY24, 96 vehicles struck Queensland Rail bridges (75 on the SEQ network and 21 on the Regional network), 27 more than the previous financial year. Queensland Rail continued its focus on reducing the likelihood of vehicles striking bridges and the adverse impacts bridge strikes have on customers and community safety.

Improved signage, additional engineering and technology solutions, targeted marketing campaigns, and collaboration around enforcement with the QPS have been key priorities this year.

In October 2023, Queensland Rail rolled out a refreshed *'Size Matters: Know your Trucking Height'* marketing campaign that aimed to prevent over-height vehicles from hitting low-clearance rail bridges and overhead line equipment at level crossings. The call to action encouraged all drivers to know the height of their vehicle and load, and to plan their journey accordingly.

Level crossing safety

Queensland Rail remains focused on ensuring safety and compliance at level crossings. In FY24, this included prioritising driver and pedestrian education to reduce level crossing incidents.

Public level crossings on the SEQ passenger network have flashing lights and boom gates. Level crossing elimination through grade separation projects progressed throughout FY24, with Beams Road, Carseldine currently in the delivery phase.

In November 2023, a \$1 million upgrade to the Carnarvon Highway at Thallon was completed with the second Rail Level Crossing Active Safety System (RAXS) installed on the Queensland Rail network. The RAXS is a wireless safety system that displays flashing red lights on approach, in addition to a red railway crossing sign and message board directing drivers to stop on signal. This innovative system is solar-powered to ensure the level crossing remains protected on the rare instance of power outage, which is important for rural and remote communities.

As part of a \$5.5 million investment to improve pedestrian safety, in May 2024, upgrades to the North Street, Toowoomba level crossing were also commissioned, including the installation of pedestrian mazes.

The *'Trains Can't Stop Quickly: You Can'* marketing campaign, aimed at increasing awareness of the dangers and consequences of ignoring level crossing warning signs and signals, ran from September to November 2023. During this period, the campaign was specifically targeted at motorists in Cairns after an increase in reported near-misses and a collision.

In FY24, the Australian Transport Safety Bureau (ATSB) delivered its final report into a fatal level crossing collision at the Kianawah Road level crossing at Wynnum West in February 2021. Queensland Rail acknowledged the final report and noted that the ATSB had closed all safety issues as "adequately addressed". Queensland Rail has worked closely with the Brisbane City Council (BCC) and Department of Transport and Main Roads (DTMR) to improve safety at the level crossing, including installing a longer boom arm and updating road markings. In addition, Queensland Rail is also currently undertaking accessibility upgrades to Lindum station.

Reducing trespass incidents across the network

There were 4,533 reports of trespassing incidents across the Queensland Rail network in FY24. To educate the public on the dangers of trespassing on the rail network, in April 2024, a new marketing campaign was launched featuring a train driver speaking out against trespass and sharing personal experiences of the impact these incidents have on drivers.

Rail safety investigations

On 18 June 2021, a collision occurred between an Aurizon coal train and a Queensland Rail light engine locomotive on the Aurizon network at Westwood, west of Rockhampton. Tragically, in this incident a Queensland Rail train driver was fatally injured. Two other drivers were treated in hospital for injuries.

In April 2023, Queensland Rail was charged by the Office of the National Rail Safety Regulator (ONRSR) with offences relating to Queensland Rail's management of safe systems of work, following investigations into the incident.

In December 2023, Queensland Rail pleaded guilty to two charges in the Rockhampton Magistrates Court. Queensland Rail was fined \$600,000 in the aggregate for both breaches and ordered to pay ONRSR's costs of \$50,000. No conviction was recorded.

Queensland Rail continues to work with ONRSR and other relevant authorities to learn from this tragic incident and do everything it can to ensure it does not happen again.

On 27 October 2021, Queensland Rail entered into an Enforceable Voluntary Undertaking (EVU) with ONRSR, arising out of a near miss incident at Thorneside.

In FY24, Queensland Rail successfully met all its obligations and requirements, and the EVU was officially discharged by ONRSR on 23 May 2024.

Additionally, in FY24 the ATSB delivered its final report into the Thorneside incident, subject to the discharging of the EVU requirements. Queensland Rail acknowledged the final report and noted that the ATSB had closed all safety issues as "adequately addressed".

Security in the community

Throughout FY24, Queensland Rail continued its long-standing partnership with the QPS. The 94-strong Railway Squad continued to provide a highly-visible uniform presence to prevent, disrupt, respond to and investigate criminal and antisocial behaviour on the rail network. This included an increase in four officers from FY23 to bolster safety and security, thanks to a renewed four-year Memorandum of Understanding with the QPS.

The Railway Squad undertakes regular patrols and coordinates its responses out of eight purpose-built outposts on the rail network located at Roma Street, Northgate, Petrie, Beenleigh, Robina, Manly, Ipswich and Redbank railway stations. In addition, two Police Hubs have been built at Kippa-Ring and Helensvale railway stations for both Railway Squad and local police.

The officers are supported by Queensland Rail's 24-hour security monitoring team based at the Rail Management Centre (RMC). The team has access to more than 12,000 CCTV cameras across the network, as well as Authorised Officer teams, security guards, mobile security dog teams, and nightly Guardian Train services.

In August 2023, Queensland Rail launched the *'Your Safety and Security is our priority'* marketing campaign, in partnership with the QPS, to increase awareness of and showcase the range of security personnel who work on the Queensland Rail network.

Employee safety

Throughout FY24, Queensland Rail continued to prioritise employee safety, recognising both physical and psychosocial safety and the continued rollout of visible felt leadership across operational areas.

Queensland Rail also recognised that safety is more than physical and introduced its first *Healthy Minds Strategy 2024-2027* to support psychosocial safety and risk management. More information is available in the 'Our People' section of this report.

Queensland Rail also has a comprehensive Alcohol and Other Drugs (AOD) management program, which includes a rigorous testing regime and robust procedures for management of employees who test positive for alcohol and drugs. In FY24, 13,421 tests were conducted on employees resulting in 48 positive AOD results, compared with 27 positive results from 12,816 tests in FY23. This represents an increase in positive AOD results of 78 per cent. To address this, Queensland Rail is focused on reiterating its strict policy with all employees and educating them on determining fitness for work.

Digital security

Queensland Rail is committed to improving digital security and promoting positive security behaviours through employee education programs and improved response times. In FY24, Queensland Rail commenced rolling out the Essential Eight framework, to improve controls and align Queensland Rail to the Australian Cyber Security Centre guidelines (ACSC).

The Essential Eight is a set of mitigation strategies aimed at reducing cyber risk. Through FY24, the program of work has focused on completing implementation of:

- Application control.
- Configuration of Microsoft Office macro settings.
- User application hardening.
- Patch applications.
- Patch operating systems.
- Regular backups.

In FY24, the digital security activities were also uplifted through:

- Implementing a managed detect and respond service and increase of threat intelligence services.
- Uplift of security services under contract with the Managed Service Provider (MSP), progressing through phases of transition to achieve improvements in security services.
- Completed planned assurance activities and addressed findings, delivering an enhanced security posture, including a 'threat hunt' activity which confirmed no compromise to Queensland Rail systems.
- Executed recovery exercise involving operational technology, Information Communications and Technology and business resilience partners, resulting in resilience improvements.

Queensland Rail will continue building upon foundational work in FY25, to further strengthen cyber security and resilience. Additionally, Queensland Rail will continue to proactively educate employees about cyber risks, encouraging good cyber judgement in the workplace, and at home.

Queensland Rail's year in review: Monthly highlights

July

- Commenced our largest graduate and apprentice recruitment drive in more than a decade.
- Celebrated our 158th birthday.
- A new 32-capacity bike enclosure was opened for use at Sandgate station supporting greater active transport options for the local community.

August

- A new active transport bridge over the Ferny Grove corridor at Alderley was completed.
- Celebrated 20 years of service for the iconic Diesel Tilt Trains, now known as the 'Spirit of Queensland' service.
- Entered into a new lease agreement to provide access to the historic Grandchester station — the birthplace of Queensland Rail in 1865.
- New artwork was unveiled beneath the South Brisbane end of the Merivale Bridge as part of Queensland Rail's long-standing Pillars Project, transforming infrastructure into outdoor art galleries.
- Supported National Rail Safety Week with two campaigns ('*Your Safety and Security is our Priority*' in SEQ and '*Expect the Unexpected. Watch out for trains.*' in Regional) to remind customers and the community about the importance of rail safety.

September

- Early works commenced on accessibility upgrades at Lindum, Morningside, Buranda and Banyo stations as part of Queensland Rail's Station Accessibility Upgrade Program.
- More than 300 rail enthusiasts rode Queensland Rail's historic steam engine, the AC16 221A, for a return trip from Ipswich to Grandchester station.
- In partnership with the Australasian Railway Association (ARA) and GS1, launched an inventory management application as part of project i-TRACE to improve inventory management practices in the rail industry nation-wide.

October

- Siding extension works were completed at Maxwellton in Central North Queensland to support more cattle transport via rail in the region.
- Construction commenced at Bundamba station as part of the Station Accessibility Upgrade Program.

November

- The first of 64 IMU/SMU trains being overhauled by Downer at their Maryborough facility was returned to service on the SEQ network.
- Celebrated 30-years of service of the iconic Spirit of the Outback long-distance train journey.
- The Carnarvon Highway level crossing was upgraded at Thallon with innovative new technology including an autonomous system that displays clear warning signs at all times.
- Construction commenced at Burpengary station as part of the Station Accessibility Upgrade Program.

December

- Delivered the most complex network closure in Queensland Rail's history to support vital CRR construction across the SEQ network, and constructed a temporary freight transfer facility at Pinkenba to enable essential freight transport throughout the period.
- The Santa Express returned to bring holiday cheer and delight to commuters across the rail network.
- Tropical Cyclone Jasper crossed the Queensland coast, causing significant damage to the rail network between Townsville and Cairns and along the Kuranda Range.
- Safely moved more than 100,000 customers to Brisbane New Years Eve celebrations.

January

- As part of a \$55 million investment in network reliability, 12 new track maintenance machines got to work, bolstering network availability and reliability across the state.
- Commenced using state-of-the-art ground penetrating radar technology to analyse unseen parts of the network throughout the state.
- Tropical Cyclone Kirrily delivered significant rain to North Queensland and further track damage, hampering recovery efforts already underway following Tropical Cyclone Jasper.
- Lindum, Morningside, Burpengary, Buranda, Bundamba and Banyo stations officially closed to the public to enable vital upgrade works to take place. Alternative arrangements are in place to ensure local communities can make use of transport options during the closure period.

February

- Following significant track damage from Tropical Cyclones Jasper and Kirrily, rail services were safely restored on the Kuranda Range for the iconic Kuranda Scenic Railway and the Mount Isa line was reopened.
- Celebrated the 160th anniversary of construction of the first section of railway in Queensland.
- 86 new apprentices and graduates commenced their careers with Queensland Rail, the largest intake of graduates and apprentices in 13 years.

March

- Proudly commenced regular steam train events in partnership with community heritage and history groups, between Grandchester and Ipswich stations.
- Published its inaugural internal Annual Sustainability Report, outlining sustainability related performance.

April

- Successfully delivered a large-scale closure across the SEQ network to support vital CRR construction works.
- Major upgrades to railway electrical substations got underway at Corinda and Caboolture, future-proofing the rail network.
- Recognised at the RISSB Rail Safety Awards, winning the Community Safety category following the trial of a Mental Health Co-deployment program to respond to incidents of people in crisis across the SEQ rail network.
- Celebrated and recognised Rail R U OK?Day, with teams across the organisation taking time out to discuss the importance of mental health.

May

- North Coast Line Capacity Improvement Project was completed with the eighth and final passing loop at Mount Ossa commissioned.
- Major upgrades were undertaken on three bridges through the Berajondo Timber Bridge Replacement Project.
- Launched our first 'Innovate' RAP as part of National Reconciliation Week.
- The iconic 'Gulflander' returned to service for the 2024 tourism season, taking customers through wetlands, grasslands and the arid Savannah.
- Partnered with Opera Queensland to bring world-class opera performances onboard the 'Spirit of the Outback' service as part of the annual Festival of Outback Opera.

June

- Commenced a major network closure in support of vital CRR construction work across the SEQ network.
- Targeted more customers to make rail part of their regular travel routine with a dedicated marketing campaign.

Our operational performance

Strategic key performance measures

Performance measure	Unit	FY23 Actual	FY24 Actual	FY24 Target
On-Time Running – Citytrain 24/7 (Adjusted for Force Majeure)	%	93.17	94.22	95.00
On-Time Running – Travel Services (Adjusted for Force Majeure)	%	58.10	69.34	75.00
Reliability – Citytrain 24/7 (Adjusted for Force Majeure)	%	99.24	99.55	99.50
Reliability – Traveltrain 24/7 (Adjusted for Force Majeure)	%	98.82	98.29	93.00
Citytrain Customer Index	Index	4.17	4.16	4.10
Travel Customer Index	Index	4.23	4.22	4.10
Total Recordable Injury Frequency Rate	Rate	8.69	11.27	7.80
Capital Expenditure	\$M	819.28	650.11 [^]	639.34

[^]Metric relates only to Queensland Rail-led capital projects expenditure. Amount is all project outlays, including interest capitalised and amounts incurred on projects that cannot be capitalised to assets and will be expensed to the profit and loss statement (e.g. prefeasibility costs). Amount includes grants and equity injections received to fund projects.

Metrics have been updated from the 2022-2023 Annual Report in accordance with the Strategic KPIs set out in the Queensland Rail FY24 Operational Plan. Consistent with Queensland Rail's commitment to openness and transparency, we proactively publish operational performance data on our website each month. For more performance data, please visit www.queenslandrail.com.au.

Our financial performance

Consolidated income statement for the year ended 30 June 2024

Income statement category	2023-2024 Actual \$M	2022-2023 Actual \$M
Revenue	2,664.8	2,435.80
Operating expenses	(1,902.7)	(1,697.8)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	762.1	738.0
Depreciation and amortisation expense	(417.6)	(401.6)
Earnings before interest and tax (EBIT)	344.5	336.4
Net finance costs	(144.9)	(120.5)
Income tax expense	(58.9)	(66.1)
Net profit	140.6	149.8

Numbers include rounding.

The Queensland Rail consolidated entities' EBIT increased by \$8.1 million.

Revenue increased 9.4 per cent on the prior year mainly attributable to higher Rail Transport Services Contract (TSC), Network Access and construction works revenues.

Operating expenses increased 12.1 per cent on the prior year as a result of higher supplies, services and labour costs, partially offset by a decrease in other expenses.

Depreciation and amortisation expense increased 4 per cent as a result of higher depreciation of property, plant and equipment assets.

A dividend of \$140.6 million was declared in respect of the year ended 30 June 2024. This dividend will be paid during FY25.

Financial performance measures compared to the FY2023-2024

Operational Plan

Performance measure	Unit	2023-2024 Actual	2023-2024 Target
Earnings before interest and tax	\$M	344.5	370.8
Net profit after tax	\$M	140.6	155.6
Return on operating assets	%	4.32	4.48
Debt to (Debt + Equity)	%	60.57	60.72

The key performance indicators listed above are as per those included in the Queensland Rail FY24 Operational Plan.

Our financial performance (cont.)

Consolidated balance sheet as at 30 June 2024

Balance sheet category	2023-2024 Actual \$M	2022-2023 Actual \$M
Current assets	289.1	323.7
Non-current assets	9,461.3	8,863.6
Total assets	9,750.4	9,187.3
Current liabilities	953.6	879.4
Non-current liabilities	5,495.3	5,006.7
Total liabilities	6,448.8	5,886.1
Net assets	3,301.5	3,301.2
Contributed equity	3,090.5	3,090.5
Reserves	0	(0.3)
Retained earnings	211.0	211.0
Total equity	3,301.5	3,301.2

The consolidated entities' current assets decreased 10.7 per cent to \$289.1 million primarily as a result of a decrease in cash assets, partially offset by an increase in inventory and current tax assets.

The consolidated entities' non-current assets increased 6.7 per cent to \$9,461.3 million primarily due to a net increase in property, plant and equipment, partially offset by a decrease in intangible assets and right-of-use assets.

The consolidated entities' current liabilities increased 8.4 per cent to \$953.6 million mainly as a result of an increase in current borrowings and provisions partially offset by a decrease in current tax liabilities and other current liabilities.

The consolidated entities' non-current liabilities increased 9.8 per cent to \$5,495.3 million primarily as a result of an increase in long-term borrowings and deferred tax liabilities, partially offset by a decrease in lease liabilities.

There was no change in the consolidated entities' contributed equity.

Consolidated cash flows for the year ended 30 June 2024

Cash flow category	2023-2024 Actual \$M	2022-2023 Actual \$M
Net cash inflow from operating activities	472.1	489.6
Net cash (outflow) from investing activities	(956.1)	(887.5)
Net cash inflow/(outflow) from financing activities	377.4	270.4
Net increase/(decrease) in cash and cash equivalents	(106.6)	(127.5)

The decrease in cash inflows from operating activities in the current year is mainly due to an increase in payments to suppliers and employees, interest paid, net GST and Income Tax remitted, partially offset by an increase in TSC and Customer receipts.

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

The increase in cash inflows from financing activities is mainly attributable to increased borrowings, partially offset by a lower dividend payment.

Regional

Queensland Rail focused on improving network resilience and reliability for customers in FY24, including works to meet the challenges and demands of the future.

Key highlights:

- 614,845 passenger journeys on long-distance and tourism services.
- Supported the transportation of more than 14 billion gross tonne kilometres of freight across Queensland.
- Final passing loop commissioned through the North Coast line Capacity Improvement Project.
- Stage 2 Toowoomba Range Slope Stabilisation works accelerated.
- Innovative flood monitoring technology rolled out to support resilience on the Mount Isa line.
- 10 new track machines delivered to bolster regional availability and reliability.

Travel and Tourism services

Queensland Rail offers the largest network of long-distance travel and tourism rail experiences in Australia and plays an important role in connecting communities across regional Queensland.

Queensland Rail's Travel and Tourism services provide unique rail experiences and access to Queensland's Outback, the Gulf Savannah, rainforests and the Great Barrier Reef. The network also provides a vital connection for Queenslanders visiting family or friends, and people attending hospital or specialist appointments who are unable to travel by other modes of transport.

Patronage across the eight long-distance Travel and Tourism services was 614,845 in FY24, a decrease of 11 per cent from FY23 (694,586).

Queensland Rail is continuing to progress initiatives to improve on-time running of our Travel and Tourism services. In FY24, a range of interventions were implemented including a focus on safely reducing the time trains 'dwell' at stations along their route, and a dedicated performance 'Engine Room'. This resulted in an 11.24 per centage point uplift in overall on-time running performance throughout the year. Making these improvements helps to lift operational performance and provide customers with greater certainty in relation to service arrival and departure times.

Freight network

Throughout FY24, Queensland Rail continued its partnerships with Aurizon, Watco, Pacific National, and Qube Logistics to transport more than 14 billion gross tonne kilometres of mining and industrial, coal, general freight and agricultural products across the state. Notably, in FY24 Queensland Rail supported the movement of 1.4 million tonnes of sugar, the highest volume since 2019.

