

# 2003-04

Rail Corporation New South Wales

## 2003-04 Annual Report

*Safe, clean and reliable services*



**RailCorp**



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# Our organisation

## Letter to the voting shareholders

30 October 2004

The Hon R J Carr MP  
Premier  
Minister for the Arts  
Minister for Citizenship  
Level 40  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

The Hon M R Egan MLC  
Treasurer  
Minister for State Development  
Vice President of the Executive Council  
Level 33  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Premier and Treasurer,

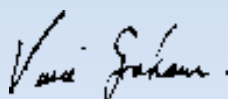
We have pleasure in submitting, for your information and presentation to Parliament, the Rail Corporation New South Wales Annual Report for the period 1 January to 30 June 2004.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Regulation 2000*, the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983*, and exemptions under those acts.

Yours sincerely



**Ross Bunyon**  
Chairman



**Vince Graham**  
Chief Executive Officer

## About RailCorp

RailCorp is the new, integrated NSW rail entity, combining certain functions of the State Rail Authority of NSW (StateRail) and the greater metropolitan functions of the Rail Infrastructure Corporation (RIC). The organisation was established on 1 January 2004, with responsibility for the safe operation, crewing and maintenance of passenger trains and stations. It also owns and maintains the metropolitan rail network and provides access to freight operators in the metropolitan area.

## Our vision

To deliver safe, clean and reliable passenger services that are efficient, sustainable and to the satisfaction of our customers.

To deliver our vision, we share a common set of values that provide a framework for everything we do:

## Our values

- |                               |   |
|-------------------------------|---|
| <b>Safety</b>                 | We will put safety first.   |
| <b>Customer service</b>       | We will work hard to provide quality customer service.  |
| <b>Teamwork</b>               | We will work together.  |
| <b>Integrity</b>              | We will seek to establish a just culture and will be honest and ethical.  |
| <b>Respect</b>                | We will treat our customers and each other with respect.  |
| <b>Continuous improvement</b> | We will encourage and support each other to improve the quality and productivity of our work, our systems and assets. |

## Note about this report

The rail system in NSW is undergoing significant structural change. To give a holistic account of projects and performance indicators, some content of this report will refer to the entire financial year. Accordingly, duplications will exist between the content of this report and that of the State Rail Authority and Rail Infrastructure Corporation. Other content applies to 1 January to 30 June 2004 only.

# Our organisation

## Our safety vision

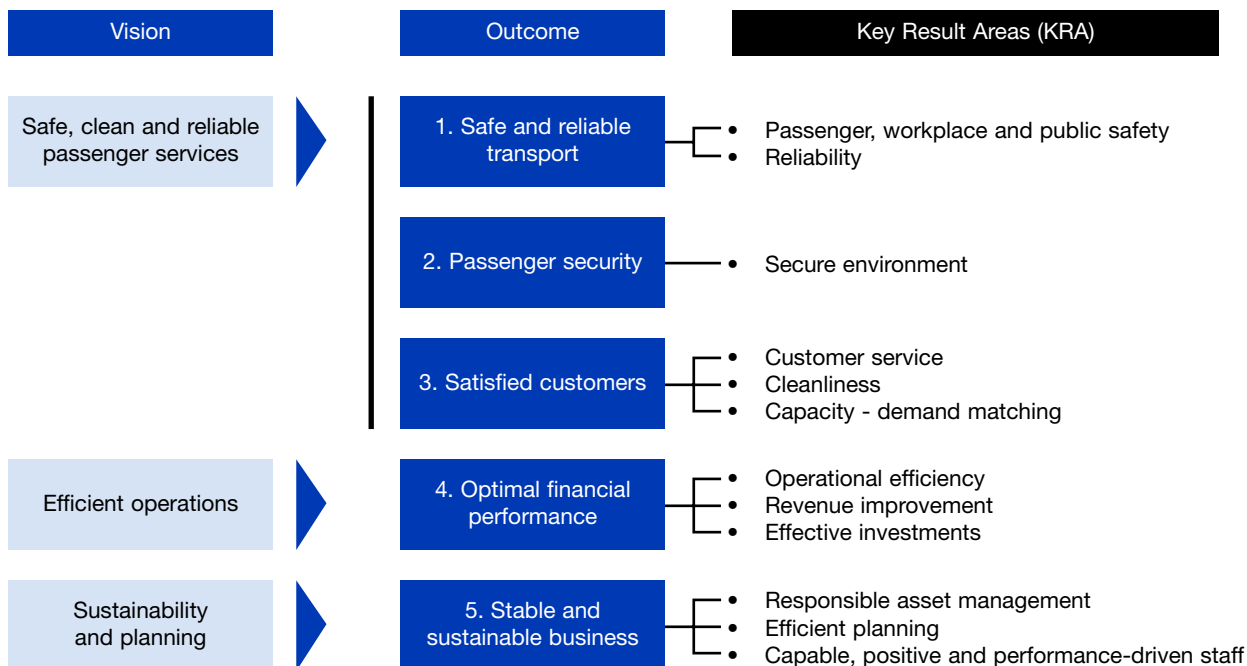
A safe railway

A safe workplace

A safe culture

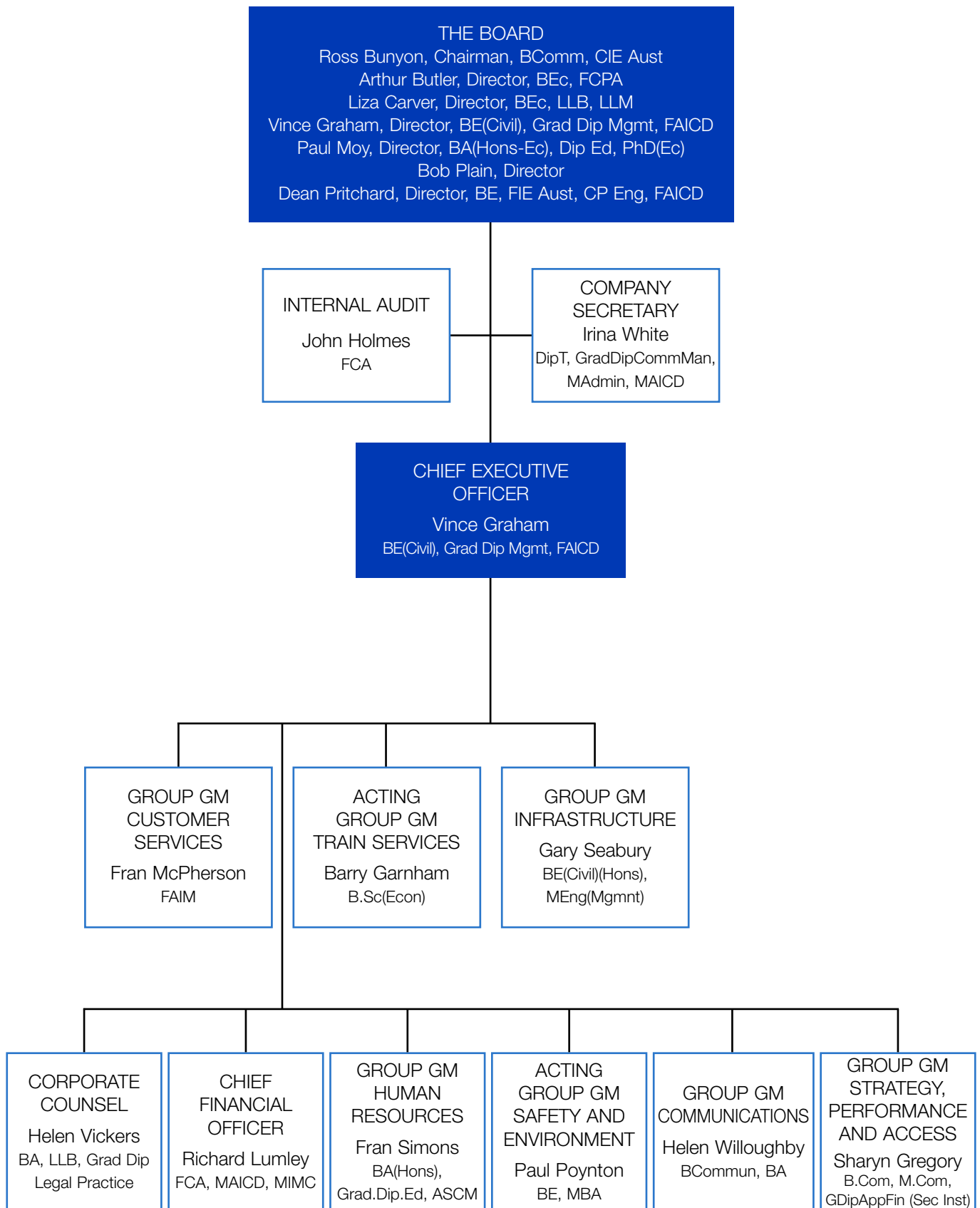
## Our strategic framework

The RailCorp strategic framework underpins all of our current and future plans. This Annual Report documents work towards our key performance outcomes since January 2004. The outcomes form part of our strategic framework, as defined in the RailCorp Corporate Plan.



# Our organisation

## Our structure



# Our organisation

## Performance summary

### Service provision

Figures in 03-04 column pertain to the period from 1 July 2003 to 30 June 2004.

	Notes	99-00	00-01	01-02	02-03	03-04
CityRail passenger journeys (millions)	1	278.7	302.6	276.4	273.4	273.3
Suburban trains on time (%)	1,2,6	85.4	89.7	92.6	90.9	71.6
Intercity trains on time (%)	1,2,6	90.3	91.0	92.6	91.1	77.6
CityRail Customer Service Index	3	N/A	N/A	78	66	66
CountryLink passenger journeys (millions)	4	2.4	2.1	2.2	2.1	1.9
CountryLink trains on time (%)	5,6	59.2	69.3	80.4	79.3	74.6

### Notes

1. Figures have not been adjusted to exclude the effect of the Sydney 2000 Olympic and Paralympic Games.
2. CityRail on-time running statistics for 2001-02, 2002-03 and 2003-04 exclude delays due to force majeure events and are therefore not directly comparable with previous years' figures.
3. Customer satisfaction surveys determine an indicator of customers' level of perceived satisfaction with CityRail across a number of aspects of service. Surveys were not conducted in all years. Figures before and after 1 July 1999 are not directly comparable because of differences in the survey methodology used. Only one survey was conducted in 2003-04. The Independent Transport Safety and Reliability Regulator (ITSRR) assumed responsibility for satisfaction surveys in 2004.
4. CountryLink passenger journeys include all train and intercity and feeder coach services.
5. CountryLink on-time running is reported for train services only. Coach services are excluded.
6. Factors such as the roll out of data loggers and vigilance control systems, and the review of speed boards, has had an impact on RailCorp's On Time Running in 2003-04.

### Finance

Figures in 03-04 column pertain to period from the formation of RailCorp on 1 January 2004 only.

	Notes	03-04
Passenger revenue (\$ millions)		259.8
Social program funding (\$ millions)		401.4
Total revenue excluding government funding (\$ millions)		335.9
Operating expenditure (\$ millions)		985.6
Capital program (including capital grants to RIC) (\$ millions)		316
Cost per passenger journey (\$)	1	7.29

### Notes

1. Includes both CityRail and CountryLink passenger journeys.

# Our organisation

## Message from the Chairman

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The New South Wales rail industry has undergone significant change in the past 12 months with the establishment of RailCorp on 1 January 2004 and the agreement with the Australian Rail Track Corporation (ARTC) to lease the interstate freight corridors.

Our rail system has some significant, regrettable recent history which has highlighted the need for a more proactive approach to safety practices, procedures and culture. Historically, risk has been managed in a reactive way without a formal framework, a contributing factor to our safety record.

A number of strategies were developed to address these problems, including the creation of RailCorp as a single rail entity. This has set rail in a new direction, establishing the platform from which to improve the safety and reliability of rail services in the future.

RailCorp has specific responsibility for passenger rail services with prime focus on safe and secure operations, quality customer service and infrastructure development and maintenance. Our first six months have presented enormous challenges, including RailCorp's response to the interim report of the Waterfall Inquiry. We have cooperated with the Commission and the Independent Transport Safety and Reliability Regulator (ITSRR) in reviewing our safety systems and implementing safety initiatives.

While a shortage of train drivers and other operational issues have occupied Board and Management attention during these first six months, we have taken important steps to secure future investment for rail. Among these is achieving a new target of 1 350 drivers.

Over the next six years, RailCorp and the NSW Government will invest \$2.5 billion in the Rail Clearways Plan and in the replacement of 498 older train carriages with new air-conditioned rollingstock. In combination, this represents the biggest single investment in metropolitan rail in the nation's history.

The \$1 billion Rail Clearways Plan is an ambitious program that will separate CityRail's complex network into five clearways through 15 key construction projects. The result will be fewer delays and better reliability for the 5.23 million people who use the system weekly.

Meanwhile, tenders are expected to be called early next year for the design, building and maintenance of \$1.5 billion worth of new rolling stock.

For RailCorp, this provides the opportunity not only for new trains, but improved maintenance practices.

CountryLink has also seen its share of challenges in the 2003-04 financial year. The report by Dr Tom Parry on the costs of public transport in NSW, released in December 2003, argued CountryLink needed significant reform. As a result, RailCorp is reviewing the administrative functions of the business in order to undertake the necessary reforms to maintain train services while improving the efficiency of its operations.

There are a number of other operational and managerial efficiencies being progressed within RailCorp to ensure a performance-driven and dynamic culture evolves as part of the new rail agenda. In particular, RailCorp's systems, maintenance procedures, training and supervisory requirements are being reviewed and improved to support the necessary changes to its operations.

The RailCorp Board has been working closely with the Executive Management Team to implement reforms across the organisation to rebuild the confidence of our customers and stakeholders. Our Board Committees have been particularly focussed on improving safety performance and financial reform, and on ensuring proper accountability of managers through their individual performance agreements.

A series of key result areas and key performance indicators, supported by a range of projects and programs, have been developed as part of RailCorp's first Corporate Plan. In addition, a new Safety Reform Agenda has provided the framework for implementing the corporation's safety management systems, including safety science training for managers and supervisors, enhanced risk assessment modelling and greater focus on safety investigation procedures.

As RailCorp moves forward, it is essential that we are mindful of the lessons learnt from past experiences and we invest in programs that deliver on the needs and demands of our customers and stakeholders in the future. We must first focus on improving customer satisfaction by working together to enhance the safety, competency and profile of passenger rail services in NSW.

**Ross Bunyon**  
Chairman

# Our organisation

## Message from the Chief Executive Officer

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The 2003-04 financial year has been a year of consolidation for the NSW rail industry, with significant progress toward integrating certain functions of StateRail and the metropolitan functions of Rail Infrastructure Corporation (RIC) to create RailCorp. As the amalgamation is finalised over the next 12 months, RailCorp will have a stronger safety culture and customer service focus, and single-point accountability for the delivery of safe, clean and reliable passenger rail services in NSW.

A new management team and structure have been implemented for RailCorp, establishing clear links between individual responsibilities and corporate objectives. In addition, we have implemented a Safety Reform Agenda to drive safety change throughout the organisation. A highlight of this important initiative has been the introduction of safety accountability into the performance agreements of all RailCorp managers and supervisors.

### Stronger safety focus

Our new Safety Strategic Plan has been developed to make safety a priority at all levels of RailCorp, providing greater accountability, transparency and improved safety awareness and risk management throughout the organisation.

The plan provides a framework for building a stronger safety culture for RailCorp. Key actions include:

- Implementing a new Safety and Environment Management System.
- Introducing risk management systems and known risk statements.
- Creating a 'just culture' where all are encouraged to report incidents in a just and fair environment.
- Tougher health assessments for rail safety workers.
- Random drug and alcohol testing for rail safety workers.
- A range of Health and Wellness programs to provide staff with information and support to improve their wellbeing.

The Special Commission of Inquiry into the Waterfall Train Accident provided a focal point for changing our safety and management practices. As a result, we are running a safer, but slower passenger rail system.

### Improving reliability

RailCorp has been implementing short and long term strategies to address the decline in reliability of our services, particularly those running in the morning and afternoon peaks.

On 24 July 2004 CityRail introduced changes to its weekend timetable to make available more drivers for the weekday commuter peak services, which carry two-thirds of our daily customers. These adjustments have resulted in some improvements to morning services. However, it will be the new timetable due to be introduced in September 2005 that will more directly address the issue of reliability, and for which planning has already commenced.

This financial year also saw the commitment to the six-year Rail Clearways Plan to further improve capacity and reliability. The \$1 billion plan comprises 15 major infrastructure projects to segregate one of the most integrated and complex rail operating configurations in the world into five routes. The plan is expected to deliver incremental reliability and capacity benefits between 2005 and 2011.

The Fleet Purchasing Plan will see RailCorp enter into a public private partnership (PPP) to fast-track the delivery of 498 air-conditioned suburban carriages by the end of 2010. This plan should have a visible impact on rollingstock quality, reliability and availability.

In addition, we currently have a record 309 drivers in training, to achieve a target of 1 350.

The first six months of RailCorp have not been without challenge, but our responses to the issues have been reasonable, appropriate and decisive. As the organisation progressively consolidates and our programs for improvement take effect, RailCorp will build a safer and more sustainable railway, provide services that are to the satisfaction of our customers and stakeholders, and work to rebuild pride in the NSW railway system.

### Better customer service

Embedding a greater customer service awareness among our staff has been another major priority for the first six months of RailCorp's operations. A new division has been established within the organisation to drive the necessary changes in service delivery, particularly in frontline areas responsible for daily customer liaison.



# Our organisation

Successful initiatives already undertaken to improve customer service include the increase in the number of transit officers now patrolling our trains and stations, and the introduction of roving cleaners. By the end of the financial year, RailCorp had recruited 425 transit officers and 60 roving cleaners, with a further 57 transit officers in training. This has already had a positive impact on rail crime, with some reductions in assault, robbery and property offenses.

This financial year we also increased the fines for littering on railway property and collaborated with the Environmental Protection Authority to drive the 'Don't be a Tosser' anti-litter campaign. These programs have had a measurable impact on reducing the amount of rubbish on trains and stations.

Encouragingly, the September 2003 customer satisfaction survey also indicated a marked improvement in the perception of the cleanliness of our services.

## Secure services and infrastructure

While RailCorp continues to operate within the Australian Government's medium level of alert, the bombings in Madrid during March of this year have highlighted the necessity for the organisation to be vigilant and prepared.

To enhance the security of our services, RailCorp has implemented various response measures such as specialist training of staff, including conducting full-scale emergency evacuation simulations in cooperation with emergency services and other agencies.

By the end of the 2004 calendar year there will be 600 transit officers, further boosting our security presence across the CityRail and CountryLink networks. Transit officers are specially trained and have the power of arrest under the *Rail Safety Act 2002*.

We also operate 5 700 security cameras throughout the network as well as 7 000 high intensity lights and 700 Emergency Help Points for our customers.

The next 12 months for RailCorp will be equally challenging, but more focussed, given the initiatives already undertaken to enhance safety, and improve service reliability and performance. Other activities will comprise planning and preparation for the new timetable in September 2005, and the initial delivery of our Rail Clearways Plan and Fleet Replacement Program.

The incorporation of the metropolitan functions of the Rail Infrastructure Corporation into our new organisation will help deliver improved internal coordination and accountability.

However, it will be the continuing reforms being undertaken in stations, fleet maintenance, train crewing and safety that will deliver the impetus needed to lift our service standards to better meet our customer expectations.



**Vince Graham**  
Chief Executive Officer

# Our organisation

## CityRail network

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# Our organisation

## CountryLink rail and coach network map

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## Railway trespassing

It's a train driver's worst nightmare.



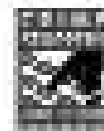
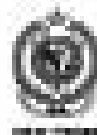
John Player, CityRail Driver

## Report it - don't ignore it

If you see someone trespassing please call the police on 000

or if you know someone who has committed graffiti or vandalism on railway property, call **Crime Stoppers** on 1800 333 000

[www.cityrail.info](http://www.cityrail.info)  
[www.crimestoppers.com.au](http://www.crimestoppers.com.au)



*The Trespass and Suicide Prevention Project led to a measurable decline in trespassing-related incidents in 2003-04.*

## Safe and reliable transport

RailCorp is committed to operating a safe and reliable network, providing a high quality service that is safe for our customers, employees, contractors and visitors. Our safety vision is 'a safe railway, a safe workplace, a safe culture'. We will set and meet reliability targets within this vision.

### Key result areas

- Passenger, workplace and public safety
- Reliability

### Objectives

- To reduce the level of risk for our passengers, the public and employees to as low as reasonably practical and continuously reduce the number of defined safety incidents.
- To make our system safer for the public by reducing trespassing and level crossing accidents.
- To return reliability to acceptable levels.

### Highlights

#### Safety Reform Agenda Project

Building from the findings of the Special Commission of Inquiry into the Waterfall Train Accident, RailCorp introduced the Safety Reform Agenda Project (SRAP) as a key element in the reform of rail in NSW. SRAP comprises core elements to drive organisational safety change at an operational level and provide the basis for a sustainable safety culture. The agenda is designed to encourage everyone in RailCorp to talk about, assess and mitigate risk in a consistent manner.

As part of the SRAP, RailCorp's Risk Management Framework was being finalised in 2004, with risk management processes underway within all three operating groups. Other initiatives include:

- The introduction of safety accountability statements for all managers to ensure performance is linked to RailCorp's safety goals.
- Reviewing the role that workplace committees play and how they can assist us to be a safer organisation.
- The introduction of customised safety science training for employees.

#### Safety Strategic Plan

The Safety Strategic Plan (SSP) was developed and approved by the Board in June 2004. Underpinning this plan is RailCorp's new safety theme: 'Safety - we are all responsible'.

The plan's four key strategies are to:

1. Work with all employees to create a strong risk aware culture.
2. Benchmark our systems and performance against comparable complex industries.
3. Learn from accidents in railways and other industries to strengthen our safety performance.
4. Share knowledge and performance across RailCorp and measure our performance.

The plan outlines a series of actions and accountabilities for RailCorp. These will be monitored and benchmarked to ensure the objectives of the SSP are achieved. As part of our effort to increase understanding of the plan and the need to build a strong safety culture, work was undertaken to produce and distribute SSP information throughout the organisation.

Through the implementation of this plan, we aim to achieve a sustainable safety culture, greater accountability, transparency and improved safety awareness and risk management throughout the organisation.

#### Safety Science Training Program

RailCorp introduced a targeted Safety Science Training Program as part of the safety reform agenda to strengthen our safety culture at all levels within the organisation. Customised training packages have provided a framework to support staff in acquiring recognised competencies and capabilities that meet the requirements of the *Rail Safety Act 2002*. RailCorp's Safety Science Training program was introduced in conjunction with our existing range of safety awareness and development courses, and support systems.

### Fitness for Duty Program

The Fitness for Duty Program comprises five major RailCorp initiatives, strategically linked to heighten the level of passenger and employee safety. The program will be a key component of RailCorp's work to reduce the number of defined safety incidents and Lost Time Injury Frequency Rates (LTIFR).

#### 1. New health assessments for rail safety workers

On 2 February 2004, RailCorp adopted the (then draft) National Transport Commission's new National Health Assessment Standards for Rail Safety Workers. The standards are being progressively implemented across all RailCorp groups, with completion of high priority assessments expected by December 2005.

In accordance with the requirements of the Independent Transport Safety and Reliability Regulator (ITSRR), RailCorp initially prioritised 293 drivers to undertake these tougher medical standards. Of these, 273 were assessed, with the remaining 20 either retired or on long-term leave or sick leave. Of the 273 assessed, 261 were returned to driving duties with the remaining 12 either undergoing additional assessment or retraining, or having retired.

#### 2. Fatigue management

The Fatigue Management Policy was approved by the Board on 23 June 2004, with the aim of minimising risks associated with fatigue. The policy is designed to ensure compliance with fatigue management components of the *Occupational Health and Safety Act 2000* and *Rail Safety Act 2002*. The policy also ensures all employees are competent in managing the risks associated with fatigue in the workplace.

RailCorp's Fatigue Management Policy outlines fatigue rostering targets and risk management requirements which will be progressively introduced across all shiftwork operations, with full implementation by June 2005. An automated software rostering package is being developed to monitor fatigue levels of staff groups such as drivers, guards and transit officers, with a view to rollout late in 2004.

#### 3. Health and Wellness Program

The Health and Wellness Program aims to improve the health awareness of RailCorp employees to improve productivity and encourage employees to take action to improve their health and fitness.

