

State Rail Authority of New South Wales



Annual Report

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StateRail

About our Annual Report

StateRail is a service provider to NSW public transport users, providing passenger rail transport through its CityRail and CountryLink services. The Annual Report for 2001-02 aims to provide readers with a better understanding of how StateRail operates, and the challenges we face.

In particular, we have focused on our efforts to maintain a culture of continuous improvement while providing a safe, reliable and accessible service for our customers.

To reduce the overall cost of producing the Annual Report, this year StateRail has limited the number of printed copies to 100. A further 500 reports have been copied to CD-Rom. While this has resulted in a higher cost per unit, at approximately \$73, the overall cost has been reduced by \$6600.

The report is also available on StateRail's website at www.staterail.info

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Letter to the Minister

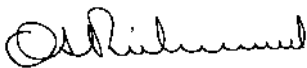
The Hon. P C Scully, MP
 Minister for Transport
 Minister for Roads
 Level 36, Governor Macquarie Tower
 1 Farrer Place
 SYDNEY NSW 2000

Dear Minister

We have pleasure in submitting, for your information and presentation to Parliament, the State Rail Authority of New South Wales' Annual Report for the year ended 30 June 2002.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*. The NSW Audit Office has audited the financial statements of the Authority and the Auditor-General's Report is included.

Yours sincerely


David Richmond, AO
 Chairman


Howard Lacy
 Chief Executive

Our Charter

The State Rail Authority of New South Wales is established by Part 2 of the *Transport Administration Act 1988* (NSW).

The principal objective of the State Rail Authority of New South Wales is to deliver safe and reliable railway passenger services in an efficient, effective and financially responsible manner. In exercising its functions, it is required to act in the best interests of the NSW rail network as a whole.

Other objectives are:

- to be a successful business and to that end:
 - to operate at least as efficiently as any comparable business, and
 - to maximise the net worth of the state's investment in StateRail, and
- to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates, and
- where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development, and
- to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates.

The other objectives are of equal importance, but are not as important as the principal objective of the Authority.

Statement of Purpose Statement of Values

The rail system is an integral part of the state fabric. It gives life to the city and state by enabling safe, convenient and affordable travel. StateRail provides a modern high quality rail system serving the people of NSW as part of an integrated transport network. StateRail aims to provide reliable and timely movement for our customers and to deliver friendly, accessible and informative service. In everything we do, StateRail intends to:

- Be uncompromising in safety
- Provide responsive and efficient customer service
- Improve accessibility and expand public transport choices for passengers
- Deliver excellent value for money to the community
- Build a future based on partnerships

The StateRail approach is underpinned by our core values which embody our commitment to:

- Transparency in our dealings with our customers and staff
- Respect for our people for the value they add to the organisation
- An achievement focus by working towards agreed outcomes
- Being information centred in our decision-making
- Being ethical and honest in all our thinking, behaviour and relationships

StateRail provides passenger rail transport through its CityRail and CountryLink services.

Our structure

StateRail is a service provider to New South Wales public transport users, providing passenger rail transport through its CityRail and CountryLink services. We own and operate the trains and stations; provide train crews and station staff; and sell tickets through a network of ticket offices and ticket vending machines. StateRail trains use the NSW rail network, which is owned and maintained by Rail Infrastructure Corporation (RIC). RIC is responsible for maintaining the condition and reliability of the rail network, including tracks, points, signals and wiring.

CityRail is the metropolitan passenger provider and carried 276.4 million passenger journeys across 306 stations (2080 km of track) in 2001-02. Its network connects Sydney to regional areas as far as Scone and Dungog to the north, Bathurst to the west, Goulburn in the Southern Highlands and Bomaderry on the South Coast.

Almost 50% of all persons travelling to Sydney's Central Business District in peak hours travel on CityRail services. It is one of the most complex passenger rail operations in the world. Each weekday, CityRail operates approximately 3000 services and carries approximately 930 000 customers. The CityRail fleet comprises 1458 Electric Carriages - 30 Endeavour Carriages, seven 620 Class Rail Motors and seven 720 Class Rail Motors.

CountryLink operates long distance passenger rail services across NSW and beyond, carrying 2.23 million passengers in 2001-02. It operates 158 rail services and 545 coach services per week. Many of these coach services are the only mode of public transport from town to town in our state's rural areas. CountryLink services are a direct transport link to the capital cities of the Australian Capital Territory, Queensland and Victoria. The CountryLink fleet comprises 19 XPT Power Carriages, 60 XPT Carriages and 23 Xplorer Carriages.