To support resilience of the freight network, track renewal projects were undertaken throughout FY24 including between Oakey and Kingsthorpe on the Darling Downs, between Duchess and Mount Isa, between Townsville and Cairns, and between Rockhampton and Townsville.

In July 2023, the Macalister rail siding west of Dalby was extended and reconnected to the mainline, enabling future coal railings. Additionally, in October 2023, an extension to the rail siding at Maxwellton on the Mount Isa line was completed, enabling full length livestock trains to be operated out of Maxwellton.

Kuranda Range recovery

Following Tropical Cyclone Jasper in December 2023 and Tropical Cyclone Kirrily in January 2024, significant track damage occurred on the Kuranda Range. The damage included track washouts and significant landslips. More than 50 employees and contractors worked with eight track machines to remove 5,400 cubic metres of spoil and more than 400 fallen trees. The efforts enabled the Kuranda Range to safely reopen in late February 2024, ensuring the safe return of the iconic Kuranda Scenic Railway.

Travel fleet improvements

Throughout FY24, overhaul, upgrade and improvement works continued across Queensland Rail's travel fleet.

Queensland Rail operates two Electric Tilt Trains to connect regional Queenslanders with Brisbane and the greater SEQ network. Throughout FY24, these trains were progressively taken offline to conduct essential traction package upgrades and future-proof service delivery. Full timetable capacity services will resume for customers in September 2024.

Separate to this, in FY24, two locomotives being upgraded as part of a \$21 million investment tested and returned to service, taking the number of locomotive upgrades completed to four out of a planned total of five. These locomotives are used for services such as the 'Spirit of the Outback' and Westlander. The upgrades included new energy efficient engines and modern components, with the new engine configuration reducing fuel requirements by between 10 and 20 per cent, and decreasing oil consumption and emissions.

Additionally, a sixth locomotive purchased from Progress Rail in 2023 underwent conversion and entered service as a full passenger locomotive.

North Coast line capacity improvements

The North Coast line is the principal regional freight and passenger line within the Queensland Rail network, running the length of coastal Queensland between Nambour in the south and Cairns in the north. In April 2024, a major closure of the North Coast line took place to facilitate important maintenance and upgrade works.

In FY24, the \$69 million North Coast line Capacity Improvement Project to improve freight movements was completed. The eighth and final passing loop at Mount Ossa was extended and upgraded, enabling the operation of intermodal trains of up to 950 metres between Rockhampton and Townsville. This is a significant improvement in efficiency across the line and helping to lower the cost of freight haulage, making it a more viable option for freight customers.

Additionally, in FY24, \$28 million was invested to replace three timber bridges at Berajondo between Bundaberg and Gladstone. The upgrades, completed in April 2024, drastically reduce maintenance efforts and costs, underlining Queensland Rail's commitment to future-proofing infrastructure and providing a safe and reliable rail network for both freight and passenger services.

New flood monitoring along the Mount Isa line

The Mount Isa line spans more than 1,000 kilometres from Stuart to Mount Isa and includes the Phosphate Hill branch line. It plays an important role in supporting mineral freight exports and regional jobs in North West Queensland. It also connects communities travelling between Townsville and Mount Isa with services such as the Inlander.

Queensland Rail is committed to ensuring the safety of the Mount Isa line, particularly in relation to severe weather events such as flooding, that impact the region. Throughout FY24, Queensland Rail continued a rollout of 21 weather monitoring stations that help monitor weather impacts remotely across the line. The software – FloodMon – enables targeted monitoring of the system and predictive warning of severe weather. This enables Queensland Rail to proactively respond to emerging incidents and maintain safety for everyone, improving network availability and reliability.

In FY24, as part of a \$55 million investment, Queensland Rail took delivery of 12 new track machines, 10 of which are supporting the Regional network. These machines – including ballast and tamping machines – enable track alignment to be corrected, meaning trains are able to safely run faster along sections of the track, improving overall network reliability.

Toowoomba Range Slope Stabilisation works

In FY24, a further \$15 million was invested in additional Toowoomba Range Slope Stabilisation works to bolster reliability and resilience of the regional network. Building on Stage 1 works which were completed in 2021, Stage 2 works took place between Spring Bluff and Helidon stations to improve the strength of the line during heavy rainfall through embankment remediation works and additional drainage enhancements.

Hydrogen powered locomotives a step closer

Queensland Rail continued its partnership with the Central Queensland University in FY24 to research the viability of replacing diesel-powered locomotives with hydrogen battery-powered locomotives.

South East Queensland

Queensland Rail continues to deliver the largest number of services in the organisation's history, with 8,392 weekly services operating across SEQ and 47.25 million passenger trips recorded across the network in FY24.

Key highlights:

- 47.25 million passenger trips — a 10 per cent increase on FY23.
- 94.22 per cent of scheduled services were delivered on time (adjusted for force majeure).
- More than 1.35 million passengers safely travelled to special events including Brisbane Riverfire and New Years Eve.
- Mental Health Co-Deployment trial received rail safety industry award.

Delivering services to southeast Queenslanders

Throughout FY24, Queensland Rail continued to focus on delivering safe and reliable services for its customers while mitigating impacts when operational challenges emerged.

In FY24, Queensland Rail continued to grow patronage towards reaching pre-pandemic levels. Patronage increased by more than 10 per cent in FY24, to a total of 47.25 million (42.86 million in FY23). Queensland Rail continues to work collaboratively with key stakeholders to boost patronage levels across the network.

Across the SEQ network, 94.22 per cent of all services arrived on time (adjusted for force majeure), marginally below the target of 95.00 per cent.

Queensland Rail delivered 99.55 per cent of SEQ scheduled services (adjusted for force majeure) across FY24, 0.05 above our reliability target.

A range of initiatives have taken place across FY24 to lift operational performance. These included a focus on safely reducing the time trains 'dwell' at stations during service, safe removal of priority train speed restrictions, and improvements to response times during incidents affecting services. A dedicated customer performance team has also been stood up, and visual management and enhanced delay accounting is in use to drive greater discipline and improved customer outcomes.

Throughout the FY24 period, these interventions contributed to an increase of 4.3 per cent in on-time running performance.

Major track closures to enable essential work

In FY24, several major track closures occurred to facilitate critical CRRDA works. These included extended closures in October 2023, across December 2023 and January 2024, April 2024 and in June 2024.

Across the December 2023 – January 2024 extended track closure, Queensland Rail successfully navigated complex operations to facilitate a handback of the possession to enable services to connect customers attending and travelling home from New Year's Eve festivities.

This resulted in more than 100,000 customers safely travelling with Queensland Rail during the event, before the track closure was re-instated for the remainder of planned works to be completed. This required input from multiple areas across Queensland Rail to deliver a complex service plan.

Additionally, and through extensive consultation with freight customers, a temporary intermodal terminal was constructed at Pinkenba to ensure supplies could continue to be transported to North Queensland via the North Coast line, throughout the holiday period.

A detailed rail traffic and safeworking plan was developed to enable maximum site usage during the operation. The site was also used intermittently to transfer freight between trains and trucks, minimising impacts to the supply chain. In further support of vital freight movement, inner city train paths were also allocated to coal trains for the first time, allowing third-party operators to continue transporting products from South West Queensland to the Port of Brisbane.

Queensland Rail continues to support the CRRDA and delivery partners in their work while minimising customer impacts. Work continues to plan train services and rail replacement buses around the track closure sites.

All major closures also provided an opportunity for Queensland Rail to undertake maintenance.

Special event services

Queensland Rail continues to support special event service delivery, connecting community members with events such as sporting games, concerts and major events including Riverfire and New Year's Eve in SEQ.

In FY24, more than 730 special event services were delivered, safely moving more than 1.35 million customers.

Special event services are an important way that Queensland Rail supports all community members to actively participate in society and are offered at no-cost to commuters.

Integrating and operationalising Cross River Rail

In FY24, construction on the CRR project continued to progress. Station accessibility upgrades continued at Rocklea, Yeerongpilly and Dutton Park stations, and new station construction continued across Pimpama and other new Gold Coast stations.

In FY24, Queensland Rail successfully completed Automatic Train Operations (ATO) testing, a critical component of the European Train Control System (ETCS) on the Shorncliffe line, marking an important milestone as Queensland Rail continues preparations to integrate and operationalise CRR and enhanced safety technology through ETCS.

Improving station accessibility across the network

Throughout FY24, Queensland Rail invested \$149 million towards station accessibility and Park 'n' Ride upgrades.

Accessibility upgrades continued at Lindum, Morningside, Buranda, Banyo, Bundamba and Burpengary stations. This is part of the Queensland Government investment of more than \$700 million into station accessibility across the SEQ network. These upgrades will ensure all members of our community are able to better access the rail network.

In FY24, Queensland Rail also continued to invest in active transport, opening a new active transport bridge over the Ferny Grove line at Alderley.

Improving network availability and reliability

In FY24, as part of a \$55 million, Queensland Rail accepted delivery of 12 new track machines, two of which are supporting the SEQ network. These machines – including ballast and tamping machines – enable track alignment to be corrected, meaning trains are able to safely run faster along sections of the track, improving overall network reliability and customer comfort.

Additionally, in FY24 \$48 million was invested to commence upgrades to two feeder electrical substations at Caboolture and Corinda, bolstering network reliability and efficiency for rail services during power outages and planned maintenance. These upgrades will help to future-proof the SEQ network.

Improving rollingstock availability and reliability

Throughout FY24, Queensland Rail continued to improve rollingstock availability and reliability. A number of trains servicing the SEQ network underwent critical maintenance to ensure their safety and compliance to standards.

In FY24, the first of 64 Queensland Rail train units being overhauled by Downer in Maryborough was returned to service on the SEQ network. These trains feature accessibility improvements, interior upgrades and engineering enhancements.

Collaboration to strengthen mental health response

Queensland Rail is committed to supporting community and employee safety through mental health initiatives and, in FY24, undertook a Mental Health Co-Deployment trial with the QPS and Metro South Health. The trial involved better identification and response to people in crisis across the network and saw a 75 per cent reduction in Emergency Examination Authorities, resulting in better safety outcomes for the community and reduced operational performance impacts attributed to critical incidents.

The trial was awarded in the Community Safety category at the 2024 RISSB Rail Safety awards. Further work is being undertaken to deploy the model on a full-time basis.

Our people

Queensland Rail continued to invest in its people with a strong focus on maintaining a positive and healthy workplace. This included key culture, performance and engagement activities over the past 12 months. Demonstrating its commitment to its people, Queensland Rail also supported multiple wellbeing initiatives and invested in training opportunities for employees at all levels of the organisation.

Key highlights:

- Successfully negotiated seven new Enterprise Agreements.
- Embedding a culture of respect in workplaces with more than 6,000 employees completing respect training.
- Building a more diverse workforce with 26.2 per cent of employees identifying as female.
- 86 new apprentices and graduates.
- More than 100 Queensland Rail staff took part in the Darkness to Daylight challenge.

Largest apprentice and graduate intake in over a decade

In FY24 Queensland Rail recruited 50 apprentices, including electricians and mechanics, along with 36 graduates. The new team members were placed in a variety of roles across the state. The FY24 cohort was the largest intake of apprentices and graduates in 13 years, helping to ensure Queensland Rail builds its future workforce. As at 30 June 2024, there were 112 apprentices in training throughout the business.

Registered training organisation

Queensland Rail has a proud history of supporting apprentices and trainees by providing them with the skills and support to build their career.

Importantly, Queensland Rail continued to build core skills in train driving, train control, rail infrastructure, safety, and frontline customer services, with the completion of 3,657 units of competency from both nationally accredited and enterprise qualifications, throughout FY24.

Enterprise Agreement negotiations

In December 2023, Queensland Rail finalised negotiations on six Enterprise Agreements:

- *Queensland Rail Network Enterprise Agreement 2023.*
- *Queensland Rail Travel and Tourism and Other Employment Enterprise Agreement 2023.*
- *Queensland Rail Rollingstock and Operations Enterprise Agreement 2023.*

- *Queensland Rail Train Control Enterprise Agreement 2023.*
- *Queensland Rail Station Operations Enterprise Agreement 2023.*
- *Queensland Rail Administrative, Professional and Technical Enterprise Agreement 2023.*

These six agreements cover approximately 5,500 of Queensland Rail's employees and agreements have a nominal expiry date of 28 February 2026.

In June 2024, Queensland Rail reached in-principle agreement with Traincrew unions for the proposed *Queensland Rail Traincrew Enterprise Agreement 2024*. This agreement will cover approximately 1,700 of Queensland Rail's employees and has a nominal expiry date of 28 February 2028.

Connected, capable and engaged employees

Queensland Rail sought feedback from its employees via the fourth annual QR Engage employee engagement survey. The response from the workforce was encouraging with 5,213 employees (67 per cent) of employees participating in the survey, the highest number of responses to-date.

Queensland Rail's top performing categories include a commitment to safety, respect and balancing workloads. Areas of focus include empowerment, managing change and survey follow up.

These results have been used to inform and shape local, functional and enterprise-wide engagement action plans which will continue to help build a constructive workplace culture throughout the business.

Encouraging inclusion and diversity

Queensland Rail proudly supported initiatives and events to promote diversity and inclusion throughout the year, including:

- Wear it Purple Day and the Brisbane Pride Festival Rally and March in support of Queensland Rail's LGBTIQ+ people and community.
- NAIDOC and National Reconciliation Weeks in recognition of First Nations people and their cultures.

- Queensland Multicultural Month and Harmony Week to celebrate multiculturalism across our workforce and customers.
- International Women's Day and Queensland Women's Week to recognise the importance of workplaces that are gender equal and free from bias.
- Domestic and Family Violence (DFV) Prevention Month and White Ribbon Day to demonstrate our commitment to supporting affected employees and help end DFV in our community.

Queensland Rail believes a diverse and inclusive workforce encourages different and valuable perspectives that enrich the workplace and allow people to thrive. Queensland Rail has 7,909 FTEs and the following workforce profile:

- 21.5 per cent under the age of 35.
- 25.1 per cent over the age of 55.
- 26.2 per cent female, and 24.4 per cent female leadership.
- 12.9 per cent identify as having a culturally diverse background.
- 3.6 per cent identify as having a First Nations background.
- 2.7 per cent identify as living with a disability.

Since its establishment in 2020, Queensland Rail's Inclusion Council continues to strengthen executive-level sponsorship, alignment and focus across the seven key inclusion communities of:

- Gender.
- First Nations.
- LGBTIQ+.
- Age.
- Domestic and Family Violence Prevention.
- Multiculturalism.
- Disability.

Working together to prevent Domestic and Family Violence

As the first railway organisation to achieve White Ribbon Workplace accreditation in 2019 (and reaccreditation in 2022), Queensland Rail values a workplace where everyone feels safe and respected.

Queensland Rail proudly supported the Challenge DV 'Darkness to Daylight' event in May 2024. More than 100 employees walked or ran the 110-kilometre, 10-kilometre or 3-kilometre events to raise awareness and more than \$13,800 in support of work to end DFV. Queensland Rail remains a proud sponsor of the event.

Leadership development programs

In FY24, Queensland Rail continued to invest in its people. More than 700 employees participated in modules forming part of the 'Leadership Fundamentals' course. A further 62 people participated in the Leadership Development 2024 and 'New Generation Leader' program.

The QRWomen program, now in its sixth year, saw 70 emerging female leaders build their confidence to lead in an increasingly complex business environment. The QRWomen program also expanded its offering in FY24 to build the QRWomen Collective — a cohort accessible to all female employees at Queensland Rail to enable connection, development and networking opportunities.

Healthy Minds Strategy and peer support network

In March 2024, Queensland Rail launched the Healthy Minds Strategy 2024-28. The first of its kind, the strategy was established to develop a comprehensive framework for championing health, preventing harm, responding to and supporting the mental health of all Queensland Rail employees.

The actions in the strategy are built upon existing frameworks, systems, processes and programs while providing consideration of how the organisation can innovate and refresh established structures to achieve better outcomes. Led by Queensland Rail's Chief Mental Health Officer, the strategy was developed in consultation with stakeholders and based on feedback from across the business.

The strategy complements Queensland Rail's existing mental health initiatives, including the support network – the Healthy Minds Support Crew – that was established in 2023. As at 30 June 2024, the Healthy Minds Support Crew had:

- 123 Employee Supporter volunteers.
- 288 trained leaders.
- facilitated approximately 100 one-on-one support conversations.

The Healthy Minds Support Crew was a finalist in the 2024 RISSB Rail Safety Awards in the Frontline Worker Safety Initiative category.

Attracting new and diverse talent for the future

Queensland Rail is committed to ensuring it has the workforce it needs, when required. To aid in attraction and retention, in FY24 Queensland Rail launched its Employee Value Proposition (EVP) — Where Connection Counts.

The EVP was developed in collaboration with staff at all levels of the organisation and is being incorporated into employee lifecycle programs, internal communication, and talent acquisition marketing.

Treating others with respect at work

In FY24, Queensland Rail continued to focus its efforts on creating respectful workplaces through its QR Respect program. The QR Respect program takes a multi-pronged approach to creating psychologically safer workplaces through reforming policy, educating and raising awareness. A key component of the QR Respect program includes training for staff at all levels of the organisation on appropriate and respectful behaviour. As at 30 June 2024:

- 864 leaders participated in a full-day 'QR Respect' training course.
- 5,437 employees participated in a half-day training course.
- 1,244 leaders and employees participated in online training — 'It's a matter of respect'.

Additionally, Queensland Rail continued to make meaningful change within its workplace through strengthening policies, processes and procedures in relation to inappropriate behaviour. A new mechanism for complaints management was implemented — Safe Station — including a dedicated team to triage and manage complaints and provide support to staff.

Safe Station provides a service where employees can raise concerns about inappropriate workplace conduct and receive support, advice, referrals and information.

Building our future workforce

In FY24, Queensland Rail took part in a Digital Skills pilot with the National Transport Commission and Cisco. The pilot aimed to upskill staff members' digital literacy skills and was an important step for Queensland Rail as it develops a workforce with the right skills, for the right jobs, now and in the future.

Our communities

Queensland Rail proudly supports the communities it connects through a range of initiatives and proactive strategies, and in FY24 took steps towards the national reconciliation movement with the launch of its first Reconciliation Action Plan.

Key highlights:

- More than 560 presentations to young children, students and the community about rail safety.
- Launch of the first Queensland Rail 'Innovate' Reconciliation Action Plan.
- 212 art projects delivered as part of the Positive pARTnerships Program.
- Steam trains return to the network following a five-year hiatus.
- Historic Grandchester station leased to a community group, enabling visitors to share in Queensland's rich rail heritage.

Rail safety education

In FY24, Queensland Rail's Community Education team continued its mission to educate community members across the state on rail safety, delivering more than 560 rail safety presentations to over 80,000 participants from kindergartens, childcare centres, primary and high schools, community groups and youth education centres. These sessions focused on educating the community about being aware of surroundings, obeying signs and signals, and the consequences of unsafe behaviour at stations and around the rail corridor.

In July 2023, the Community Education team once again joined the Queensland Rail Travel team to participate in the Cairns Show. Over the three days, show-goers who visited the Queensland Rail stand were presented with key rail safety messages such as level crossing safety for motorists and pedestrians. The team also reinforced the dangers and consequences of trespass on the rail network.