In the first half of 2004, almost 2 000 employees took the opportunity of free health checks, including blood

pressure, glucose (non-fasting) and cholesterol (non-fasting), at the RailCorp health fairs. Information was also made available on nutrition, how and why to quit smoking, and skin cancer.

Following previous successful programs, 16% of RailCorp employees were given a free flu vaccination in this financial year, up 4% on the previous year. A service provider delivered flu vaccinations at 16 NSW locations, with employees also given the option of a RailCorp-subsidised vaccination by their own doctor.

RailCorp's fitness incentive program offers substantial discounts to employees who wish to take out gym memberships at 54 participating fitness centres.

#### 4. Random alcohol testing

The *Rail Safety (Drug and Alcohol Testing) Regulation* commenced on 8 August 2003, providing for random testing of railway employees who are performing or about to undertake railway safety work, or who are involved in an irregular incident or accident. RailCorp commenced random alcohol testing in October 2003 with some 19 955 tests conducted by 30 June 2004. During this period, 13 employees and six contractors were dismissed following a positive test to alcohol. A further nine employees returned positive results and either had their case pending or had other disciplinary action taken against them as at 30 June. Regular updates on random alcohol testing are available from [www.cityrail.info](http://www.cityrail.info).

#### 5. Random drug testing

Random drug testing commenced in February 2004 with 351 tests completed by 30 June 2004. Of these, only one employee returned a positive test to a drug of abuse. RailCorp's random drug testing program will be further facilitated by the introduction of a mobile testing clinic in July 2004 to standardise the process and minimise workplace disruption. Regular updates on random drug testing are available from [www.cityrail.info](http://www.cityrail.info).

#### Driver safety systems

RailCorp has been working to install additional driver emergency braking systems in the electric fleet. In addition to the Millennium and intercity trains, vigilance control systems have now been installed on Tangaras operating in the outer suburban area. The remainder of the electric fleet will have vigilance control systems by December 2004. The \$33 million vigilance project supplements the present deadman braking system.



RailCorp has committed \$4.8 million to install trip gear on all XPT, Xplorer and Endeavour class diesel trains. Trip gear, already in operation on the electric fleet, stop a train if it attempts to pass a fitted red signal in the metropolitan or high risk outer suburban and intercity areas. It is anticipated this project will be completed by the end of 2004.

### Train Services Safety Improvement Program

The Train Services Safety Improvement Program (TSSIP) was established in October 2003 to provide a consolidated, cohesive approach to safety improvement within the Train Services Group. Through this program there will be increased focus on accountability, risk management and cross-functional coordination of safety initiatives. Individual programs within the plan include train speed compliance, management of safety critical systems and the defects management system.

### Improving passenger safety

RailCorp is installing systems to reduce the risk of passengers being caught by closing doors on all suburban trains manufactured prior to the Tangara fleet. All trains in the electric fleet built after the Tangaras already have audio announcements or tones which signify the closing of train doors. This system will support a voice announcement to warn passengers that doors on trains are closing, and lights will indicate to the guard if any doors have not closed.

### RailCorp level crossing strategy

RailCorp's Level Crossing Unit, researches, develops and delivers state wide strategies of the Level Crossing Strategy Council (LCSC). The LCSC oversees the NSW Level Crossing Safety Improvement Program, and is chaired by the Director General, Ministry of Transport. Membership includes RailCorp, RIC, the Roads and Traffic Authority, the ARTC, the Local Government Association and Shires Association, NSW Police and ITSRR.

The NSW Government has committed \$10 million to upgrade level crossings throughout NSW in 2003-04 and 2004-05. In this financial year, the LCSC has installed improved level crossing facilities at 64 sites including Wauchope, Orange, Forbes, Geurie, Junee, Kempsey and Taree. An LCSC objective is to remove level crossings. A further 10 level crossings were approved for closure after consultation with stakeholders.

Following the level crossing fatality and subsequent derailment at Baan Baa, RailCorp took the decision to reduce the speed of XPT trains to 120km/hr in rural areas. The accident is currently subject to an investigation by the Office of Transport Safety Investigation (OTSI).

### Trespass and Suicide Prevention Project

The Trespass and Suicide Prevention Project was implemented following concern over an increase in reported suicide and vandalism incidents, and data indicating a significant rise in the level of trespass.

Initiatives included the:

- Launch of the campaign by the Minister for Transport Services in January 2004.
- Establishment of the Operation Rail Crime campaign to provide a mechanism for the public to report illegal activity on the rail network.
- Implementation of a community-based trespass and graffiti prevention management trial in the Glenfield to Macarthur rail corridor.
- Offender profiling using information extracted from the Corporate Security Intelligence database.

### Violence at work

Development of the Strategic Plan for the Prevention of Workplace Violence has provided RailCorp with a risk-based framework for improving existing measures and implementing new initiatives to address the potential risks of workplace violence. This program, part of the Safety Strategic Plan, included the development of operational specific risk profiles, implementation of action plans to address workplace violence risks specific to work functions, and communication and training strategies for better management of workplace violence risks.

### New trackwork plan

RailCorp's new trackwork plan came into effect on 1 July 2003. The new process is designed to make better use of our resources and minimise disruption to passengers and freight operators. The primary feature of the new plan is that weekend possessions – where trains are excluded from the line – only occur on one corridor, or corridor segment, per weekend. This means an end to having infrastructure work teams spread across the metropolitan area (and subsequent disruption to services on several lines).

A comparison of track possessions from the first quarter of last financial year to this year shows that the number has dropped from 98 to 53 yet the value of maintenance works completed has increased from \$34 million to \$53 million. Closing down a segment of the corridor also provides a safer working environment for our infrastructure staff.

### Improving on-time running

Operational and safety changes introduced in 2003-04 have impacted on RailCorp's ability to achieve its previous reliability benchmarks. Significantly, the introduction of data loggers in late 2003 had an impact on service reliability, extending running times by 3-5%. This, combined with the need to implement longer dwell times at stations for safety reasons, has meant the existing timetable can not deliver reliable services in our safer operating environment. A new timetable, which accommodates safer, more realistic running times, is planned for September 2005.

Interim adjustments to the timetable will be implemented in July 2004. A reduction in the frequency of weekend services will provide more drivers to meet weekday requirements. Running eight instead of four car trains in most suburban weekend services will maintain weekend capacity. Other alterations will include extending some timetabled running times and withdrawal of some lightly used late evening and cross-regional services. These adjustments are deemed necessary to increase driver availability within the constraints of the existing timetable.

For the most up-to-date information on CityRail on-time running (updated daily), random drug and alcohol testing, maintenance and security statistics please visit [www.cityrail.info](http://www.cityrail.info)

### Safety performance indicators

These figures pertain to the passenger rail side of our business for 2003-04, and are regularly updated on the CityRail website. As at 30 June 2004 RIC and StateRail safety figures and methodology were yet to be consolidated. The methodology for analysing SPAD activities has changed, with the figure now more comprehensive in what it includes. Prior to this financial year, SPADs were calculated in their totality only.

Incident type		2003-04	2002-03
<b>Reportable safety incidents per million passenger journeys</b>	Collision	0.04	0.05
	Derailment	0.03	0.03
	Fall	3.86	2.01
	Strike	0.59	0.31
	Fire or explosion	0.26	0.21
<b>SPAD (Signal Passed At Danger)</b>	Low severity	180	N / A
	Medium severity	4	N / A
	High severity	1	N / A
	<b>Total SPAD</b>	185	72
<b>Fatalities</b>	Accident due to train operations	0	7
	Level crossing	3	0
	Trespass, suicides, falls from train, natural causes while travelling	28	33
	<b>Total fatalities</b>	31	40

### Occupational health and safety performance

The RailCorp Lost Time Injury Frequency Rate (LTIFR) is for the period 1 January to 30 June to 2004. These figures comprise all employees of StateRail and RIC (including Access Division and Country RIC), and those vested to RailCorp.

There were no prosecutions under the *Occupational Health and Safety Act 2000* in 2003-04.

#### LOST TIME INJURY FREQUENCY RATE (LTIFR)

Corporate	Customer Services	Train Services	Infrastructure Group	StateRail	RailCorp (with all RIC)
0.0	24.9	47.4	15	33.6	26.9

#### AVERAGE TIME LOST RATE (ATLR)

Corporate	Customer Services	Train Services	Infrastructure Group	StateRail	RailCorp (with all RIC)
0.0	10	7	8.3	8	8.1

# Transit Officers they're here for you.



Transit Officers regularly patrol CityRail and CountryLink services to assist you in having a safe and trouble free journey.

They work in conjunction with the NSW Police and have the authority to issue on-the-spot fines, have the powers of arrest, the power to direct people to leave trains and stations, and the power to demand names and addresses.

[www.railcorp.info](http://www.railcorp.info)  
Transport Infoline 131 500



*Transit Officers have had a measurable, positive impact on rail crime.*



# Our performance

## Passenger security

The security of passengers, staff and infrastructure is of principal concern to RailCorp. We endeavour to ensure all staff within the organisation are vigilant, and prepared to respond to security issues or threats if and when they occur.

### Key result areas

- Secure environment

### Objectives

- To deliver improved security at stations and on trains for our customers and staff.
- To have the capability to effectively respond to changing terrorism threat levels.

### Highlights

#### Overhaul of RailCorp Security Plan

As part of a 'whole of Government' approach to the current global security environment, RailCorp has improved its operational procedures, further enhancing safety and security measures for our customers.

Transit Officers are trained and have been further equipped to patrol the network. Training includes:

- Counter-terrorism measures including identifying suspicious packages, crowd control and securing areas of the network
- Customer service
- Defensive tactics
- Conflict resolution
- First aid
- Court procedures.

During the financial year, a range of initiatives were implemented as a part of the new RailCorp Security Plan. A key feature of the plan was fast-tracking the recruitment of the transit officer workforce to replace less-empowered private security services, and a shift towards intelligence-based deployment of security resources to provide targeted and timely response to security incidents.

Highlights included:

- To 30 June, RailCorp employed 425 transit officers and more than 100 security personnel to afford a high level of protection for our passengers, with a further 57 transit officers in training.
- A comprehensive program of security risk assessments on stations and facilities across the network.
- Implementation of Security Alert Procedures and a review of site security management.

- The creation of 20 Transit Officer Patrol (TOP) squads, each comprising 17 Officers to conduct intelligence-driven patrols of the rail network and target hotspots.
- The recruitment of a full-time intelligence analyst to identify crime hotspots at stations and on rail lines, and improve intelligence sharing with NSW Police. This followed the release of the review of rail security by former Assistant Police Commissioner Bruce Johnson in December 2003.
- The appointment of former NSW Police Detective Inspector Michael Drury to independently review complaints against transit officers and their training.
- Development of emergency management plans and procedures.
- The use of 5 700 security cameras on CityRail stations, which are controlled from strategic locations and provide coverage of Emergency Help Points on stations.
- A total of 7 000 high intensity lights and 700 Emergency Help Points have been installed across the network.

#### Intelligence-based deployment of transit officers

Transit officers have been strategically deployed to ensure security resources are applied to locations of the greatest need at the most effective time. RailCorp regularly updates tactical and operational intelligence to target transit officer deployments. Under the new system, the security incident reporting rate of transit officers continues to accelerate.

#### Emergency evacuation procedures

RailCorp has been testing procedures for the emergency evacuation of our sites in the central business district. The 'gas leak' incident at Town Hall in February 2004 demonstrated our effectiveness in dealing with crowd management and evacuation, and highlighted a number of areas in which to improve our response capability.

A program for improved entry and exit on all trains was reviewed during the year to ensure appropriate processes for emergency evacuation. Procedures have been developed for passenger and crew egress during an incident or emergency, and passenger emergency signage is being rolled out for all trains. RailCorp will ensure these processes are kept up-to-date as train technologies change.

RailCorp has also revisited training of staff to recognise and manage potential security threats.

### Improving passenger security

As part of improved security performance on the rail network, increased fines for anti-social behaviour came into effect in September 2003. The new fines were implemented in conjunction with the fast tracking of transit officer deployment, and targeting of areas of concern to most passengers - graffiti, anti-social behaviour and alcohol consumption.

#### New penalties

	On the spot fine	Maximum penalty
Graffiti	\$400	\$2 200
Littering	\$200	\$1 100
Fare evasion	\$200	\$550
Drinking alcohol	\$400	\$1 100
Offensive language/behaviour	\$400	\$1 100
Smoking	\$400	\$1 100
Feet on seats	\$100	\$550
Tampering with carriages doors	\$400	\$1 100



#### SECURITY PERFORMANCE INDICATORS\*

##### VANDALISM

	Total 2003-04	Average per month 2003-04	Average per month 2002-03
Seats repaired	12 392	1 033	1 342
Windows repaired/replaced	3 797	316	319
Graffiti hits removed from trains	149 847	12 487	14 045
Work orders for repairs and graffiti removal on stations	4 305	359	251
Square metres of trackside graffiti painted out	747 400	62 283	38 325

##### INFRINGEMENT NOTICES

Infringements notices issued (fare evasion)	104 024	8 669	6 639
Infringements notices issued (behavioural)	31 046	2 587	1 601
Total infringements issued (transit officers started 25/11/02)	135 070	11 256	8 241

\* Figures presented are sourced from the RailCorp Security Division and are correct as at June 2004. All figures up to the end of June 2003 represent security incident information made available to RailCorp. Only part of data is verifiable with NSW Police incident reporting. This information cannot be validly compared with previous reports. Small variations to previously reported totals may result from input of time-late reporting. Further security information is available from [www.cityrail.info](http://www.cityrail.info).

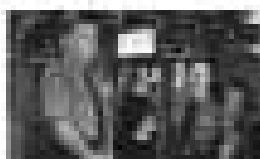
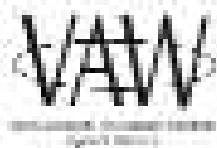
# Our performance



100% full time working hours. Total income with respect to 2003-04 of \$100 million, including 100% full time and 100% part time. They consist of 100% full time and 100% part time.

It is intended to ensure that the CityRail and Sydney Trains are safe and secure. The CityRail and Sydney Trains are safe and secure. The CityRail and Sydney Trains are safe and secure.

Reclaiming the Train is one of the many initiatives that we have implemented. We have implemented many initiatives that we have implemented. We have implemented many initiatives that we have implemented.



Keep on training Sydney



*RailCorp works to ensure our safety and security levels are to the satisfaction of our customers and stakeholders.*

## Customer service

RailCorp established the Customer Services Group to lift organisational focus in delivering improved service to our customers. It is through this Group that RailCorp will deliver improved customer performance standards, relations and service, including cleaning, station operations, passenger information and continuous improvement within a strong safety culture.

### Key result areas

- Customer service
- Cleanliness
- Capacity – demand matching

### Objectives

- To improve the standards of facilities, information and service at stations and in trains, and continuously improve customer satisfaction in these dimensions.
- To enhance the cleanliness of stations, trains and other facilities and improve customer satisfaction.
- To provide adequate service capacity to minimise overcrowding.
- To balance off-peak frequency and load factors with available resources.

### Highlights

#### Consumer response

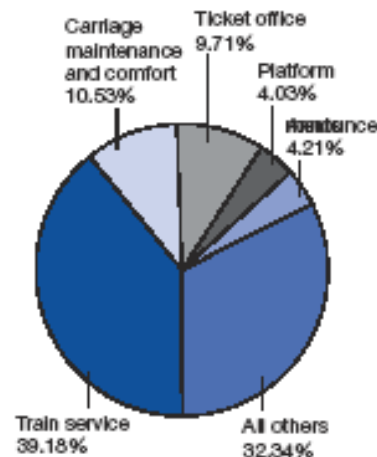
RailCorp has a strategic and coordinated approach to the management of customer feedback received. We strive to be responsive to enquiries, suggestions, complaints and compliments, and to analyse trends for planning purposes.

Total issues (complaints, compliments, suggestions and queries) received by RailCorp increased to 44 650 in 2003-04 from 32 454 in 2002-03. This includes all feedback received by StateRail and RIC throughout the financial year. Much of this increase can be attributed to the impact of the Waterfall accident and RailCorp's response by operating a safer but slower railway. The primary source of customer feedback was via the 131 500 Transport Infoline.

#### CityRail

CityRail received 1 422 compliments and 32 388 complaints, both increased from last year.

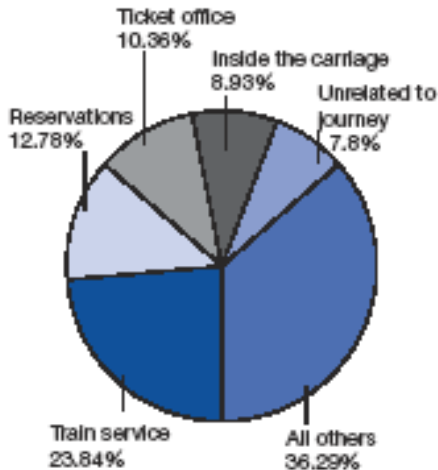
CITYRAIL TOP FIVE AREAS OF COMPLAINT



### CountryLink

CountryLink received 260 compliments and 2 026 complaints (excluding ministerials), compared to 333 compliments and 2 343 complaints last year.

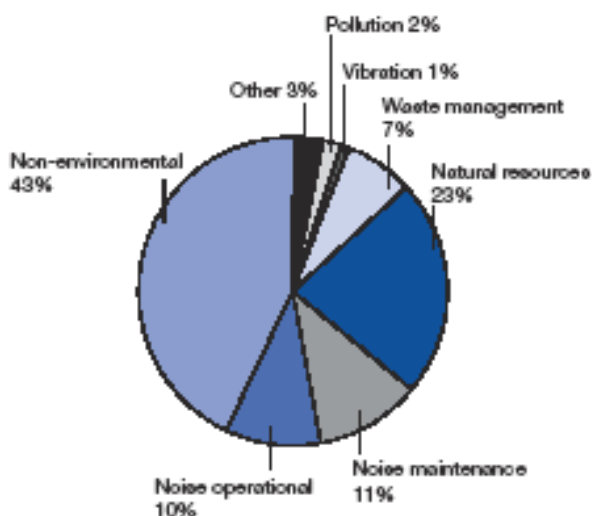
COUNTRYLINK TOP FIVE AREAS OF COMPLAINT



### Infrastructure

Until January 2004, a state-wide environmental hotline, the Greenline, was operated for the community to register environmental concerns. This service has now been incorporated into the Transport Infoline. Until January 2004, 661 feedback issues were logged, of which 489 were complaints.

BREAKDOWN OF "GREENLINE" FEEDBACK



### Community relations management

As part of RailCorp's consultation program, we continued to work with communities throughout 2003-04. A number of visits were made to regional areas, including Hay, Albury, Werris Creek and Parkes, to discuss a range of RailCorp projects. RailCorp also facilitated a number of events and forums, including NAIDOC celebration, the Auburn Street Festival, the Careers Expo, forums pertaining to the construction of the Macdonaldtown turnback and the opening of the new Albury Coach and Rail Interchange.

RailCorp established relationships with foreign delegations from China and Denmark, and organisations such as the Salvation Army and the Muscular Dystrophy Association of NSW. Another community initiative has been the continuation of the Action Stations! Program, which involves the beautification of stations in conjunction with local schools, councils, businesses and community groups.

### Upgrade of Station Passenger Information (SPI) at CityRail stations

RailCorp is currently developing a number of projects to provide more reliable, accurate, timely and consistent passenger information at CityRail stations. In 2003-04, RailCorp completed a \$6.8 million program to upgrade the hardware and software that supports the SPI system at 15 CityRail stations. This completed the conversion of 32 stations to the latest plasma screen indicators as part of the provision of real-time information for our customers.



### Improving cleaning services

RailCorp is changing its cleaning operations to improve the correlation between cleaning practices and the specific requirements of stations, trains and corridors.

In order to achieve this, RailCorp has been training staff to work in self-managed teams with multiple cleaning responsibilities, including stationary trains, trains in transit, and stations. In July 2003, mobile cleaning crews were introduced to target suburban trains and stations in conjunction with tougher on-the-spot fines for littering, graffiti and vandalism. Targeted mobile cleaning removes rubbish faster and improves amenity, and means more cleaners on more parts of the rail network at key times.

The \$1.3 million plan included:

- Trialling 40 mobile cleaners equipped with mobile phones to ensure rapid response to problems.
- Targeting the North Shore Line in the morning peak and the Western, Northern and Illawarra lines in the afternoon peak when the litter problem is at its worst.
- Scheduling cleaners to begin shifts between Central and Circular Quay to ensure rapid response to all train lines.
- Doubling on-the-spot fines for littering, vandalism and graffiti offences.
- Trialling new 'gumfighter' technology to rapidly remove chewing gum and heavy stains.
- Introducing monthly monitoring to identify problem areas.

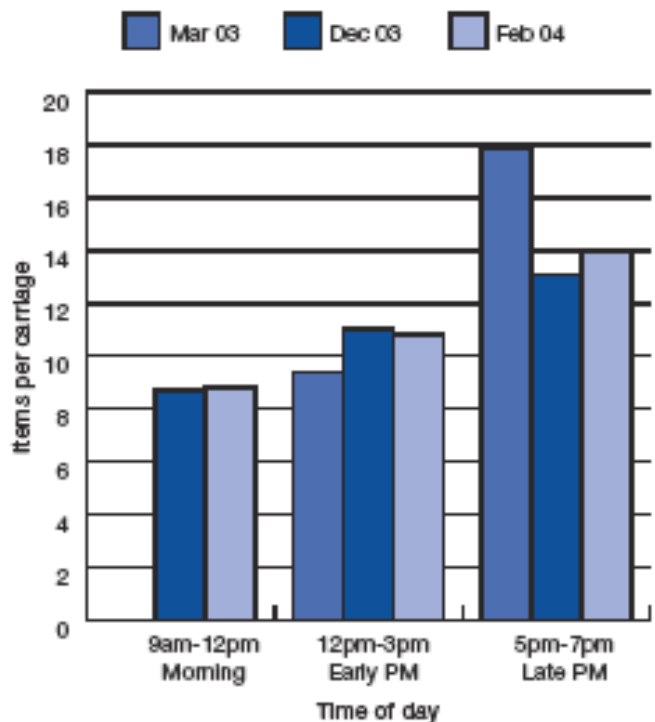
The mobile cleaners join the existing team of 595 rail network cleaners, who:

- Remove an estimated 24 000 pieces of litter from trains every day.
- Remove 154 000 graffiti tags per year.
- Repair 15 150 damaged seats per year.
- Clean train carriages every night, in addition to undertaking intensive cleaning of 90% of the train fleet every 30 days.
- Wash all carriages every seven days and remove graffiti.

In addition, the materials that cleaners use have been reviewed to incorporate new 'fit for purpose' cleaning agents.

### LITTER ITEMS COLLECTED PER CARRIAGE, PER WEEKDAY

(Prior to December 2003, surveys were not conducted during the morning period)



### Improving access for customers with a disability

RailCorp is progressively improving the accessibility of stations, trains, coaches and information for all passengers.

#### Stations

Improvements in access paths and safe boarding at CityRail stations included:

- A total of \$24.6 million invested in 2003-04 to improve station accessibility:
  - Eight stations completed (\$20.8 million).
  - Design development for 2004-05 works at an additional five stations (\$3.8 million).
- Progressive installation of tactile tiles to assist visually impaired passengers:
  - \$1 million under Easy Access Program on 20 platforms (eight stations).
  - Additional \$1 million to retrofit 19 platforms at four stations previously upgraded to Easy Access.
- Progressive installation of portable boarding ramps:
  - Now available at 99% of CityRail platforms.
  - Ramps carried on-board Endeavours to Southern Highlands/South Coast and all Hunter and CountryLink services.
- \$336 000 invested in a progressive platform-train gap reduction program has delivered safer boarding at six stations (six platforms).
- Ongoing design development and consultation to ensure all stations on the Chatswood-Epping Rail Link are accessible.
- \$573 000 to upgrade car parks including disabled spaces.
- 80 CityRail stations (26%) are now independently wheelchair accessible, with an additional 63 (21%) wheelchair accessible with the help of a friend or carer.
- 93% of CountryLink stations are wheelchair accessible via level access or ramps.

#### Trains

All metropolitan and outer suburban CityRail services are wheelchair accessible with the deployment of boarding ramps. Initiatives to further improve the accessibility of the CityRail fleet included:

- \$154 million invested in progressive commissioning of stage two of the accessible Millennium train carriages for suburban service (109 Millennium carriages delivered).
- Ongoing design and consultation for new rail carriages:
  - 41 outer-suburban double-deck cars with accessible toilet for Central and South Coast services (\$7.7 million).
  - 14 single deck cars with accessible toilet to replace the 620/720 class Hunter Valley cars (\$11.1 million).