CountryLink trains operate over approximately 4338km of track servicing 69 stations; which comprises approximately 158 rail services; which are in turn supported by over 545 coach services on a weekly basis servicing 335 destinations both intra and interstate.

StateRail's statutory functions in regard to the range of services offered include operating railway passenger services, subject to the requirements of the *Rail Safety Act 1993*; and, in connection with our railway services, operating other transport services, including bus services.

The ongoing challenge for StateRail is to continue to develop and maintain a culture of continuous improvement based on a safe and reliable service to our customers.

David Richmond AO

Chairman

Recent investments on infrastructure and maintenance, previously reported, resulted in the completion of the Dapto to Kiama electrification and the opening of the East Hills quadruplication which, combined with a focus on train service reliability, have produced on-time running results which more than meet our customer service charter obligation to run 92% of peak hour CityRail services within three minutes of the timetable.

Crime and security are issues that impact every aspect of our lives. The completion of the rollout of CCTV cameras to all stations in the CityRail network and enhanced deployment of security personnel have contributed to a marked decline in reported incidents on our stations.

The delivery of the first Millennium train into passenger service is a major milestone for StateRail. Also, the successful launch of the Silver City Express to Broken Hill in June this year heralds the return of a significant link between rural New South Wales and Sydney.

Safety

Although safety performance of StateRail over the past year has significantly improved, work continues on the implementation of key recommendations from the Glenbrook Commission of Inquiry. Specific training initiatives include improving the frequency of training and the use of simulation technology in training.

Of the 95 recommendations in the final Glenbrook report, StateRail has responsibility for implementing some 39 recommendations. These recommendations fall broadly under the headings of training, train driving, safeworking, communications, network control and drug and alcohol testing.

Training

A Safety Management System training regime has been introduced that requires all rail safety staff to attend a minimum of three formal training courses each year with safe behaviour as the principal objective of such training. Specific focus has been given to structured risk assessment training through regular Safety Management Systems training for all frontline staff.

During the last year, StateRail invested in a range of new simulation technologies to improve staff competence in safety. The simulation resources available to StateRail include two reality centres where scenario based group training can occur, a generic new generation train that will assist drivers in hazard and situational awareness competence, and two driver training train simulators.

A key focus

In 2002-03, a key focus for StateRail will be the development of a revenue plan and continuing corporate efficiencies to ensure maximisation of funds available for delivery of frontline services.

David Richmond, AO, Chairman



Train drivers

Comprehensive route knowledge training is provided as part of initial and ongoing driver and guard training programs that include a focus on routes less frequently travelled. Additionally, a project to develop training road maps for all of the metropolitan areas travelled by crew has been completed and is being integrated into initial training. Data Loggers are being installed on all CityRail trains to allow for the recording and review of traction performance. This initiative will provide StateRail the opportunity to address both the train management and traction performance issues.

Safeworking

The Glenbrook final report initiated one of the most comprehensive reviews, and subsequent rewrites, of the rules and procedures that ensure safe train operations, ever undertaken. The first stage of the rewrite covered all work undertaken on or about the infrastructure, and training was completed prior to the roll-out last November. Training has commenced for the next stage, which covers all operational, train running and signalling rules and procedures.

The new rules will provide a focus on risk awareness in all aspects of work undertaken; aiming to lead our staff from a rules based culture to one that is risk aware.

These initiatives include installation of compatible communications systems in the diesel fleet and encouraging adherence to train radio protocols for staff through training, monitoring and auditing.

In addition, StateRail is currently working with Transport NSW and other stakeholders to implement more extensive and contemporary train radio technology. This, along with a training focus on situational awareness, will ensure StateRail drivers, signallers and train controllers have developed a critical set of understandings and competencies supporting an effective Safety Management System.

Communication

Communication was a pivotal issue in the Glenbrook rail incident and has been central to safety improvement initiatives.

Network control

StateRail has initiated a project to consolidate train management support systems into a Rail Management Centre. All key operational areas will be represented in the Rail Management Centre including Train Control, Security, Station Operations, Train Crewing, Passenger Information, Passenger Fleet Maintenance and representatives of the network maintainers.

Drug and alcohol testing

Further enhancements, and strengthening, of the StateRail drug and alcohol policy and testing processes will ensure StateRail can continue to provide a safe, effective and efficient workforce.