Queensland Rail, along with partners QPS, DTMR and BCC, continued to deliver Rail Safety Orientation Days with students from culturally and linguistically diverse backgrounds.

Over three separate events, 163 students, many from refugee and migrant backgrounds, attended and explored a stationary train with Queensland Rail Community Education officers.

They also met members of the security and customer service teams to receive valuable and practical rail safety information to build their confidence for future travel on the network.

Community partnerships and support

Queensland Rail is committed to supporting communities through partnership and engagement activities. Queensland Rail facilitated station promotions to support charity organisations and community groups including Muscular Dystrophy Queensland, Cancer Council Queensland, Guide Dogs Queensland, Returned Services League Queensland (ANZAC and Remembrance days), Salvation Army (Red Shield Appeal) and Police Legacy (National Police Remembrance Day). Additionally, community events, including the Reclaim the Night event at Nundah station, were supported in FY24.

Queensland Rail was again a proud sponsor of Challenge DV's Darkness to Daylight challenge. An employee team of runners, walkers and supporters raised more than \$13,800 to support the prevention of domestic and family violence.

Queensland Rail team members showed their community spirit in FY24, contributing more than \$24,000 to Australian charities through the Payroll Giving Program. The Foodbank Hunger Drive was also supported by employees with \$1,610 raised.

Additionally, Queensland Rail partnered with Containers for Change to trial collection points at Cairns station. Funds generated from the program will be distributed to charities in FY25.

Queensland Rail also supports community groups, councils, heritage organisations, museums and cultural institutions with in-kind donations of assets and decommissioned equipment. In FY24, Queensland Rail supported heritage tourist group, the Mary Valley Rattler, through the donation of a decommissioned track machine – a ballast regulator – to improve their ability to conduct track maintenance, and engineers to undertake major bridge inspections.

Recognising Queensland Rail's heritage

In FY24, Queensland Rail celebrated the return of regular heritage charter services between Ipswich and Grandchester stations, in partnership with rail heritage groups. Five steam train services were supported, transporting more than 1,300 passengers.

Queensland Rail also proudly celebrated the 80th birthday of an iconic steam locomotive, the AC16 221A making a return trip from Ipswich to Grandchester station. Additionally, the BB18¼ 1089 heritage locomotive was on display at the Mary Poppins Festival in Maryborough.

In August 2023, a landmark agreement was made between Queensland Rail and the Australian Railway Historical Society (AHRs) QLD, to lease the birthplace of Queensland Rail, Grandchester station. The 10-year lease of the historical site allows the station to open monthly for visitors to step back almost 160 years in time to experience Queensland's rich rail heritage.

The Spring Bluff shuttle returned to the Toowoomba Carnival of Flowers in FY24, providing visitors with a rich rail heritage experience traveling from Toowoomba to Spring Bluff station on Queensland Rail's heritage rollingstock.

Queensland Rail also released seven episodes of its popular Queensland Rail History podcast, downloaded more than 3,900 times. Episodes explore railway stories in Queensland, from its beginnings through to the present day. In FY24 topics included the history of 'Lander trains in Queensland, the 159-year-old A10 No6 steam locomotive, and the introduction of the first electric trains in Queensland in 1979.

Positive pARTnerships program

Queensland Rail's Positive pARTnerships program aims to produce high-quality public artwork, foster community pride in rail infrastructure, and reduce graffiti and vandalism. To date, 212 art projects have been delivered, including seven new projects in FY24, which cover 29,240 square metres across the Queensland Rail network.

In FY24, as part of the longstanding Pillars Project, a thought-provoking artwork was unveiled underneath the South Brisbane end of the Merivale Bridge. The piece was delivered by Brisbane-born artist, Bronte Naylor, and explores the theme of 'emotional balance'.

Reconciliation Action Plan

In May 2024, Queensland Rail proudly launched its 'Innovate' (RAP) in conjunction with National Reconciliation Week and following endorsement from Reconciliation Australia. The RAP enables Queensland Rail to make contributions – sustainably and strategically – towards a more reconciled future for First Nations Peoples and all Australians.

In support of the RAP, Queensland Rail's 'Travelling Tracks' artwork has been embraced across the organisation.

Working with Traditional Owners

Queensland Rail is embracing opportunities to collaborate with local Traditional Owners.

In FY24, Queensland Rail worked with Traditional Owners in the Central West Queensland area surrounding Emerald to learn about cultural burning techniques. As part of planned upgrade works to the Bogantungan railway siding, a localised site burn was undertaken to support cultural heritage surveys to be conducted. The burn resulted in improved ground visibility conditions, enabling significant cultural heritage artefacts and places at the site to be identified and protected.

To facilitate this, Queensland Rail worked with rangers from the local Traditional Owner group, the Western Kangoolu people. Their local knowledge and experience assisted Queensland Rail to manage the burn and provide educational opportunities for all involved.

Tully vegetation management

In FY24, Queensland Rail conducted a trial at Tully Yard in North Queensland using goats as a form of vegetation control. The goats were placed in a secure area on site and were able to feed naturally throughout the area, consuming weeds and keeping vegetation hazards down.

The goats provided an alternative to traditional vegetation management methods involving the use of machinery and herbicides. This enabled the planting of local native rainforest seedlings upon the previously weed infested site, supporting the creation of wildlife habitat, including that of the endangered Southern Cassowary.

The project has been listed as a finalist in the 2024 Australasian Railway Industry Awards in the Sustainability Excellence category.

Organic waste diversion

In August 2023, Queensland Rail commenced an organic waste initiative that diverted waste from the Bowen Hills Catering Unit away from landfill. The waste was collected and taken to an organic recycling facility to make landscaping soils and other agricultural products.

In FY24, it is estimated that the initiative diverted up to 12 tonnes of organic waste from landfill. Staff were provided with training and additional facility equipment, including special waste receptacles, to support the successful implementation of the initiative.

Significant Environmental Areas initiative

In FY24, Queensland Rail established a Significant Environmental Areas (SEA) initiative, and subsequently assessed and identified 18 sites for protection. SEA sites are defined as areas that contain significant environmental or ecological value, unique characteristics or features, or specific conservation characteristics that require a specific maintenance and management approach. The SEA initiative supplements existing environmental planning and management processes by identifying specific locations for protection or management with the objective of improving biodiversity outcomes.

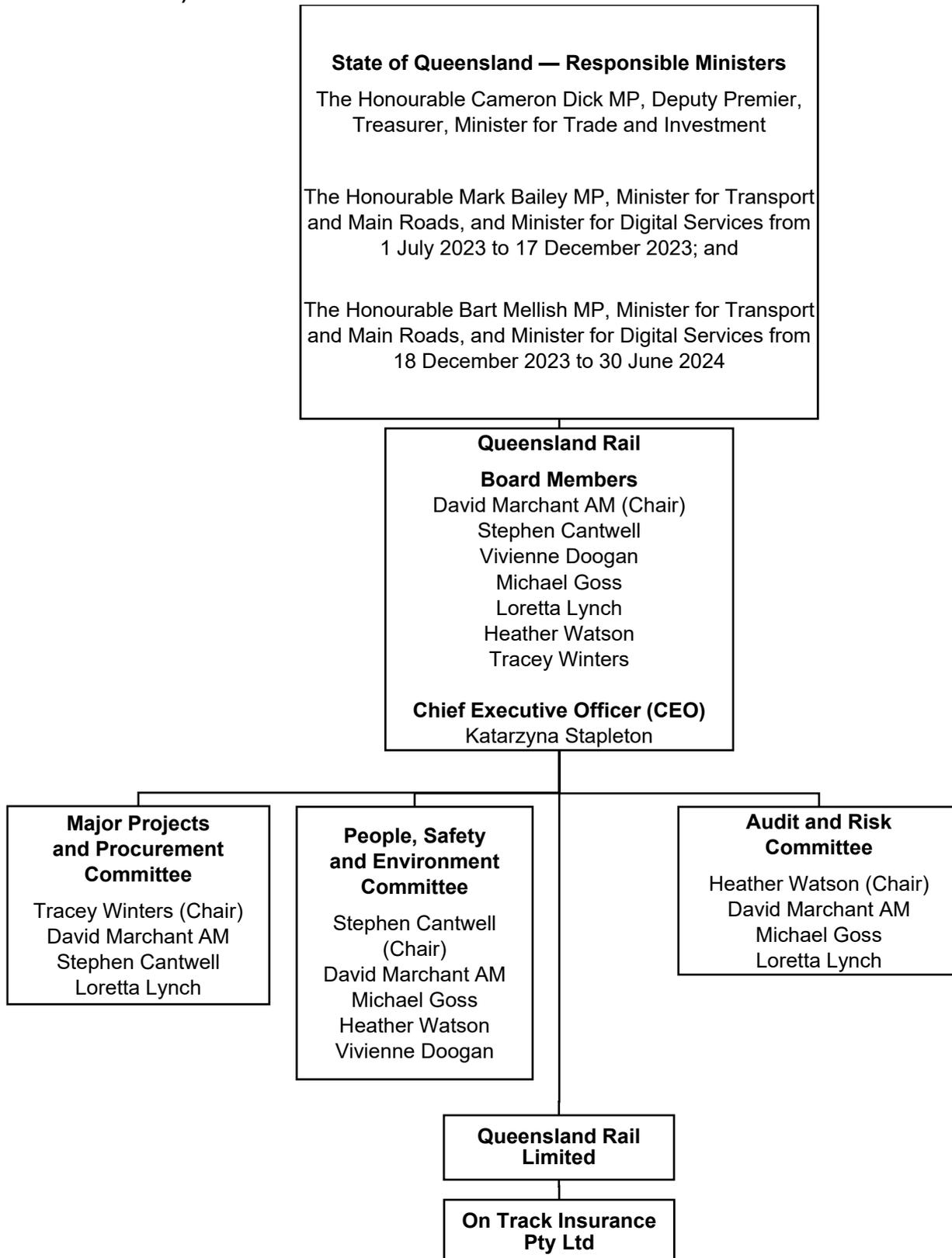
Sustainability program

In FY24, Queensland Rail continued to embed its first Sustainability Program (launched in FY23), focusing on progressing priority initiatives, including raising awareness of the program and embedding sustainability considerations into operations and decisions.

To support an uplift in sustainability capability throughout the organisation, in FY24, six sustainability employee education sessions were delivered covering a range of topics including decarbonisation, the RAP, climate resilience and various other internal programs.

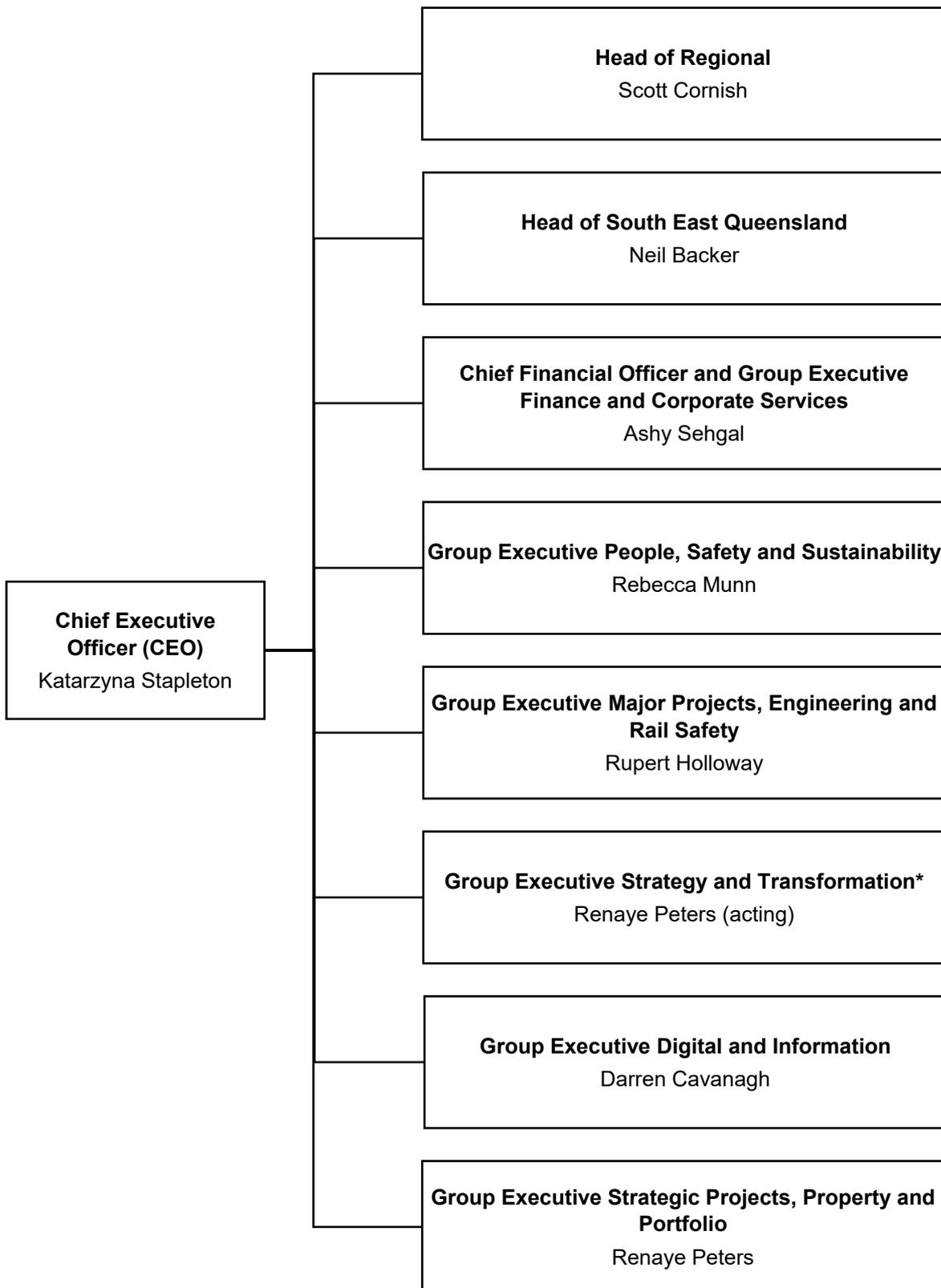
Governance structure

(as at 30 June 2024)



Organisational structure

(as at 30 June 2024)



**Following an external recruitment process for the substantive Group Executive Strategy and Transformation, Louise Collins was appointed to this role and commenced on Monday 26 August 2024.*

Board

David Marchant AM

Chair, Independent Non-Executive Director

Appointed 7 October 2015

Appointed Chair 15 October 2018

Re-Appointed Chair 1 October 2023

Tenure ceases 30 September 2025

Experience: 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.

He is a former Chief Executive Officer of the Australian Rail Track Corporation, and Director and Chair of the ARA. David also served as a Director of the Rail Industry Safety and Standards Board.

He has also 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 and is a former non-executive Director of Airservices Australia.

David was appointed as 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 and has been a member of the Australian Institute of Company Directors since 2000.

Qualifications: GAICD.

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

Other Board and Committee Memberships: Chair and Non-executive Director of the Port Authority of New South Wales, Chair of its Nominations Committee, and a member of its Audit and Risk Committee and People and Culture Committee.

Stephen Cantwell

Independent Non-Executive Director

Appointed 1 October 2016

Re-Appointed 18 October 2022

Tenure ceases 30 September 2025

Experience: Stephen has more than 40 years' experience in a broad range of strategic, functional and customer-facing roles within multi-billion dollar national and international business environments. In his executive career, Stephen has worked in a range of C-Suite and CEO roles in both the private and public sector.

During six years at publicly listed Bradken, he managed a global network of steel foundries and sales offices supplying differentiated consumable and capital products to markets in the resources, freight rail and power generation sectors in Australasia, Africa, China, India, as well as North and South America.

In his 33-year career at Queensland Rail, Stephen worked across various functions from entry level roles to Chief Executive Officer. He led what was then Australia's largest transportation company through significant restructuring and change, delivering growth and innovation across a broad portfolio of activities. As a result, he has established a reputation as a national leader in freight and passenger transport, and in supply chain innovation.

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

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

Other Board and Committee Memberships: Chair and non-executive Director of Tasmanian Railway Pty Ltd and an ex-officio member of its Audit, Risk and Compliance Committee, Major Projects Committee and People, Safety and Environment Committee; non-executive Director of Port of Brisbane Pty Ltd and a member of its People and Performance Committee; and a non-executive Director of Lindsay Australia Limited and Chair of its Health and Safety Committee.

Vivienne Doogan

Independent Non-Executive Director

Appointed 1 October 2023

Tenure ceases 30 September 2026

Experience: Vivienne has over 20 years of experience in corporate governance, administration, risk assessment and management, industrial relations and policy development.

She was formerly President of Together Queensland Branch of the Australian Services Union, an Executive Committee member of the Queensland Council of Unions and a member of the Australian Services Union National Executive.

Qualifications: B Agr Sc (Hons), B Sc, M Sc.

Member of: People, Safety and Environment Committee.

Other Board and Committee Memberships: Director of COEX Container Exchange (QLD) Limited and Chair of its People and Culture Committee.

Michael Goss

Independent Non-Executive Director

Appointed 1 October 2020

Re-Appointed 1 October 2023

Tenure ceases 30 September 2026

Experience: Michael has over 30 years' experience as a lawyer in large and mid-tier Australian law firms. Michael now practises in his own legal consultancy and holds a diverse range of board positions.

Michael has practised primarily in commercial law, agribusiness, banking and finance, and residential aged care.

Qualifications: LLB.

Member of: People, Safety and Environment Committee, Audit and Risk Committee.

Other Board and Committee Memberships: Director of Metro South Hospital and Health Service (MSHHS) Board and member of its Audit and Risk Committee and Finance Committee; and an Executive Director of Beaumont Care Group of companies.

Loretta Lynch

Independent Non-Executive Director

Appointed 1 October 2023

Tenure ceases 30 September 2026

Experience: Loretta is an accomplished senior executive with significant board experience gained over 30 years in public transport operations, rail, mining, infrastructure and finance.

She is a former Managing Director of three iconic public transport networks — Sydney Ferries, Melbourne Bus Franchise and Gold Coast Light Rail. Loretta was previously CFO of Aurizon Network, and held executive roles with Downer EDI, Leighton Contractors and Minera Alumbrera (Argentina) and M.I.M Holdings Ltd.

Loretta's governance skills include oversight of finance, stakeholders, organisational culture and risk management in 24/7 operational workforces and major infrastructure projects.

Qualifications: B.Bus (Accountancy), MBA, FCPA, GAICD.

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

Other Board and Committee Memberships: Lay member of Queensland Legal Practice Committee and a Member of Brisbane Youth Services. Previous board positions include non-executive Director of Gold Coast Waterways Authority and Chair of its Audit and Risk Committee; non-executive Director of Aboriginal & Torres Strait Islander Legal Service (Qld) and member of its Audit and Risk Committee.

Heather Watson

Independent Non-Executive Director

Appointed 6 June 2018

Re-Appointed 1 October 2023

Tenure ceases 30 September 2025

Experience: Heather is a lawyer and governance consultant bringing more than 30 years as a private sector lawyer and partner in a regional and metropolitan practice in Queensland.

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

Her non-executive director and commercial industry experience covers aged care, health and community services, affordable housing and Indigenous communities.