- Ongoing program to colour contrast (yellow) the outside of doors in the suburban fleet (21% complete).
- Application of accessibility symbols on the outside of accessible intercity cars.

RailCorp continues to consult with peak disability organisations and independent access consultants to maximise the accessibility of all new rail cars. Access features on new cars include designated wheelchair space and priority seating; flexible access options for the elderly and passengers with disabilities, small children and luggage; audio and visual internal destination information; highly visible safety features (eg. hand / grabrails) and accessible help points for wheelchair boarding and emergencies. Accessible toilets are included in the new Hunter and Outer-Suburban Cars.

CountryLink rail services have allocated wheelchair space and priority seating for passengers with disabilities and carry their own boarding ramp. Direct assistance is provided to services / facilities where wheelchair access is limited. Ticketing guidelines and policies for passengers with disabilities are periodically reviewed to maximise access on existing CountryLink services.

#### Coaches

All CountryLink rural coach services, including North Coast services, are wheelchair accessible when booking with a minimum of 48-hours notice prior to travel.

#### Communications

Rail service / travel information is currently provided in a range of accessible formats:

- Four websites provide information about RailCorp services and facilities:
  - [www.cityrail.info](http://www.cityrail.info)
  - [www.countrylink.info](http://www.countrylink.info)
  - [www.railcorp.info](http://www.railcorp.info)
  - [www.131500.com.au](http://www.131500.com.au)
- Transport Infoline 131 500 includes:
  - Rail service information
  - Complaint management
  - Reporting of equipment faults
  - Tele-typewriter facility.
- 'Accessing CityRail' brochure comprehensively reviewed and amended for distribution in early 2004-05.
- CountryLink's brochure 'Travelling Made Easy' available from CountryLink Customer Relations (tel 02 9379 4850).

- Information on altered service / trackwork is communicated prior to the service change via a range of media including a free subscription email advice service.

Passenger destination information is progressively being upgraded on CityRail stations:

- 81% of CityRail booking offices have hearing induction loops.
- \$177 000 invested to upgrade way-finding signage.
- CityRail information available in accessible formats on request via:
  - Information Centre on country concourse at Central Station (02 9379 1977).
  - TTY 1800 637 500.
  - Fax 02 8202 2855.
- All new stations and trains are designed to have accessible passenger information in a range of formats.

Access to centralised complaint management is currently provided by phone, TTY, website, email and post:

- CityRail services - register service / equipment complaints / feedback via:
  - Phone Transport Infoline (tel 131 500).
  - Email [feedback@railcorp.nsw.gov.au](mailto:feedback@railcorp.nsw.gov.au)
  - Websites: [www.131500.com.au](http://www.131500.com.au) or [www.cityrail.info](http://www.cityrail.info) (via 'contacts' pathway).
  - Post: RailCorp Customer and Government Relations.
- CityRail website: [www.cityrail.info](http://www.cityrail.info) to register feedback electronically on website accessibility.
- CountryLink service complaints:
  - Phone or post to CountryLink Customer Relations Unit (tel 02 9379 4850).
  - Transport website: [www.transport.nsw.gov.au](http://www.transport.nsw.gov.au)
  - Email: [customers@CountryLink.nsw.gov.au](mailto:customers@CountryLink.nsw.gov.au)
- TTY service - register complaints / feedback on both CityRail and CountryLink services (tel 1800 637 500).

### Employment and Training

- 21 staff with disabilities (0.6% of all staff vested to RailCorp).
- Eight disabled staff require work-related adjustments.
- Reasonable adjustment and specialised equipment used as required.

### Community relations

Ongoing liaison and consultation with peak disability organisations and independent access consultants is integral to progressing key disability issues / projects including:

- The design and development of three new stations on the Chatswood-Epping Rail Link.
- Epping and Parramatta station upgrades.
- New train designs for Hunter and Outer-Suburban Cars.
- A forum on key industry issues with vision-impaired organisations.
- The installation of tactile tiles to assist persons with a visual impairment.

### Disability Action Plan

- Transport Portfolio Action Plan includes integrated planning of key public transport agencies including RailCorp:
  - Copies provided to NSW Department of Ageing, Disability and Home Care and the Human Rights and Equal Opportunity Commission (HREOC).
  - Released as a public document on Ministry of Transport website (link via CityRail site).
  - Consultation with peak disability organisations regarding ongoing strategies, targets and actions.

### Upgrading our station facilities

In addition to the Easy Access upgrades, RailCorp completed other enhancements to our stations throughout the year, including:

- Refurbishment of the heritage footbridge at Victoria Street station.
- Construction of a 26-space car park at Clarendon Station.
- Construction of canopies at Liverpool, Campbelltown, Ingleburn, Warwick Farm, Dapto and Glenfield stations.
- Installation of "smoke curtains" at Town Hall, Bondi Junction, Martin Place, Central, Redfern, Kings Cross and Edgecliff stations to enhance fire safety.

# Our performance



Now includes fantastic discount offers to Sydney's attractions!

## DayTripper \$15.00\*

Unlimited all day travel on Sydney's trains, buses and ferries



The DayTripper is an all in one ticket that gives you unlimited CityRail train travel within the Sydney suburban area, unlimited travel on Sydney Ferries and unlimited travel on Sydney Buses. Concession prices are available.

Purchase your DayTripper at CityRail ticket offices or ticket vending machines, on the day you want to travel.

Transport Infoline: 131 500 Website: [www.cityrail.info](http://www.cityrail.info)

\*\$15.00 per person per calendar day. The DayTripper is valid for use on all CityRail services within the Sydney suburban area, including Sydney Ferries and Sydney Buses. It is not valid for use on any other CityRail services. A valid concession is required to travel on any CityRail service. Concession prices are available. Tickets are valid from sunrise and sunset, as well as local and national public holidays. For a complete list of terms and conditions, visit [www.cityrail.info](http://www.cityrail.info).



DayTripper is a strong contributor to CityRail's tourist product sales.

## Financial performance

RailCorp will be successful both as a service provider and a business. We will utilise our people, products and infrastructure to operate with fiscal efficiency, responsibility and accountability. We will seize upon any opportunities to further this goal.

### Key result areas

- Operational efficiency
- Revenue improvement
- Effective investments

### Objectives

- To reduce cost to Government by increasing revenue and reducing operating costs through efficiency improvements.
- To allocate resources to projects with the greatest benefits.
- To ensure that major projects are on time and on budget, and deliver the expected benefits.

## Highlights

### Patronage and ticket sales

#### CityRail

The total CityRail patronage figure of 273.3 million for 2003-04 was similar to the 273.4 million reached in 2002-03. Growth in CityRail's farebox revenue for 2003-04 was \$5.2 million (1.0%) when compared with the previous year. Factors that contributed to this increase included the fare increase in September 2003, the increased presence of transit officers and special events (including the Rugby World Cup and the Watchtower Convention). There were 100.4 million tickets issued in 2003-04, an increase of 1.2% on the previous financial year. However, there was a reduction in issues of long-

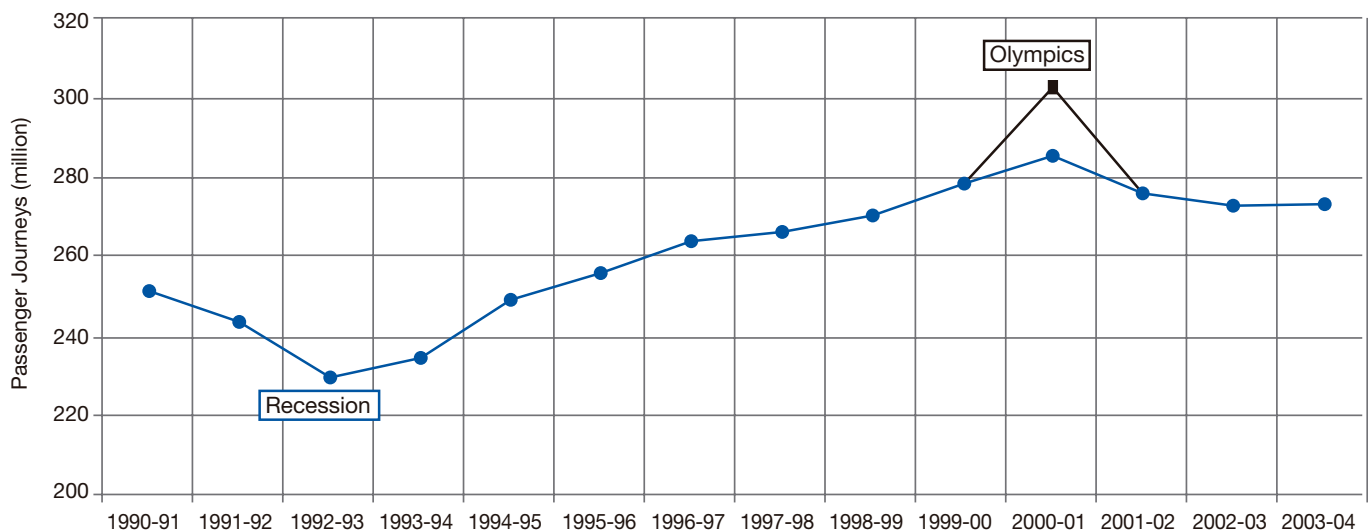
term and Pensioner Excursion tickets. This may indicate that transit officers are having a positive effect by encouraging the purchase of full-fare tickets instead of improper use of concession tickets.

#### CountryLink

CountryLink patronage fell by 9.8% to 1.82 million passenger journeys from 2.02 million in 2002-03. Large reductions were experienced on the North (Brisbane) and South (Melbourne) corridors, with much lower losses on the North West and West corridors. Much of this reduction may be attributed to increased competition on the main interstate corridors from budget airlines and ongoing road improvements.

CountryLink ticket revenue declined by 12.9% to \$37.9 million from \$43.5 million in 2002-03.

CITYRAIL PATRONAGE - LONG-TERM TREND





### CountryLink review

A number of reforms and reviews were initiated within CountryLink following the Ministerial inquiry into the sustainability of public transport, headed by Professor Tom Parry. Following this report, a business review of CountryLink was undertaken and the Minister for Transport Services established CountryLink Solutions Teams in regional centres to identify options for the future.

The review is analysing options for:

- Restructuring sales and booking of CountryLink tickets currently costing \$30 million but only generating \$43 million in fares.
- Ensuring CountryLink tickets can be sold on the internet.
- Relocating restructured CountryLink city-based booking and sales positions to country and regional centres.
- Restructuring country station and travel centre staffing to better meet community and business needs in consultation with trade unions.
- Reviewing discount rules, concessions and fares applying to CountryLink and considering a co-payment on country link travel vouchers.
- Reviewing CountryLink timetables and frequencies to ensure they best meet the needs of country commuters.
- Monitoring future CountryLink patronage, costs and revenue and review after 12 months.

In April 2004, the NSW Government announced the decision to replace the Murwillumbah to Casino train service with an expanded coach operation. The decision was made based on the \$188 million which would be required to replace timber bridges and maintain the track over the next 20 years.

### NSW rail industry restructure – the ARTC project

In December 2003, the NSW Government reached an agreement with the Federal Government and relevant unions for the Australian Rail Track Corporation (ARTC) to enter into a 60-year lease of the NSW interstate and Hunter Valley rail corridors and track, including the dedicated metropolitan freight lines to Sydney ports.

This agreement will see the functions currently undertaken by StateRail Country Network Control and Country RIC (Country Infrastructure Divisions) being managed by the ARTC. The ARTC lease is due to commence on 5 September 2004.

The key features of the agreement with the Commonwealth and the ARTC are:

- A 60-year lease to the ARTC of the (non-metropolitan) interstate mainlines and the Hunter Valley network, at nominal rent. The ARTC will assume full managerial and financial responsibility for the leased lines.
- The ARTC to manage branchlines and non-interstate mainlines (the 'Country Regional Network') on behalf of NSW under an 'Alliance' arrangement. RIC will retain ownership and NSW will retain funding responsibility for these lines.
- The majority of country infrastructure maintenance and train control staff to remain employees of RIC and StateRail. Staff will be seconded to work under the direction of the ARTC under a Labour Services Agreement with RIC and StateRail. The agreement will have an initial term of four years with an option exercisable by the ARTC for a three-year extension.
- The ARTC to directly employ its NSW management, administrative staff, train control managers and infrastructure team managers / leaders.
- A lease and license of the metropolitan freight lines, on similar terms to the lease of the interstate and Hunter Valley lines.

The main benefits from the arrangement will include:

- Transfer of responsibility for the interstate network to the Commonwealth, which is in the best position to manage the increasing trend toward interstate flows, and manage trade-offs between the national road and rail networks.
- A significant investment program in the network. The ARTC lease will unlock Commonwealth funding and allow the ARTC to use its existing assets to leverage borrowings for investment.

### Reducing the cost of our road fleet

RailCorp utilises a fleet of approximately 1 600 vehicles to meet the needs of the business, including cars, buses, trucks and light commercial vehicles.

This financial year, savings of more than \$1 million in the cost of fleet operations were achieved as a result of closer monitoring of fuel consumption and servicing costs. Those savings have been built into a reduced budget for 2004-05.

Work also commenced on establishing an open tender for the appointment of a 'lease provider' for RailCorp's motor vehicle fleet.

### Enterprise resource planning system

The MIMS Ellipse project was established to consolidate StateRail and RIC IT enterprise hardware, network and application platforms onto a common system. The Board approved the project on 25 February 2004. Benchmarks achieved as at 30 June included:

- New hardware platform installed and tested.
- Consolidated application licensing and maintenance contracts.
- Trial conversions of the StateRail and RIC databases were completed, and reconciliation was in progress.
- The system configuration workbook was under construction.

### Contract efficiency

RIC and StateRail's procurement plans were aligned in 2003-04, with the Contracts and Procurement Unit continuing to identify and progress aggregation opportunities with other agencies where such opportunities exist.


Major areas identified to generate savings for RailCorp are contract personnel, stationery, motor vehicles, cash collection and ticketing. RailCorp has been pursuing opportunities with contractors, with savings of more than \$1.5 million per annum predicted.

### Corporate reporting reform

In December 2002, RIC initiated a project to implement a standard corporate reporting and budgeting application across the organisation to create an information centre of excellence. During the year, this project was rolled over into RailCorp with several aims, including:

- Reducing the number of data repositories and reporting applications.
- Improving data integrity and consistency.
- Reducing the number of resources allocated to reporting.
- Providing easier access to information for decision-making and analysis.

The application was delivered in time to enable financial reports to be prepared for the 2003-04 financial year. The project will continue via designated work streams to deliver organisation-wide reporting.




## Rail Clearways

– untangling our complex rail network  
for more frequent, reliable CityRail services

Did you know that a sick passenger on a train at Berowra can affect trains to Penrith? Or that delays at Sydenham affect trains to Parramatta?

- CityRail has one of the most complex rail networks in the world, having developed over nearly 150 years
- The complexity means delays on one part of the network can create disruptions on other parts of the network
- That's why RailCorp and the NSW Government are spending \$1 billion on a Rail Clearways plan, which will increase capacity and reduce delays
- Over the next 5 years RailCorp will build additional track, platforms, turnbacks and train crossing loops to separate the existing 14 Sydney metropolitan routes and create five independent routes to simplify train operations.

For more information on the Rail Clearways plan visit [www.cityrail.info](http://www.cityrail.info)



*RailCorp has been actively advertising the expected benefits of the Rail Clearways Plan.*

## Stable and sustainable business

RailCorp will conduct its business efficiently, undertaking comprehensive planning for the day-to-day and future needs of our customers, stakeholders and workforce. We will effectively manage our assets to ensure a continued ability to meet our business objectives.

### Key result areas

- Responsible asset management
- Efficient planning
- Capable, positive and performance driven staff

### Objectives

- To maintain, renew and build assets to deliver sustainable performance consistent with safety and business objectives.
- To deliver on time, comprehensive and feasible plans that meet stakeholder requirements.
- To achieve a shared vision and deliver workplace behaviours consistent with corporate values for all employees.
- To improve workforce capabilities.

### Highlights

#### Rail Clearways Plan

The Rail Clearways Plan is a \$1 billion initiative to increase reliability, capacity and service frequency on the Sydney metropolitan network, one of the most complex in the world. Due for completion in 2010, the plan will untangle

the CityRail network from 14 interconnected metropolitan rail lines to five clearways.

It is anticipated that the Rail Clearways Plan will markedly increase the performance of CityRail services, improving reliability and capacity and our ability to plan for future expansion. RailCorp and Transport Infrastructure Development Corporation (TIDC) will work together to deliver the plan.

## Clearways Plan overview

**Clearway 1 – Eastern Suburbs & Illawarra** – to increase capacity – estimated cost \$255 million.

> **Bondi Junction turnback**

Currently under construction and will be operational in late 2005.

> **Cronulla branch line duplication**

Planned construction timeframe: 2005-2008.

**Clearway 2 – Bankstown** – to upgrade capacity and operations – estimated cost \$290 million.

> **Lidcombe turnback and platform**

Planned construction timeframe: 2005-2007.

> **Two extra tracks, Sydenham – Erskineville**

Planned construction timeframe: 2007-2010.

> **Liverpool turnback and platform**

Planned construction timeframe: 2005-2008.

**Clearway 3 – Campbelltown express** – to provide capacity to facilitate express services

from the Campbelltown area to the city via East Hills – estimated cost \$340 million.

> **Extra tracks, Kingsgrove – Revesby**

Planned construction timeframe: 2006-2009.

> **Extra platform at Macarthur**

Planned construction timeframe: 2008-2010.

**Clearway 4 – Airport & South** – will see the creation of the all stations to the city via the airport route starting from Revesby. This route will be known as the Airport line – estimated cost \$183 million.

> **Macdonaldtown turnback**

Currently under construction and will be operational in 2005.

> **Homebush turnback and platform**

Planned construction timeframe: 2005-2007.

> **Revesby turnback and platforms**

Planned construction timeframe: 2004-2007.

> **Macdonaldtown stabling** Planned construction timeframe: 2006-2008.

**Clearway 5 – North-West** – affects the North Shore, Western and Northern lines. The following projects will improve reliability and capacity – estimated cost \$166 million excluding Epping to Chatswood route.

> **Extra platform at Berowra**

Planned construction timeframe: 2004-2005.

> **Epping to Chatswood route\***

**Separately funded from Clearways package** Currently under construction and is planned to be operational in 2008.

> **Extra platform at Hornsby**

Planned construction timeframe: 2005-2007.

> **Quakers Hill to Schofields duplication**

Planned construction timeframe: 2007-2010.

> **Carlingford line upgrade**

Planned construction timeframe: 2009 – 2010.

### Epping Chatswood rail link

The Epping Chatswood rail link will provide an underground rail link between Epping and Chatswood to better meet the rail demands of the future. The project involves constructing 13km of twin tunnels, and creating new underground stations at Macquarie University, Macquarie Park and Delhi Road. Interface works have included platforms modification, constructing retaining walls, relocating and re-establishing facilities, cabling and drainage and moving track, overhead wiring and signalling. During 2003-04, RailCorp completed interface works at Epping, Chatswood, Parramatta and Eastwood on time, on budget and with no injuries to staff.

### Fleet replacement

In April 2004, the NSW Government announced it will fast track the replacement of all 498 non-air-conditioned carriages over six years as part of continuing improvements to the rail system.

Approximately \$1.5 billion will be invested in replacing the carriages, currently approaching an average age of 30 years, with rollingstock that will include:

- Improved seating.
- Interior electronic displays.
- Easy access.
- Improved safety including better emergency exits.
- CCTV cameras.

The accelerated plan will see rollingstock replaced as part of a Public Private Partnership (PPP), including the private sector in the design, construction, maintenance and financing of the new fleet.

### Major plant and equipment upgrade program

This year saw the continuation of a five-year program to upgrade and replace heavy track construction and maintenance plant and equipment. \$74.4 million of the total \$92 million program budget has now been committed on high production track resurfacing and resleepering and ballast cleaning plant.

Some major pieces of equipment delivered during the year include the Robel Rail Handling Train, the RM900 ballast cleaner and a high-speed switch tamper.

A major benefit of the new plant and machinery is the elimination of OH&S related issues, improving the safety of infrastructure staff and improving efficiency and productivity.

### Track Condition Index average

The Track Condition Index (TCI) is a quarterly measurement of track geometry condition in relation to alignment, top, twist and gauge. Lower TCI measures indicate safer and more comfortable journeys. RailCorp's control target is a TCI of no more than 45. In 2003-04, an average TCI of no more than 45 was achieved on all Metropolitan Lines and Country Main Lines.

### Traction supply system upgrade

The traction supply system provides the power to run trains in the metropolitan area. The upgrade is one of RailCorp's significant capital investments over the next six years. It involves upgrading existing substations, building new ones where needed, and upgrading high voltage transmission lines and 1500v overhead wiring. It will also enable the power supply system to meet the requirements of the new upgraded air-conditioned rollingstock and the 498 new carriages to be introduced into the network by 2010. The project is being integrated with the upgrade and additional infrastructure planned for the Epping to Chatswood rail link and the Clearways Program. The first stage, a \$6.7million upgrade of the Argyle and St Leonards Substations, is due for completion in December 2005.

### The Asset Management Improvement Initiative

The Asset Management Improvement Initiative (AMII) aims to introduce and develop asset management tools, processes, systems and procedures that improve overall asset performance. During 2003-04, significant work was undertaken to develop 11 business systems.

These systems are used to collect current data on each of our assets and store this information centrally so they can be better managed. Some of the tools developed this year will improve the way we manage annual works planning, bridge maintenance, configuration management, and how we record infrastructure failures. Another system, Teams II, will ensure that a consistent definition of infrastructure defects is used throughout the organisation. This will help improve our reliability of service.



### Infrastructure asset management

The Metropolitan Infrastructure Works Program was expanded in 2003-04 to include additional programs such as track circuits, train stops and turnout renewals. Substantial progress has been made in achieving 'steady state targets' to ensure the reliability of infrastructure assets. 'Steady state' refers to a relationship between the life expectancy of an asset and the point that it is no longer economical to maintain it. If the assets are replaced when they reach the end of their economic life cycle, then the total asset condition is in 'steady state'.

Ballast cleaning will reach steady state in 2005-06 following the delivery of the new RM900 ballast cleaning machine. Turnout renewals will also reach target in 2005-06 following the delivery of new turnout insertion equipment due in 2004-05. Significant investment in improving the condition of the infrastructure was also made. With respect to routine maintenance compliance, the Metropolitan Division's overall year-to-date result of 94.7% of planned maintenance completed, exceeded the target of 93% for 2003-04.

### Technical Maintenance Plans

Technical Maintenance Plans (TMP's) are used to apply uniform maintenance rules to classes of assets regardless of location, traffic volume or track geometry considerations. The previous, mainly qualitatively based, TMP's are being redeveloped utilising more comprehensive quantitative data on asset performance, failure rates and failure costs, to objectively determine maintenance requirements.

### Reducing incidents which affect reliability

Considerable work was undertaken in 2003-04 to better coordinate and focus our efforts to improve infrastructure reliability. A major improvement initiative is the Infrastructure Failure Management System (IFMS). This system has been developed to record and continuously improve our response to incidents. The system was implemented for signalling incidents, with future implementation planned for the track and electrical areas.

A Metropolitan Asset Management Plan was also implemented, focussing on points, track circuits, train stops, lightning protection and turnout renewals to reduce infrastructure incidents and subsequent train delays.

The reliability of rail infrastructure is enhanced through Major Periodic Maintenance (MPM). In 2003-04, RailCorp's Infrastructure Group delivered 112% of planned MPM, representing a 10% increase on the previous year.

### Bathurst Rail Fabrication Centre

The Bathurst Rail Fabrication Centre is RailCorp's major supplier of points and crossings and sole supplier of welded rail. It is one of only four fixed rail welding plants in Australia. In 2003-04, the centre achieved production of 16 000 tonnes of welded rail, a significant increase in output over recent years.

### Network Integrity Program

This program focuses on assets, people, systems and processes. It aims to maintain and reinforce the integrity of infrastructure assets and build a sustainable capability for leadership, continuous improvement and learning.

The 'whole of system' approach aims to establish clarity of purpose and understanding of organisational priorities, so that RailCorp can adopt a collaborative approach towards improving the performance of the network and ensuring its integrity.