Workforce strategies

A Recruitment Selection and Assessment Centre was established during the year to facilitate the selection of suitable staff for specific safety related functions or positions using rail industry specific psychometric testing as part of the selection and assessment process.

Customer service training also continued to be a key focus alongside specific safety training programs targeted at frontline staff.

Finance

In 2001-02, StateRail received \$511.6 million in fares which was an increase of \$8.0 million on those received in 2000-01 after excluding the impact of journeys connected with the Sydney Olympic and Paralympic Games.

The increase was below growth forecasts due to a downturn in employment levels in the CBD, resulting in lower patronage, and a decline of \$7.4 million in revenue in real terms. Management is taking action to address revenue opportunities, including the development of overall revenue strategies.

StateRail's funding allocation for 2001-02 included additional funds for maintenance of the metropolitan network (\$40 million) and maintenance of rollingstock (\$34.6 million).

Improvements in delivery of corporate service are being implemented through the establishment of a shared service arrangement between StateRail and RIC. Individual projects are targeting improvements in procurement arrangements, including contract arrangements and opportunities for partnering with other agencies to improve prices for goods and services.

In 2002-03, a key focus for StateRail will be the development of a revenue plan and continuing corporate efficiencies to ensure maximisation of funds available for delivery of frontline services.

The Board

The Board's focus is on encouraging greater rigour in our decision making process, ensuring an adequate return on resources in terms of both customer and financial outcomes, assisting the organisation in getting the strategies right, and monitoring and reviewing activities. An overriding concern is to ensure safety and reliability across all aspects of StateRail activities.

The role of the Board is explained more fully on pages 14-15 of this Annual Report.

Changes to the Board

In addition to my appointment as Chairman on 28 March 2002, there have been a number of changes to the Board since the beginning of the year.

Mr Paul Binsted resigned as Chairman on 28 February 2002. On behalf of the Board, I would like to thank Mr Binsted for the contribution he made to the Board and to StateRail, and for his stewardship, leadership and guidance over the term of his appointment, particularly during and in the lead-up to the Olympics.

Mr Anthony Shepherd resigned from the Board in August 2001. On behalf of the Board, I would like to thank Mr Shepherd for his contribution to the Board's deliberations.

Millennium train

30 June saw the launch of the first passenger service of the Millennium train. 81 carriages of the \$220 million project will continue to roll out later in 2002 and 2003.



Mr Grahame Campbell, former Managing Director of CMPS&F was appointed to the Board on 1 November 2001 and Mr Noel Cox, a former Director of FreightCorp was appointed to the Board on 16 April 2002. Since the end of the year, Ms Joanne Rees and Mr Ron Cunningham were both reappointed for a further term of three years.

Management and staff

Mr Lucio Di Bartolomeo resigned as Acting Chief Executive, and as Director, on 30 November 2001. On behalf of the Board, I would like to take this opportunity to thank Mr Di Bartolomeo for his valuable contribution to the deliberations of the Board and for the work undertaken while acting as Chief Executive of StateRail following the retirement of Mr Ron Christie in June 2001.

Mr Howard Lacy was appointed Chief Executive, and a Director, on 3 December 2001. Mr Lacy was previously head of Brisbane Water and has an impressive record in managing and leading reform in major public and private utility businesses. In addition, two Deputy Chief Executives were appointed in December – Ms Fran McPherson, Deputy Chief Executive (Workplace Strategy & Development) and Mr Arthur Smith, Deputy Chief Executive (Operations & Infrastructure).

The Board wishes to extend its thanks to all StateRail staff for their loyalty and commitment over the past year.

David Richmond, AO

Chairman

Over the past year, StateRail has continued to deliver on our key commitments to safety, customer service and on-time running, while improving training and undertaking significant infrastructure and capital works projects.