Qualifications: LLB, GradCertBus, MAICD.

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

Other Board and Committee Memberships: Chair and Member of Children's Health Queensland Hospital and Health Service Board; Chair and Member of Uniting (NSW and ACT) Board; Chair and Member of SpArc Foundation Pty Ltd as trustee for the SpArc Foundation Trust; Advisory Council Member of Queensland Family and Child Commission (QFCC); and Chair of the QFCC Audit and Risk Committee; and Chair of Happy Hero Holdings Pty Ltd (trading as Like Family); and Governance Committee Member of Royal Flying Doctor Service (Qld Section).

Tracey Winters

Independent Non-Executive Director

Appointed 1 October 2020

Re-Appointed 1 October 2023

Tenure ceases 30 September 2026

Experience: Tracey is a senior executive with more than 35 years' experience in the resources and energy sectors. She has held senior corporate roles in issues management, government and regulatory affairs, media and communications, environment, land access, project commercialisation and construction, and asset management.

Tracey held a senior role in Federal public policy and politics for seven years and, for more than a decade, built and run a successful government approvals and environmental management consultancy serving some of Australia's biggest resources companies and projects.

Tracey joined Santos in 2017 as Strategic Adviser External Affairs, responsible for government engagement and strategic communications and has more recently been appointed Chief Strategy Officer and Chief of Staff.

Prior to joining Santos, Tracey was an adviser to Caltex Australia on public affairs and strategic issues management and was also a member of the QGC Executive Management team which developed the QCLNG Project in Queensland between 2011 and 2016.

Qualifications: BSc.

Member of: Major Projects and Procurement Committee (Chair).

Other Board and Committee Memberships: Nil

Executive Leadership Team

Katarzyna Stapleton

Chief Executive Officer (CEO)

Katarzyna (Kat) was appointed Queensland Rail's CEO in April 2022.

Kat is a high-impact, agile, and driven leader with executive experience in finance, commercial and operational roles, both locally and internationally.

Passionate about customer service, Kat is recognised for driving strategic change through large-scale transformation initiatives in highly complex and challenging environments across public and government organisations.

Prior to commencing at Queensland Rail in 2019 as the Chief Financial Officer (CFO), Kat held a number of executive roles with nbnCo and as CFO for Bahrain Telecommunications company.

Scott Cornish

Head of Regional

Scott has more than 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 Head of Regional, Scott is responsible for Queensland Rail's Regional operating business including the valuable services delivered for Travel and Tourism and freight customers.

Neil Backer

Head of SEQ

Neil is a seasoned executive with more than 30 years' experience in strategic and operational leadership across the rail industry.

He has a proven track record of delivering commercial, operational and shareholder value through improved safety, customer service, operating discipline, asset utilisation and enterprise governance.

As Head of SEQ, Neil is responsible for the strategic and operational management of Queensland Rail' SEQ network including the delivery of safe and reliable train services for the people of Queensland.

Rebecca Munn

Group Executive People, Safety and Sustainability

Rebecca (Bec) 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.

Bec is a passionate, and results driven executive and is most effective in large, complex, challenging and diverse environments. She has broad experience from multiple industries including emergency services, mining and manufacturing.

As Group Executive People, Safety and Sustainability, she is responsible for people capability, employee relations, people services, workplace health and safety, environment and sustainability, and planning our future workforce and supporting engagement and wellbeing at Queensland Rail.

Rupert Holloway

Group Executive Major Projects, Engineering and Rail Safety

Rupert has 25 years' experience in the construction industry, having worked for both client and contractor organisations delivering rail infrastructure and civil engineering projects in the United Kingdom, Canada and Australia.

As Group Executive Major Projects, Engineering and Rail Safety, Rupert is accountable for the performance of Queensland Rail's project delivery, and for leading Queensland Rail's activities in relation to the CRR and ETCS projects. Rupert is also responsible for driving excellence in engineering and safety.

Ashy Sehgal

Chief Financial Officer and Group Executive Finance and Corporate Services

Ashy is an experienced executive leader with more than 25 years' experience and is professionally qualified in finance, business administration, law and information technology.

Ashy is recognised in the industry for large-scale strategic transformation delivering significant financial and business improvement and delivering market share growth, both in Australia and overseas. He has a wealth of experience across the retail, telecommunications, media, supply chain and transportation sectors and is passionate about customer service. Through his collaborative leadership style, Ashy delivers rapid change, agility and drives efficiency-focused culture within organisations.

Before joining Queensland Rail, Ashy worked at global logistics company CEVA Logistics where he was CFO and Director for Australia and New Zealand. He has previously held executive roles at Woolworths, Edcon (South African fashion retailer), and Myer.

At Queensland Rail, Ashy is responsible for providing commercial leadership to drive financial and business growth that is instrumental to deliver the Ready for Growth program.

Renaye Peters

Group Executive Strategic Projects, Property and Portfolio and acting Group Executive Strategy and Transformation

Renaye is an experienced executive with more than 25 years' experience across the infrastructure, property and corporate sector.

Renaye specialises in building high performance teams to deliver results and has contributed to many significant infrastructure projects including Brisbane's Eastern Busway and Inner Northern Busway. Renaye is an outspoken advocate for delivering more for communities when delivering infrastructure and highlights the importance of weaving infrastructure back into the urban fabric, creating added economic benefits and engaging with the community.

As Group Executive Strategic Projects, Property and Portfolio, Renaye plays a key role in the development of commercial opportunities for Queensland Rail, unlocking incremental revenue streams for both strategic property decisions as well as leading major precinct transformations.

As acting Group Executive Strategy and Transformation, Renaye is responsible for providing senior leadership of Queensland Rail's enterprise strategy and strategic operational plans, and overseeing the organisation's transformation.

Darren Cavanagh

Group Executive Digital and Information

Darren is an experienced leader with more than a decade in senior executive roles in the transport industry, and a long international career in the fast-moving consumer goods industry.

During his career, Darren has led significant Enterprise Resource Planning (ERP) and S4Hana implementations, along with technology enablement of the New South Wales Rail Operations Centre, Metro Integration, and the new Waratah train fleet. He has also introduced new capabilities such as cyber defence, Cloud, agile and digital teams, enterprise-wide data platforms and innovation processes.

As Group Executive Digital and Information, Darren is responsible for uplifting foundational data and digital capabilities at Queensland Rail and driving transformative information and operating technology change.

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 (2nd edition), 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 FY24

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 www.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 Executive Leadership 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 Board 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.

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 on a periodic basis.

Performance evaluations for the CEO and senior executives are carried out each financial year in accordance with Queensland Rail's remuneration framework. 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 that could potentially conflict with their role as a 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 Board and terms of appointment for all members in office as at 30 June 2024 is set out on pages 28 to 31 of the Annual and Financial Report FY2023-2024.

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.

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. An external consultant is engaged on a periodic basis to assist the evaluation and provide an independent review of Board performance. The next scheduled performance evaluation is due for completion in FY2024-2025. Written advice on the outcome of evaluations are provided to responsible Ministers.

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.

Queensland Rail's Code of Conduct, together with other policies, aligns with the principles and values of the *Public Sector Ethics Act 1994*. Under the Code, Queensland Rail staff are to carry out duties with integrity, impartiality, accountability, transparency, and promote the public good. Mandatory Code of Conduct training is completed by all staff during their onboarding, with refresher training provided every 12 months.

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 page 39 of the Annual and Financial Report FY2023-2024.

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 and Queensland 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. Internal Audit also has unrestricted access to the Audit and Risk 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 co-sourced Internal Audit Team.

The risk based Internal Audit Plan is developed through extensive internal and external consultation and 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 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 internal and external auditors are invited to attend Audit and Risk Committee meetings to present relevant reports and discuss any concerns with the Audit and Risk Committee, without management influence. The Audit and Risk Committee monitors the review and implementation of recommendations made by the internal and external audit functions.

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 Media and Government Affairs 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 key issues 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 2024, Queensland Rail's responsible Ministers were the Honourable Cameron Dick, MP Deputy Premier, Treasurer and Minister for Trade and Investment; and the Honourable Bart Mellish MP, Minister for Transport and Main Roads and Minister for Digital Services. 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 from 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. The current thresholds are notified through the Operational Plan and are set out in Queensland Rail's Delegation of Authority Standard.

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, which is underpinned by a Risk Management framework that supports a structured approach.

The objectives of Queensland Rail's Risk Management Framework are to:

- Provide a systematic approach to the identification and management of risks
- Provide an appropriate risk assessment criteria
- Make available accurate and concise risk information that informs decision-making around both strategic direction and operational objectives
- Adopt Risk Treatment strategies that are cost effective and efficient in reducing risk to an acceptable level
- Monitor and Review risk levels to ensure that risk exposure remains within Queensland Rail's Risk Appetite and operating context
- Clearly define roles and responsibilities for managing risk within Queensland Rail.

The approach defined within the Risk Management Policy is consistent with the Australian and New Zealand risk management standards (AS/NZS ISO 31000:2018). 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.

The Board determines the risk appetite and tolerance and evaluates reported risks reaching a defined enterprise risk tolerance level. The Board has oversight of the Integrated Assurance Plan and Compliance Management System.

The Executive Risk Committee monitors the effectiveness of compliance and assurance activities and assists in the monitoring and escalating of risk issues and continuous improvement opportunities to the Audit and Risk Committee.

The Board has assigned 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 Risk and Compliance Group Function, led by the Group Executive, Strategy and Transformation, facilitates the process by providing a centralised role in advising the various business functions on executing risk, compliance and assurance management, as well as consolidating reporting to Executive Risk Committee, Audit and Risk Committee, 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.

Principle 8 – Remunerate fairly and responsibly

The Board has established a People, Safety and Environment 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, Safety and Environment 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 resources, customer experience, environmental, sustainability 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. The Committee also provides oversight of the development and implementation of strategies and initiatives relating to improved customer experience.

Membership of the committee and details of attendance at meetings are disclosed on pages 39 and 40 of the Annual and Financial Report FY2023-2024. 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 value of payments to each Queensland Rail Board member and specified Queensland Rail senior executives are set out in the Financial Report FY2023-2024.

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 Finance reports
- Standing reports on lines of business and key major projects and initiatives.
- Key Strategic issues and Stakeholder engagement
- Transactions requiring Board approval in accordance with the delegation's framework
- Updates from committee chairs on matters considered at committee meetings
- The minutes of previous committee meetings
- Board correspondence and Ministerial briefing notes.

An in-camera 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 for various periods 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 FY24 Board meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
David Marchant AM (Chair)	12	12
Stephen Cantwell	12	12
Vivienne Doogan ¹	7	7
Michael Goss	11	12
Loretta Lynch ¹	7	7
Heather Watson	12	12
Tracey Winters	12	12

¹Appointed as Board member 1 October 2023

Board committees

The Board has established three standing committees to assist with meeting its responsibilities: the Audit and Risk Committee; the People, Safety and Environment 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 and disclosures, internal control structures, compliance and risk management frameworks and the internal and external audit functions of Queensland Rail.

The committee observed the terms of its charter during the reporting period.

Committee member attendance at FY24 Audit and Risk Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Heather Watson (Chair)	4	4
Michael Goss	4	4
Loretta Lynch ¹	3	3
David Marchant AM	4	4

¹Appointed as Committee member 31 October 2023

People, Safety and Environment Committee

The People, Safety and Environment 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, customer, environmental, sustainability 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 and environmental policies, frameworks, and practices and strategies and initiatives relating to customer experience.

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

Committee member attendance at FY24 People, Safety and Environment Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Stephen Cantwell (Chair)	5	5
Vivienne Doogan ¹	2	3
Michael Goss	4	5
David Marchant AM	5	5
Heather Watson	4	5
Tracey Winters ²	2	2

¹ Appointed as Committee member 31 October 2023

² Ceased as Committee member 31 October 2023

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 is responsible for providing strategic direction and oversight of major projects undertaken by Queensland Rail to ensure those investments are delivered in an efficient and cost-effective manner while meeting the responsible Ministers' performance and strategic expectations. The Committee is also responsible for high level oversight and monitoring of procurement processes and procedures operating within Queensland Rail.

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

Committee member attendance at FY24 Major Projects and Procurement Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Tracey Winters (Chair)	4	4
Stephen Cantwell	4	4
Loretta Lynch ¹	2	2
David Marchant AM	4	4

¹ Appointed as Committee member 31 October 2023

Information management

Advanced digital capability is essential to enable the vision to be a modern, world-class railway. Managing Queensland Rail information and data remains a priority as the reliance on technology continues to grow. This presents both significant opportunities and considerable risks that must be managed in accordance with legislative and regulatory obligations.

Queensland Rail continues to leverage leading-edge technologies and improve the value of its business information and data. A key initiative is the development of a Digital Blueprint that articulates Queensland Rail's digital ambition and enables the strategic objectives of the enterprise. The supporting program of work focuses on the following areas:

- Information and data governance
- Information and cyber security
- Digital engineering
- Business information and analytics
- Records management
- Information culture.

The delivery of key projects in these areas will support Queensland Rail in:

- continuing to provide a reliable service and accurate information to customers
- improving asset management capability through information and data management systems
- supporting the Cross River Rail project
- undertaking integrated planning across rail and network operations
- enabling data-driven decisions through accessible and relevant information
- mitigating cyber and information security risks that present an increased risk to business continuity and reputation.

Open data

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

In FY24, Queensland Rail's consultancy expenses were nil. There were three instances of overseas travel, with a total of \$100,880 expenses incurred.

Corporate entertainment and hospitality

Queensland Rail hosted four events in FY24 that exceeded a cost of \$5,000. These were an International Women's Day event with an overall cost of \$16,744, a Rail R U OK? Day event with an overall cost of \$7,444, a community engagement with Opera Queensland at an overall cost of \$10,905 and a NAIDOC Week event with an overall cost of \$7,278.

Human Rights

Queensland Rail is committed to ensuring it acts and makes decisions compatibly with the *Human Rights Act 2019 (Qld)* (HRA). Queensland Rail continually looks for process improvements to ensure that any decisions made give consideration to their potential to impact an individual's human rights.

In circumstances where an individual's human rights may have been impacted, an impact assessment is undertaken.

During FY24, Queensland Rail:

- Assessed all new and relevant policies and procedures for compatibility with the HRA, making changes where necessary.
- Continued to raise awareness about the HRA and its effect on Queensland Rail's operations.
- Considered the nature of human rights complaints and made adjustments to Queensland Rail's existing policies and procedures as part of our commitment to 'continuous improvement' to adjust to consumer demands and expectations.
- Received six human rights complaints.

Notifications by responsible Ministers

Queensland Rail dividends

By letter dated 28 June 2024, pursuant to section 56 of the *QRTA Act*, responsible Ministers approved Queensland Rail's dividend recommendation and directed Queensland Rail to pay a dividend equal to 100 per cent of the Queensland Rail Group's final adjusted Net Profit After Tax for the FY24 period. The dividend is to be paid to the Consolidated Fund no later than 30 November 2024.

Summary of the FY24 Operational Plan

World-class services for our customers.

The FY24 Operational Plan (“the Plan”) was the formal statement of our strategic direction, including objectives and performance outcomes for FY24.

In preparing the Plan, we reflected key strategic documents and priorities released by the Queensland Government.

The Annual Report provides a summary of our performance against the Plan, including key performance measures that tracked progress against targets.

Key inclusions

Key components of the Plan included a 12-month view of our:

- Strategic direction
- Operating budget
- Investment plan
- Employee and Industrial Relations (E&IR) Plan
- Performance outcomes, KPIs and targets.

Government revenues and funding

The Plan reflected funding under the Rail TSC for:

- SEQ services
- Travel and Tourism services
- Regional network (including provision of rail access).

Employment and Industrial Relations

The E&IR Plan aligned with our organisation’s values and supported our people to deliver our strategy by:

- Helping to build a culture that provides opportunities for people to develop, lead, make a difference and perform.
- Developing workplace relations instruments (agreements and policies) and positive relationships that promote fairness, employee engagement and high performance.

Performance outcomes

The Plan represented the formal performance agreement between Queensland Rail and our responsible Ministers for FY24 and contained a summary of our objectives, consistent with our longer-term Strategic Plan.

For FY24, the Plan outlined key priorities for the organisation (refer Significant achievements section).

The Plan also contained financial and non-financial KPIs, the performance of which were reported to our responsible Ministers each quarter. Refer to Our

Operational Performance section for a summary of our annual performance results.

Significant achievements

Priority: Operational safety

Safety improvement programs to drive continuous risk reduction and improved safety outcomes for customers and employees.

- Two level crossing upgrades were completed in FY24.
- Won an award at the 2024 RISSB Rail Safety Awards in the Community Safety category for the Mental Health Co-Deployment trial.

Priority: Digital Security

Improve digital security and promote positive security behaviours through employee education programs and improved response times.

- Enhanced our Managed Detection and Response (MDR) capabilities, substantially reducing incident response times for cyber threats and automatically blocking common threats against end-user devices.
- Implementation of the Essential Eight security mitigation strategies significantly strengthened overall digital security.

Priority: Build the future workforce

Prepare the workforce for the increase in scale and complexity of operations – enhance retention, training and upskilling.

- Six of seven Enterprise Agreements were formally approved by the Fair Work Commission, with the seventh EA reaching an in-principle agreement in June 2024. The renegotiation of these agreements delivered several favourable improvements for Queensland Rail employees, including enhanced flexibility and wage condition uplifts helping to address cost-of-living pressures.
- Appointed 86 new graduates and apprentices, one of the largest cohorts ever, to boost the technical and trade capabilities needed for future growth.
- Launched the Senior Leadership Development Program and Next Generation Leadership programs, focusing on skills uplift to build key leadership capabilities to deliver future outcomes.
- Implemented a new corporate centre operating model and structure in June 2024 to provide better support services to SEQ and Regional, and ultimately delivering better services to customers.

Priority: Employee Engagement

Build a proud, inclusive and respectful team that is engaged, empowered, and actively supports diversity and innovation.

- A total of 5,213 employees (67 per cent) responded to the FY24 QR Engage employee engagement survey, marking the highest number of responses to date. Additionally, overall employee engagement increased by 4 per cent.
- During Reconciliation Week, launched the Innovate Reconciliation Action Plan (RAP) in Townsville, raising the profile of reconciliation among the workforce, customers, partners, and communities.
- Approximately 80 per cent of the workforce completed in-person QR Respect training, which focused on how teams work together respectfully, ethically and with integrity to deliver customer outcomes.

Priority: Simplify the business

Simplify governance, business processes, and how we work to make doing day-to-day business easier.

- Successfully digitised 72 forms and workflows delivering significant efficiencies across the organisation, saving an estimated 3,000 administrative hours each year.
- Launched project i-TRACE in collaboration with the ARA and GS1 Australia to uplift supply chain capability and improve inventory management processes at network and operating asset warehouses across the state.

Priority: Integrated planning

An outcomes-driven planning framework that allows effective prioritisation to achieve the performance targets set.

- Developed and launched four Product Plans to more closely link service requirements to operating budgets and investments, covering the majority of passenger, travel, tourism and freight customers.
- Implemented a revised budgeting framework for future planning cycles, revised strategic risks, and refreshed Risk Appetite Statements to ensure we sustainably meet operational requirements across the planning horizon.
- Published our inaugural Annual Sustainability Report in March 2024.