### Development of RailCorp corporate planning framework

RailCorp is developing its Corporate Plan, outlining the objectives and strategies which are required to achieve safe, clean and reliable passenger services that are efficient, sustainable and to the satisfaction of our customers.

RailCorp has faced a number of complex challenges, including the need to improve operational performance, address the recommendations of the Waterfall Inquiry, and establish a transparent and accountable organisation. Within this planning framework, work was initiated to develop functional strategic plans as well as RailCorp's Safety Strategic Plan, which was approved in June 2004. The corporate Key Performance Indicators that measure achievement of the objectives detailed in the Corporate Plan have been cascaded to the Group Plans and are included in the performance agreements of all level one and two managers.

### Workforce planning

A crew availability model was developed by StateRail in 2002-03 to identify shortfalls in staffing levels. In this financial year, this model was integrated into RailCorp train crewing operations to manage and monitor the daily availability of crew and forecast short term fluctuations. The model was also expanded from train drivers, guards and station staff to cover all frontline staff including transit officers, cleaners, tradespeople, signallers and area controllers.

During the same period, RIC implemented its second overall five-year rolling workforce plan, including an audit of critical roles and skills and the identification of risks due to the age and tenure of components of the workforce. The workforce plan was used to determine the size and composition of annual intakes of apprentices and graduate engineers.

RailCorp will continue with the strategic selection and recruitment of employees in identified areas of need, with integration of the workforce planning models scheduled for 2004-05.

### Recruitment of frontline staff

RailCorp receives in excess of 10 000 job applications each year. In order to process these expeditiously, we introduced information sessions as a recruitment tool in February 2004. These forums have enabled the efficient short-listing of applicants through immediate ability testing as a first line cull, eliminating the need to undertake paper-based applications and additional recruitment campaigns.

In the financial year, RailCorp recruited approximately 225 transit officers, 116 customer service attendants, 46 guards and 109 cleaners (including roving cleaners with multiple cleaning responsibilities across the network).

### Driver recruitment

Driver shortages impacted service reliability in 2003-04. New medical standards and higher attrition rates contributed to the shortage.

RailCorp's expedited its recruitment and training program for drivers, with a recruitment target of 1 350. 163 new recruits joined the Driver Traineeship Program in 2003-04 with a further 108 planned for the second half of 2004. In addition, 77 trainee drivers were recruited from previously qualified external sources and guards commencing driver training. A total of 246 people were in driver training at the end of June 2004.

Further driver and guard recruitment is continuing, with courses scheduled to deliver new staff to meet future requirements. To this end, RailCorp has safely reduced driver training to 19 months from 26 months.

### Absenteeism and overtime management

RailCorp's absenteeism is above the performance of comparable industries. RailCorp continues to work with line managers and HR managers to identify areas where adherence to absence management strategies can be improved. To 30 June 2004, RailCorp's average sick leave days per employee was 0.83 days per month. A project team has been established to provide line managers with timely information about specific cases, and develop broader understanding of the absence management policy and a manager's responsibility to implement it.

### Training capability and facilities

RailCorp initiated a training and development strategy to ensure training resources are matched to business needs. We facilitate and support the development and maintenance of staff capability and competence to ensure a learning culture, and our capacity to deliver safe, clean and reliable services.

Key highlights for the year included:

- Delivery of necessary training for rail safety workers to acquire and maintain their Certificates of Competency.
- Delivery of training to new frontline staff, such as drivers, transit officers, signallers, signal electricians and mechanical fitters.
- Management of training needs analysis to review the current Safety Management System training regime.
- Provision of assessment services and support to business divisions with respect to reliably reporting workplace competence, as required by the *Rail Safety Act 2002*.

Throughout the financial year, several capital projects have been completed to improve the quality and effectiveness of training and assessment delivery for RailCorp staff, including:

- Placement of recently retired Tulloch cars at the Petersham campus to provide practical training facilities for emergency and incident management.
- Establishment of a distance learning centre at Broadmeadow, including an integrated theatre system.

### Employment relations

RailCorp is currently developing human resources policies that are appropriate to the needs of our new organisation. Employees of RailCorp are currently operating under the respective HR policies of StateRail and RIC. RailCorp is also in the process of negotiating a new enterprise agreement that will facilitate achievement of its objectives by providing appropriate industrial practices. We will work to develop transition policies which support the needs of our business throughout the financial year.

### Fixed assets valuation

A change in Treasury policy regarding the valuation of physical non-current assets at fair value has required the undertaking of a comprehensive re-valuation of all infrastructure assets.

The key focus of the project was to ensure valuation data was captured in a fixed assets system as a permanent record of each infrastructure asset. The data was formatted so each asset was identified by sector to facilitate an accurate record of the assets vested. The data was loaded and balanced with the ledgers at the end of December 2003 and was subsequently used to vest the metropolitan assets to RailCorp on 1 January 2004.

Another component of the exercise was to classify and correctly value corridor land. These values have now been recorded for 2004 RailCorp accounts in respect to the metropolitan corridors and in RIC for the residual and leased corridors.



# Corporate governance

Rail Corporation New South Wales ('RailCorp') was formed on 19 December 2003 under the *Transport Administration Act 1988* to give effect to the restructuring of the NSW rail industry. As part of this process the Portfolio Minister made certain Vesting Orders and gave Directions in relation to the transfer of assets, liabilities and staff from the Rail Infrastructure Corporation and the State Rail Authority of New South Wales.

The principal objectives of RailCorp are:

- (a) to deliver safe and reliable railway passenger services in NSW in an efficient, effective and financially responsible manner, and
- (b) to ensure that the part of the NSW rail network vested in or owned by RailCorp enables safe and reliable railway passenger and freight services to be provided in an efficient, effective and financially responsible manner.

The other objectives of RailCorp are:

- (a) to maintain reasonable priority and certainty of access for railway passenger services,
- (b) to promote and facilitate access to the part of the NSW rail network vested in or owned by RailCorp,
- (c) to be a successful business and, to that end:
  - (i) to operate at least as efficiently as any comparable business, and
  - (ii) to maximise the net worth of the State's investment in the Corporation,
- (d) to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates,
- (e) where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development contained in Section 6(2) of the *Protection of the Environment Administration Act 1991*,
- (f) to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates.

RailCorp has a Board of Directors responsible and accountable to the Voting Shareholders who each hold one share for and on behalf of the NSW Government.

The two Voting Shareholders representing the New South Government are the Premier, the Hon R Carr MP and the Treasurer, Hon M Egan MLC.

The Portfolio Minister is the Hon Michael Costa MLC, Minister for Transport Services.

## The Board

The Board is accountable to the Voting Shareholders for ensuring the long-term success of the Corporation and for achievement of the shareholders' objectives of ensuring the rail network enables safe and reliable passenger and freight services to be provided in an efficient, effective and financially responsible manner.

The role of the Board is to set the strategic direction of the Corporation and oversee its implementation, establish clear performance targets as set out in the Statement of Corporate Intent document that is negotiated annually between RailCorp and the Voting Shareholders, and monitor, at reasonable intervals, the Corporation's progress in achieving its targets.

The Board has a Corporate Governance Charter that reflects current legislation and best practice principles. It provides a framework for the Board decision-making processes and addresses the key factors that affect Board effectiveness and efficiency. The Board also has a Code of Conduct.

## Board membership

The *Transport Administration Act 1988* and the *State Owned Corporations Act 1989* allow for a minimum of three and a maximum of seven Directors. The appointment and the term of each Director's appointment is determined by the Voting Shareholders, following consultation with the Portfolio Minister, for a period not exceeding five years. Appointments may be renewed. The remuneration of each non-executive Director is determined by the Voting Shareholders.

The Chief Executive Officer is appointed by the Board following the concurrence of the Voting Shareholders and the Portfolio Minister. Following appointment, the Chief Executive Officer is an executive Director of the Board.

The Board is required to meet at least 10 times per year, or additionally, as special circumstances require.

Directors have access to management and to independent advice. Such advice would normally be sought after consultation with the Chairman or Secretary.



# Corporate governance

## Directors' accountabilities

Part 4 of the *State Owned Corporations Act 1989* outlines the accountabilities of Directors.

In summary, Directors must:

- Supply to Voting Shareholders such information relating to affairs of RailCorp as they may from time to time request.
- Agree with the Voting Shareholders on the annual Statement of Corporate Intent.
- Report to the Voting Shareholders on the operations of RailCorp on a half yearly basis.
- Deliver an Annual Report, including audited financials, within four months of the end of the financial year.

## Board Committees

The Board has three standing committees which assist in the effective governance of the Corporation, allow for detailed consideration of major issues, provide advice on sensitive matters to the Board and examine matters that may be referred to it by the Board. Each Committee has a Charter which was approved by the Board.

### Audit and Risk Board Committee

The Audit and Risk Board Committee supports the Board in discharging its Corporate Governance responsibilities in relation to:

- Financial reporting
- Accounting policies
- Business ethics and corruption prevention policies and practices
- Risk management
- Internal controls
- Compliance with laws, regulations, standards and best practice guidelines
- Providing a forum for communication between the Board, senior management and both the internal and external auditors
- Ensuring the integrity of the internal audit function.

The Chief Executive Officer, Group General Manager Finance and IT, General Manager Internal Audit, and representatives from the Audit Office of NSW have a standing invitation to attend meetings, but are not members of the Committee.

## Safety and Environment Board Committee

The Safety and Environment Board Committee supports the Board in discharging its responsibilities for the safety of the rail network in NSW and of the passengers, employees, contractors and public who work on and use the network, and for environmental protection.

In discharging its responsibilities the Committee:

- Ensures the Corporation has effective safety and environment policies, systems and programs in place to meet all legislative responsibilities and to develop and sustain a safety and environmentally aware culture across all areas of operation.
- Ensures programs are in place to effectively identify and manage safety and environmental risks across all operations.
- Monitors and reviews performance through comprehensive reporting relating to environmental management and the safety of infrastructure, train operations and occupational health and safety.
- Monitors safety and environmental audit and investigation reports and the implementation of actions arising from such reports.
- Takes other actions, which it sees as appropriate, to meet the Corporation's safety and environmental objectives.

The Chief Executive Officer and the Group General Manager Safety and Environment have a standing invitation to attend meetings, but are not members of the Committee.



# Corporate governance

## Human Resource and Remuneration Board Committee

The Human Resource and Remuneration Board Committee supports the Board in discharging its responsibilities relating to:

- Contractual, performance and remuneration arrangements for the Chief Executive Officer and senior management.
- The maintenance and growth of the Corporation's workforce capability necessary to support the Corporate objectives.
- The promotion of an efficient and effective workforce.
- Staff wellbeing and sound corporate culture.
- Industrial relations outcomes that support corporate objectives.
- Succession planning.

The Chief Executive Officer and the Group General Manager Human Resources have a standing invitation to attend meetings, but are not members of the Committee.

## Conflicts of interest

A register of Directors' interests is maintained and Directors disclose any material contract in which they have an interest. Directors do not take part in any discussions or decision-making processes considered by the Board if they have any personal interest in the matters.

## Meetings of the Board

Meetings of the RailCorp Board are held monthly or more often if special circumstances require. Board Committee meetings are generally held on a quarterly basis.

### MEETINGS OF THE BOARD (19 DECEMBER 2003 – 30 JUNE 2004)

Board member	Board meetings		Audit and Risk Board Committee Meetings		Human Resource and Remuneration Board Committee Meetings		Safety and Environment Board Committee Meetings	
	Eligible*	Attended	Eligible*	Attended	Eligible*	Attended	Eligible*	Attended
Ross Bunyon	15	15	2	2	2	2	–	–
Arthur Butler	15	15	2	2	–	–	–	–
Liza Carver	15	12	–	–	2	2	2	2
Vince Graham	15	15	2	2	2	2	2	2
Paul Moy	15	15	2	1	–	–	–	–
Bob Plain	15	12	–	–	–	–	2	2
Dean Pritchard	15	15	–	–	2	2	2	2

\* Reflects the maximum number of meetings the Directors were eligible to attend.

# Board of Directors

## BOARD OF DIRECTORS

### **Ross Bunyon**, BComm (UNSW), CIE Aust, **Chairman**

*Member of the Audit and Risk Board Committee and Human Resources and Remuneration Board Committee*

Mr Bunyon was appointed as Chairman on 19 December 2003 to 1 January 2009. He is Chairman of Eraring Energy and Pacific Western. He is former Chairman of the Rail Infrastructure Corporation, former Chairman of the State Rail Authority of NSW, former Chairman and Director of Pacific Power and subsidiary companies, former Chairman of the Electricity Supply Association of Australia, former Chairman of Green's Foods Ltd, former Director of the Treasury Corporation of NSW and former Director of Arnall Poland, former member of the World Energy Council Executive Assembly and a former Commissioner of the Snowy Mountains Council. Mr Bunyon is also the Principal of Murdoch Advisory Services.

### **Arthur Butler**, BEc, FCPA

*Chair of the Audit and Risk Board Committee*

Mr Butler was appointed a Non-Executive Director on 19 December 2003 to 1 January 2007. He is Chairman of the Audit and Compliance Committee of the National Parks and Wildlife Service, NSW. He is a former Director of the Rail Infrastructure Corporation and the State Rail Authority of NSW and former independent Chairman of State Rail Authority Audit Board Committee. Mr Butler has held executive positions within Sydney Water and has been a Director of Australian Water Technologies Pty Ltd, Water Ecoscience Pty Ltd and a Member of NSW Treasury Functions Advisory Committee and the NSW Investment Advisory Committee.

### **Liza Carver**, BEc, LLB, LLM

*Chair of the Human Resources and Remuneration Board Committee and Member of the Safety and Environment Board Committee*

Ms Carver was appointed a Non-Executive Director on 19 December 2003 to 1 January 2007. She was formerly a Director of the Rail Infrastructure Corporation, Director of State Rail Authority of NSW and Director of Rail Access Corporation. She is a partner in the law firm Gilbert & Tobin and was formerly an Associate Commissioner with the Australian Competition and Consumer Commission and a member of the NSW Independent Pricing and Regulatory Tribunal, and a member of the NSW Premier's Council for Women between 1995 and 1999.

### **Vince Graham**, BE(Civil), Grad Dip Mgmt, FAICD

*Chief Executive Officer*

Mr Graham was appointed Chief Executive Officer and an Executive Director on 19 December 2003 and is also the Chief Executive Officer. He was formerly a Director and Chief Executive Officer of the Rail Infrastructure Corporation. He is Acting Chief Executive of the State Rail Authority. Mr Graham was previously Coordinator General of Rail, Managing Director of the National Rail Corporation and the Grain Handling Authority of NSW, and the Chief Operating Officer of the State Rail Authority of NSW. He has over 30 years' experience in the rail industry.

### **Paul Moy**, BA(Hons-Ec), Dip Ed, PhD(Ec)

*Member of the Audit and Risk Board Committee*

Dr Moy was appointed a Non-Executive Director on 19 December 2003 to 1 January 2008. He is a former Director of the Rail Infrastructure Corporation and the State Rail Authority of NSW. He is a Director of Centennial Coal, the Diversified Utility and Energy Trust (DUET) and Transgrid Corporation. Dr Moy has extensive experience in investment banking and the energy, transport and utility industries. He is a former Executive Director of UBS Warburg, Deputy Secretary, NSW Treasury, former Chairman of Innovation Investment Fund, former Director of Western Power Corporation and the Commonwealth Rehabilitation Service, and former Member of the National Competition Council and Australian Statistics Advisory Council.

### **Bob Plain**

*Member of the Safety and Environment Board Committee*

Mr Plain was appointed a Non-Executive Director on 19 December 2003 to 1 January 2007. He is a former Director of the Rail Infrastructure Corporation and the State Rail Authority of NSW. He has over 40 years of railway experience. Mr Plain held a number of union positions, including the National President of the Rail Tram & Bus Union and is a former member of the Labor Council Executive.

### **Dean Pritchard**, BE, FIE Aust, CP Eng, FAICD

*Chair of the Safety and Environment Board Committee and Member of the Human Resources and Remuneration Board Committee*

Mr Pritchard was appointed a Non-executive Director on 19 December 2003 to 1 January 2008. He was formerly a Director of the Rail Infrastructure Corporation, State Rail Authority of NSW and Rail Services Australia. He is Chairman of ICS Global Limited and a Director of OneSteel Limited, Zinifex Limited and Eraring Energy. He has over 30 years experience in the engineering and construction industry, and over five years experience as a Non-executive Director.



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GPO BOX 12  
SYDNEY NSW 2001

## INDEPENDENT AUDIT REPORT

To Members of the New South Wales Parliament

### Audit Opinion

In my opinion the financial report of the Rail Corporation New South Wales:

- (a) presents fairly the Corporation's financial position as at 30 June 2004 and its financial performance and cash flows for the six month period ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

My opinion should be read in conjunction with the rest of this report.

### The Board's Role

The financial report is the responsibility of the members of the Board of the Rail Corporation New South Wales. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

### The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements and I:

- evaluated the accounting policies and significant accounting estimates used by the Board in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does not guarantee that every amount of disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had not fulfilled their obligations.

My opinion does not provide assurance:

- about the future viability of the Rail Corporation New South Wales,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

### Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring that Auditor-General and the Audit Office are not comprised in their role by the possibility of losing clients or income.

R Sendt  
Auditor-General

SYDNEY  
1 October 2004

# Financial statements

## (Start of audited financial report) Rail Corporation New South Wales (RailCorp)

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### Statement of financial performance for the six months ended 30 June 2004

	Note	2003-04 \$'000
<b>Revenue</b>		
Revenues from ordinary activities	2.1	990 596
<b>Expenses</b>		
Payroll	3.1	119 572
Other employee benefits	3.2	22 644
Depreciation	3.3,6.3	196 633
Borrowing costs	3.4	7
Other expenses	3.5	646 788
Total expenses from ordinary activities		985 644
<b>Net surplus attributable to members of RailCorp</b>	11	4 952
Income Tax Expense - Taxation Equivalent Regime		-
<b>Surplus from ordinary activities after Related Income Tax Expense</b>		4 952
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		4 952

---

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.



# Financial statements

## Statement of financial position as at 30 June 2004

	Note	30.6.2004 \$'000
<b>Current assets</b>		
Cash assets	4	103 713
Receivables	5	86 924
Other financial assets (security deposits)		785
Inventories		2 219
Tax assets		18 180
Other	7	5 533
Total current assets		217 354
<b>Non-current assets</b>		
Property, plant and equipment	6	11 009 197
Other	7	53 920
Total non-current assets		11 063 117
<b>Total assets</b>		11 280 471
<b>Current liabilities</b>		
Payables	8	199 306
Provisions	9	27 993
Tax liabilities		3 371
Total current liabilities		230 670
<b>Non-current liabilities</b>		
Provisions	9	39 670
Tax liabilities		1 895
Total non-current liabilities		41 565
<b>Total liabilities</b>		272 235
<b>Net assets</b>		11 008 236
<b>Equity</b>		
Contributed equity	10	11 003 284
Retained earnings	11	4 952
<b>Total equity</b>		11 008 236

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# Financial statements

## Statement of cash flows for the six months ended 30 June 2004

	Note	30.6.2004 \$'000
<b>Operating activities</b>		
<i>Cash received</i>		
Receipts from customers and others		319 956
Social program receipts from government		401 383
Government contributions received		253 343
Interest received		8 841
Total cash received		983 523
<i>Cash used</i>		
Payments to suppliers, employees and others		(743 612)
Borrowing costs		(7)
Total cash used		(743 619)
<b>Net cash from (used by) operating activities</b>	4.2	239 904
<b>Investing activities</b>		
<i>Cash received</i>		
Plant and equipment disposals		44
Investments redeemed		94
Total cash received		138
<i>Cash used</i>		
Property, plant and equipment acquisitions		(169 777)
Investments made		-
Total cash used		(169 777)
<b>Net cash from (used by) investing activities</b>		(169 639)
<b>Net increase (decrease) in cash held</b>		70 265
Cash at the beginning of the period		-
Cash transferred from StateRail as a result of rail industry restructuring		33 448
<b>Cash at the end of the period</b>	4.1	103 713

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Financial statements

## Notes to and forming part of the financial report

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### Note 1 Summary of significant accounting policies

#### a) Background: The reporting entity

Rail Corporation New South Wales (RailCorp) commenced operations on 1 January 2004 as a statutory State owned corporation under the *State Owned Corporations Act 1989*, by merging the State Rail Authority of New South Wales (SRA) with the metropolitan arm of Rail Infrastructure Corporation (RIC). Particular assets, rights and liabilities of SRA and RIC were transferred to RailCorp on 1 January 2004 pursuant to amendments to the *Transport Administration Act 1988*. The principal functions of RailCorp are:

- to deliver safe, clean and reliable railway passenger services in New South Wales in an efficient, effective and financially responsible manner, and
- to ensure that the part of the NSW rail network vested in or owned by RailCorp enables safe and reliable railway passenger and freight services to be provided in an efficient, effective and financially responsible manner.

During the transition period, from 1 January to 30 June 2004 when RailCorp was being established, three separate Boards, albeit with common membership, separately directed the operations of RailCorp as well as RIC and StateRail in accordance with the stated objectives of each organisation. RIC and StateRail provided services to RailCorp in accordance with a Memorandum of Understanding as established and agreed between RIC, RailCorp and StateRail. A separate RIC board was established from 1 July 2004. The StateRail Board was dissolved in accordance with legislation with effect from 1 July 2004.

#### b) Basis of accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group consensus views, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000*, and specific directions issued by the Treasurer.

The financial report has been prepared on an accrual accounting basis using historical cost conventions except for infrastructure assets and major items of property, plant and equipment (which are recorded at fair value) and the right to receive Airport Line stations and certain provisions (which are measured at present value).

The financial report has been prepared on a going concern basis which assumes that RailCorp is expected to be able to pay its debts as and when they fall due and continue in operation without any intention or necessity to liquidate or otherwise wind up its operations.

Despite current liabilities exceeding current assets at year end, RailCorp's continued operation and ability to pay its debts are assured because the annual *Appropriation Act* (given assent in July 2004) has allocated funds for the Government to purchase services from RailCorp during the ensuing year.

#### c) Transition to new accounting standards

Australian Equivalents to International Financial Reporting Standards (AIFRS) will apply from the year beginning 1 July 2005.

The transition to the new standards is the responsibility of the Chief Financial Officer and is being addressed by allocating a senior accountant to analyse the pending standards and Urgent Issues Group interpretations to identify the key policy, procedure, system and financial impacts. The Audit & Risk Board Committee has monitored the transition and has received regular progress reports.

The transition has two phases: assessment and implementation. During the assessment phase, relevant exposure drafts have been reviewed and comments provided to the Australian Accounting Standards Board and NSW Treasury where necessary. The impact of each published pending or final accounting standard and Urgent Issues Group interpretation has been assessed and implementation plans are being developed where necessary. The implementation phase is expected to start in the near future, once the final standards have been released and the requirements confirmed.

# Financial statements

## Note 1 Summary of significant accounting policies (continued)

Several significant accounting policy differences arising from adopting AIFRSs have been identified. Some result from differences between AIFRS and existing AASB requirements. Others could arise from options in AIFRS, that NSW Treasury is likely to mandate in 2004-05 to ensure consistency at the whole of government level. This disclosure reflects these likely mandates.

NSW Treasury is assisting agencies to manage the transition by developing policies (including mandates of options), presenting training seminars to all agencies, providing a website with up-to-date information to keep agencies informed of any new developments, and establishing an IAS Agency Reference Panel (including rail industry representation) to facilitate a collaborative approach to manage the change.

Accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Based on the current information, the following key differences in accounting policies are expected to arise from adopting AIFRS. However, their financial impact cannot be reliably estimated at the date of this report.

- AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* requires retrospective application of new AIFRSs from 1 July 2004, with limited exemptions. Similarly AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.
- AASB 112 *Income Taxes* applies to entities under any tax equivalent regime and requires identification of differences between the accounting and tax value of assets and liabilities (ie a balance sheet approach), rather than the derivation of taxable income by adjusting accounting profit for temporary and permanent differences. This may alter the quantum of tax assets and liabilities recognised or may necessitate the recognition of such assets and liabilities.
- AASB 116 *Property, Plant and Equipment* requires any dismantling, removal or restoration obligations arising from an asset's acquisition or use to be recognised as part of the asset's cost and as a provision. This may increase the value of property, plant and equipment. The standard also requires the capitalisation of major inspection costs in relation to certain types of asset. This would require the fair value and depreciation of any such assets to be reallocated.
- AASB 117 *Leases* requires operating lease contingent rentals (eg on tenancies and motor vehicle leases) to be recognised as an expense on a straight-line basis over the term rather than immediately in the year incurred.
- AASB 119 *Employee Benefits* requires defined benefit obligations to be discounted using the government bond rate as at each reporting date rather than the long-term expected rate of return on plan assets. This will increase the amount and future volatility of the unfunded superannuation liability and the volatility of employee benefit expense. Increased disclosures will be also required in relation to defined benefit superannuation schemes. In addition, non-current annual leave may have to be measured at present value rather than nominal amount, thereby reducing the recognised liability.
- AASB 121 *The Effects of Changes in Foreign Exchange Rates* requires fixed exchange rate contracts to be translated at the spot-rate at balance date rather than the contractually-specified rate.
- AASB 136 *Impairment of Assets* requires assessment and, if necessary, recognition of asset impairments at each reporting date. However, the effect of this standard should be minimal because all the substantive principles in AASB 136 are already incorporated in Treasury's policy *Valuation of Physical Non-Current Assets at Fair Value*. In relation to intangible assets, any such losses are likely to be small.
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* requires the recognition of liabilities for environmental restoration obligations (if any). This may necessitate the recognition of a provision with a corresponding increase in property, plant and equipment or operating expense (or both).

# Financial statements

## Note 1 Summary of significant accounting policies (continued)

- AASB 138 *Intangible Assets* requires the separate recognition of intangible assets such as software, if material. Such assets would have to be valued at cost rather than fair value and subjected to annual amortisation and impairment testing.
- AASB 139 *Financial Instruments: Recognition and Measurement* requires the recognition of financial instruments that were previously off balance sheet, including derivatives. A mixed measurement model adopted requiring financial instruments held for trading and available for sale to be measured at fair value (rather than cost) and valuation changes to be recognised in profit or loss or equity respectively. This may increase the volatility of the operating result and balance sheet. The standard also includes stricter rules for the adoption of hedge accounting, and where these are not satisfied, movements in fair value will impact the income statement.

To achieve full harmonisation with GFS, entities would need to designate all financial instruments at fair value through profit or loss. However, at this stage it is unclear whether this option will be available under the standard and, if available, whether Treasury will mandate this option for all agencies.

### d) Foreign currency translation

#### (i) Translation

A foreign currency contract that specifies a fixed exchange rate is recognised and initially translated into Australian currency using the specified exchange rate. Any monetary item outstanding under the contract at reporting date is also translated at that fixed exchange rate.

Any other foreign currency transaction is recognised and initially translated into Australian currency using the spot rate at the date of the transaction. A monetary item outstanding under a foreign currency contract (that does not specify a fixed exchange rate) at any subsequent reporting date is translated at the spot rate at that date.

Non-monetary items are not retranslated subsequent to the initial recognition of the transaction.

#### (ii) Exchange differences

An exchange difference arising in respect of a foreign currency monetary item directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, net of the effects of any hedge of that monetary item, is capitalised as part of the cost of that asset.

An exchange difference arising in relation to a hedge of a specific purchase or sale is, to the extent that it arises up to the date of the purchase or sale, deferred and included in the measurement of the purchase or sale.

Any other exchange difference is recognised as a revenue or expense in the reporting period in which the exchange rate changes.

### e) Goods and services tax

Revenues, expenses and assets are generally recognised net of the amount of goods and services tax (GST). However, receivables and payables are stated with the amount of GST included, and GST that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the relevant asset or expense.

The net amount of GST recoverable from (or payable to) the ATO is recognised as a current asset (or current liability). Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from (or payable to) the ATO are classified as operating cash flows.

### f) Cash assets

For the purpose of the statement of cash flows, cash includes cash on hand and highly liquid investments with short periods to maturity which are readily convertible into cash on hand at the investor's option and are subject to an insignificant risk of changes in value. See note 4.



# Financial statements

## Note 1 Summary of significant accounting policies (continued)

### g) Receivables

#### (i) Recoveries

Some settlements of liabilities represented by the Public Liability Claims Provision and the Legal Claims Provision are expected to be recovered from third parties. These recoveries are recognised as receivables and are measured and reviewed consistently with the provisions to which they relate.

#### (ii) Doubtful debts

An allowance is made for doubtful debts. Receivables are monitored during the period and bad debts are written off against the allowance when they are determined to be irrecoverable.

See note 5.

### h) Other financial assets

Investments are valued at cost which, because of the nature of the investments, is also the market value.

### i) Property, plant and equipment

#### (i) Recognition

An item of property, plant and equipment is recognised as an asset if it is controlled by RailCorp, is expected to be used for more than one year, is likely to produce future economic benefits, and possesses a cost or other value that can be measured reliably.

An item of property, plant and equipment ceases to be recognised when it is disposed of or when it is permanently withdrawn from use and there are no probable future economic benefits from its disposal.

Expenditure on the acquisition, replacement or enhancement of property, plant and equipment is capitalised, provided it exceeds the capitalisation threshold or qualifies for recognition as a capital spare.

The capitalisation threshold for a network of property, plant and equipment items or for an individual (non-networked) item (other than a capital spare) is \$5000. A capital spare is only capitalised if it is part of a pool of rotatable spares, primarily held for the overhaul of the asset to which it relates, and significant enough to warrant being individually tracked. Expenditure below the capitalisation threshold or not qualifying for recognition as a capital spare is charged to operating expenses.

#### (ii) Valuation

Property, plant and equipment purchased or constructed is initially recorded at its cost of acquisition. Construction cost includes the cost of materials, direct labour and attributable overheads. Property, plant and equipment acquired by grant or transfer from another entity is initially recorded at fair value.

Spares purchased specifically for a particular asset, or a class of assets, and which would become redundant if that asset or class was retired or use of that asset or class was discontinued, are considered to form part of the historical cost (or other value) of that asset or class.

As the future economic benefits embodied in property, plant and equipment are not primarily dependent on those assets' ability to generate net cash inflows, no item of property, plant and equipment has been written down to its recoverable amount.

Property, plant and equipment is revalued, at least once every five years, to its fair value having regard to its highest and best use. Where existing natural, legal or socio-political restrictions on an asset's use or disposal prevent any alternative use being feasible within the next 5 years, its highest and best use is taken to be its existing use.

Fair value is the asset's market price, or, if such a price is not observable or estimable from market evidence, its replacement cost (being the written-down cost of an optimised modern equivalent asset).

# Financial statements

## Note 1 Summary of significant accounting policies (continued)

Revaluations on the basis of replacement cost are accounted for by separately restating the gross amount and the related accumulated depreciation of each asset within the revalued class.

Upon revaluation of a class of property, plant and equipment, a net revaluation increment is credited directly to the Asset Revaluation Reserve for that class and a net revaluation decrement is expensed, except that to the extent it reverses a previous increment or decrement it is debited to the Asset Revaluation Reserve or credited to revenue respectively.

### *(iii) Depreciation*

Each item of property, plant and equipment (except land and work in progress) is depreciated on a straight line basis over its estimated useful life commencing when the item is first put into use or held ready for use. A capital spare is depreciated over the useful life of the asset or class of assets to which it relates. An improvement or extension of an existing depreciable asset which becomes an integral part of that asset is depreciated over the remaining useful life of that asset.

The cost of an improvement to or on leasehold property is depreciated over the shorter of the unexpired term of the lease or the estimated useful life of the improvement.

The expected useful lives are as follows:

	Years
Stations and buildings	33 - 200
Track	8 - 63
Turnouts	2 - 40
Sidings	20
Bridges and tunnels	1 - 100
Electrical overhead wiring and structures	2 - 52
Substations	2 - 50
Signalling equipment	1 - 32
Fences	2 - 50
Rollingstock	20 - 35
Plant and machinery	2 - 30

Depreciation rates are reviewed at least annually, and adjusted if necessary, to ensure they continue to reflect the most recent assessments of the useful lives of the respective assets, having regard to such factors as asset usage and the rate of technical and commercial obsolescence. It should be noted that the life of any asset may be extended with appropriate maintenance as necessary to meet operational needs.

Depreciation methods are reviewed at least annually, and adjusted if necessary, to ensure they continue to reflect the expected pattern of consumption or loss of future economic benefits.

Effects of any change in depreciation rate or method are recognised in the present and future years affected.

### *(iv) Disposals*

Upon disposal or retirement, the carrying amount of an item of property, plant and equipment is charged to assets written-off and any sale proceeds are credited to asset disposals revenue. Any related revaluation increment remaining in the Asset Revaluation Reserve in respect of the asset at the time of disposal is transferred to accumulated funds.

### *(v) Assets leased*

Assets leased to lessees are recognised as property, plant and equipment and the associated rent is recognised as rent revenue on a basis reflective of the pattern of benefits provided by the leased asset.

# Financial statements

## Note 1 Summary of significant accounting policies (continued)

### *(vi) Capital work in progress*

Capital work in progress represents property, plant and equipment in the course of construction. It also includes expenditure on minor projects completed in the last month of the financial year.

See note 6.

### **j) Payables**

Trade and other payables are recognised for goods and services provided and remaining unpaid. The amounts are unsecured and, unless otherwise agreed with the creditor, are usually settled by the end of the month following the month in which an invoice or statement is received. See Note 8.

### **k) Provisions**

#### *(i) Provisions generally*

Provisions are made for unavoidable liabilities of uncertain amount or uncertain timing of settlement. They comprise employee benefits, workers' compensation claims and public liability claims and legal claims.

A provision is recognised when, and only when, it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

The amount recognised is the best estimate of the consideration required to settle the present obligation as at reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision, including future events where there is reliable evidence that they will occur. Generally, any measurement based on estimated future cash flows is made using the present value of those cash flows as at reporting date and using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. However, certain employee benefit liabilities, as detailed below, are measured at their nominal amounts.

The carrying amount of each provision is reviewed as at reporting date and adjusted if necessary to reflect the best estimate of the consideration required to settle the present obligation as at that date. A provision is reversed to the extent that it is no longer probable that a future sacrifice of economic benefits will be required to settle the obligation. A provision is only used for its intended purpose.

#### *(ii) Employee benefits*

Liabilities for wages and salaries, annual leave, award leave, long service leave, severance benefits, and unfunded superannuation are fully recognised in respect of services provided by employees, or obligations to employees that have arisen, up to the reporting date. Such liabilities are based on the amounts expected to be paid in the future in respect of the unused entitlements accumulated as at the reporting date.

All annual leave, wages and salaries, and any other employee benefit liabilities expected to be settled within twelve months of the reporting date are measured at the nominal amount of the estimated future payments. All other recognised employee benefit liabilities and associated expenses are measured at the present value of the estimated future payments, discounted using market yields as at the reporting date on national government bonds having similar maturities to the employee benefits.

The liabilities for superannuation and long service leave are actuarially assessed. All other employee benefit liabilities are assessed by management.

See notes 3, 7 and 9.

# Financial statements

## Note 1 Summary of significant accounting policies (continued)

### l) Contributed equity

RailCorp is a statutory State Owned Corporation having a share capital of \$2. The Premier and the Treasurer are the voting shareholders and each has an equal shareholding.

On 1 January 2004 the Minister for Transport Services transferred assets and liabilities to RailCorp from Rail Infrastructure Corporation and the State Rail Authority of NSW. The net transfer of assets represents a contribution by the Government and is recognised as contributed equity.

See Note 10.

### m) Revenue

Revenue is measured at the fair value of the consideration or contributions received or receivable. In most cases this is the value of the cash exchanged or exchangeable. Revenue is not recognised unless receipt is probable and the amount is reliably measurable.

#### (i) Services

Revenue from the rendering of passenger, infrastructure maintenance and construction, and other services (excluding the provision of a social program) is recognised when a right to be compensated for the service arises, by reference to the stage of completion of the contract. Such revenue is usually recognised in the period the service is rendered. Where the outcome of a contract to provide services cannot be reliably estimated, contract costs are recognised as an expense in the reporting period in which they are incurred; and where it is probable that the costs will be recovered, revenue is only recognised to the extent of the costs incurred.

#### (ii) Contributions

Contributions and social program revenues are recognised when control of the cash or other asset (or the right to receive it) is gained. If, after being recognised as revenue, a contribution is to be repaid or returned because of a failure to meet specific conditions attaching to it, a creditor and an expense are recognised. See note 2.2.

Social program funding is provided by the NSW Government as reimbursement for the revenue foregone in providing concession fares to specified classes of passenger and for revenue shortfalls resulting from providing certain train services at the request of the Government.

#### (iii) Disposal of assets

Revenue from the sale or disposal of assets is recognised when control of the asset has passed to the buyer.

#### (iv) Rents

Rent revenue is recognised as outlined in note 1(n)(ii).

#### (v) Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield in the financial asset.

### n) Leases

#### (i) Details of leasing arrangements

Various operating leases are in place.

The NSW rail network in the country rail area is used by RailCorp as lessee under ten or fifteen year, non-exclusive, non-cancellable operating lease (access agreement). The lease rental (access fee) is reviewed annually.

# Financial statements

## Note 1 Summary of significant accounting policies (continued)

Certain Victorian and Queensland railways and stations are used by RailCorp as lessee under informal non-exclusive operating leases (access agreements).

Coaches for rural passenger services and buses for use during service disruptions are obtained under various operating leases. The rural coaches are obtained under three-year non-cancellable leases, renewable at RailCorp's option for up to two years.

Some telecommunications facilities in the country rail area are obtained under a non-cancellable operating lease.

Motor vehicles are obtained under two- or three-year operating leases arising from sale and leaseback arrangements. Rentals are all contingent, being based on floating interest rates.

Some office accommodation is obtained under operating leases, some resulting from sale and leaseback arrangements. Some leases are renewable at RailCorp's option for periods up to five years.

Some items of office equipment and plant are also obtained under operating leases.

RailCorp has granted various operating leases (access agreements) to other rail operators giving them non-exclusive access to the metropolitan rail network or stations. Such leases generally cover a five year period.

Various real estate operating leases have also been granted (including air space and advertising rights), sometimes covering long periods (up to 99 years). A few of the longer leases are non-cancellable. In most cases RailCorp retains legal title to the leased property.

### *(ii) Accounting treatment*

Minimum lease payment and contingent rental revenue or expense is recognised in the reporting period in which it is earned or incurred, respectively. See note 3.5.

Where RailCorp is the lessor under an operating lease, the asset leased is classified as a non-current asset, and any initial direct costs of the lease are deferred and amortised over the lease term in proportion to the rental revenue recognised in each reporting period. See note 7.

### **(o) Financial instruments**

Financial instruments are contracts that give rise to both a financial asset of one entity and a financial liability (or equity instrument) of another entity. They include cash at bank, receivables, investments, payables, property lease incentives, derivative financial instruments (forward foreign exchange contracts, foreign currency option contracts, and commodity swap contracts), and financial guarantees.

#### *(i) Derivative financial instruments*

When goods are ordered from overseas, exposures to fluctuations in foreign exchange rates or commodity prices arise. In order to mitigate the adverse effects of such exposures, derivative financial instruments, in the form of hedge contracts, are used.

The hedge contracts comprise forward foreign exchange contracts, foreign currency options, and commodity swap contracts.

Forward foreign exchange contracts or foreign currency option contracts are used to hedge against fluctuations in exchange rates in relation to purchase orders denominated in a foreign currency. All such commitments are hedged in this manner. These contracts entail a right to receive a fixed amount of foreign currency at a specified future date, which is offset by an obligation to pay a fixed amount of domestic currency at that time.

Commodity swap contracts are used to hedge against fluctuations in the price of distillate. These contracts are treated as financial instruments because, despite their requiring physical delivery of distillate, they are intended to be settled other than by physical delivery in accordance with general market practice. The contracts effectively entail a right to sell a specified quantity of distillate for a fixed amount, which is offset by an obligation to buy a similar quantity at its market price at the date of settlement.



# Financial statements

## Note 1 Summary of significant accounting policies (continued)

### *(ii) Financial guarantees and obligations*

Financial guarantees have been obtained from other parties to secure their contractual payment or performance obligations. Such guarantees take the form of deposits or bank guarantees. In the event of the financial guarantee becoming receivable due to the party's non-payment or non-performance, the deposit is retained, or the bank guarantee is collected.

Conversely, financial undertakings have been given to other parties to secure their rights in the event of a contractual default by RailCorp.

### *(iii) Accounting treatment*

All financial instruments (other than derivative financial instruments and financial guarantees) are recognised in the statement of financial position when they are received, incurred or issued.

Forward foreign exchange contracts are not recognised in the statement of financial position because they are intended to be held until maturity and the value of the foreign currency component of each contract cannot be reliably measured until that date. Upon maturity they are accounted for as outlined in note 1(d).

Commodity swap contracts are not recognised in the statement of financial position because the value of the market rate component cannot be measured reliably until settlement date. Any unrealised gain or loss at reporting date is recognised as revenue or expense respectively.

Financial guarantees receivable or payable are not recognised in the statement of financial position because their realisation is contingent on the happening of future events which have low probabilities. Any realised financial guarantee receivable or payable is recognised as revenue or expense respectively.

Any arrangement to hedge an anticipated purchase or sale is accounted for as a hedge of that transaction if, and only if, (i) the hedge remains effective in reducing exposure to the hedged risks; (ii) the hedging relationship is designated prospectively (specifically identifying the hedging instrument and the hedged anticipated transaction), and (iii) it is probable that the anticipated transaction will occur as designated.

A cost or gain arising at the inception of a hedge is accounted for separately from a cost or gain arising subsequently.

A cost or gain arising at the inception of a hedge in relation to a specific purchase or sale is deferred and included in the measurement of the purchase or sale. A cost or gain arising at the inception of any other hedge is deferred and recognised as an asset or liability and amortised as an expense or revenue over the life of the hedging transaction.

A gain or loss that arises on a hedge instrument (after its inception) is deferred and included in the measurement of the hedged anticipated purchase or sale when it occurs.

An exchange difference arising in relation to a hedge is accounted for as outlined in note 1(d).

If and when it becomes probable that some or all of a hedged anticipated transaction will not occur as designated, any deferred gain or loss on that part of the transaction is immediately recognised in the statement of financial performance. If and when the hedge ceases to be effective, any further gain or loss arising in the period when the hedge is no longer effective is immediately recognised in the statement of financial performance.

### *(iv) Valuation*

Financial instruments recognised in the statement of financial position are measured at their historical cost, which also represents their fair value.

The fair value of derivative financial instruments, and financial guarantees is determined at reporting date on the following basis:

- A forward foreign exchange contract, foreign currency option contract, or commodity swap contract is valued at the amount quoted by a bank or the NSW Treasury Corporation to realise the contract (if it is favourable) or to settle it (if it is unfavourable).
- A financial guarantee is valued at its contractual amount.

# Financial statements

## Note 1 Summary of significant accounting policies (continued)

All financial instruments are normally held to maturity rather than being traded. However, for the purpose of determining the fair values of derivative financial instruments and financial guarantees, it is assumed that those financial instruments will be realised at reporting date.

See note 14.

### p) Private sector participation in the provision of public infrastructure: Airport Line stations

Airport Link Company Pty Limited designed, financed, constructed and commenced operating four stations on the Airport Line, which runs from Central to Turrella via Sydney Airport. The company is to operate the stations until 2030 and then offer to transfer the ownership to RailCorp. The company went into receivership in November 2000.

Revenue from passengers using the line is to be shared between RailCorp and the company on an agreed basis until 2030.

RailCorp has an option, exercisable in 2030, to acquire Green Square, Mascot, Domestic and International stations, which are privately owned. This right to receive the four stations is accounted for as a premium on the ground lease of the station premises, which is a non-cancellable operating lease.

The premium is recognised as rent revenue and a non-current asset (earned portion of right to receive Airport Line stations). It is measured as the estimated written down replacement cost of the stations in 2030 and is calculated by escalating their current replacement cost, assuming an inflation rate of 2.5%, and then writing this down to reflect their remaining useful life in 2030.

The present value of the written down replacement cost of the stations in 2030 is allocated over the term of the lease by initially apportioning it on a straight-line basis and then recognising the annual change arising due to the discounted asset being one year closer to settlement. A discount rate of 7% is applied.

See note 7.

### q) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position. However, where practicable, an estimate of their estimated potential financial effect is disclosed in the notes. They are measured and reviewed similarly to provisions. See notes 1(k) and 13.

### r) Tax Effect Accounting

The Corporation is subject to the Tax Equivalent Regime (TER), in accordance with Section 20T of the *State Owned Corporations Act 1989*, under which it is required to pay a taxation equivalent to the NSW Government based on the accounting result in accordance with a methodology agreed with Treasury.

### s) Rounding

All amounts have been rounded to the nearest thousand dollars unless indicated otherwise.

### t) Segment reporting

RailCorp operates predominantly in one business segment (transport) and one geographical segment (Australia). It operates passenger rail and coach services in New South Wales and adjacent areas and provides network access for all rail services in the metropolitan rail area.

# Financial statements

## Note 2 Revenues

### 2.1 Revenues from ordinary activities

	Note	2003-04 \$'000
<b>Revenue from operating activities</b>		
Passenger services		259 837
Social program funding		401 383
Ancillary services to other NSW rail entities		8 371
Total revenue from rendering of services		<u>669 591</u>
Capital and other Government contributions	2.2	253 343
Rents		14 270
Operating lease contingent rentals		275
Net foreign exchange gains		1 288
Total revenue from operating activities		<u>938 767</u>
<b>Revenue from non-operating activities</b>		
Asset disposals		44
Interest		8 841
Other (non operating)		42 944
Total revenue from non-operating activities		<u>51 829</u>
<b>Total revenues from ordinary activities</b>		<u>990 596</u>

### 2.2 Capital and other Government contributions

#### Capital grants from NSW Government

Funding for capital works	170 797
Transfer of assets from Transport NSW	1 261
Total capital grants	<u>172 058</u>

#### NSW Government operating subsidies

Major periodic maintenance	81 200
Training schemes	85
Total NSW Government operating subsidies	<u>81 285</u>
<b>Total capital and other Government contributions</b>	<u>253 343</u>

# Financial statements

## Note 3 Expenses

	Note	2003-04 \$'000
<b>3.1 Payroll expenses</b>		
Payroll		119 572
Total payroll expenses		119 572
<b>3.2 Other employee benefits expense</b>		
Other employee benefits		22 644
Total other employee benefits expense		22 644
<b>3.3 Depreciation</b>		
Depreciation	6.3	196 633
Total depreciation expenses		196 633
<b>3.4 Borrowing costs</b>		
Interest		7
Total borrowing costs		7
<b>3.5 Other expenses</b>		
Minimum lease payments under rail access agreements		6 718
Minimum lease payments under other leases		27 982
Contingent rentals under operating leases		374
Total operating lease expense		35 074
Contract and general expenses		605 304
Workers' compensation	9.4	5 300
Consultants		738
Inventory write-downs or losses		7
Audit fees		200
Doubtful debts expense		85
Written down value of equipment sold		80
<b>Total other expenses</b>		<b>646 788</b>
<b>3.6 Components of net superannuation expense</b>		
Accruing liability recognised as payroll oncost		14 430
Actuarial adjustment		(8 169)
<b>Net superannuation expense/(revenue)</b>		<b>6 261</b>

# Financial statements

## Note 4 Cash

30.6.2004  
\$'000

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### 4.1 Cash assets

Cash at bank	1 291
Cash in hand	6 722
Cash in Treasury Corporation "hourglass" investments	95 700
<b>Total cash assets</b>	<b>103 713</b>

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### 4.2 Reconciliation of net loss with net cash from operating activities

<b>Net profit</b>	<b>4 952</b>
Depreciation	196 633
Loss on sale of assets	36
Airport line premium	(1 765)
Net movements in assets and liabilities applicable to operating activities:	
Increase in receivables	(82 112)
Increase in inventories	(304)
Increase in other assets	(29 690)
Increase in payables & provisions	152 154
<b>Net cash from operating activities</b>	<b>239 904</b>

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### 4.3 Non-cash investing activities

On 1 January 2004 the Minister for Transport Services transferred assets and liabilities to RailCorp from Rail Infrastructure Corporation and the State Rail Authority of NSW. The net transfer of assets represents a non-cash contribution of \$10.965 billion by the Government.

### 4.4 Credit standby arrangements and loan facilities

RailCorp has a "come and go" loan facility of \$80m with the NSW Treasury Corporation which is available until December 2005. None of this facility was used at 30 June 2004.