Howard Lacy

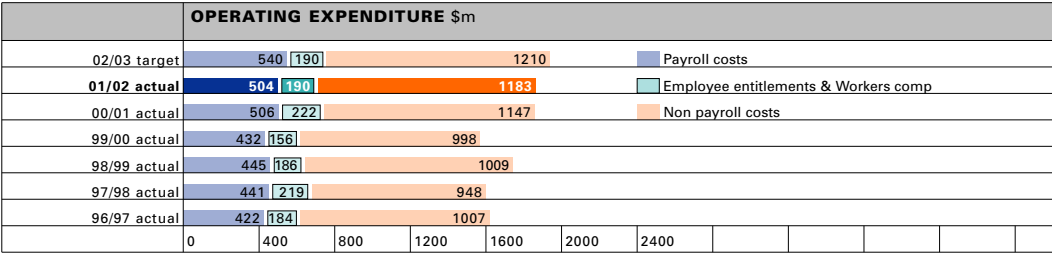
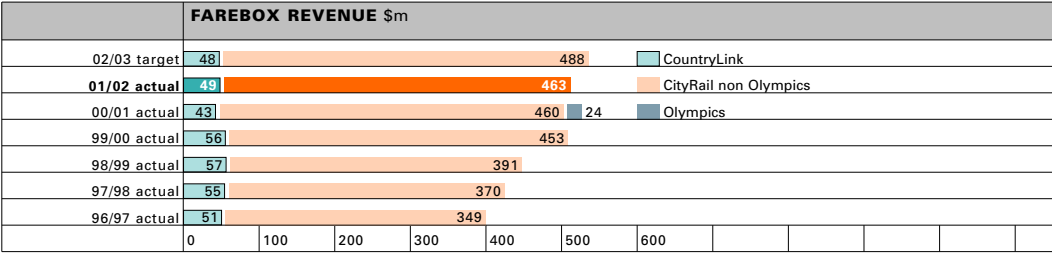
Chief Executive

Our stations and trains are cleaner and more accessible than ever before and the Millennium train is now in service. The year saw improved relationships with staff, unions and other stakeholders, and the achievement of an enhanced relationship with Treasury through more rigorous approaches to budgeting and funding.

Safety – for customers and staff

2001-02 has seen the ongoing implementation of Glenbrook-related safety improvements, including the delivery of a train visibility monitoring system throughout the network. We have concentrated on building strong partnerships with stakeholders, which will enhance our capacity to deliver a safe environment for both our customers and staff. A greater cooperation with the Roads and Traffic Authority and RIC has improved level crossing safety, and we have built stronger relationships with the NSW Police in regard to passenger security.

During the year, StateRail established a new Safety Division and developed and implemented a Safety Management System. In addition, rail safety and Occupational Health and Safety were integrated and we participated in the development of the Safety Rules rewrite. Work has commenced on the development of an Investigation Management System, and StateRail has been actively involved in managing Signals Passed at Danger (SPAD) incidents.



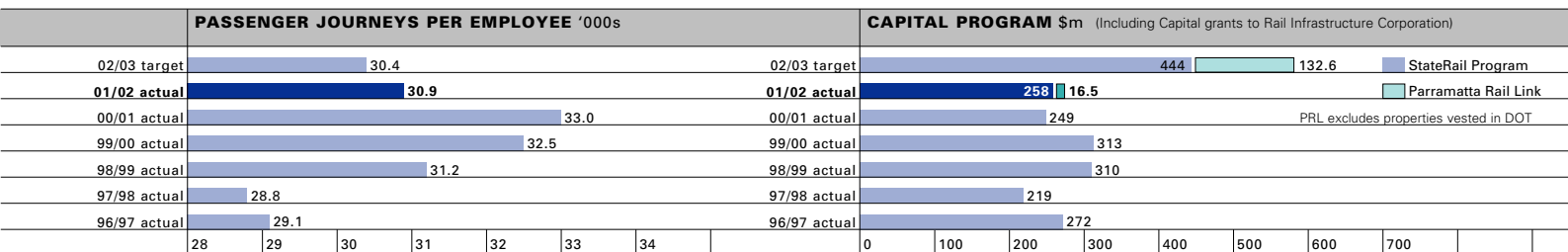
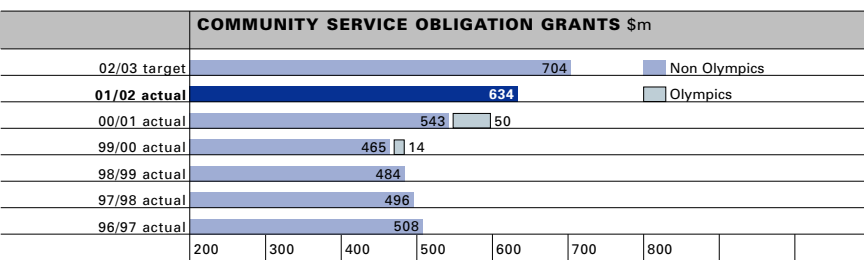
Staff training has come into focus with the impending upgrade of our two driver training simulators, utilising advanced computer graphic image technology. Additionally, we will introduce two new virtual reality training centres. This project addresses a key recommendation of the Glenbrook Inquiry that “the training of railway employees should include the use of modern interactive simulators.”