Priority: Lift Operational Performance

Get more out of available and reliable assets and improve service levels to meet customer expectations.

- SEQ patronage increased by 12.2% from FY23 levels.
- On-time running uplift of 4.3% for SEQ services by reducing train dwell times at stations, improving fault response times and decreasing temporary speed restrictions.

- In February 2024, replaced two kilometres of track on the Mount Isa line due to flood damage, with the track reopened within four weeks.
- Rail operators traversing Queensland Rail's network transported more than 14 million GTK of freight.

Priority: Scale the Network

Seamlessly integrate new assets with a step-change improvement in asset management to support all parts of our network (new and old) and future customer demand.

- Major construction works to support station accessibility improvements and facility upgrades commenced in SEQ at Morningside, Lindum, Banyo, Buranda, Bundamba and Burpengary stations.
- For the first time in our history, a train operated on the SEQ network along the Shorncliffe line under Automatic Train Operation, part of preparations for the implementation of ETCS in parts of the SEQ network ahead of the CRR opening.
- In conjunction with the DTMR and the CRRDA, we managed significant network disruptions across FY24 in preparation for the CRR opening.

Looking ahead

As we enter FY25, our refreshed plan will remain focused on the community and customers, while supporting Government objectives and leveraging over \$20 billion in rail investment in Queensland to 2032.

Our purpose and vision will remain unchanged, with an unwavering commitment to connecting communities across Queensland and pursuing world-class rail services for our customers.

Our values and behaviours will remain central to how we operate, guiding the way our people treat each other, deliver services to customers, and partner with stakeholders.

As we deliver our services and planned initiatives in FY25, we will maintain financial discipline in support of the Queensland Government's economic recovery and ongoing sustainability. We will also continue to deliver against our agreed Investment Plan, which supports significant policy and investment decisions by the Queensland Government.

Modifications to the Operational Plan

The *QRTA Act* 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 materially modify its Operational Plan during this financial year.

Compliance checklist

Letter of compliance

Summary of requirement	Basis for requirement	Annual report reference
A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page 3

Accessibility

Summary of requirement	Basis for requirement	Annual report reference
Table of contents and glossary	ARRs – section 9.1	Page 4; Page 46
Public availability	ARRs – section 9.2	Page 2
Interpreter service statement	<i>Queensland Government Language Services Policy</i> ; ARRs – section 9.3	Page 2
Copyright notice	<i>Copyright Act 1968</i> ; ARRs – section 9.4	Page 2
Information licensing	<i>QGEA – Information Licensing</i> ; ARRs – section 9.5	Page 2

General information

Summary of requirement	Basis for requirement	Annual report reference
Introductory information	ARRs – section 10	Page 5

Non-financial performance

Summary of requirement	Basis for requirement	Annual report reference
Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	Pages 6-7, 11-12, 16-25
Agency objectives and performance indicators	ARRs – section 11.2	Pages 13-15, 42-43
Agency service areas and service standards	ARRs – section 11.3	Pages 42-43

Financial performance

Summary of requirement	Basis for requirement	Annual report reference
Summary of financial performance	ARRs – section 12.1	Pages 14-15

Governance – management and structure

Summary of requirement	Basis for requirement	Annual report reference
Organisational structure	ARRs – section 13.1	Page 27
Executive management	ARRs – section 13.2	Pages 26 - 33
Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Page 2
Public Sector Ethics	<i>Public Sector Ethics Act 1994</i> ; ARRs – section 13.4	Page 36
Human Rights	<i>Human Rights Act 2019</i> ; ARRs – section 13.5	Page 41
Queensland public service values	ARRs – section 13.6	Page 36

Governance – risk management and accountability

Summary of requirement	Basis for requirement	Annual report reference
Risk management	ARRs – section 14.1	Pages 37 - 39
Audit committee	ARRs – section 14.2	Page 39
Internal audit	ARRs – section 14.3	Pages 36-37
External scrutiny	ARRs – section 14.4	N/A
Information systems and recordkeeping	ARRs – section 14.5	Page 40
Information security attestation	ARRs – section 14.6	N/A

Governance – human resources

Summary of requirement	Basis for requirement	Annual report reference
Strategic workforce planning and performance	ARRs – section 15.1	Pages 20-22
Early retirement, redundancy and retrenchment	<i>Directive No. 04/18 Early Retirement, Redundancy and Retrenchment; ARR – section 15.2</i>	N/A

Open data

Summary of requirement	Basis for requirement	Annual report reference
Statement advising publication of information	ARRs – section 16	Page 41
Consultancies	ARRs – section 31.1	Page 41; data.qld.gov.au
Overseas travel	ARRs – section 31.2	Page 41; data.qld.gov.au
Queensland Language Services Policy	ARRs – section 31.3	Page 41; data.qld.gov.au

Financial statements

Summary of requirement	Basis for requirement	Annual report reference
Certification of financial statements	FAA – section 62; FPMS – sections 38, 39 and 46; ARR – section 17.1	Page 100
Independent Auditor's Report	FAA – section 62; FPMS – section 46; ARR – section 17.2	Pages 101-104

Glossary and acronyms

Glossary

1TEAM

Queensland Rail's values framework, with a focus on being one business and a performance-focused organisation.

Customer

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

Force Majeure

A term used to categorise incidents that cause an impact to services, which are outside of Queensland Rail's control.

Freight

Goods including mining inputs and outputs, agricultural produce, livestock and consumer products transported on the Queensland Rail network.

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.

Rail Management Centre (RMC)

Queensland Rail's network control centre for the SEQ network, in Bowen Hills. Activities such as train control and monitoring are undertaken at this location.

Return on Assets (ROA)

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

Return on Equity (ROE)

Defined as operating profit after tax dividend by average equity.

Rollingstock

Rail locomotives and wagons.

SEQ network

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

Travel and Tourism network

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

Acronyms

AOD

Alcohol and Other Drugs

ASX

Australian Securities Exchange

ARA

Australasian Railway Association

ARHS

Australian Railway Historical Society

ATO

Automatic Train Operations

ATSB

Australian Transport Safety Bureau

BCC

Brisbane City Council

CCC

Crime and Corruption Commission

CCTV

Closed Circuit Television

CEO

Chief Executive Officer

CFO

Chief Financial Officer

Corporations Act

Corporations Act 2001 (Cth)

CRR

Cross River Rail

CRRDA

Cross River Rail Delivery Authority

DDA

Disability Discrimination Act 1992 (Cth)

DFV

Domestic and Family Violence

DTMR

Department of Transport and Main Roads

EBIT

Earnings Before Interest and Tax

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation

EMU
Electric Multiple Unit

ETCS
European Train Control System

EVP
Employee Value Proposition

EVU
Enforceable Voluntary Undertaking

FAA
Financial Accountability Act 2009 (Qld)

FPMS
Financial and Performance Management Standard 2019

FTE
Full-time equivalent

GTK
Gross Tonne Kilometres

HRA
Human Rights Act 2019 (Qld)

KPI
Key Performance Indicator

KSR
Kuranda Scenic Railway

NGR
New Generation Rollingstock

OHLE
Overhead power line equipment

ONRSR
Office of the National Rail Safety Regulator

OTI
On Track Insurance Pty Ltd

QCA
Queensland Competition Authority

QPS
Queensland Police Service

QRL
Queensland Rail Limited

QRTA Act
Queensland Rail Transit Authority Act 2013 (Qld)

QTMP
Queensland Train Manufacturing Program

RAP
Reconciliation Action Plan

RAXS
Rail Level Crossing Active Safety System

RISSB
Rail Industry Safety Standards Board

SEA
Significant Environmental Area

SEQ
South East Queensland

SPAD
Signal Passed at Danger

TRIFR
Total Recordable Injury Frequency Rate

TSC
Rail Transport Services Contract

Queensland Rail

ABN 68 598 268 528

Financial report for the year ended 30 June 2024

Queensland Rail

ABN 68 598 268 528

Financial report - 30 June 2024

Contents

	Page
Financial statements	
Statements of comprehensive income	50
Balance sheets	51
Statements of changes in equity	52
Statements of cash flows	54
Notes to the financial statements	55
Management certificate	100
Independent auditor's report	101

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
for the year ended 30 June 2024**

	Notes	Consolidated		Parent	
		2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000
Revenue from operations	1	2,660,434	2,432,395	1,505,116	1,379,484
Other income		4,326	3,369	-	-
Total revenue and other income		2,664,760	2,435,764	1,505,116	1,379,484
Supplies and services	2	(615,176)	(537,662)	-	-
Employee benefits expense	3	(1,271,257)	(1,142,321)	(1,363,730)	(1,228,806)
Depreciation and amortisation		(417,611)	(401,619)	-	-
Other expenses		(16,251)	(17,809)	(775)	(885)
Total expenses		(2,320,295)	(2,099,411)	(1,364,505)	(1,229,691)
Operating profit		344,465	336,353	140,611	149,793
Finance income		1,462	1,763	-	-
Finance expenses	4	(146,411)	(122,230)	-	-
Net finance costs		(144,949)	(120,467)	-	-
Profit before income tax		199,516	215,886	140,611	149,793
Income tax expense	5	(58,905)	(66,093)	-	-
Profit for the year		140,611	149,793	140,611	149,793
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Changes in the fair value of cash flow hedges		479	177	-	-
Income tax relating to components of other comprehensive income	5	(144)	(53)	-	-
Other comprehensive income for the year		335	124	-	-
Total comprehensive income for the year		140,946	149,917	140,611	149,793

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

Balance sheets
as at 30 June 2024

		Consolidated		Parent	
	Notes	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		1,933	108,489	-	-
Trade and other receivables		80,951	75,430	568,876	581,427
Prepayments		22,379	21,623	-	-
Inventories	6	137,581	118,159	-	-
Current tax assets		46,249	-	46,249	-
Other assets		-	8	-	-
Total current assets		289,093	323,709	615,125	581,427
Non-current assets					
Receivables		-	-	46,776	40,288
Prepayments		584	1,898	-	-
Inventories	6	50,760	50,176	-	-
Property, plant and equipment	7	9,305,038	8,691,462	-	-
Intangible assets	8	42,783	49,238	-	-
Right-of-use assets	9	62,093	70,832	-	-
Deferred tax assets	10	-	-	108,384	111,231
Investment in subsidiary		-	-	2,845,324	2,845,324
Other assets		-	-	3,465	3,465
Total non-current assets		9,461,258	8,863,606	3,003,949	3,000,308
Total assets		9,750,351	9,187,315	3,619,074	3,581,735
LIABILITIES					
Current liabilities					
Trade and other payables	11	534,162	533,592	219,359	247,175
Borrowings	18	75,634	-	-	-
Lease liabilities	9	13,973	13,294	-	-
Provisions	12	315,324	306,002	311,397	297,592
Current tax liabilities		-	9,156	-	9,156
Other liabilities		14,482	17,395	665	234
Total current liabilities		953,575	879,439	531,421	554,157
Non-current liabilities					
Borrowings	18	4,923,000	4,460,000	-	-
Lease liabilities	9	57,953	66,976	-	-
Provisions	12	52,172	45,883	46,776	40,288
Deferred tax liabilities	13	411,500	381,796	-	-
Other liabilities		50,635	52,040	90,644	37,057
Total non-current liabilities		5,495,260	5,006,695	137,420	77,345
Total liabilities		6,448,835	5,886,134	668,841	631,502
Net assets		3,301,516	3,301,181	2,950,233	2,950,233
EQUITY					
Contributed equity		3,090,500	3,090,500	2,851,906	2,851,906
Reserves		-	(335)	-	-
Retained earnings		211,016	211,016	98,327	98,327
Total equity		3,301,516	3,301,181	2,950,233	2,950,233

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

**Statements of changes in equity
for the year ended 30 June 2024**

Consolidated	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2023		3,090,500	(335)	211,016	3,301,181
Profit for the year		-	-	140,611	140,611
Other comprehensive income		-	335	-	335
Total comprehensive income for the year		-	335	140,611	140,946
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	14	-	-	(140,611)	(140,611)
		-	-	(140,611)	(140,611)
Balance at 30 June 2024		3,090,500	-	211,016	3,301,516
Balance at 1 July 2022					
		3,055,200	(459)	220,880	3,275,621
Correction of error		-	-	(9,864)	(9,864)
Restated total equity at the beginning of the financial year		3,055,200	(459)	211,016	3,265,757
Profit for the year		-	-	149,793	149,793
Other comprehensive income		-	124	-	124
Total comprehensive income for the year		-	124	149,793	149,917
Transactions with owners in their capacity as owners:					
Contributions of equity		35,300	-	-	35,300
Dividends provided for or paid	14	-	-	(149,793)	(149,793)
		35,300	-	(149,793)	(114,493)
Balance at 30 June 2023		3,090,500	(335)	211,016	3,301,181

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

Statements of changes in equity
for the year ended 30 June 2024 (continued)

Parent	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2023		2,851,906	-	98,327	2,950,233
Profit for the year		-	-	140,611	140,611
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	140,611	140,611
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	14	-	-	(140,611)	(140,611)
		-	-	(140,611)	(140,611)
Balance at 30 June 2024		2,851,906	-	98,327	2,950,233
Balance at 1 July 2022					
		2,816,606	-	98,327	2,914,933
Profit for the year		-	-	149,793	149,793
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	149,793	149,793
Transactions with owners in their capacity as owners:					
Contributions of equity		35,300	-	-	35,300
Dividends provided for or paid	14	-	-	(149,793)	(149,793)
		35,300	-	(149,793)	(114,493)
Balance at 30 June 2023		2,851,906	-	98,327	2,950,233

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

Statements of cash flows
for the year ended 30 June 2024

Notes	Consolidated		Parent	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Cash flows from operating activities				
Receipts from customers (inclusive of GST)	403,636	370,131	1,364,505	1,229,691
Receipts from Rail Transport Service Contract (inclusive of GST)	2,488,364	2,215,854	-	-
Dividends received from subsidiaries	-	-	149,793	195,608
Interest received	1,452	1,762	-	-
Payments to suppliers and employees (inclusive of GST)	(2,037,588)	(1,768,791)	(1,363,369)	(1,152,446)
Interest and other costs of finance paid	(185,242)	(151,313)	-	-
GST input tax credits	148,144	136,203	975	814
GST remitted	(261,854)	(234,614)	-	-
Other	(21)	9	(21)	9
Income taxes paid	(84,750)	(79,608)	(84,750)	(79,608)
Net cash inflow from operating activities	472,141	489,633	67,133	194,068
Cash flows from investing activities				
Payments for property, plant and equipment and intangibles	(961,868)	(891,297)	-	-
Proceeds from the disposal of property, plant and equipment and intangibles	5,770	3,807	-	-
Loans to related parties	-	-	-	(35,710)
Repayment of loans to related parties	-	-	82,660	-
Net cash (outflow) / inflow from investing activities	(956,098)	(887,490)	82,660	(35,710)
Cash flows from financing activities				
Contributions of equity	-	35,300	-	35,300
Proceeds from borrowings	538,634	440,000	-	-
Repayments of principal element of lease liabilities	(11,440)	(11,272)	-	-
Dividends paid	(149,793)	(193,658)	(149,793)	(193,658)
Net cash inflow / (outflow) from financing activities	377,401	270,370	(149,793)	(158,358)
Net decrease in cash and cash equivalents				
Cash and cash equivalents at the beginning of the financial year	108,489	235,976	-	-
Cash and cash equivalents at end of year	1,933	108,489	-	-

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	55
1 Revenue from operations	56
2 Supplies and services	58
3 Employee benefits expense	58
4 Finance expenses	58
5 Income tax expense	59
Notes to the balance sheets	61
6 Inventories	61
7 Property, plant and equipment	62
8 Intangible assets	67
9 Leases	68
10 Deferred tax assets	71
11 Trade and other payables	72
12 Provisions	72
13 Deferred tax liabilities	76
14 Dividends	76
Notes to the statements of cash flows	77
15 Reconciliation of profit after income tax to net cash inflow from operating activities	77
16 Non-cash investing and financing activities	77
17 Reconciliation of liabilities arising from financing activities	77
Risk	78
18 Financial risk management	78
19 Capital risk management	82
Unrecognised items	82
20 Contingencies	82
21 Commitments	83
22 Events occurring after the reporting period	84
Other items	84
23 Key management personnel disclosures	84
24 Related party transactions	92
25 Subsidiaries	94
26 Remuneration of auditors	94
27 Special payments	95
28 Climate change	95
29 Queensland Rail Limited consolidated financial information	95
30 Summary of other accounting policies	97

Notes to the statements of comprehensive income

1 Revenue from operations

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<i>Revenue from contracts with customers</i>				
Rail Transport Service Contract revenue	2,281,674	2,082,705	-	-
Network access revenue	212,209	182,755	-	-
Other revenue from customer contracts	87,901	84,490	-	-
Passenger transport revenue	48,332	52,895	-	-
Operating lease revenue	27,660	25,411	-	-
Managed services revenue	-	-	1,364,505	1,229,691
<i>Other revenue</i>				
Other revenue	2,658	4,139	-	-
Inter-company dividend revenue	-	-	140,611	149,793
	2,660,434	2,432,395	1,505,116	1,379,484

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

The Rail Transport Service Contract (TSC) between Queensland Rail Limited and the State of Queensland was executed on 30 June 2022, with an initial four-year term commencing 1 July 2022 and two extensions up to a maximum term of seven years.

As the performance obligations of the TSC are satisfied progressively, revenue is recognised over time. For the financial year as a whole, the practice of recognising revenue generated on a straight-line basis (over time) with periodic adjustments is consistent with the requirements of the Australian Accounting Standards.

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, 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 are the separately identifiable performance obligations for Citytrain, while the maintenance of infrastructure to a safe and fit for purpose standard throughout the year is the separately identifiable performance obligation for City Network.
- **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.
- **Major Project Integration Services**
Queensland Rail Limited earns revenue for the provision of project and integration services provided to support the Cross River Rail and European Train Control System projects. The separately identifiable performance obligation for Major Projects Integration is the continued provision of support services for these projects throughout the year. Revenue generated is recognised as the services are provided over time.

1 Revenue from operations (continued)

(b) 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 over time as the services are provided. Take or pay revenue is recognised at a point in time.

(c) 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 a point in time, when 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.

(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 over time as the services are provided.

(e) Income in advance from contracts with customers

Consolidated	Passenger transport revenue \$'000	Other revenue from customer contracts \$'000	Rail Transport Service Contract revenue \$'000	Total \$'000
2024				
Opening balance	5,841	18,725	6,278	30,844
Revenue recognised from the opening balance as performance obligations are satisfied	(5,841)	(2,474)	(2,521)	(10,836)
Income in advance recognised as performance obligations not yet satisfied	58,600	14,598	-	73,198
Revenue recognised as performance obligations are satisfied	(53,055)	(12,233)	-	(65,288)
Closing balance	5,545	18,616	3,757	27,918
2023				
Opening balance	5,070	19,763	956	25,789
Revenue recognised from the opening balance as performance obligations are satisfied	(5,070)	(3,341)	(948)	(9,359)
Income in advance recognised as performance obligations not yet satisfied	64,330	13,720	6,270	84,320
Revenue recognised as performance obligations are satisfied	(58,489)	(11,417)	-	(69,906)
Closing balance	5,841	18,725	6,278	30,844

The parent entity does not have any income in advance.