## Note 5 Receivables

### 5.1 Analysis of receivables

30.6.2004  
\$'000

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#### Current receivables

Trade and other debtors	87 259
Less allowance for doubtful debts	335
<b>Total current receivables</b>	<b>86 924</b>

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### 5.2 Minimum lease rentals receivable on non-cancellable operating leases

Not later than 1 year	30 054
Later than 1 year and not later than 5 years	47 071
Later than 5 years	209 867
<b>Total non-cancellable lease rentals receivable</b>	<b>286 992</b>

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No other operating lease commitments were receivable from lessees.

# Financial statements

## Note 6 Property, plant and equipment

### 6.1 Property, plant and equipment classes

	Note	30.6.2004 \$'000
<b>Land</b>		
Gross amount		2 730 794
<b>Buildings</b>		
Gross amount		1 938 169
Less accumulated depreciation		11 067
Total buildings		1 927 102
<b>Rollingstock</b>		
Gross amount		2 732 221
Less accumulated depreciation		87 165
Total rollingstock		2 645 056
<b>Plant and machinery</b>		
Gross amount		205 254
Less accumulated depreciation		18 211
Total plant and machinery		187 043
<b>Trackwork and infrastructure</b>		
Gross amount		3 236 931
Less accumulated depreciation		80 190
Total trackwork and infrastructure		3 156 741
<b>Capital works in progress</b>		
		362 461
<b>Total property, plant and equipment</b>		<b>11 009 197</b>

### 6.2 Valuation basis

Property, plant and equipment is measured at fair value based on transferor's book value (in the case of items transferred from another entity) or historical cost (in the case of recently purchased or recently constructed items).

### 6.3 Asset class movements

	Land	Buildings	Rollingstock	Plant and machinery	Trackwork & infrastructure	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2003-04</b>							
<b>Carrying amount at start of period</b>	-	-	-	-	-	-	-
<b>Additions</b>	3	36 177	91 696	22 824	183	71 593	222 476
<b>Disposals</b>	(74)	-	-	(6)	-	-	(80)
<b>Non Vesting equity adjustments</b>	4 980	-	-	-	-	-	4 980
<b>Transfers (to)/from RIC or StateRail</b>	2 725 885	1 901 992	2 640 525	182 436	3 216 694	308 441	10 975 973
<b>Depreciation expense</b>	-	(11 067)	(87 165)	(18 211)	(80 190)	-	(196 633)
<b>Other movements</b>	-	-	-	-	20 054	(17 573)	2 481
<b>Carrying amount at end of period</b>	<b>2 730 794</b>	<b>1 927 102</b>	<b>2 645 056</b>	<b>187 043</b>	<b>3 156 741</b>	<b>362 461</b>	<b>11 009 197</b>



# Financial statements

## Note 7 Other assets

### 7.1 Dissection of other assets

	Note	30.6.2004 \$'000
<b>Current other assets</b>		
Prepayments		5 533
Total current other assets		5 533
<b>Non-current other assets</b>		
Net superannuation asset	7.2	45 870
Earned portion of right to receive Airport Line stations		8 050
Total non-current other assets		53 920
<b>Total other assets</b>		<b>59 453</b>

### 7.2 Superannuation

Employer contributions are made to two defined-benefit superannuation schemes, the State Authorities Superannuation Scheme (SASS), and the State Authorities Non-Contributory Superannuation Scheme (SANCSS). Each scheme is administered by the SAS Trustee Corporation.

Employer contributions made to the superannuation schemes to fund emerging liabilities are held in investment reserve accounts maintained by the SAS Trustee Corporation (State Super).

In accordance with legislation covering employees transferring between state entities, Pillar Administration acting for State Super, in accordance with advice from NSW Treasury, transferred from StateRail the preserved value of superannuation entitlements for staff vested to RailCorp in January 2004.

The net superannuation asset in relation to the schemes comprises:

	SASS \$'000	SANCSS \$'000	Total \$'000
<b>30.6.2004</b>			
Investment reserve	220 701	32 363	253 064
Less gross liability	182 229	24 943	207 172
<b>Net superannuation asset</b>	<b>38 472</b>	<b>7 420</b>	<b>45 892</b>

The gross superannuation liability for each scheme at period end was assessed by a consulting actuary, William Mercer Pty Limited, using membership databases as at 31 March 2004. The actuary assumed an interest rate of 7% per annum, a salary growth rate of 4%, and a Consumer Price Index increase of 2.5% per annum.

	SASS \$'000	SANCSS \$'000	Total \$'000
<b>30.6.2004</b>			
Gross Liability	727	89	816
Less Investment Reserve	707	87	794
<b>Net Superannuation Liability</b>	<b>20</b>	<b>2</b>	<b>22</b>

# Financial statements

## Note 8 Payables

	Note	30.6.2004 \$'000
<b>Current payables</b>		
Trade creditors		62 545
Capital works accruals		55 180
Other creditors and accruals		81 581
<b>Total payables</b>		<b>199 306</b>

## Note 9 Provisions

### 9.1 Total provisions

#### Current provisions

Annual leave		16 845
Long service leave	9.3	4 370
Pay in lieu of certain holidays worked		2 944
Wages and salaries		3 053
Total current employee benefits		27 212
Workers' compensation	9.4	711
Legal claims	9.6	70
Total current provisions		27 993

#### Non-current provisions

Annual leave		3 446
Long service leave	9.3	31 608
Total non-current employee benefits		35 054
Workers' compensation	9.4	3 620
Public liability claims	9.5	996
<b>Total non current provisions</b>		<b>39 670</b>

### 9.2 Employee benefits and related on-costs

#### Current liabilities

Employee benefits provisions	9.1	27 212
Accrued wages and salaries		3 258
Payroll and fringe benefits taxes		3 318
Total current employee benefits and related on-costs		33 788

#### Non-current liabilities

Employee benefits provisions	9.1	35 054
Payroll tax		1 895
Total non-current employee benefits and related on-costs		36 949
<b>Total employee benefits and related on-costs</b>		<b>70 737</b>

### 9.3 Long service leave

The liability for long service leave was assessed in June 2004 by a consulting actuary, Mr G. Holley FIAA of Mercer Human Resource Consulting. The actuary assumed an interest rate of 5.75% per annum and a salary growth rate of 4% per annum.

### 9.4 Workers' compensation

Workers' compensation insurance is in place to cover any claim exceeding \$1m and the workers' compensation provision is maintained for smaller claims, for which RailCorp is a licenced self-insurer.

The workers' compensation liabilities at period end were assessed by McMahon Actuarial Services using a "central" estimate and assuming an interest rate of 5.8% per annum and a future wage inflation rate of 4% per annum. The liabilities are inherently uncertain due to doubts over the existence and quantum of individual claims and due to time lags between reporting date and settlement date.

# Financial statements

## Note 9 Provisions (continued)

### 9.5 Public liability claims

The Public Liability Claims Provision recognises claims against RailCorp that arise from personal injuries or property damage occurring on its premises or involving its assets.

Any claim recoverable from RailCorp's insurer is also recognised as a receivable or disclosed as a contingent asset, depending on its probability of settlement. See notes 5 and 13.

The liability at period end was assessed by management. The likely amount to be settled was assessed on the basis of past experience within the rail industry. The likely timing of settlement was assessed by reviewing individual claims. The liability is inherently uncertain due to disputes over the existence or quantum of individual claims.

### 9.6 Legal claims

The Legal Claims Provision recognises claims against RailCorp arising from prosecutions or fines in relation to legislative or contractual breaches or other matters.

The liability at period end was assessed by management by reviewing individual claims. The liability is inherently uncertain due to the existence or quantum of individual claims being in dispute.

### 9.7 Movements in provisions

	Workers' compensation	Public liability claims	Legal claims
	\$'000	\$'000	\$'000
<b>2003-04</b>			
Carrying amount at start of period	-	-	-
Increases in provision	5 300	1 000	70
Subtotal	5 300	1 000	70
Payment of claims	969	4	-
Remeasurements and no-cost settlements	-	-	-
<b>Carrying amount at end of period</b>	<b>4 331</b>	<b>996</b>	<b>70</b>

# Financial statements

## Note 10 Contributed equity

### 10.1 Contributed equity

	Note	30.6.2004 \$'000
Net assets contributed by Government on 1.1.2004	10.2	10 998 304
Transfer of land from Crown		4 980
<b>Total contributed equity</b>		<b>11 003 284</b>

### 10.2 Net assets transferred from other entities

As part of the restructuring of the NSW rail industry, the Minister for Transport Services ordered the transfer of the following assets and liabilities from Rail Infrastructure Corporation or StateRail to RailCorp on 1 January 2004. The net transfers have been treated as equity contributions by the Government.

	From RIC \$'000	From StateRail \$'000	Total \$'000
<b>Assets transferred</b>			
Cash assets	-	33 448	33 448
Receivables (current)	-	4 812	4 812
Other financial assets	-	879	879
Inventories	-	1 915	1 915
Other current assets	-	4 994	4 994
Property, plant and equipment	4 478 011	6 497 962	10 975 973
Other non-current assets	-	41 184	41 184
<b>Total assets</b>	<b>4 478 011</b>	<b>6 585 194</b>	<b>11 063 205</b>
<b>Liabilities transferred</b>			
Payables	-	4 718	4 718
Provisions (current)	-	45 002	45 002
Tax liabilities (current)	-	1 497	1 497
Provisions (non-current)	-	11 816	11 816
Tax liabilities (non-current)	-	1 868	1 868
<b>Total liabilities</b>	<b>-</b>	<b>64 901</b>	<b>64 901</b>
<b>Net assets transferred</b>	<b>4 478 011</b>	<b>6 520 293</b>	<b>10 998 304</b>

## Note 11 Retained earnings

Retained earnings at start of period	-
<b>Transactions other than with owners as owners</b>	
Net result from operating activities for the period	4 952
Total transactions other than with owners as owners	4 952
<b>Retained earnings at end of period</b>	<b>4 952</b>

# Financial statements

## Note 12 Expenditure commitments

### 12.1 Expenditure commitments

	30.6.2004 \$'000
<b>Rail access fees</b>	
Within 12 months	12 903
12 months or longer but not longer than 5 years	60 348
Total rail access fees	<u>73 251</u>
<b>Leasing (excluding rail access fees)</b>	
Within 12 months	43 284
12 months or longer but not longer than 5 years	93 215
Longer than 5 years	6 780
Total leasing (excluding rail access fees)	<u>143 279</u>
<b>Capital</b>	
Within 12 months	239 950
12 months or longer but not longer than 5 years	116 018
Total capital	<u>355 968</u>
<b>Other (excluding inventories)</b>	
Within 12 months	288 854
12 months or longer but not longer than 5 years	611 253
Longer than 5 years	310 808
Total other (excluding inventories)	<u>1 210 915</u>
<b>Total</b>	
Within 12 months	584 991
12 months or longer but not longer than 5 years	880 834
Longer than 5 years	317 588
<b>Total expenditure commitments</b>	<u>1 783 413</u>

The expenditure commitments include any associated Goods and Services Tax. Related input tax credits of \$162.128 m are expected to be recoverable from the Australian Taxation Office.

### 12.2 Minimum lease payments committed under non-cancellable operating leases

Not later than 1 year	12 903
Later than one year and not later than 5 years	60 348
<b>Total committed</b>	<u>73 251</u>

Minimum lease payment commitments include any associated Goods and Services Tax. Related input tax credits of \$6.659 m are expected to be recoverable from the Australian Taxation Office.



# Financial statements

## Note 13 Contingent liabilities

	Note	30.6.2004 \$'000
<b>Contingent liabilities</b>		
Contractual and other claims		98 261
<b>Total contingent liabilities</b>		<b>98 261</b>

Contingent liabilities represent matters that are unconfirmed (pending the occurrence or non-occurrence of an uncertain future event), or not reliably measurable or unlikely to be settled. However, their probability of settlement is not remote.

Contractual and other claims against RailCorp arise from contractual matters or from prosecutions. The existence or quantum of each claim is usually in dispute.

As a result of claims made against RailCorp or StateRail by the operator of the four privately-owned stations on the Airport Line a new agreement between RailCorp and the company is nearing completion. This is likely to result in the waiving of all outstanding claims and provide for a settlement amount to be paid by RailCorp progressively over a number of years. The contingent liability for the total settlement amount is estimated to be approximately \$98.25m.

## Note 14 Financial instruments

### 14.1 Credit risk

Receivables, forward foreign exchange contracts, foreign currency option contracts and commodity swap contracts are exposed to the risk of financial loss due to the other party to the contract failing to discharge a financial obligation thereunder.

The maximum credit risk exposure in relation to receivables is the carrying amount, less the allowance for doubtful debts, as set out in note 5.1.

The maximum credit risk in relation to forward foreign exchange contracts, foreign currency option contracts and commodity swap contracts is the fair value of the contracts, as set out in notes 14.3, and 14.5.

The only significant concentration of credit risk at period end arises in respect of receivables of \$16.125m from Rail Infrastructure Corporation and \$33.853m from StateRail. Despite the size of the credit risk exposure, the risk of loss is considered to be minimal due to the nature and general financial standing of the debtor.

### 14.2 Interest rate risk

Cash at bank and other financial assets (investments) are exposed to the risk that their value will fluctuate due to changes in market interest rates.

The maturity (or contractual repricing) dates and weighted average effective interest rates of financial instruments exposed to interest rate risk at period end are:

	Average interest rate	Principal amount
Timing of exposure	2004 %	30.6.2004 \$'000
<b>Not later than 1 year</b>		
Cash assets	5.2	103 713
<b>Total principal exposed</b>		<b>103 713</b>

# Financial statements

## Note 14 Financial instruments (continued)

### 14.3 Valuation of financial instruments

Financial assets and financial liabilities recognised in the statement of financial position are carried at historical cost which is also fair value. At period end, the fair values for financial instruments not recognised in the statement of financial position were:

	Carrying/contract value	Fair value
	30.6.2004	30.6.2004
	\$'000	\$'000
<b>Assets (current and non-current)</b>		
Favourable commodity swap contracts	4 422	4 835
Favourable forward foreign exchange and option contracts	37 822	39 109
Financial guarantees receivable	80 826	80 826
<b>Liabilities (current and non-current)</b>		
Unfavourable commodity swap contracts	4 439	4 359
Unfavourable forward foreign exchange and option contracts	11 381	11 350

Financial guarantees receivable comprise security deposits, retention moneys, fixed price contract deposits and contract bank guarantees.

### 14.4 Maturity profile of commodity swap contracts

	Notional contract value
	30.6.2004
	\$'000
Maturity profiles	
Not later than 1 year	8 861
<b>Total commodity swap contracts</b>	<b>8 861</b>

# Financial statements

## Note 14 Financial instruments (continued)

### 14.5 Forward foreign exchange contracts

At period end \$58.124m of overseas purchase orders were exposed to fluctuations in foreign exchange rates. Forward foreign exchange contracts were used to hedge many of these purchases.

	Average exchange rate	Contract value
Maturity profiles	<b>30.6.2004</b>	<b>30.6.2004</b> <b>A\$'000</b>
<b>Contracts denominated in Euros</b>		
Not later than 3 months	<b>0.5814</b>	<b>5 592</b>
Later than 3 months and not later than 12 months	<b>0.5697</b>	<b>9 780</b>
Later than 12 months	<b>0.5628</b>	<b>1 622</b>
Total hedged Euro contracts		<b>16 994</b>
<b>Contracts denominated in US dollars</b>		
Not later than 3 months	<b>0.6768</b>	<b>2 041</b>
Later than 3 months and not later than 12 months	<b>0.6873</b>	<b>9 705</b>
Later than 12 months	<b>0.6846</b>	<b>260</b>
Total hedged US dollar contracts		<b>12 006</b>
<b>Contracts denominated in New Zealand dollars</b>		
Not later than 3 months	<b>1.1429</b>	<b>1 154</b>
Later than 3 months and not later than 12 months	<b>1.1426</b>	<b>230</b>
Total hedged New Zealand dollar contracts		<b>1 384</b>
<b>Contracts denominated in Japanese yen</b>		
Not later than 3 months	<b>75.97</b>	<b>3 042</b>
Later than 3 months and not later than 12 months	<b>75.31</b>	<b>6 780</b>
Later than 12 months	<b>73.49</b>	<b>6 021</b>
Total hedged Japanese yen contracts		<b>15 843</b>
<b>Contracts denominated in Swiss francs</b>		
Not later than 3 months	<b>0.8827</b>	<b>96</b>
Later than 3 months and not later than 12 months	<b>0.8598</b>	<b>299</b>
Total hedged Swiss franc contracts		<b>395</b>
<b>Contracts denominated in pounds sterling</b>		
Not later than 3 months	<b>0.4066</b>	<b>1 036</b>
Later than 3 months and not later than 12 months	<b>0.3854</b>	<b>1 501</b>
Later than 12 months	<b>0.3860</b>	<b>104</b>
Total hedged pounds sterling contracts		<b>2 641</b>
<b>Total hedged purchases</b>		<b>49 263</b>

# Financial statements

## Note 15 Directors' remuneration

There were seven Directors of RailCorp (including six non executive directors) for the six months ended 30 June 2004. An amount of \$242 799 has been accrued pending payment of directors' fees and superannuation.

## Note 16 Reporting exemptions

The Treasurer has granted the following exemptions from the reporting requirements of the *Public Finance & Audit Act 1983* or the *Public Finance and Audit Regulation 2000* because RailCorp is not in competition.

Exemption	Act or Regulation reference
Manufacturing, trading and profit and loss statements	Section 41B(c) of Act
Amounts set aside for renewal or replacement of fixed assets	Item 2 of Schedule 1 to Regulation
Amounts set aside to any provision for known commitments	Item 4 of Schedule 1 to Regulation
Amount appropriated for loans/advances/debentures/deposits	Item 6 of Schedule 1 to Regulation
Excess of non-current asset value exceeds replacement cost	Item 13 of Schedule 3 to Regulation

## Note 17. Event occurring after reporting date

On 4 September 2004, further RIC staff, assets, rights and liabilities were transferred from RIC to RailCorp as part of the restructuring of the NSW rail industry referred to in Note 1(a). The transferred assets and liabilities mainly comprise metropolitan land, (other than infrastructure), leases and leasehold improvements, current RIC metropolitan contracts, and rolling stock, major/minor plant and inventories other than those sold to ARTC.

Further, on 4 September 2004 additional State Rail Authority assets, rights, liabilities and staff were transferred from StateRail to RailCorp. The transferred assets and liabilities mainly comprise: stations in the country rail area and the employee benefits of transferred staff, respectively.

It is not possible to reliably estimate the value of the net assets transferred because the value of transferred liabilities has yet to be assessed and further staff are to be transferred. However, the value of transferred net assets is expected to approximate \$100 million.

As the transfer occurred after the reporting date its financial effect has not been recognised in 2003-04.

## End of audited financial report

# Financial statements

## Statement by Directors for the six months ended 30 June 2004

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Pursuant to section 41C and 41B of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Rail Corporation New South Wales, we state that:

- (a) The accompanying Financial Report, read in conjunction with the notes thereto, exhibit a true and fair view of the financial position of Rail Corporation New South Wales as at 30 June 2004 and its performance for the six months ended on that date.
- (b) The accompanying Financial Report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000*, *State Owned Corporations Act 1989*, Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board.
- (c) At the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.
- (d) We are not aware, as at the date of this statement, of any circumstances which would render any particulars included in the Financial Report to be misleading or inaccurate.

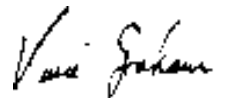
Signed in accordance with a resolution of the Directors.



**Ross Bunyon**

Chairman

30 September 2004



**Vince Graham**

Director/Chief Executive Officer

30 September 2004



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# Appendices

## Appendix 1

### CityRail Customer Service Commitment

The following outlines CityRail's commitment to provide safe, reliable and clean rail services in 2003-04. It describes what customers can expect when they travel on CityRail. We aim to continuously improve our services and report our progress. Our Customer Service Commitment is updated annually.

#### About CityRail

CityRail is the principal urban public transport provider in Sydney and the surrounding regions in NSW. It delivers suburban and intercity passenger train services in the Sydney, Hunter Valley, Central Coast, Blue Mountains, Southern Highlands and South Coast areas.

Statistics on rail usage are published on the CityRail website: [www.cityrail.info](http://www.cityrail.info) and in this annual report.

#### Our staff

CityRail staff are there to make sure your journey is safe, comfortable and enjoyable. CityRail staff will:

- Be safety conscious at all times.
- Be courteous and helpful.
- Make appropriate announcements at stations and on trains.
- Tell you about delays or alterations to services.
- Wear a uniform when on duty at stations or on trains.

#### Service reliability

CityRail is committed to providing safe, reliable and punctual train services. Our targets for 2003-04 are for:

- At least 99 out of every 100 peak services to run.
- At least 92 out of every 100 peak services to arrive at their terminus within 3 minutes and 59 seconds of their scheduled arrival time [5 minutes and 59 seconds for Intercity services].
- Less than 1% of stations per day to be skipped during peak service provision to maintain on-time running.

CityRail's performance is closely monitored and reported each week on the CityRail website: [www.cityrail.info](http://www.cityrail.info). In 2003-04 CityRail increased the amount of performance data displayed on its website. On-time running statistics were published for each line.

For more information on our performance, please see our service provision summary on page 4.

## Our trains

CityRail is committed to providing you with clean, reliable and accessible trains. We aim to:

- Clean train interiors daily and exteriors fortnightly.
- Remove litter from trains in service during off-peak day-time periods.
- Reduce vandalism and remove graffiti as quickly as possible.

CityRail plans to upgrade its train fleet over the next five years. Delivery of 81 new suburban carriages was completed in late 2003 and delivery of a further 60 suburban carriages will commence in 2004. Retirement of 56 Tulloch carriages, which no longer meet customer expectations, commenced in 2003. Orders have been placed for 41 new Outer Suburban Carriages and 14 Hunter Rail Cars.

All trains receive regular routine maintenance and major periodic maintenance and there is a refurbishment program which results in train interiors being upgraded at least every six years.

## Our stations

CityRail is aware of customers' requirements for a clean and safe environment and aims to:

- Clean all attended stations daily.
- Conduct cleaning inspections at unattended stations on a regular basis.
- Maintain bright lighting.
- Fix equipment failures promptly and, when lifts or escalators are expected to be out of service for a considerable time, provide advice on expected restoration time and alternative arrangements. Our target is to have 98% of lifts and escalators in working order when train services are operating.
- Ensure toilets at stations are clean and unlocked wherever possible. If toilets are closed for security reasons, staff will unlock them on request.

CityRail is continuously upgrading and improving stations, including the installation of Easy Access facilities. CityRail is progressively introducing electronic destination signage and digitised voice announcements at its stations.

## Security

CityRail works closely with the NSW Police and is investing in people and equipment to ensure travel on our system is safe and secure. Measures taken include:

- The provision of transit officers to provide customer service, check tickets and patrol stations and trains.



# Appendices

- Security resources, including police and transit officers, are tactically deployed across the CityRail network.
- Closed circuit television (CCTV) cameras monitor every station.
- Staff in control rooms monitoring the cameras have direct contact with Police.
- All new trains have CCTV cameras and Emergency Help Points fitted.
- More than 700 Emergency Help Points are installed on stations. Our target is to have 99% of Emergency Help Points in working order at all times. Performance against this target is available at [www.cityrail.info](http://www.cityrail.info).
- Our security staff and the police conduct joint exercises aimed at reducing crime on the CityRail network.
- Frequent audits of safety and security are conducted and assessed with the aim of identifying areas for improvement.

## Passengers with special needs

CityRail welcomes customers with special needs and is committed to providing a service which everyone can use.

We are continuing to upgrade stations to improve access. All new stations and trains are designed to maximise functional accessibility for passengers with disabilities. The accessible features of our stations are listed in the 'Accessing CityRail' brochure, which is available on our website and at staffed stations.

## Fares and tickets

CityRail's fares are distance based and are reviewed annually by the Independent Pricing and Regulatory Tribunal. We offer a large range of ticket products. Details can be found on the CityRail website and in the brochure 'Tickets to Ride', which is available from staffed CityRail stations.

CityRail staff in ticket offices are happy to provide you with information regarding fares and ticketing. Tickets are available from ticket offices at busier stations and at ticket vending machines throughout the CityRail network. CityRail aims to have at least 98.5% of ticketing devices in operating order at all times. Performance against this target is available at [www.cityrail.info](http://www.cityrail.info).

## Customer information

CityRail provides you with information on services through the Transport Infoline telephone service (131 500) and website ([www.131500.com.au](http://www.131500.com.au)), the CityRail website ([www.cityrail.info](http://www.cityrail.info)) and our station staff.

The Transport Infoline, which operates from 6am until 10pm daily, aims to answer 95% of calls within 40 seconds. Our timetables, fares brochures and network maps are published annually and are available free of charge at staffed stations. The relevant timetables are displayed at all stations. Our target is to have 99% of public address systems working at all times. Performance against this target is available at [www.cityrail.info](http://www.cityrail.info).

Real-time information about service disruptions is displayed on [www.cityrail.info](http://www.cityrail.info) and recorded information is available 24 hours per day on 131 500.

## Advice concerning service changes

Advising customers about track maintenance and service changes is a priority. CityRail displays posters at stations to advise passengers of maintenance work that will require trains to be replaced by buses. This information is also available from the Transport Infoline, the CityRail website and in local newspapers. In 2003-04 CityRail published a calendar of all planned weekend track closures.

Customers can subscribe to CityRail's trackwork info service and have details of track closures emailed each week by registering their details on [www.cityrail.info](http://www.cityrail.info).

When major works are planned requiring large-scale bus operations, CityRail will conduct a communications campaign to ensure the community is aware of service changes. Advertisements will be placed in the media, leaflets distributed to stations and posters displayed at stations.

When unplanned disruptions occur, we aim to respond quickly and will make every effort to keep customers informed. Staff will make announcements and the Transport Infoline and radio stations will be notified of the disruption and the alternative transport arrangements.

## Feedback

We welcome any comments and suggestions customers might have on improving our services. Customers can provide feedback by contacting the Transport Infoline by telephone or email or by writing to RailCorp's Customer Relations Unit.

To ensure your feedback is captured and used to plan service improvements, CityRail will:

- Provide customer service staff at the Transport Infoline to receive, record and answer your feedback between 6.00am and 10.00pm daily.
- Provide electronic feedback forms on the CityRail and Transport Infoline web sites.

# Appendices

- When required, follow up customer complaints by phone within five days.
- Respond to correspondence within 21 days.
- Audit and research customer satisfaction with feedback processes.
- Analyse your feedback and provide a summary of customer feedback on the CityRail website and in this annual report.

## Contact details

### For train, bus and ferry timetable and ticketing information:

Transport Infoline:

- Telephone 131 500 (6am to 10pm)
- Website [www.131500.com.au](http://www.131500.com.au)
- TTY 1800 637 500 for hearing and speech impaired.

CityRail:

- Website [www.cityrail.info](http://www.cityrail.info)

### For 24 hour assistance with ticket vending machines:

- Telephone 1800 808 822.

### To report unclean train carriages or faulty equipment:

- Telephone 131 500 and quote carriage number or location and nature of the fault.

### To report security issues:

- Contact the train guard or station staff, or telephone the RailCorp Security Control Centre on 1800 657 926 or 9374 4444.

### For correspondence:

RailCorp Ministerial Correspondence and Customer Relations Division

Rail Corporation New South Wales

PO Box K349

Haymarket NSW 1238

Email: [feedback@staterail.nsw.gov.au](mailto:feedback@staterail.nsw.gov.au)

## Appendix 2

### Electronic service delivery

The continued growth of internet use and the uptake of broadband services have strengthened the need for RailCorp to ensure its capacity to effectively deliver information via web-based media. Our electronic services are highly utilised for access to such information as timetable, trackwork, special events, and key performance indicators.

RailCorp provides information electronically via three websites:

#### RailCorp

[www.railcorp.info](http://www.railcorp.info)

Most popular page: Recruitment and Training – Job opportunities

1 Jan 2004 to 30 Jun 2004

Total visitors: 203 586

Average visitors per day: 1 122

#### CityRail

[www.cityrail.info](http://www.cityrail.info)

Timetables account for nearly 70% of total traffic

1 Jul 2003 to 30 Jun 2004

Average visitors per day: 9 216

Total visitors: 3 367 075

#### CountryLink

[www.countrylink.info](http://www.countrylink.info)

Most popular page: Timetables

1 Jul 2003 to 30 Jun 2004

Average visitors per day: 2 467

Total visitors: 947 761

## Appendix 3

### Research and development

CityRail Customer Satisfaction Study was conducted in September 2003. A survey population of 2 900 was asked to explain their perception of the service delivered across seven areas identified as the most important contributors to CityRail's service levels.

Investment = \$50 000

In late 2003, we were requested by the Ministry of Transport to work with the Independent Transport Safety and Reliability Regulator (ITSRR) to transfer responsibility for the CityRail Customer Survey to ITSRR, commencing in 2004.

No CountryLink Customer Satisfaction Survey was conducted in 2003-04.

# Appendices

## Appendix 4

### Heritage management

The RailCorp Board acknowledges the importance of rail heritage assets, and has initiated the development of a Heritage Asset Management Strategy to ensure the viable sustainable governance of rail heritage assets into the future.

#### 1. General

In addition to providing advice and guidance on the conservation and restoration of operational heritage buildings, RailCorp's Property Division, undertakes its own restoration projects. These included the restoration of station precinct areas such as the Lockhart station buildings and the Paterson Station Master's Cottage. Projects like these allow the adaptive reuse of a valuable heritage asset which, when undertaken in conjunction with the local communities, enhances and preserves our rail history.

#### 2. Werris Creek

The Australian Railway Monument (ARM) at Werris Creek was established as a cultural heritage feature to commemorate those who died in the service of the railways.

The first stage of this commemoration was the refurbishment of the Precinct Building that was completed in April 2004. The next stage of the project is to complete six 3-metre high sculptures, landscaping, creation of an amphitheatre and commemorative blade walls displaying the names of approximately 2 800 people.

Currently, sculptures of a fettler, signalman, driver / fireman and gatekeeper are being progressed, with all six sculptures due for completion by mid-September 2004. The overall ARM project is scheduled for completion by the end of June 2005.

#### 3. Eveleigh

RailCorp Property Division is working closely with specialist government departments, community and heritage groups to transform the North Eveleigh precinct into a vibrant area that blends the valuable historical contribution that Eveleigh has made to our rail history with commercial opportunities.

The Ministry of Arts has commenced the transformation of the Carriage Workshops into a theatre area that retains the historical characteristics of the building whilst providing the community with a first-class entertainment area.

The Paint Shop will reflect the strongest link with our rail history through its conversion into a storage and occasional exhibition space for heritage rolling stock and memorabilia.

The subtle introduction of commercial activities will come through the conversion of areas such as the Chief Mechanical Engineer's Building into offices and the introduction of residential buildings in the southern areas.

All of these activities will compliment and respect the historical importance of the precinct.

## Appendix 5

### Environmental performance

The Environmental Projects Unit (EPU) provides the required internal specialist expertise, capability and strategic direction for the management of land contamination and other environmental matters pertaining to rail assets.

During the past twelve months, the EPU spent \$1.8 million on contaminated land management projects.

Environmental investigations were undertaken on approximately 50 sites in both country and metropolitan regions. The investigations allowed environmental advice to be provided to the Property Management Unit, which culminated in the negotiation of leases for several properties (termination, renewal and creation) and the divestment of surplus railway land.

The EPU also continued due diligence monitoring at a number of sites to ensure compliance with the *Contaminated Land Management Act 1997* and directives of the NSW Environment Protection Authority.

The EPU continued to work with the Property Division in 2004 to ensure that contaminated land matters are given appropriate consideration in leasing documentation.

#### *Close-out of environmental audit recommendations*

RailCorp has been making progress to close the audit recommendations from an external audit of environmental compliance of stations and Passenger Fleet Maintenance (PFM) Division facilities in 2002. The audit identified 276 recommendations to address environmental compliance, due diligence and environmental management system implementation across Stations and PFM. Train Services, Customer Services and Infrastructure Groups have all been working to close out these recommendations.

# Appendices

## *Environmental training*

Environmental training was developed and delivered to PFM and stations staff in 2003-04 in the most comprehensive environmental training received by operational staff to date. A variety of Passenger Fleet Maintenance managers and staff attended a one-day environmental management module, and a selection of station managers and duty managers attended two hours of environmental management training.

## *Ballast recycling*

The Ballast Recycling Centre at Chullora has had a significant positive impact on the environment. Operating under an EPA licence, the Centre recycles spent ballast and spoil from track work into products suitable for reuse. It also ensures any non-useable materials are disposed of in accordance with EPA guidelines.

In 2003-04, the centre set a new record for the recovery of material for recycling. A total of 172 000 tonnes of material was recovered and processed. This compares to a long-term average of 75 000 tonnes per annum and 102 000 tonnes in 2002-03. Approximately half the material recovered is cleaned, screened and re-used on the track or as roadbase on access roads. The other half is sold as engineering fill and less than 1% of the materials are sent for waste disposal.

Ballast recycling reduces costs, extends the life of our ballast quarries and reduces the impact of rail operations on the environment.

## *Awaba water supply*

The environmental impact of track maintenance activities has been alleviated in an area on the Central Coast. An innovative water saving solution was introduced near the township of Awaba, where ground water pumped from the Eraring Coal Mine was used for dust suppression during track upgrading work. In the past, town water was used during these possessions.

The ground water was tested to ensure that it was environmentally safe and a water hydrant was installed. This ground water will be available for dust control during any future possessions, reducing our impact on Awaba's town water supply.

## *Graffiti management program*

An extensive mural painting program at graffiti hotspots is helping reduce incidents of graffiti along the rail corridor.

Mural painting is emerging as an effective graffiti deterrent and a viable alternative to graffiti removal. Good mural work is less likely to be 'tagged' by graffiti artists, improves the appearance of once unattractive sites and reduces cleaning costs. Graffiti deterrents are important to reduce rail corridor trespassing.

Some regions are trialing anti-graffiti coatings as an alternative to the paint-out program. Early indications are that they will be more cost effective for frequently targeted areas. Anti-graffiti coatings are proving particularly effective in the protection of murals. The city region is continuing to have success with these anti-graffiti coatings.

Where practicable and depending on weather conditions, some regions are using vegetation to block graffiti sites.

Over the past 12 months, 524 000 square metres of graffiti was removed from along metropolitan rail corridors. A record 22 300m<sup>2</sup> of graffiti was painted out in Metro South. This increase has come about as a result of the reintroduction of the 72-hour graffiti paint-out policy in the Inner West.

Graffiti in the Bankstown area has been significantly reduced with the adoption of anti-graffiti strategies in cooperation with Bankstown Council. The anti-graffiti-coated mural in the Strathfield pedestrian tunnel and the Strathfield TAFE wall continue to work effectively, with both having received favourable public reaction.

## *Noise pollution reduction program*

A noise-monitoring program has been completed, with results indicating that continuous welded rail, which now makes up 90% of the Metropolitan Network, has delivered the most positive noise reduction outcomes.

Noise management guidelines have been produced and distributed for councils and stakeholders throughout NSW. The guidelines will assist councils to adopt a more consistent approach to achieving an appropriate acoustic amenity for developments near rail corridors. The guidelines also assist those involved in the planning, design and application for developments potentially affected by rail noise and vibration.

A whole of Network Strategy Noise Pollution Reduction Program has been prepared with an extensive literature review conducted, including considerable stakeholder consultation.



# Appendices

## Vegetation management

The continuing drought throughout the metropolitan area and much of regional NSW has caused vegetation programs to be put on hold.

Weed control, tree and scrub management and slashing programs continue to be undertaken in line with vegetation management plans along rail corridors.

As part of an Acacia Pubescens Management Plan, bush regeneration of sites containing the threatened species Acacia Pubescens has taken place in metropolitan area, particularly in the west, south and city regions this year.

## Appendix 6

### Waste Reduction and Purchasing Policy (WRAPP)

StateRail and RIC each implemented the NSW Government's Waste Reduction and Purchasing Policy (WRAPP) until 30 June 2004. The policy focuses on reducing the generation of waste and increasing the use of recycled content materials, especially in offices.

## Appendix 7

### NSW Government Energy Management Plan (GEMP)

The Government Energy Management Policy (GEMP) was announced by the NSW Government in 1998. It is one of several initiatives aimed at reducing greenhouse emissions, detailed in the NSW Greenhouse Action Plan 1998. The policy was implemented separately by StateRail and RIC in this financial year.

## Appendix 8

### Statement on business ethics

RailCorp is currently in the process of finalising a Statement on Business Ethics. This statement will explain the expected standards of business conduct between RailCorp and the private sector.

RailCorp expects both its permanent and internal contract employees to behave ethically and comply with its Code of Conduct. All individuals or organisations that deal with RailCorp must apply the standards of ethical behaviour that will be described in this statement. These standards comply with NSW Government guidelines for procurement, contracting and market testing.

The statement will be designed to ensure business relationships between RailCorp and private sector service providers / contractors are fair and productive for all. RailCorp recognises the importance of maintaining ethical business dealings to build public confidence and generate repeat business.

*For more information, contact the RailCorp Ethics Advice Line on 1800 629 826.*

## Appendix 9

### Employee Code of Conduct

RailCorp is currently finalising its Employee Code of Conduct. The code will describe RailCorp's work culture and the standard of behaviour required from RailCorp employees, contractors and suppliers.

The code will assist employees to:

- Understand and apply RailCorp's expected standards of conduct and behaviour.
- Respond in an appropriate, consistent and timely way to situations that may arise.
- Identify people or organisations who can help staff with concerns.

Once finalised, the code will be published in appropriate internal media. In accordance with annual reporting requirements, the full code will be made available in the 2004-05 RailCorp Annual report.

# Appendices

## Appendix 10

### Board Code of Conduct

RailCorp's Board has adopted a Code of Conduct based on the Australian Institute of Company Directors Code of Conduct:

1. A Director must act honestly, in good faith and in the best interests of RailCorp as a whole.
2. A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. A Director must use the powers of office for a proper purpose, in the best interests of RailCorp as a whole.
4. A Director must recognise that the primary responsibility is to RailCorp's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of RailCorp.
5. A Director must not make improper use of information acquired as a Director.
6. A Director must not take improper advantage of the position of Director.
7. A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of RailCorp.
8. A Director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.
9. Confidential information received by a Director in the course of the exercise of directorial duties remains the property of the organisation from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by RailCorp, or the person from whom the information is provided, or is required by law.
10. A Director should not engage in conduct likely to bring discredit upon RailCorp.
11. A Director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this code.

## Appendix 11

### Internal Audit

RailCorp maintains an independent internal audit service to help the Corporation meet its objectives by applying a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Internal Audit function is authorised by the Board to direct a comprehensive program of internal auditing within the Corporation with full and unrestricted access to all functions, property, personnel records, accounts, files and other documentation. The function also provided corruption prevention and investigation services, focussed on building RailCorp's resistance to fraud and corruption.

The internal audit work program is subject to annual endorsement by the Board Audit and Risk Committee, with the results, progress and performance of Internal Audit regularly reviewed by both the Committee and external auditors.

#### *Investigations*

All reported allegations of corrupt conduct committed by staff members were investigated. Where appropriate, final investigation reports were referred to senior management for information and / or consideration of disciplinary action.

Advice on how to address areas vulnerable to corruption was also provided on a needs basis. Matters involving criminal conduct were referred to the NSW Police for investigation and potential prosecution.

#### *Corruption prevention*

RailCorp provided ethics advice, conducted ethics awareness activities and implemented or reinforced initiatives to help build a corruption resistant organisation. Advice was provided on issues such as contracting, gifts and benefits, conflicts of interest, secondary employment, sponsorship etc. Newsletter articles and an ethics advice / corruption reporting poster were produced and seminars for new staff were conducted as part of their induction or for existing staff in response to identified needs.

# Appendices

## Appendix 12

### Changes in acts and subordinate legislation

The *Transport Administration (Rail Agencies) Amendment Act 2003* commenced in part on 19 December 2003 in respect of provisions which constituted Rail Corporation New South Wales (RailCorp), a statutory state owned corporation under the *State Owned Corporations Act*. RailCorp commenced operations on 1 January 2004. The Act provided that RailCorp has the functions of operating the metropolitan passenger railway and owning lands and rail infrastructure in the metropolitan area. The Act provides for the wind down and dissolution of the State Rail Authority.

The *State Owned Corporations Regulation 2003* commenced on 1 January 2004. The Regulation provides for RailCorp employees to have appeal rights to Transport Appeal Boards against promotions or disciplinary decisions.

The *Public Sector Employment and Management (General) Regulation (RailCorp) 2003* commenced on 1 January 2004. The Regulation enables employees of RailCorp who later move to positions in the public service to have their accrued entitlements to sick, annual and long service leave transferred with them.

The *Transport Legislation Amendment (Safety and Reliability) Act 2003* commenced on 1 January 2004. The Act establishes the Independent Transport Safety and Reliability Regulator with the functions of reviewing safety and reliability of transport authorities, accrediting operators of railways under the *Rail Safety Act 2002* and to investigate and report on accidents and incidents involving transport services.

The *Rail Safety (Drug and Alcohol Testing) Regulation 2003* commenced on 8 August 2003. The Regulation provides for random testing for drugs and alcohol of railway employees who are performing or about to undertake railway safety work, or are involved in an incident or accident.

The *Rail Safety (General) Amendment (Penalties and Train Safety Recordings) Regulation 2003* commenced on 29 August 2003. The regulation increases the penalties (including on-the-spot fines) for certain offences under the *Rail Safety (General) Regulation 2003* relating to tickets

and payment of fares, conduct on trains or railway land, littering, crossing or placing objects on railway tracks, throwing things at or from trains, stations or railways, and trespassing on stations, railways or railway land. The regulation also makes provision to enable publication and communication of train safety recordings (such as data logger information) between accredited persons and their employees and contractors for monitoring and analysis purposes and to the Director General of the Ministry of Transport.

The *Rail Safety (General) Amendment (Safety and Reliability) Regulation 2003* and the *Rail Safety (Drug and Alcohol Testing) Amendment (Safety and Reliability) Regulation 2003* both commenced on 24 December 2003. The regulations amend the *Rail Safety (General) Regulation 2003* and the *Rail Safety (Drug and Alcohol Testing) Regulation 2003* respectively, to replace references to the Director General of the Ministry of Transport with references to the Independent Transport Safety and Reliability Regulator.

The *Rail Safety (General) Amendment (Health and Fitness Standards) Regulation 2004* commenced on 30 April 2004. The regulation amends the *Rail Safety (General) Regulation 2003* to make it clear that accredited railway operators must comply with applicable standards regarding railway employee health and fitness and to make clear the process by which such standards are issued.

The *Transport Administration Amendment (NSW and Commonwealth Rail Agreement) Act 2004* commenced on 1 June 2004. The Act amends the *Transport Administration Act 1988* with respect to leasing and licensing to, and management by, the Australian Rail Track Corporation Limited of country rail infrastructure and freight rail infrastructure.

The *Disability Standards for Accessible Public Transport Amendment 2004* (No. 1) commenced on 2 April 2004. The Amendment to the Standards was formulated under subsection 31(1) of the *Disability Discrimination Act 1992*. The Amendment covers:

- A number of technical issues that related to public transport conveyances that were excluded from the Disability Standards 2002.
- Other issues chosen by the technical review committee of the Department of Transport and Regional Services (DOTARS).

# Appendices

## Appendix 13

### Freedom of Information (FOI) statistics 1 January 2004 to 30 June 2004

The 2003-04 reporting period shows that 84 applications were received by RailCorp for access to documents under the *Freedom of Information Act 1989 (NSW)*. The statistical report reflects RailCorp's commitment to the Act, displaying a majority of completed applications that resulted in the full disclosure of documents. The majority of applications were processed within the prescribed statutory period.

#### Section A Number of new FOI requests

FOI Requests	Personal	Other	Total
A1 New (including transferred in)	51	33	84
A2 Brought forward	0	0	0
A3 Total to be processed	51	33	84
A4 Completed	37	16	53
A5 Transferred out	0	1	1
A6 Withdrawn	4	3	7
A7 Total processed	41	20	61
A8 Unfinished (carried forward)	10	13	23

#### Section B What happened to completed requests?

Results of FOI Request	Personal	Other	Total
B1 Granted in full	30	9	39
B2 Granted in part	2	5	7
B3 Refused	5	2	7
B4 Deferred	0	0	0
B5 Completed	37	16	53

#### Section C Ministerial Certificates

	Personal	Other	Total
C1 Ministerial Certificates issued	0	0	0

#### Section D Formal consultations

	Personal	Other	Total
D1 No. of requests requiring formal consultation	1	3	4

RailCorp's FOI and Privacy Office processes all applications in the first instance, and also provides assistance to both employees and members of the public with privacy issues relating to RailCorp's activities.

The FOI and Privacy Office is located in the Communications Group, Level 6, 18 Lee Street Chippendale NSW 2008, and may be contacted on (02) 8202 2323 or (02) 8202 3058 during business hours.

Reference should also be made to the FOI data contained in the 2003-04 RIC and StateRail Annual Reports.