2 Supplies and services

	Consolidated	
	2024	2023
	\$'000	\$'000
Materials and consumable items	176,736	171,289
Trade services	155,503	121,809
Professional services and fees	109,399	90,957
Lease and hire charges	43,941	29,906
Traction electricity and train fuel	41,232	41,590
Utilities	28,373	27,758
Other supplies and services	28,279	20,021
Vehicle running expenses	20,298	19,334
Capital and external works	11,415	14,998
	615,176	537,662

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

3 Employee benefits expense

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	881,116	802,852	964,002	882,443
Annual leave	98,789	80,802	98,789	80,802
Long service leave	36,895	37,368	36,895	37,368
Superannuation				
Defined benefit superannuation expense	12,664	12,863	12,664	12,863
Defined contribution superannuation expense	110,665	98,160	110,665	98,160
Other employee benefits	47,275	39,617	47,275	39,617
Employee related expenses	83,853	70,659	93,440	77,553
	1,271,257	1,142,321	1,363,730	1,228,806

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 \$1,389.6 million (2023: \$1,253.2 million). Of this \$118.3 million (2023: \$110.9 million) was recognised directly in property, plant and equipment leaving \$1,271.3 million (2023: \$1,142.3 million) reported as employee benefits expense.

The number of full-time equivalent (FTE) employees as at reporting date was 7,909.0 (2023: 7,571.7). FTEs include full-time, part-time and casual employees based on a thirty-eight hour week.

4 Finance expenses

	Consolidated	
	2024	2023
	\$'000	\$'000
Interest and finance charges on borrowings	144,748	120,503
Interest on lease liabilities	1,454	1,531
Other interest	209	196
	146,411	122,230

The parent entity does not incur any finance expenses.

5 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 2024 \$'000	2023 \$'000	Parent 2024 \$'000	2023 \$'000
Current tax		29,558	75,431	(2,847)	24,581
Deferred tax		29,560	(7,184)	2,847	(24,581)
Adjustments for current tax of prior periods		(213)	(558)	-	-
Recognition of capital tax loss		-	(1,596)	-	-
		58,905	66,093	-	-
Deferred income tax expense / (benefit) included in income tax expense comprises:					
(Increase) / decrease in deferred tax assets	10	6,193	(26,184)	2,847	(24,581)
Increase in deferred tax liabilities	13	23,367	19,000	-	-
		29,560	(7,184)	2,847	(24,581)

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

		Consolidated 2024 \$'000	2023 \$'000	Parent 2024 \$'000	2023 \$'000
Profit from continuing operations before income tax expense		199,516	215,886	140,611	149,793
Tax at the Australian tax rate of 30% (2023: 30%)		59,855	64,766	42,183	44,938
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:					
Entertainment		3	4	-	-
Research and development		319	477	-	-
Dividends received from subsidiaries		-	-	(42,183)	(44,938)
Luxury car tax		59	54	-	-
Other		(1,118)	1,350	-	-
Adjustments for current tax of prior periods		(213)	(558)	-	-
		(950)	1,327	(42,183)	(44,938)
Total income tax expense		58,905	66,093	-	-

5 Income tax expense (continued)

(c) Amounts recognised directly in equity

	Notes	Consolidated 2024 \$'000	2023 \$'000	Parent 2024 \$'000	2023 \$'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	10, 13	<u>144</u>	<u>53</u>	<u>-</u>	<u>-</u>
		144	53	-	-

(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 *Tax Consolidation Accounting* 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

6 Inventories

Consolidated	2024			2023		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Raw materials and stores	143,532	50,760	194,292	122,841	50,176	173,017
Work in progress	3,779	-	3,779	3,668	-	3,668
Less: allowance for inventory obsolescence	(9,730)	-	(9,730)	(8,350)	-	(8,350)
	137,581	50,760	188,341	118,159	50,176	168,335

The parent entity does not hold any inventories.

(a) Inventory expense

Inventory recognised as expense during the year ended 30 June 2024 amounted to \$68.4 million (2023: \$68.3 million). Inventory capitalised to property, plant and equipment during the year ended 30 June 2024 amounted to \$58.8 million (2023: \$71.5 million).

Judgements and estimates

The value of inventories reported includes items held in centralised stores, workshops and infrastructure and rollingstock depots. Cost comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition. Inventories are valued at the lower of cost and net realisable value. Cost is determined using a moving average cost methodology. Items expected to be consumed after more than one year are classified as non-current.

The allowance for inventory obsolescence is based on assessments by management of particular inventory classes and relates specifically to infrastructure and rollingstock maintenance items. The amount of the allowance is based on a proportion of the value of damaged stock, slow moving stock and stock that has become obsolete during the reporting period.

7 Property, plant and equipment

(a) Movements in property, plant and equipment

Consolidated	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Major plant and equipment \$'000	Infrastructure \$'000	Total \$'000
At 1 July 2023							
Cost	1,410,393	91,208	945,699	436,412	2,040,667	7,955,529	12,879,908
Accumulated depreciation and impairment losses	-	(509)	(394,638)	(220,607)	(1,189,871)	(2,382,821)	(4,188,446)
Net book amount	1,410,393	90,699	551,061	215,805	850,796	5,572,708	8,691,462
Year ended 30 June 2024							
Opening net book amount	1,410,393	90,699	551,061	215,805	850,796	5,572,708	8,691,462
Additions	1,031,314	-	-	-	-	-	1,031,314
Transfers between asset classes	(553,578)	-	39,018	23,944	153,812	336,804	-
Transfers to supplies and services	(11,083)	-	-	-	-	-	(11,083)
Disposals	-	(494)	(572)	(3,037)	(651)	(9,724)	(14,478)
Depreciation expense	-	-	(33,509)	(28,248)	(100,148)	(230,272)	(392,177)
Closing net book amount	1,877,046	90,205	555,998	208,464	903,809	5,669,516	9,305,038
At 30 June 2024							
Cost	1,877,046	90,714	979,099	445,323	2,138,346	8,245,004	13,775,532
Accumulated depreciation and impairment losses	-	(509)	(423,101)	(236,859)	(1,234,537)	(2,575,488)	(4,470,494)
Net book amount	1,877,046	90,205	555,998	208,464	903,809	5,669,516	9,305,038

7 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 2022							
Cost	1,102,076	91,613	889,378	415,336	2,015,262	7,631,937	12,145,602
Accumulated depreciation and impairment losses	-	(509)	(361,846)	(202,837)	(1,133,765)	(2,193,169)	(3,892,126)
Net book amount	<u>1,102,076</u>	<u>91,104</u>	<u>527,532</u>	<u>212,499</u>	<u>881,497</u>	<u>5,438,768</u>	<u>8,253,476</u>
Year ended 30 June 2023							
Opening net book amount	1,102,076	91,104	527,532	212,499	881,497	5,438,768	8,253,476
Additions	841,217	-	-	70	-	-	841,287
Transfers between asset classes	(516,861)	-	58,945	34,669	60,174	363,073	-
Transfers to intangible assets	-	(273)	-	-	-	-	(273)
Transfers to supplies and services	(16,039)	-	-	-	-	-	(16,039)
Disposals	-	(132)	(199)	(2,551)	(39)	(7,304)	(10,225)
Depreciation expense	-	-	(35,217)	(28,882)	(90,836)	(221,829)	(376,764)
Closing net book amount	<u>1,410,393</u>	<u>90,699</u>	<u>551,061</u>	<u>215,805</u>	<u>850,796</u>	<u>5,572,708</u>	<u>8,691,462</u>
At 30 June 2023							
Cost	1,410,393	91,208	945,699	436,412	2,040,667	7,955,529	12,879,908
Accumulated depreciation and impairment losses	-	(509)	(394,638)	(220,607)	(1,189,871)	(2,382,821)	(4,188,446)
Net book amount	<u>1,410,393</u>	<u>90,699</u>	<u>551,061</u>	<u>215,805</u>	<u>850,796</u>	<u>5,572,708</u>	<u>8,691,462</u>

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

7 Property, plant and equipment (continued)

(b) Initial recognition

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.

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 Resources 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.

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

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. Costs related to repairs and maintenance activities are expensed when incurred. 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.

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, included in plant and equipment, are depreciated using the diminishing value basis (percentages range from 13.64% to 33.00%).

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

7 Property, plant and equipment (continued)

(d) Depreciation (continued)

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	45 - 50 years
Sleepers	17 - 70 years
Ballast	30 years
Civil works	20 - 100 years
Bridges and tunnels	20 - 100 years
Electrification	15 - 50 years
Field signals	15 - 40 years
Infrastructure facilities	7 - 99 years
Telecommunications	6 - 50 years
Control and monitoring systems	10 - 30 years

Buildings 10 - 50 years including:

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

Major plant and equipment 8 - 40 years including:

Country and suburban cars	35 - 40 years
Locomotives	30 - 40 years
Overhauls	8 - 16 years

Plant and equipment 4 - 25 years

The remaining useful lives and residual value 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. Any change in useful lives and residual values of property, plant and equipment is accounted for prospectively.

All asset classes are capitalised at their optimum componentised level to reflect current business replacement forecasts.

(e) Impairment

Assets (including work in progress) are tested 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 of disposal 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. The consolidated entity identified three CGUs being South East Queensland, Regional and Mt Isa.

The consolidated entity bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the consolidated entity's CGUs to which the individual assets are allocated.

An impairment assessment on all CGUs was undertaken prior to reporting date. No impairment was recognised in the current or prior reporting period.

7 Property, plant and equipment (continued)

(e) Impairment (continued)

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.

(f) Non-current assets pledged as security

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

(g) Cross River Rail

In the 2018/19 financial year the Queensland Government announced the delivery of the Cross River Rail (CRR) program comprising three major packages of work which will be delivered by a Consortia. This program includes:

- Tunnel, Stations and Development (TSD);
- Rail, Integration and Systems (RIS); and
- European Train Control System (ETCS) Level 2.

The CRR program will provide vital infrastructure to support the consolidated entity's growth and transformation to a modern, customer-focused, world-class rail service and to cater for future public transport demand.

CRR is a 10.2 kilometre rail line which includes 5.9 kilometres of twin tunnels under the Brisbane River and Central Business District (CBD). The CRR program includes four new high capacity underground stations along with upgrades to existing Queensland Rail owned stations.

Delivery of the program is led by the Cross River Rail Delivery Authority (CRRDA), established under the *Cross River Rail Delivery Authority Act 2016*. Upon completion of this program the consolidated entity will operate the CRR network and provide passenger rail services for Queensland. This will require the safe and efficient delivery and integration of the CRR infrastructure into the existing South East Queensland rail network and operations.

Following an independent review of the ETCS Program, commissioned by the Project Sponsor the Department of Transport and Main Roads, it was decided that a new delivery model be established for rolling out ETCS Level 2 across the SEQ Rail Network. The ETCS Program Alliance was established and became effective in January 2022 charged with designing, developing and delivering the rollout of ETCS Level 2 across the SEQ Rail Network with the first phase of works to support the successful delivery of the CRR Project.

Judgements and estimates

The consolidated entity will own and manage a portion of the assets associated with the CRR program including the ETCS Inner City network and RIS. Queensland Rail, CRRDA and the Department of Transport and Main Roads are working collaboratively on the financial governance associated with this program.

The consolidated entity recognises costs associated with the CRR RIS and ETCS programs in work in progress progressively as the costs are incurred by the CRRDA and transferred to the consolidated entity. The balance of work in progress includes costs directly attributable to the acquisition of the infrastructure assets, that is expected to generate future economic benefits to Queensland Rail.

Assets funded by Queensland Rail Limited and delivered under the RIS and ETCS programs are recognised as work in progress in the balance sheets and transferred from work in progress to the Fixed Assets Register progressively as they are available for use and capable of operating in the manner intended by management.

As at the reporting date, the composition of all the CRR assets and their legal ownership was still to be determined by the Queensland Government.

Details of non-recognition

Assets that have been operationalised but not yet transferred to Queensland Rail in the accounting period consist of Mayne Yard North (\$123.2 million), Yeronga Station and Overpass (\$40.1 million) and Fairfield Station (\$37.1 million). Queensland Rail formed the view that in the absence of formal transfer notices as per the *Queensland Rail Transit Authority Act 2013*, these assets would not be recognised in this reporting period. The non-recognition of these assets has resulted in an understatement of total assets by \$200.4 million and depreciation expense of \$8.8 million and a corresponding understatement in equity. This decision has been disclosed to provide a clear understanding of the entity's financial position.

8 Intangible assets

Consolidated	Software under development \$'000	Software \$'000	Total \$'000
At 1 July 2023			
Cost	9,517	170,140	179,657
Accumulated amortisation and impairment losses	-	(130,419)	(130,419)
Net book amount	<u>9,517</u>	<u>39,721</u>	<u>49,238</u>
Year ended 30 June 2024			
Opening net book amount	9,517	39,721	49,238
Additions	7,473	-	7,473
Transfers between asset classes	(4,152)	4,152	-
Transfers to supplies and services	(446)	-	(446)
Disposals	-	(269)	(269)
Amortisation expense	-	(13,213)	(13,213)
Closing net book amount	<u>12,392</u>	<u>30,391</u>	<u>42,783</u>
At 30 June 2024			
Cost	12,392	172,287	184,679
Accumulated amortisation and impairment losses	-	(141,896)	(141,896)
Net book amount	<u>12,392</u>	<u>30,391</u>	<u>42,783</u>
At 1 July 2022			
Cost	11,403	173,492	184,895
Accumulated amortisation and impairment losses	-	(125,200)	(125,200)
Net book amount	<u>11,403</u>	<u>48,292</u>	<u>59,695</u>
Year ended 30 June 2023			
Opening net book amount	11,403	48,292	59,695
Additions	2,694	-	2,694
Transfers between asset classes	(4,126)	4,126	-
Transfers from property, plant and equipment	-	273	273
Transfers to supplies and services	(454)	-	(454)
Disposals	-	(3)	(3)
Amortisation expense	-	(12,967)	(12,967)
Closing net book amount	<u>9,517</u>	<u>39,721</u>	<u>49,238</u>
At 30 June 2023			
Cost	9,517	170,140	179,657
Accumulated amortisation and impairment losses	-	(130,419)	(130,419)
Net book amount	<u>9,517</u>	<u>39,721</u>	<u>49,238</u>

The parent entity does not hold any intangible assets.

Costs incurred in developing products or systems and costs incurred in acquiring software and perpetual licence fees 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. Software under development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the consolidated entity has an intention and ability to use the asset. Software has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the useful life which varies from 4 to 21 years.

8 Intangible assets (continued)

Software-as-a-Service (SaaS) arrangements are service contracts which provide the right to access the cloud provider's application software over the contract period. Costs incurred to access the application software are recognised as an expense in profit or loss over the period the services are provided. Costs incurred for configuration or customisation are usually expensed in profit or loss, except where these costs are for the development of software code that enhances or creates additional capability to existing systems or development costs of bridging modules and are recognised as an intangible asset when the recognition criteria are met.

Intangible assets have a threshold of \$100,000. If the cost is under \$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.

9 Leases

(a) Details of leasing arrangements as lessee

The consolidated entity routinely enters into leases for land and buildings, telecommunication infrastructure and plant and equipment. Lease terms for leases that are recognised on the balance sheets can range from 1 to 30 years. Several leases have renewal or extension options. The options are generally exercisable at market prices and are not included in the right-of-use (ROU) asset or lease liability unless the consolidated entity is reasonably certain it will renew the lease.

The consolidated entity is also party to specific arrangements which would satisfy the criteria for recognition as a lease under AASB 16 *Leases*. However, the consideration for these arrangements amount to, in most cases, \$1 per annum. These arrangements are commonly referred to as "peppercorn leases". These include access to corridor land from the Department of Transport and Main Roads. As the consolidated entity recognises the ROU assets at cost, these leases are immaterial and therefore no ROU assets or lease liabilities are recognised.

Contracts may contain both lease and non-lease components. The consolidated entity allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The consolidated entity recognises right-of-use assets and corresponding liabilities for all operating leases, except for short-term and low-value leases, at the date at which the leased asset is available for use by the consolidated entity, in accordance with AASB 16.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the consolidated entity under residual value guarantees;
- the exercise price of a purchase option if the consolidated entity is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising that option.

Lease payments to be made, under reasonably certain extension options, are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the consolidated entity, the consolidated entity's incremental borrowing rate is used, being the Queensland Treasury Corporation's (QTC) Fixed Loan Rates that correspond with the lease commencement month and lease term.

The consolidated entity is exposed to potential future increases in variable lease payments based on an index or rate. When the rate or index is unknown and are not implicit in the contract, they are not included in the lease liability until they take effect. The consolidated entity's exposure is primarily due to market reviews or consumer price indexation. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period based on a constant periodic rate of interest on the remaining balance of the liability for each period.

9 Leases (continued)

(a) Details of leasing arrangements as lessee (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised as a direct expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The consolidated entity's low-value asset threshold is \$10,000. This threshold is applied to the value of the asset when new, regardless of the age of the asset when being leased.

When the consolidated entity subleases any of the right-of-use assets, an assessment is made to classify the sublease as either a finance lease or an operating lease. Where the sublease is for the major part of the remaining economic life of the underlying asset (the lease term), the sublease is classified as a finance lease. The consolidated entity uses the interest rate implicit in the lease, or if unattainable the discount rate used for the head lease, to measure the net investment in the lease. The right-of-use asset is derecognised and the net investment in the sublease is recognised at the commencement of the sublease.

Judgements and estimates

The determination of the right-of-use assets and lease liability is dependent on a number of judgements including:

- whether a contract is, or contains, a lease;
- expected payment terms, for example monthly in advance;
- the index or rate in determining lease payments;
- costs incurred in connection with a lease that are not part of the cost of the right-of-use asset; and
- reasonable certainty of exercising options.

(i) Movements in right-of-use assets and lease liabilities

Right-of-use assets

Consolidated	Land and buildings \$'000	Infrastructure \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023	58,802	11,675	355	70,832
Additions	1,557	1,009	625	3,191
Remeasurement	259	63	-	322
Depreciation / amortisation expense	(10,684)	(1,170)	(367)	(12,221)
Derecognised	-	(31)	-	(31)
At 30 June 2024	49,934	11,546	613	62,093
At 1 July 2022	68,573	12,717	507	81,797
Additions	434	-	123	557
Remeasurement	271	95	-	366
Depreciation / amortisation expense	(10,476)	(1,137)	(275)	(11,888)
At 30 June 2023	58,802	11,675	355	70,832

The parent entity does not hold any right-of-use assets.

9 Leases (continued)

(a) Details of leasing arrangements as lessee (continued)

Lease liabilities

Consolidated	Land and buildings \$'000	Infrastructure \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023	70,046	9,862	362	80,270
Additions	1,557	1,009	625	3,191
Remeasurement	259	63	-	322
Lease payments	(11,710)	(1,203)	(354)	(13,267)
Interest expense	1,186	247	21	1,454
Derecognised	-	(44)	-	(44)
At 30 June 2024	61,338	9,934	654	71,926
At 1 July 2022	79,828	10,665	489	90,982
Additions	434	-	123	557
Remeasurement	271	95	-	366
Lease payments	(11,787)	(1,121)	(258)	(13,166)
Interest expense	1,300	223	8	1,531
At 30 June 2023	70,046	9,862	362	80,270

	Consolidated 2024 \$'000	2023 \$'000
Current lease liabilities	13,973	13,294
Non-current lease liabilities	57,953	66,976
	71,926	80,270

The parent entity does not have any lease liabilities.