#### Section E Amendments of personnel records

Result of amended request	Total
E1 Result of amendment – agreed	0
E2 Result of amendment – refused	0
E3 Total	0

#### Section F Notation of personal records

	Total
F1 No. of requests for notation	0

#### Section G FOI request granted in part or refused

Basis of disallowing or restricting access	Personal	Other	Total
G1 Section 19 Application incomplete, wrongly directed	0	0	0
G2 Section 22 Deposit not paid	0	0	0
G3 Section 25 (1) (a1) Diversion of resources	0	0	0
G4 Section 25 (1) (a) Exempt	4	6	10
G5 Section 25 (1) (a),(b),(c),(d) Otherwise available	0	0	0
G6 Section 28 (1) (b) Documents not held	4	1	5
G7 Section 24 (2) Deemed refused, over 21 days	0	0	0
G8 Section 31(4) Released to Medical Practitioner	0	0	0
G9 Totals	8	7	15

# Appendices

## Section H Costs and fees of requests processed

	Assessed Costs	FOI Fees Received
H1 All completed requests	\$7 571	\$4 005

## Section I Discounts allowed

Type of discount allowed	Personal	Other
I1 Public Interest	0	0
I2 Financial hardship – Pensioner / Child	7	0
I3 Financial hardship – Non profit	0	0
I4 Totals	7	0
I5 Significant correction of personal records	0	0

## Section J Days to process

Elapsed Time	Personal	Other	Total
J1 0-21 days	22	7	29
J2 22-35 days	7	6	13
J3 Over 35 days	8	3	11
J4 Totals	37	16	53

## Section K Processing time

Processing hours	Personal	Other	Total
K1 0-10 hours	36	14	50
K2 11-20 hours	1	2	3
K3 21-40 hours	0	0	0
K4 Over 40 hours	0	0	0
K5 Totals	37	16	53

## Section L Reviews and appeals

Number finalised during period	Total
L1 Number of internal reviews finalised	2
L2 Number of Ombudsman reviews finalised	0
L3 Number of ADT appeals finalised	0

### Details of internal reviews

Basis of internal review	Personal		Other	
	Upheld	Varied	Upheld	Varied
Grounds upon which internal review requested				
L4 Access refused	1	0	0	1
L5 Deferred	0	0	0	0
L6 Exempt matter	0	0	0	0
L7 Unreasonable charges	0	0		0
L8 Charge unreasonable incurred	0	0	0	0
L9 Withdrawn	0	0	0	0
L10 Totals	1	0	0	1

# Appendices

## Appendix 14

### External committees

- Australasian Railway Association
- Australasian Railway Association Executive Committee
- Australian Rail Track Corporation (ARTC)
- Backpacker Operators Association
- Blue Mountains Tourism Organisation
- Central Steering Committee
- Central Sydney Operations Group Meeting (Premiers Department)
- CEO's Integrated Ticketing Project Group (MoT)
- Chatswood Transport Interchange Project Control Group (TIDC)
- Chief Executives Committee (Premier's Department)
- CityRail Services CSO Committee (MoT)
- Committee on Accounting Guidance for Determining Ownership of BOOT/PFP Projects (Treasury)
- Counter Terrorism Information Group & Emergency Information Coordination Unit (Dept of Lands)
- DaVos Sub Group, Dept of Infrastructure Victoria, Public Transport Safety
- Dial Before You Dig Committee (Utilities)
- Executive Council (Australasian Railway Association)
- Ground Opening Committee (Utilities)
- Household Travel Survey Project Control Group (DIPNR)
- Inner Sydney Transport Working Group (DIPNR)
- Interagency Transport Planning Committee (DIPNR)
- International Accounting Standards Agency Reference Panel (Treasury)
- Level Crossing Strategy Council (MoT)
- Media and Communications Group Meeting (Premiers Department)
- Metropolitan Strategy Committee (DIPNR)
- Metropolitan Strategy Transport Working Group (DIPNR)
- Ministry of Transport and Treasury Liaison Committee (MoT)
- North West Rail Link Project Control Group (DIPNR)
- NSW Government Broadband Tender Contract Management Committee (Stage 1- Member, Stages 2-5 – Adviser)
- NSW Police Counter Terrorism Coordination Committee
- NSW Security Industry Council
- NSW Transport Reform Taskforce (MoT)
- Parramatta Transport Working Group (MoT)
- Public Information Services Functional Area Sub Committee
- Rail Code Management Committee
- Rail Consultative Forum (Australasian Railway Association / National Transport Commission responsibility)
- Rail Fleet Services (joint venture) Board
- Rail Skills and Career Council (Australasian Railway Association)
- RailCorp – the ARTC Central Agency Steering Committee (NSW Treasury)
- RailCorp / ARTC Executive Interface Group
- RailCorp / ARTC Interface Group – Broadmeadow
- RailCorp / ARTC Interface Group – Macarthur
- RailCorp / ARTC Interface Group – Unanderra
- Recruitment and Careers Working Group (Australasian Railway Association)
- RICG Coordinator General for Rail
- RIC CSO Committee (MoT)
- RIC/RTA Issues Quarterly Meeting
- Senior Officer Working Party – Whole Of Government Radio
- StateRail-NSW Police Rail Security Steering Committee
- State Chamber of Commerce – Infrastructure Committee (State Chamber)
- State Mapping Advisory Committee (Dept of Lands)
- Strategic Transport Issues Meeting (Landcom)
- Sydney Airport Masterplan – NSW Government Co-ordination Committee (DIPNR)
- TAM Reference Group (NSW Treasury)
- Technical Advisory Committee for the Transport Data Centre (DIPNR)
- Tourism and Transport Forum (TTF), Australia Limited
- Tourist Attraction Association
- Track Australia Pty Ltd (joint venture) Board
- Train Operations Management Agreement (StateRail / Queensland Rail)
- Transfield / RSA Joint Venture Management Committee
- Transport and Logistics Centre Advisory Board
- Transport CEO's Cluster Group (DIPNR)
- Transport Infrastructure Development Corporation
- Transport Infrastructure Development Corporation Finance and Audit Committee (TIDC)
- Transport Infrastructure Development Corporation Project Control Group (TIDC)
- Transport Senior Executives Meeting (MoT)
- UITP Board of Management (Australia and New Zealand Association for Major Transport Operators)
- Victorian Rail Safety Group Industry Forum
- Western Sydney Transport Co-ordination Group (DIPNR)
- Whole-of-Government Radio – Senior Officer Working Party



# Appendices

## Appendix 15

### Publications

- AlpineExpress poster
- Australian Rugby Union poster
- Backtracker A4 brochure
- Backtracker DL flyer
- Backtracker DL flyer
- Backtracker East Coast Discovery Pass
- Backtracker Expo DL invitations
- Backtracker Rail Pass tickets
- Between the Lines newsletter September 2003
- Between the Lines newsletter December 2003
- Blue Mountains flyer
- Blue Mountains flyer
- Blue Mountains flyer
- Blue Mountains poster
- Business Ethics brochure
- Canberra Package A4 brochure
- Career Expo posters
- Central Coast Trackwork posters
- Cheap Eats posters
- Christmas poster December 2003
- Christmas card 2003
- CountryLink 50% Off poster
- CountryLink A4 sales flyer
- CountryLink DTE flyer
- CountryLink Elvis Revival A4 flyer
- CountryLink Kids Menu flyer
- CountryLink Prices poster
- CountryLink Orange DL flyer
- CountryLink Summer Holidays A4 brochure x 2
- CountryLink Transit Officers
- CountryLink ticket wallets x 8
- CountryLink timetable booklet x 4
- CountryLink timetable posters x 4
- CountryLink travel document
- CountryLink Welcome Aboard
- Clearways inserts
- Clearways posters
- Complimentary tickets
- Customer information card
- DayTripper brochure
- DayTripper poster
- Don't be a Tosser posters
- EasyGuide brochures (English)
- EasyGuide brochures
- Epping Station Northern Line STN
- Fare evasion posters x 4
- Fare increase table poster
- Fine increase flyers (for Transit Officers)
- Fine increase flyers (for Transit Officers)
- Fine increase poster x 6 types
- Fine poster general re-print
- Golden Slipper poster
- Great Western Trackwork brochure
- Great Western Trackwork poster
- Health Fair posters A4
- Health Fair posters A3
- Information card
- Kids activity sheets
- Luggage poster
- Luggage poster
- Macdonaldtown brochure
- Macdonaldtown turnback facility
- Mainstream holidays brochure
- Mind the gap poster
- Missing person poster
- Network map
- New fine DL flyer for Transit Officers
- New fine posters x 6
- No spitting poster
- North Shore closedown brochure
- North Shore closedown posters
- Olympic timetable
- Please remember poster
- Pram poster
- Pram safety flyer
- Project Rocket mail drop
- Reclaim the Train postcard
- Reclaim the Train poster
- Re-print DayTripper
- Re-print of Easyguides brochure (English)
- Royal Easter Show 2004 brochures
- Royal Easter Show 2004 A4 info sheet
- Royal Easter Show 2004 pocket guide
- Royal Easter Show 2004 posters
- Royal Easter Show TVM A4 size poster (2004)
- Royal Easter Show TVM poster 2004
- Rugby poster x 8 types
- Rugby World Cup posters x 2 sizes
- School student rail pass
- Sign type manual
- Snow poster
- Southern / Western A4 flyers x 2 types
- State of Origin posters
- Summer Holidays brochures
- Sydney Swan posters
- Tickets to Ride
- Tourism Sydney poster
- Transit Officers 'Become a Transit Officer' poster
- Transit Officers DL flyer
- Transit Officers inserts
- Transit Officers poster
- TravelPass brochure
- TravelPass poster
- Trespassing brochure
- Trespassing envelopes
- Trespassing letters x 2 types
- Trespassing posters x 4 types
- Trespassing posters x 4 types

# Appendices

## Appendix 16

### Risk management and insurance activities

#### Risk management

A priority for RailCorp has been to establish an enterprise-wide risk management framework under which safety, environmental and business risks are managed in accordance with Australian standards. Work on developing the framework progressed during the year, with implementation throughout RailCorp planned for late 2004.

#### Insurance activities

RailCorp's initial insurance program was established on 1 January 2004 by combining and rationalising the insurance programs of StateRail and RIC. It is expected that this program will be progressively reviewed as the transfer of assets, functions and resources from StateRail and RIC are finalised and RailCorp's risk management framework is implemented.

No major insurance claims were received during the six months to 30 June 2004.

## Appendix 17

### Funds granted to non-government community organisations

There were no RailCorp grants during 2003-04.

## Appendix 18

### Exemptions from the Reporting Provisions

Treasury has exempted RailCorp from reporting on the following annual reporting requirements:

- Exemptions from preparing, manufacturing, trading and profit and loss statements Section 41B(c) *Public Finance and Audit Act 1983*.
- Amounts set aside for renewal of replacements of fixed assets Schedule 1, Part 1, Item 2, *Public Finance and Audit (General) Regulation 2000* (PFAGA).
- Amounts set aside to any provisions for known commitments Schedule 1, Part 1, Item 4, PFAGA.
- Amount appropriated for repayment of loans/advances/debentures/deposits Schedule 1, Part 1, Item 6, PFAGA.
- Excess of non-current asset value exceeds replacement cost Schedule 1, Part 3, Item 13, PFAGA.
- Performance in paying accounts, including actions to improve payments performance Schedule 1, Clause 15, *Annual Reports (Statutory Bodies) Regulation 1995*.
- Reasons for late payments Schedule 1, Clause 15, ARSBR.
- Interest paid due to late payments Schedule 1, Clause 15, ARSBR.
- Detailed budget for 2003-04, s 7(2) *Annual Reports (Statutory Bodies) Act 1984*.

## Appendix 19

### Consultants

Consultant	Project	Cost (\$)
<b>Contracts of \$30 000 or more</b>		
<i>Management services</i>		
Lloyds Register Rail	Develop a safety risk management framework	443 000
NSW Treasury Corporation	Provide financial advisory services in relation to cross-border lease	50 000
<i>Organisational review</i>		
Booz-Allen & Hamilton (Aust)	Conduct organisational effectiveness profiling review of the Rail Management Centre	200 000
<b>Total contracts of \$30 000 or more</b>	<b>(3 contracts)</b>	<b>693 000</b>
Contracts under \$30 000		
<i>Management services</i>		
<b>Total contracts under \$30 000</b>	<b>(2 contracts)</b>	<b>46 000</b>
<b>Total expenditure in 2003-04</b>	<b>(5 contracts)</b>	<b>739 000</b>

# Appendices

## Appendix 20

### Major works in progress

The uncapitalised costs of major works in progress as at 30 June 2004 are as follows:

Project	\$000	Completion due
New outer suburban cars	34 649	2006
Hunter rail cars	27 390	2005
Vigilance control on suburban and outer suburban cars	10 757	2004
Air conditioning of suburban cars	9 822	2005
Granville station access	5 144	2005
Millennium trains	4 260	2005
Risk mitigation on overhead structures	2 540	2004
Fire and life safety	2 497	2005
Faulconbridge footbridge	2 001	2004
Reality Centre simulation	1 974	2007
Fire management services at Central Station	1 939	2004
Train location and visual tracking system	1 901	2004
XPT trip gear	1 863	2004
Data loggers for electric fleet	1 712	2004
Train crew rostering system	1 633	2004
Mount Druitt station easy access upgrade	1 568	2004
Air driers for suburban cars	1 558	2004
<b>Total</b>	<b>113 208</b>	

## Appendix 21

### Land values and land disposal

Land use	Value as at 30 June 04 \$000
Rail infrastructure or stations	2 718 279
Strata (air space) leased to tenants	7 887
Residences and occupied land	4 628
Total land owned or occupied	2 730 794

During 2003-04, one property sale was completed, yielding gross proceeds of \$2 500. Contracts were exchanged on two further properties with a value of \$540 200. Properties, surplus to operational requirements, are sold to raise funds for RailCorp. There was no family connection or business association between any property purchaser and the person responsible for approving the disposal of the property. The property sold was disposed of by private treaty to an adjoining landowner.

Applications for access to documents concerning details of properties disposed of during the year may be made in accordance with the *Freedom of Information Act 1989*.

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## Appendix 22

### Human resources

Note: Due to the restructure of the rail industry, these figures will increase significantly in the next financial year.

#### Staff number by level

Level	Total staff	Staff responded to EEO survey*	Female	Male
Less than \$27 606	4	0	1	3
\$27 606 to \$36 258	36	4	4	32
\$36 259 to \$40 535	404	37	58	346
\$40 536 to \$51 293	2 711	506	272	2 439
\$51 294 to \$66 332	341	40	13	328
\$66 333 to \$82 914	59	9	0	59
More than \$82 914	8	3	1	7
Executive Officers	8	1	3	5
<b>TOTAL</b>	<b>3 571</b>	<b>600</b>	<b>352</b>	<b>3 219</b>

#### Percent of total staff by level

Level	Total staff	Staff responded to EEO survey*	Female	Male
Less than \$27 606	4	0.0%	25.0%	75.0%
\$27 606 to \$36 258	36	11.1%	11.1%	88.9%
\$36 259 to \$40 535	404	9.2%	14.4%	85.6%
\$40 536 to \$51 293	2 711	18.7%	10.0%	90.0%
\$51 294 to \$66 332	341	11.7%	3.8%	96.2%
\$66 333 to \$82 914	59	15.3%	0.0%	100.0%
More than \$82 914	8	37.5%	12.5%	87.5%
Executive Officers	8	12.5%	37.5%	62.5%
<b>TOTAL</b>	<b>3 571</b>	<b>16.8%</b>	<b>9.9%</b>	<b>90.1%</b>

\* No RailCorp EEO survey was performed between to June 2004. Figures based on records of staff vested from StateRail or RIC.

\*\* Only eight of RailCorp's 11 Executive Officers were formally vested to RailCorp by 30 June 2004.

\*\*\* During the year 12 RailCorp employees received remuneration packages equal to or exceeding \$122 500, of which five were women.

#### RailCorp human resources breakdown

These staffing figures comprise employees who have been vested to RailCorp since 1 January 2004.

Year	Total staff	Train services	Customer services	Infrastructure
2003-04	3 571	2 991	573	0

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People from Aboriginal or Torres Strait Islander background	Racial, ethnic, ethno-religious minority groups	People whose first language is not English	People with a disability	People with a disability requiring adjustment at work
0	0	0	0	0
0	2	2	0	0
1	13	28	1	0
18	152	393	20	9
4	4	35	0	0
0	1	8	0	0
0	1	2	0	0
0	0	1	0	0
<b>23</b>	<b>173</b>	<b>469</b>	<b>21</b>	<b>9</b>

People from Aboriginal or Torres Strait Islander background	Racial, ethnic, ethno-religious minority groups	People whose first language is not English	People with a disability	People with a disability requiring adjustment at work
0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	5.6%	5.6%	0.0%	0.0%
0.2%	3.2%	6.9%	0.2%	0.0%
0.7%	5.6%	14.5%	0.7%	0.3%
1.2%	1.2%	10.3%	0.0%	0.0%
0.0%	1.7%	13.6%	0.0%	0.0%
0.0%	12.5%	25.0%	0.0%	0.0%
0.0%	0.0%	12.5%	0.0%	0.0%
<b>0.6%</b>	<b>4.8%</b>	<b>13.1%</b>	<b>4.5%</b>	<b>0.3%</b>

Corporate

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## Appendix 23

### Executive performance and remuneration

In accordance with legislative requirements, the following table shows the remuneration packages of executive officers who earn over \$190 551 per annum. No performance bonuses were paid to executive officers from 1 January 2004 to 30 June 2004. With the exception of Mr Garnham, the

senior officers below were appointed to RailCorp positions on 1 January 2004. Executive appointments after 1 January 2004 for periods of less than three months have been excluded.

Note that if Officers have been working for a combination of RIC, StateRail and / or RailCorp, remuneration packages are total for all work carried out.

Position title	Officer	Total remuneration package	Performance review summary
<b>Chief Executive Officer</b> (Appointed on 19 December, 2003)	Vince Graham	\$430 000	<ul style="list-style-type: none"> <li>Managed the restructure of rail in NSW.</li> <li>Transitioned StateRail and metro RIC functions to RailCorp.</li> <li>Progressed the ARTC proposal.</li> <li>Led safety reform across RailCorp.</li> <li>Supervised the development of the RailCorp corporate plan and strategic planning framework.</li> </ul>
<b>Group General Manager Customer Services Group</b>	Fran McPherson	\$290 000	<ul style="list-style-type: none"> <li>Introduced rover cleaners, improving the cleanliness of trains throughout the day.</li> <li>Ensured the current initiative to increase transit officer staffing levels to 600 by December 2004, is on target.</li> <li>Implemented new measures to reduce graffiti on trains and stations.</li> <li>Implemented measures to improve station operations.</li> <li>Reformed CountryLink as a separate division to focus on services to country areas.</li> </ul>
<b>Group General Manager Infrastructure Group</b>	Gary Seabury	\$290 000	<ul style="list-style-type: none"> <li>Restructured the metropolitan infrastructure operations of RIC into RailCorp.</li> <li>Improved workplace safety with a 23% reduction in Lost Time Injuries.</li> <li>Increased network safety rigor through introducing monthly certification of network assets, engineering authority and tighter inspection performance.</li> <li>Increased metro maintenance production by 12%.</li> <li>Introduced a new track possession system which reduced the number of individual possessions by 46% annually, almost halving the impact on customers and stakeholders.</li> </ul>
<b>Acting Group General Manager Train Services Group</b>	Barry Garnham (commenced 22 January 2004)	\$290 000	<ul style="list-style-type: none"> <li>Established Public Private Partnership Rollingstock Acquisition Project.</li> <li>Established Sectorisation Project under Rail Clearways Plan</li> <li>Developed and implemented weekend timetable changes.</li> <li>Managed installation of vigilance system on Outer Suburban Fleet.</li> <li>Implemented new medical assessments.</li> <li>Introduced random drug and alcohol testing across Train Services Group.</li> </ul>
<b>Group General Manager Finance and Information Technology Group</b>	Richard Lumley	\$280 000	<ul style="list-style-type: none"> <li>Led the Finance and IT functional restructure, including Internal Audit, Risk Management, Portfolio Project Management and Business Services functions during the establishment of RailCorp.</li> <li>Established budgets, financial systems and financial management reporting for the new RailCorp entity.</li> <li>Implemented a new budgeting application and process.</li> <li>Introduced an enterprise-wide risk management policy and framework.</li> <li>Commenced the upgrade and rationalisation of the MIMS ERP systems inherited from RIC and StateRail to achieve to new unified RailCorp MIMS Ellipse ERP.</li> </ul>



# Appendices

<b>Group General Manager Human Resources and Industrial Relations</b>	Fran Simons	\$220 000	<ul style="list-style-type: none"> <li>• Managed negotiations in the implementation of a new RailCorp Enterprise Agreement.</li> <li>• Managed HR aspects of transition to RailCorp.</li> <li>• Determined HR structure and relationships for HR.</li> <li>• Improved injury management practices.</li> </ul>
<b>Group General Manager Safety and Environment Group</b>	Bruce Hall	\$220 000	<ul style="list-style-type: none"> <li>• Oversaw the development and implementation of new organisational structures for the integration of the safety and environment functions of RIC and StateRail into RailCorp.</li> <li>• Developed RailCorp's Safety Reform Agenda to provide the basis for developing a sustainable safety culture across RailCorp.</li> <li>• Participated in developing RailCorp's response to safety issues arising from the Waterfall Special Commission of Inquiry.</li> <li>• Commenced the introduction of a comprehensive and pro-active safety risk management framework for RailCorp.</li> </ul>
<b>Corporate Counsel</b>	Helen Vickers	\$220 000	<ul style="list-style-type: none"> <li>• Managed the provision of legal services to RailCorp, StateRail and RIC, including coordination of responses to representation at the Waterfall Special Commission of Inquiry.</li> <li>• Managed and coordinated the property functions of RailCorp, StateRail and RIC.</li> <li>• Managed the Environmental Projects Unit of RailCorp and StateRail.</li> </ul>
<b>Group General Manager Communications</b>	Helen Willoughby	\$205 000	<ul style="list-style-type: none"> <li>• Provided communications support for RailCorp transition, Corporate Plan, Safety Reform Agenda Project, 2004 timetable and new health and wellness programs.</li> <li>• Managed outdoor advertising contract and facilitated new safety standards.</li> <li>• Developed Trespassing Campaign and other Safety Reform Agenda programs.</li> <li>• Managed the RailCorp customer and government relations function.</li> <li>• Restructured Communications group.</li> <li>• Developed new branding for RailCorp.</li> <li>• Developed new RailCorp website and interim intranet.</li> </ul>
<b>Group General Manager Strategy, Performance and Access</b>	Sharyn Gregory	\$205 000	<ul style="list-style-type: none"> <li>• Established and led the Strategy, Performance and Access functions, establishing Internal Consulting Division, to support the CEO and Group General Managers in the identification, development and implementation of strategic initiatives to drive performance improvement.</li> <li>• Developed the Corporate Plan for 2004-09.</li> <li>• Ensured that Access Agreements with non-RailCorp Operators were negotiated and implemented, compliant with regulatory framework and corporate network rules.</li> <li>• Developed and commenced implementation of a performance management framework for the Corporation.</li> </ul>
<b>Company Secretary</b>	Irina White	\$200 000	<ul style="list-style-type: none"> <li>• Developed and implemented the Corporate Governance framework for the operation of the Board and its Committees.</li> <li>• Worked closely with central agencies to ensure that key milestones were delivered to enable the establishment of RailCorp on 1 January 2004.</li> <li>• Developed the framework for the effective operation of key management committees to ensure that the transformational programs are appropriately aligned to the Corporate Governance Framework and the Corporate Plan.</li> <li>• Provided ongoing support to the Board and its committees in the role of Company Secretary.</li> </ul>

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## Appendix 24

### Equal Employment Opportunity (EEO)

StateRail and RIC continued to support and maintain EEO for employees in the financial year through further strengthening their respective spokeswomen and carer's groups programs. In addition, StateRail undertook further work on its Aboriginal and Torres Strait Islander program (including monthly meetings and specific events such as NAIDOC). RIC reviewed its human resources policies to keep them in line with EEO principles, and continued to implement a Diversity Plan that includes the Disability Action Plan, EEO Management Plan and the Ethnic Affairs Priority Statement. At the time of publication, our organisation was working towards the establishment of RailCorp EEO policy and procedures.

#### RailCorp EEO statistics

Number of EEO respondents	600
Number of people identified as Aboriginal	18
Number of people identified as Torres Strait Islander	0
Number of people identified as both Aboriginal and Torres Strait Islander	5
Number of people identified with a physical disability	21
Number of people identified with a physical disability requiring workplace improvements	8
Number of people for whom English is not their first language	469
Number of people identified in a racial, ethnic or in an ethno-religious minority	173
Number of women	352
Number of men	3 219
<b>Total headcount of employees at RailCorp</b>	<b>3 571</b>

*Figures indicative of employees vested to or hired by RailCorp.*

## Appendix 25

### Ethnic Affairs Priority Statement (EAPS)

Both StateRail and RIC have EAPS in place for the period to 2004. Throughout their duration, our respective EAPS have achieved significant progress, particularly in ensuring that equity and diversity was delivered as an integral part of customer service. As part of the transition to RailCorp we will deliver a 2004-06 Ethnic Affairs Priority Statement which will continue to address the needs of our employees, customers and stakeholders.

## Appendix 26

### NSW Government Action Management Plan for Women (GAMP)

- RailCorp is actively committed to developing and implementing strategies aimed at improving the welfare of female employees and customers. There is also a strong commitment to improving service delivery for passengers.
- Safety measures across the CityRail and CountryLink networks have included improved lighting, security, lifts and escalators, which have been designed to improve security and access for all customers, specifically women using public transport.
- CountryLink continues to offer a range of services to cater for women travelling with young children or others who may be less mobile. This includes offering a mobile buffet service to passengers in their seats, sleeping compartments for families, wheelchair access, toilet facilities, baby changing tables and activity packs for children.
- RailCorp continues to implement and develop programs targeting women in recruitment and also to retain women as part of its workforce, particularly in non-traditional areas such as Train Crewing and Network Control, and as transit officers.
- Existing and new employees participate in training and education programs aimed at enhancing diversity and eliminating harassment and discriminatory work practices.
- RailCorp is improving its performance as a family-friendly workplace, continuing to provide access to a free child and aged care advisory service and a free counselling and trauma assistance service.
- RailCorp is developing a 'Managing Pregnant Workers' policy. The policy is to provide a framework for managing pregnant employees ensuring RailCorp fulfils its overall legal obligations, specifically those related to Anti-Discrimination and OHS. The policy will include broad practical information relevant to all pregnant employees, as well as information aimed at managers who manage cleaners, train crews and station staff.

For more information, please contact RailCorp's Equity and Diversity unit on 02 8202 2142

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## Appendix 27

### Price determination (CityRail fare review)

CityRail passenger fares are regulated by the Independent Pricing and Regulatory Tribunal (IPART). RailCorp, along with members of the public and other interested groups, are invited by IPART to provide submissions for each IPART review. IPART typically makes a determination on maximum weighted average CityRail fares.

RailCorp delivered its Fare Review Submission to IPART in May 2003. IPART granted a maximum weighted average fare increase of 5.0%, which was put into effect on 31 August 2003.

The 2004-05 IPART CityRail fare review has been deferred until further notice. It is likely that the next review will be the first based on the Parry framework accepted by the Government, which links fare increases with efficiency and service level improvements.

## Appendix 28

### Cost of producing this annual report

A total of 500 Annual Reports and 100 CDs were produced. The total cost was \$11 554 (excluding GST). The report is available online at [www.railcorp.info](http://www.railcorp.info)

## Appendix 29

### Overseas travel

No overseas travel was undertaken by RailCorp staff in 2003-04.

## Appendix 30

### Investment management performance

In the year ended 30 June 2004, RailCorp earned 5.20% on surplus funds invested. During the same period the comparable Treasury Corporation 'hour-glass' cash Facility earned 5.42%.

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