(ii) Amounts recognised in the statements of comprehensive income

	Consolidated 2024 \$'000	2023 \$'000
Depreciation charge of right-of-use assets		
Land and buildings	10,684	10,476
Infrastructure	1,170	1,137
Plant and equipment	367	275
	12,221	11,888
Lease liability - interest expense	1,454	1,531
Other - rental expense*	610	771

* includes short-term, low value and variable lease payments

The parent entity does not incur any depreciation charge of right-of-use assets, interest expense or rental expense.

(iii) Amounts recognised in the statements of cash flows

The total cash outflow for leases in 2024 was \$12.0 million (2023: \$12.1 million).

The parent entity does not have any cash outflow for leases.

(b) Details of leasing arrangements as lessor

The consolidated entity routinely leases out land and buildings and telecommunication infrastructure. The lease terms are up to 30 years and are non-cancellable. Refer to note 21(b).

9 Leases (continued)

(b) Details of leasing arrangements as lessor (continued)

The total cash inflow for leases in 2024 was \$6.1 million (2023: \$6.1 million).

The parent entity does not have any cash inflow for leases.

10 Deferred tax assets

	Notes	Consolidated 2024 \$'000	2023 \$'000	Parent 2024 \$'000	2023 \$'000
The balance comprises temporary differences attributable to:					
Accrued expenses		16,578	23,916	7,802	16,559
Capital losses		1,498	1,596	-	-
Provisions		106,791	101,861	100,582	94,672
Lease liabilities		21,578	24,081	-	-
Unearned revenue		17,096	18,280	-	-
Cash flow hedges		-	144	-	-
Total deferred tax assets		163,541	169,878	108,384	111,231
Set-off of deferred tax liabilities pursuant to set-off provisions	13	(163,541)	(169,878)	-	-
Net deferred tax assets		-	-	108,384	111,231
Movements:					
Opening balance		-	-	111,231	86,650
Prior year adjustments		-	(2,178)	-	-
Credited / (charged) to the statements of comprehensive income	5	(6,193)	26,184	(2,847)	24,581
Cash flow hedges		(144)	(53)	-	-
Recognition of unused capital tax loss		-	1,596	-	-
Set-off of deferred tax liabilities pursuant to set-off provisions	13	6,337	(25,549)	-	-
Closing balance at 30 June		-	-	108,384	111,231
Deferred tax assets expected to be recovered within 12 months		-	-	98,895	102,820
Deferred tax assets expected to be recovered after more than 12 months		-	-	9,489	8,411

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.

11 Trade and other payables

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Trade payables	363,307	378,956	65,142	97,093
Dividend payable	140,611	149,793	140,611	149,793
Other payables	23,815	1,291	13,688	356
	527,733	530,040	219,441	247,242
GST input tax credits receivable	(16,038)	(15,498)	(82)	(67)
GST payable	22,467	19,050	-	-
	6,429	3,552	(82)	(67)
Total trade and other payables	534,162	533,592	219,359	247,175

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. Trade and other payables are measured initially at the transaction price and subsequently at amortised cost due to the current nature of these liabilities. The amounts are unsecured and are usually paid within the terms set by the supplier.

12 Provisions

Consolidated	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits	302,997	30,376	333,373	286,907	27,167	314,074
Litigation and workers' compensation provision	12,278	17,241	29,519	19,026	13,951	32,977
Land remediation provision	49	4,519	4,568	69	4,729	4,798
Make good provision	-	36	36	-	36	36
Other provisions	-	-	-	-	-	-
	315,324	52,172	367,496	306,002	45,883	351,885
Parent	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits	302,997	30,376	333,373	286,907	27,167	314,074
Litigation and workers' compensation provision	8,400	16,400	24,800	10,685	13,121	23,806
Land remediation provision	-	-	-	-	-	-
Make good provision	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-
	311,397	46,776	358,173	297,592	40,288	337,880

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.

12 Provisions (continued)

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.

(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 Queensland Treasury in respect of employees who are contributors to either the QSuper Defined Benefit category or the QSuper State Super category in Australian Retirement Trust.

The level of contributions an employer pays to Queensland Treasury is declared by the Treasurer. The current declaration, made on 30 May 2023, states an employer contribution for the QSuper Defined Benefits category is equal to 7.75% of salary plus one times the member's rate of contribution. The level of employer contributions is not expected to change. 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 payments to Australian Retirement Trust for employees in the QSuper Accumulation category.

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

12 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 remediation provision

This provision recognises the estimated costs to remediate potential contaminated land in accordance with the consolidated entity's constructive obligations. These estimated costs have arisen as a result of historical land use and activities with potential for causing contamination.

The provision for land remediation is the present value of management's best estimate of the expenditure required to remediate and / or manage potentially affected land at the reporting date. Management undertake an annual review of provision balances. Detailed reviews by a suitable qualified external party are carried out approximately every 5 years with consideration given to technology developments and industry standards, and provisions updated accordingly.

Judgements and estimates

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

(d) Other provisions

A provision for flood repair expenditure resulting from Tropical Cyclones Jasper in December 2023 and Kirrily in January 2024 was recognised in the period. Flood repair works commenced in January 2024 and were completed by 30 June 2024.

The provision for flood repair costs represented the present value of management's best estimate of the incremental expenditure required to return impacted assets to their required operational condition. The provision was fully utilised by 30 June 2024.

12 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 2024	Litigation and workers' compensation provision \$'000	Land remediation provision \$'000	Make good provision \$'000	Other provisions \$'000	Total \$'000
Current and non-current					
Carrying amount at start of year	32,977	4,798	36	-	37,811
Charged / (credited) to profit or loss					
- additional provisions recognised	15,701	-	-	16,700	32,401
- unused amounts released	(3,850)	(438)	-	(701)	(4,989)
- unwind discount	-	208	-	-	208
Amounts used during the year	(15,309)	-	-	(15,999)	(31,308)
Carrying amount at end of year	29,519	4,568	36	-	34,123
Parent 2024	Litigation and workers' compensation provision \$'000	Land remediation provision \$'000	Make good provision \$'000	Other provisions \$'000	Total \$'000
Current and non-current					
Carrying amount at start of year	23,806	-	-	-	23,806
Charged / (credited) to profit or loss					
- additional provisions recognised	14,087	-	-	-	14,087
- unused amounts released	-	-	-	-	-
- unwind discount	-	-	-	-	-
Amounts used during the year	(13,093)	-	-	-	(13,093)
Carrying amount at end of year	24,800	-	-	-	24,800

13 Deferred tax liabilities

		Consolidated	
	Notes	2024 \$'000	2023 \$'000
The balance comprises temporary differences attributable to:			
Accrued income		1,332	1,451
Consumables and spare parts		10,492	8,232
Property, plant and equipment		544,338	519,539
Right-of-use assets		18,628	21,250
Prepayments		251	1,202
Total deferred tax liabilities		<u>575,041</u>	<u>551,674</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	10	<u>(163,541)</u>	<u>(169,878)</u>
Net deferred tax liabilities		<u>411,500</u>	<u>381,796</u>
Movements:			
Opening balance		381,796	387,938
Prior year adjustments		-	407
Charged to the statements of comprehensive income	5	23,367	19,000
Set-off of deferred tax liabilities pursuant to set-off provisions	10	6,337	(25,549)
Closing balance at 30 June		<u>411,500</u>	<u>381,796</u>
Deferred tax liabilities expected to be settled within 12 months		(106,283)	(113,055)
Deferred tax liabilities expected to be settled after more than 12 months		517,783	494,851

The parent entity does not have any deferred tax liabilities.

14 Dividends

	Consolidated		Parent	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Dividend declared	140,611	149,793	140,611	149,793
Dividend paid	149,793	193,658	149,793	193,658

Notes to the statements of cash flows

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

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Profit for the year	140,611	149,793	140,611	149,793
Depreciation and amortisation	417,611	401,619	-	-
Losses on sale of non-current assets	8,978	6,421	-	-
(Writeback) / impairment of trade receivables	42	(1,227)	-	-
Inventory obsolescence	2,877	1,314	-	-
Change in operating assets and liabilities:				
(Increase) / decrease in trade debtors	(5,564)	(30,655)	9,181	45,816
(Increase) in inventories	(22,882)	(17,672)	-	-
(Increase) / decrease in other operating assets	(46,068)	2,576	(75,594)	(72,289)
Increase / (decrease) in trade creditors	(55,306)	(45,413)	(18,632)	55,002
Increase / (decrease) in other liabilities	16,230	(4,925)	(8,725)	(7,144)
Increase in other provisions	15,612	27,802	20,292	22,890
Net cash inflow from operating activities	472,141	489,633	67,133	194,068

16 Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- transfer of property, plant and equipment to State Government (note 7(a)); and
- acquisition of right-of-use assets (note 9(a)(i)).

17 Reconciliation of liabilities arising from financing activities

Consolidated	Borrowings \$'000	Leases \$'000	Total \$'000
At 1 July 2023	4,460,000	80,270	4,540,270
Cash flows	538,634	(11,440)	527,194
Non-cash lease swaps	-	(373)	(373)
Acquisitions - finance leases	-	3,191	3,191
Revaluations - finance leases	-	322	322
Release - finance leases	-	(44)	(44)
At 30 June 2024	4,998,634	71,926	5,070,560
At 1 July 2022	4,020,000	90,982	4,110,982
Cash flows	440,000	(11,272)	428,728
Non-cash lease swaps	-	(363)	(363)
Acquisitions - finance leases	-	557	557
Revaluations - finance leases	-	366	366
Release - finance leases	-	-	-
At 30 June 2023	4,460,000	80,270	4,540,270

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

Risk

18 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		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Financial assets				
<i>Financial assets at AC</i>				
Cash and cash equivalents	1,933	108,489	-	-
Trade and other receivables	80,951	75,430	615,652	621,715
<i>Financial assets at FVOCI</i>				
Derivative assets	-	8	-	-
Total financial assets	82,884	183,927	615,652	621,715
Financial liabilities				
<i>Financial liabilities at AC</i>				
Trade and other payables	534,162	533,592	219,359	247,175
Borrowings	4,998,634	4,460,000	-	-
Lease liabilities	71,926	80,270	-	-
<i>Financial liabilities at FVOCI</i>				
Derivative liabilities	-	487	-	-
Total financial liabilities	5,604,722	5,074,349	219,359	247,175

(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), the Japanese Yen (JPY) and the British Pound Sterling (GBP).

18 Financial risk management (continued)

(b) Risks arising from financial instruments (continued)

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

Consolidated	30 June 2024				30 June 2023			
	USD \$'000	EUR €'000	JPY ¥'000	GBP £'000	USD \$'000	EUR €'000	JPY ¥'000	GBP £'000
Cash and cash equivalents	13	388	81,850	1	4	10	1,226	-
Forward exchange contracts (qualifying for hedge accounting)	-	-	-	-	-	98	299,060	-
Net exposure	13	388	81,850	1	4	108	300,286	-

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	2024		2023	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<i>Non-traded financial liabilities</i>				
Current lease liabilities (secured)	13,973	13,973	13,294	13,294
Non-current lease liabilities (secured)	57,953	57,953	66,976	66,976
Current borrowings (unsecured)	75,634	75,634	-	-
Non-current borrowings (unsecured)	4,923,000	4,663,132	4,460,000	4,201,340
	5,070,560	4,810,692	4,540,270	4,281,610

Weighted average interest rate	4.0%	3.8%
--------------------------------	-------------	------

The carrying amount of current borrowings in the current year of \$75.6 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 \$108.2 million and is included in cash and cash equivalents.

18 Financial risk management (continued)

(b) Risks arising from financial instruments (continued)

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

Consolidated 30 June 2024	Carrying amount \$'000	Interest rate risk			
		-1%	Equity	+1%	Equity
		Profit \$'000	\$'000	Profit \$'000	\$'000
Client Specific Debt Pool	4,508,000	2,889	2,889	(2,572)	(2,572)
Total increase / (decrease)		2,889	2,889	(2,572)	(2,572)
30 June 2023					
Client Specific Debt Pool	4,045,000	2,679	2,679	(2,270)	(2,270)
Total increase / (decrease)		2,679	2,679	(2,270)	(2,270)

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, acquired from capital projects with a budget of more than \$1.0 million and 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 4.01% (2023: 3.78%). During the year, interest costs of \$43.7 million were capitalised (2023: \$30.5 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 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 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.

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 \$174.4 million (2023: \$250.0 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.

18 Financial risk management (continued)

(b) Risks arising from financial instruments (continued)

Borrowings are not secured.

Maturity analysis

The amounts disclosed in the maturity table below are the contractual undiscounted cash flows.

QTC long-term 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 2024	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Non-derivatives				
Trade payables	393,551	-	-	393,551
Borrowings	259,715	743,742	4,982,488	5,985,945
Lease liabilities	12,902	12,370	7,717	32,989
Total non-derivatives	<u>666,168</u>	<u>756,112</u>	<u>4,990,205</u>	<u>6,412,485</u>
30 June 2023				
Non-derivatives				
Trade payables	383,799	-	-	383,799
Borrowings	146,591	592,250	4,535,153	5,273,994
Lease liabilities	12,509	15,512	8,047	36,068
Total non-derivatives	<u>542,899</u>	<u>607,762</u>	<u>4,543,200</u>	<u>5,693,861</u>

19 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 total debt to total capital ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as borrowings and lease liabilities as shown in the balance sheets. Total capital is calculated as equity as shown in the balance sheets plus total debt.

The consolidated entity's total debt to total capital ratios are as follows:

	Consolidated 2024 \$'000	2023 \$'000
Borrowings	4,998,634	4,460,000
Lease liabilities	71,926	80,270
Total debt	5,070,560	4,540,270
Total equity	3,301,516	3,301,181
Total capital	8,372,076	7,841,451

	Consolidated 61%	58%
Total debt to total capital ratio		

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 total 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.

Unrecognised items

20 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

Consolidated	2024 Fair value \$'000	2023 Fair value \$'000
Third party guarantees	10,100	10,100
Bank guarantees	99,506	127,627
Insurance company guarantees	2,129	830
	111,735	138,557

The parent entity does not hold any guarantees.

The prior period third party guarantees have been restated to reflect a corrected expiry date.

20 Contingencies (continued)

(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.

Consolidated	2024 Fair value \$'000	2023 Fair value \$'000
Non-qualifying liabilities	1,500	10,805
Bank guarantees	32,640	39,793
	34,140	50,598

The parent entity has not issued any guarantees.

Litigation

A number of common law claims are pending against the consolidated entity. Provisions are taken up for some of these exposures based on the Board's determination and are included as such in note 12.

As at reporting date, the following cases were filed in the courts naming Queensland Rail as defendant:

	Consolidated 2024	2023	Parent 2024	2023
Number of cases before the Federal Circuit Court	2	5	2	3
Number of cases before the Supreme Court	4	2	1	-
Number of cases before the District Court	9	10	7	-
Number of cases before the Magistrates Court	3	2	2	-

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 - Mt Isa

A clean-up notice was issued by the Department of Environment and Science in February 2019 in association with the inundation of a third-party operator train during flooding upon the Mt Isa Line, which resulted in the release of transported products to the environment. In late 2023 the notice was closed out by the regulator.

21 Commitments

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

(a) Commitments payable

Consolidated	2024 Capital \$'000	2023 Capital \$'000
Within one year	98,650	148,618
Later than one year but not later than five years	316,093	269,923
Later than five years	1,132	177,638
	415,875	596,179

The parent entity does not have any commitments payable.

21 Commitments (continued)

(b) Commitments receivable

	2024 Lease \$'000	2023 Lease \$'000
Consolidated		
Within one year	5,228	6,241
Later than one year but not later than five years	8,332	11,939
Later than five years	19,757	24,497
	<u>33,317</u>	<u>42,677</u>

The parent entity does not have any commitments receivable.

22 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.

Queensland Rail continues to work with Cross River Rail Delivery Authority and the Queensland Government to give effect to asset transfers through Ministerial directions.

Other items

23 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 2024 were:

- C Dick MP
Treasurer and Minister for Trade and Investment
- B Mellish MP
Minister for Transport and Main Roads and Minister for Digital Services
(appointed 18 December 2023)
- M Bailey MP
Minister for Transport and Main Roads and Minister for Digital Services
(ceased 17 December 2023)

(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:

	2024 \$'000	2023* \$'000
Short-term benefits	5,509	5,151
Long-term benefits	58	99
Post-employment benefits	468	447
	<u>6,035</u>	<u>5,697</u>

* 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.

23 Key management personnel disclosures (continued)

(b) Members, Directors and specified executives (continued)

Short-term benefits includes cash salary, annual leave and long service leave paid and accrued in the reporting period, fees and non-monetary benefits. Non-monetary benefits represent the value of Exempt and Reportable Fringe Benefits for the respective Fringe Benefits Tax year.

(c) Key management personnel compensation

(i) Members and Directors of Queensland Rail and subsidiaries

2024

Members		Short-term Member fees \$'000	Post- employment Super- annuation \$'000	Total \$'000
D Marchant AM Reappointment date: 1 October 2023 Reappointment term: 2 years	Chair	132	17	149
S Cantwell* Reappointment date: 1 October 2023 Reappointment term: 2 years	Member	61	7	68
V Doogan Appointment date: 1 October 2023 Appointment term: 3 years	Member	42	5	47
M Goss Reappointment date: 1 October 2023 Reappointment term: 3 years	Member	58	6	64
L Lynch Appointment date: 1 October 2023 Appointment term: 3 years	Member	44	5	49
H Watson Reappointment date: 1 October 2023 Reappointment term: 2 years	Member	60	8	68
T Winters Reappointment date: 1 October 2023 Reappointment term: 3 years	Member	57	7	64
Total		454	55	509

* This Member did not receive monetary benefits directly. Payments were made to Sascan Advisory Pty Ltd, of which he is a Director, on his behalf.

23 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

2023		Short-term	Post-employment	
Members		Member fees	Super-annuation	Total
		\$'000	\$'000	\$'000
D Marchant AM	Chair	132	14	146
S Cantwell	Member	44	5	49
M Goss	Member	44	5	49
H Watson	Member	46	5	51
T Winters	Member	45	5	50

All the Members listed above are Members of the Queensland Rail Board and Directors of the Queensland Rail Limited Board.

K Stapleton was appointed as Director of On Track Insurance Pty Ltd on 25 March 2021, with no set appointment term. As an employee of Queensland Rail, K Stapleton did not receive remuneration in her capacity as Director of On Track Insurance Pty Ltd.

S Cornish was appointed as Director of On Track Insurance Pty Ltd on 25 March 2021, with no set appointment term. As an employee of Queensland Rail, S Cornish did not receive remuneration in his capacity as Director of On Track Insurance Pty Ltd.

The above Members' remuneration 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 on a periodic basis by responsible Ministers.

Members and Directors are not entitled to termination payments on termination of their period of service.

23 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

(ii) Specified executives of the consolidated entity

2024

Specified executives	Short-term		Long-term	Post-employment	Total \$'000
	Monetary benefits ¹ \$'000	Non- monetary benefits \$'000	Long service leave ² \$'000	Super- annuation \$'000	
K Stapleton Chief Executive Officer Appointment date: 12 April 2022 Appointment term: 5 years	841	7	28	105	981
N Backer* Head of SEQ (from 18 December 2023)	357	4	8	42	411
J Benstead* Group Executive Strategy, Planning and Transformation (until 3 November 2023)	170	2	4	21	197
D Cavanagh* Group Executive Digital and Information (from 10 June 2024)	29	-	1	3	33
S Cornish* Head of Regional (from 6 July 2023) Acting Head of Regional (until 5 July 2023)	612	7	25	29	673
R Holloway* Group Executive Major Projects, Engineering and Rail Safety (from 10 June 2024) Group Executive Major Projects Integration (until 9 June 2024)	565	7	18	74	664
B McLaren^ Acting Group Executive Safety, Risk and Assurance (until 9 June 2024)	294	6	8	39	347
R Munn* Group Executive People, Safety and Sustainability (from 10 June 2024) Group Executive People and Culture (until 9 June 2024)	539	7	13	28	587
R Peters* Acting Group Executive Strategy and Transformation (from 10 June 2024) Group Executive Strategic Projects, Property and Portfolio (from 10 June 2024) Acting Group Executive Strategy, Planning and Transformation (from 31 July 2023 until 9 June 2024) Group Executive Commercial Property (until 9 June 2024)	554	7	13	27	601

23 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

2024	Short-term		Long-term	Post-employment	Total
	Monetary benefits ¹ \$'000	Non-monetary benefits \$'000	Long service leave ² \$'000	Super-annuation \$'000	
Specified executives					
S Riedel* Head of SEQ (until 6 February 2024)	460	4	(74)	17	407
A Sehgal* Chief Financial Officer and Group Executive Finance and Corporate Services	576	7	14	28	625
Total	4,997	58	58	413	5,526

¹ Includes annual leave payments and leave accrued in the period but not yet taken.

² Includes long service leave payments and long service leave accrued in the period but not yet taken. May include reversals of long service leave accruals if the 7-year entitlement period is not reached on cessation.

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

^ Non-executive employees, acting in specified executive positions.

On 10 June 2024 a revised Corporate Centre Operating model was implemented with Executive responsibilities being altered from this date.

23 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

2023	Short-term		Long-term	Post-employment	Total
	Monetary benefits ¹ \$'000	Non-monetary benefits \$'000	Long service leave ² \$'000	Super-annuation \$'000	
Specified executives					
K Stapleton Chief Executive Officer	781	7	19	96	903
J Benstead Group Executive Strategy, Planning and Transformation	479	7	19	62	567
S Cornish Acting Head of Regional	500	7	17	56	580
R Holloway Group Executive Major Projects Integration	541	7	17	69	634
B McLaren Acting Group Executive Safety, Risk and Assurance	131	3	3	14	151
R Munn Group Executive People and Culture	522	7	14	28	571
R Peters Group Executive Commercial Property	181	3	4	9	197
S Riedel Head of SEQ	692	7	20	28	747
A Sehgal Chief Financial Officer and Group Executive Finance and Corporate Services	281	3	6	14	304

¹ Includes annual leave payments and leave accrued in the period but not yet taken.

² Includes long service leave payments and long service leave accrued in the period but not yet taken. May include reversals of long service leave accruals if the 7-year entitlement period is not reached on cessation.

The 2023 values have been restated to include annual leave and long service leave accrued in the reporting period.

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.

The above executives' remuneration 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 (version dated 27 October 2021)*. This policy was issued by the Government in the 2014/15 period and is applicable to arrangements issued from this period.

23 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

Chief Executive provisions

The employment of the Chief Executive may be terminated by the Board at any time in accordance with section 30(3) of the *Queensland Rail Transit Authority Act 2013*.

The employment of the Chief Executive may also be terminated by either party at any time giving the other party 3 months written notice of termination. When such termination occurs, the Chief Executive is entitled to the following:

- any accrued leave;
- 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 6 months' salary.

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 (version dated 27 October 2021)*, 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 (version dated 27 October 2021)*. Under these provisions, the Board has the discretion to approve annual total fixed remuneration increases to a maximum of 10% per annum, subject to the total fixed remuneration not exceeding the latest market median for the position's work value. The Board should act prudently and take account of the economic climate when considering annual total fixed remuneration increases.

The Chief and Senior Executives participate in the Queensland Rail performance management process based on biannual and annual performance reviews. Annual performance results of the Executives are assessed and calibrated by the Chief Executive Officer and Group Executive People and Culture. The Board is responsible for the assessment of the Chief Executive Officer's performance.

23 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

(iii) Performance payments

There are no Chief or Senior Executive positions that are eligible for performance payments.

A residual Performance Payment Scheme operates as a grandfathered arrangement. The framework consists of the following key aspects:

- Organisational Key Performance Indicators (KPIs) are aligned to Operational Plan performance targets including On Time Running (OTR), Reliability - Citytrain, Signals Passed at Danger, Customer Injuries, Customer Index - Citytrain Services and Customer Index - Traveltrain. The consolidated entity must achieve the KPI benchmarks under the Rail Transport Service Contract (TSC) before any performance payment is considered and the consolidated entity must meet the enterprise wide organisational KPIs (as per measurement determined by the Board).
- The consolidated entity's businesses and functions must meet the Functional KPIs (as per measurement determined by the Chief Executive Officer).
- Individual KPIs set by the employee's manager and approved by the respective Senior Executive.
- KPI results are reviewed by the Board and the Chief Executive Officer on an annual basis to ensure payments are aligned with the achievement of individual and organisational performance objectives. Only those performance payment eligible employees whose performance is assessed as being the highest rating under the Performance Ratings (i.e. "exceeds expectations") will be eligible for any Performance Payment payout across all tiers of the framework; and
- Board and Chief Executive Officer discretion is reserved in the payment against the scheme based on consideration of performance as well as community and shareholder expectations.

There remain 5 specified award employees eligible for performance based, at risk, incentive bonus compensation.

Performance bonus compensation paid to 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 performance year for employees or conditions of a subsidiary agreement for work units.

During the current and prior reporting period, no performance bonus compensation was paid or was accrued for.

(d) Transactions with key management personnel

During the current and prior reporting periods:

- S Cornish, specified executive of Queensland Rail and Queensland Rail Limited, was an Industry Director at Rail Industry Safety and Standards Board (RISSB). Queensland Rail Limited paid corporate membership and course fees to RISSB during these periods.
- S Riedel, specified executive of Queensland Rail and Queensland Rail Limited until 6 February 2024, was a Director of Move Bank. Queensland Rail Limited provided rental accommodation to Move Bank during these periods. During the current and prior reporting periods, the nephew of S Riedel provided electrical works to Queensland Rail Limited through his company South East Electrical and Airconditioning.
- K Stapleton, specified executive of Queensland Rail and Queensland Rail Limited, was a Director of Australasian Railway Association. Queensland Rail Limited paid course fees during these periods, conferences in the current reporting period and corporate membership in the prior reporting period to Australasian Railway Association.

During the current reporting period:

- R Munn, specified executive of Queensland Rail and Queensland Rail Limited, was a Director of TrackSAFE Foundation. Queensland Rail Limited paid corporate contribution and course fees to TrackSAFE Foundation during this period.
- M Goss, Member of Queensland Rail and Director of Queensland Rail Limited, was a Director of Metro South Hospital and Health Services. Queensland Rail Limited paid for medical services during this period to Metro South Hospital and Health Services.
- S Cantwell, Member of Queensland Rail and Director of Queensland Rail Limited, was a Director of Port of Brisbane Pty Ltd. Queensland Rail Limited paid for hire charges during this period to Port of Brisbane Pty Ltd.

23 Key management personnel disclosures (continued)

(d) Transactions with key management personnel (continued)

During the prior reporting period:

- R Peters, Member of Queensland Rail and Director of Queensland Rail Limited until 30 September 2022, was the Vice President (Campus Infrastructure and Services) of Monash University. Queensland Rail Limited engaged Monash University for project, calibration and training services during this period.
- D Marchant, Member of Queensland Rail and Director of Queensland Rail Limited, was a Non-Executive Director of Airservices Australia. Queensland Rail Limited provided telecommunication services to this organisation during this period.

All figures displayed below are exclusive of GST.

	Consolidated	
	2024	2023
	\$'000	\$'000
Corporate membership and course fees - Rail Industry Safety and Standards Board	533	295
Electrical works - South East Electrical and Airconditioning	226	232
Corporate membership, conferences and course fees - Australasian Railway Association	156	229
Corporate contribution and course fees - TrackSAFE Foundation	67	-
Medical services - Metro South Hospital and Health Services	32	-
Hire charges - Port of Brisbane	4	-
Project, calibration and training services - Monash University	-	29
Rental revenue - Move Bank	(82)	(163)
Telecommunications revenue - Airservices Australia	-	(74)
	936	548

24 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	
	2024	2023
	\$'000	\$'000
Sale of goods and services to subsidiaries	1,364,505	1,229,691
Dividend revenue from subsidiaries	140,611	149,793
Dividend receivable from subsidiaries	140,611	149,793
Receivables from subsidiaries - current	428,265	431,634
Receivables from subsidiaries - non-current	46,776	40,288
Shares in subsidiaries	2,845,324	2,845,324

(b) Loans to / (from) related parties

	Parent	
	2024	2023
	\$'000	\$'000
<i>Loans to / (from) subsidiaries</i>		
Beginning of the year	(33,592)	2,090
Loans advanced	33,283	63,683
Loans repayments received	(86,870)	(99,365)
End of year	(87,179)	(33,592)

24 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.

All material related party transactions are negotiated under commercial terms.

The consolidated entity transacted with other State of Queensland controlled entities during the year as set out below:

	Notes	Consolidated		Parent		Nature of transaction
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	
Revenue from continuing operations	1	2,375,582	2,171,474	-	-	Rail Transport Service Contract, government concessions and sales
Supplies and services	2	432,724	362,279	-	-	Consumables
Employee benefits expense	3	70,229	61,849	70,251	61,827	Payroll tax
Other expenses		5,183	4,871	-	-	Land tax, stamp duties and audit fees
Finance income		1,154	1,599	-	-	Interest revenue
Finance expenses	4	188,476	151,035	-	-	Interest and financing costs
Income tax expense	5	58,905	66,093	-	-	Income tax
Cash and cash equivalents		-	108,154	-	-	Short-term investments
Trade and other receivables		45,995	43,846	-	-	Rail Transport Service Contract and other accounts receivables
Current prepayments		478	461	-	-	Prepaid consumables
Current tax assets		46,249	-	46,249	-	Current tax receivable
Trade and other payables	11	288,589	314,061	148,719	156,524	Dividend, Rail Transport Service Contract, interest, capital works, consumables and payroll tax payables
Current borrowings	18	75,634	-	-	-	Short-term borrowings
Current tax liabilities		-	9,156	-	9,156	Current tax payable
Other current liabilities		4,210	6,735	-	-	Asset funding and other income in advance
Non-current borrowings	18	4,923,000	4,460,000	-	-	Long-term borrowings
Other non-current liabilities		34,384	35,618	-	-	Asset funding in advance
Contributed equity		-	35,300	-	35,300	Capital contributions
Dividend declared	14	140,611	149,793	140,611	149,793	Dividend declared

25 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	
			2024 %	2023 %
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.

26 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the consolidated entity:

	Consolidated		Parent	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<i>Queensland Audit Office</i>				
Audit of the financial statements	616	577	59	56
	616	577	59	56

27 Special payments

	Consolidated		Parent	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Ex-gratia payments	775	885	775	885
	775	885	775	885

Special payments include ex-gratia expenditure and other expenditure that the consolidated entity is not contractually or legally obligated to make to other parties. The total of all special payments is disclosed within other expenses.

Special payments greater than \$5,000 include:

- Ex-gratia payments made to employees in the form of medical separations which are not required under their respective employment agreements in the current and prior reporting periods.
- Ex-gratia payments made in the form of a Death Benefit to the Trustee on behalf of deceased employees in the current and prior reporting periods.
- Ex-gratia payments made to employees in the form of settlement deeds for reasons including resignation, dismissal, or wage disputes during the current and prior reporting periods.

28 Climate change

The consolidated entity acknowledges climate change and is aware of the State of Queensland's wide range of information and resources relating to climate change risks, strategies and actions including Queensland's 2035 Clean Economy Pathway, Queensland Energy and Jobs Plan, Climate Adaptation Strategy and the Queensland Sustainability Report.

The consolidated entity has a broad understanding of the key climate change hazards and the potential and actual impacts such physical risks may pose to its operations and asset base, including disruptions, incidents and changed maintenance / repair regimes, and also recognises the risks and opportunities associated with global and local transition to a low carbon economy. The consolidated entity is progressing additional physical climate risk assessments and embedding of climate change risk considerations into planning and investment processes where applicable, to facilitate effective adaptation outcomes and demonstrate delivery of a sustainable, resilient and fit for purpose operations.

Assessments of material accounting judgement and estimates associated with climate change risks are able to be considered through extant processes including those for potential changes in useful asset life, fair value of assets and the recognition of provisions or possible contingent liabilities.

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year as a result of climate-related risks impacting the current accounting estimates and judgements. The consolidated entity continues to monitor the emergence of material climate-related risks that may impact financial statements, including those that arise under the Queensland Government Queensland's 2035 Clean Economy Pathway and other Queensland Government climate-related policies or directives.

29 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.

29 Queensland Rail Limited consolidated financial information (continued)

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

	2024 \$'000	2023 \$'000
Consolidated statement of comprehensive income		
Revenue	2,664,760	2,435,764
Expenses	<u>(2,320,295)</u>	<u>(2,099,411)</u>
Operating profit	<u>344,465</u>	<u>336,353</u>
Net finance costs	<u>(144,949)</u>	<u>(120,467)</u>
Profit before income tax	<u>199,516</u>	<u>215,886</u>
Income tax expense	<u>(58,905)</u>	<u>(66,093)</u>
Profit for the year	<u>140,611</u>	<u>149,793</u>
Other comprehensive income for the year	<u>335</u>	<u>124</u>
Total comprehensive income for the year	<u>140,946</u>	<u>149,917</u>
Consolidated balance sheet	2024 \$'000	2023 \$'000
Current assets	242,844	323,709
Non-current assets	9,551,902	8,900,663
Total assets	<u>9,794,746</u>	<u>9,224,372</u>
Current liabilities	991,029	906,708
Non-current liabilities	5,607,110	5,121,392
Total liabilities	<u>6,598,139</u>	<u>6,028,100</u>
Net assets	<u>3,196,607</u>	<u>3,196,272</u>
Total equity	<u>3,196,607</u>	<u>3,196,272</u>
Consolidated statement of changes in equity	2024 \$'000	2023 \$'000
Balance at the beginning of the financial year	3,196,272	3,206,012
Correction of error	-	(9,864)
Restated total equity at the beginning of the financial year	<u>3,196,272</u>	<u>3,196,148</u>
Total comprehensive income for the year	140,946	149,917
Transactions with owners in their capacity as owners	<u>(140,611)</u>	<u>(149,793)</u>
Balance at end of year	<u>3,196,607</u>	<u>3,196,272</u>

29 Queensland Rail Limited consolidated financial information (continued)

	2024	2023
	\$'000	\$'000
Consolidated statement of cash flows		
Cash flows from operating activities	554,801	491,173
Cash flows from investing activities	(1,038,758)	(851,780)
Cash flows from financing activities	377,401	233,120
Net decrease in cash and cash equivalents	(106,556)	(127,487)
Cash and cash equivalents at the beginning of the financial year	108,489	235,976
Cash and cash equivalents at end of year	1,933	108,489

30 Summary of other accounting policies

The principal accounting policies adopted in the preparation of these 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".

The consolidated entity's shared purpose is to connect communities with a vision to deliver world-class rail services for our customers through our strategic priorities:

- Operating safely;
- Lifting operational performance;
- Engaging our employees;
- Being efficient and sustainable; and
- Supporting communities.

In the current reporting period, the consolidated entity continued to focus on driving cultural and strategic changes in the business to deliver a more integrated public transport structure for Queensland.

During the year, the principal activities of the consolidated entity consisted of:

- South East Queensland above and below rail services;
- Regional above and below rail services including Travel and Tourism Services; and
- Construction and maintenance of rail transport infrastructure.

These financial statements were approved for issue by the Members on 29 August 2024. The Members have the power to amend and reissue the financial statements.

(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 2019*;
- Queensland Treasury's *Financial Reporting Requirements for Queensland Government Agencies* to the extent relevant; and
- other authoritative pronouncements.

30 Summary of other accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards adopted by the consolidated entity

The consolidated entity has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2023:

- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies Definition of Accounting Estimates* [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iii) New standards and interpretations not yet adopted

Standards and amendments that are available for early adoption for the current financial year beginning 1 July 2023 were not early adopted and are not expected to have a material impact on the accounts of the consolidated entity in future 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 \$664.5 million. The consolidated entity has access to a short-term borrowing facility up to the amount of \$250.0 million of which \$174.4 million is undrawn as at reporting date (refer note 18(b)(iii)). The consolidated entity has also secured approval from the Queensland Government to source additional long-term borrowings in the 2024/25 financial year up to an amount of \$1,257.0 million to support the capital program throughout that year. In addition revenue through the Rail Transport Service Contract, adequate interest coverage and a low total debt to total capital ratio provides further assurance of the consolidated entity's status as a going concern.

The parent is a going concern as all costs incurred in providing employees to its subsidiary, Queensland Rail Limited, is recharged by the parent under a Managed Services Agreement with Queensland Rail Limited. All transactions for operating activities of the parent are undertaken through the Queensland Rail Limited banking facilities.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates (i.e. the functional currency). The consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(c) Rounding of amounts / comparative restatements

Amounts included in the financial statements have been rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

30 Summary of other accounting policies (continued)

(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) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and other receivables

Trade and other receivables are initially recognised at the transaction price and are subsequently measured at and classified as amortised cost. 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.

(g) Contributed equity

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

(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 12.

Management certificate

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* 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 2024 and of the financial position of the consolidated entity at the end of that year.

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* 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.



K Stapleton
Chief Executive Officer

Brisbane, Qld
29 August 2024



D Marchant AM
Chair

Brisbane, Qld
29 August 2024

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).

The financial report comprises the balance sheets as at 30 June 2024, 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 material accounting policy information and the management certificate.

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 2024, and their financial performance and cash flows for the year then ended; and
- b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General 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.

Depreciation expense (\$392.2 million)

Refer to note 7(a) and 7(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 • 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 7(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 2023-24 and performed an impairment test to ensure that the assets carrying value was greater than its 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

Key audit matter	How my audit addressed the key audit matter
<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>	<ul style="list-style-type: none"> • 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

Those charged with governance are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the 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 2019* 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 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 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.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/auditors_responsibilities/ar5.pdf

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2024:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the *Financial and Performance Management Standard 2019*. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



30 August 2024

Vaughan Stemmett
as delegate of the Auditor-General

Queensland Audit Office
Brisbane