One of the simulators will include a train desk modelled on the new Millennium train. The Millennium train was introduced in June 2002 to universal acclaim. This heralds the introduction of a new standard of comfort, security and service for passengers.

On-time running

On-time running performance improved for the second year in a row across the StateRail network. In the 2001-02 financial year, CityRail’s combined peak on-time running figure was 92.6% (adjusted for force majeure). This fulfils a key target in our Customer Service Commitment and an improvement on the 2000-01 result. Skipped stops have also declined significantly across the network during the year.

We have worked hard over the year to improve the standard of service offered to CountryLink customers, with the development of a new structure and business plan. On-time running for CountryLink in 2001-02 was 80.4%, a significant improvement on the level of 69.3% recorded in 2000-01. StateRail is continuing to work to improve CountryLink on-time running to meet a target of 90%.



During 2001-02 the CityRail timetable was adjusted to provide electric services to Kiama and to make use of the additional tracks between Kingsgrove and Turrella. The CountryLink timetable was changed to introduce a weekly service to and from Broken Hill.

In addition, a totally new timetable was drafted with the aim of improving reliability and punctuality. The draft timetable, which was planned for introduction in April 2002, was displayed on CityRail's website and modified following a public consultation process. Its introduction was postponed when efforts to recruit trained drivers to meet the crewing needs of the new timetable were not successful. At the same time, on-time running performance improved considerably in 2001-02 reducing the need for a new timetable.

Our commitment to efficient service extended to special events. The State of Origin, the NRL Grand Final, the Mardi Gras, the Royal Easter Show, the NRL Double Header and more, all demonstrated StateRail's ability to manage the mass movement of people into and out of events as we so successfully did for the Sydney 2000 Olympic Games.

Customer service

StateRail's commitment to customer service over 2001-02 has been twofold, encompassing the ways in which we inform and listen to our customers, as well as the capital works we undertake to continually improve our customers' experience of the network.

Improvements have been made to the 131500 service to enable fast updates on train information and service disruptions. New passenger information plasma screens have also been installed at 15 major stations and 20 LED passenger information displays have been upgraded.

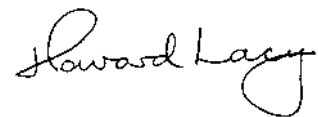
Over the year, the organisation has also realised its aim of establishing a centralised Complaints Handling Unit to coordinate and standardise complaint handling in line with Australian Standards.

A significant initiative over the year was the completion of a partnering agreement with RIC, identifying 'the way we work together'. This agreement is fundamental to all project work under the banner of Capital Works & Development. Achievements include the ongoing delivery of Easy Access upgrades to CityRail stations and the approval for several interchanges. A \$93 million CCTV camera system roll out to all CityRail stations was completed, 99% of timetabled peak services were delivered, and 99% of ticket vending machines were operating on a daily basis.

Stage two of the East Hills Line upgrade was completed, as was the electrification of the South Coast Line between Kiama and Dapto, and stage one of the Richmond branch line duplication. In addition, planning work for Glendale and Oak Flats stations and interchanges commenced.

The *CityRail Customer Service Commitment 2001-02* was distributed as brochures, which were produced in six languages, and it was also displayed on the CityRail website.

2001-02 has been a solid year for StateRail. There will always be challenges in an organisation as complex as StateRail, but I continue to be impressed by the steady stream of compliments received from our customers each week, highlighting the lengths taken by many of our staff to provide the highest possible standards of service to our customers.



Howard Lacy
Chief Executive

	Notes	1992-93	1993-94
Quality			
CityRail passenger journeys (million)	2	229.8	234.8
Suburban trains on time (% within 3 minutes of timetable)	3	92.0	92.2
Intercity trains on time (% within 5 minutes of timetable)	3	92.1	93.1
CityRail customer satisfaction (%)	4	–	–
CountryLink passenger journeys (million)	5	2.2	2.1
CountryLink trains on time (% within 10 minutes of timetable)	6	87.9	84.8
CountryLink customer satisfaction (%)	4	–	–
Safety			
Incidents per million passenger journeys	7	–	5.2
Staff lost time injury frequency rate (%)	1	75.8	96.8
Staff injury duration rate (days)	1	30.2	34.6
Finance (expressed in 2001-02 \$m)			
Passenger revenue	1,2	398.2	395.8
Social program funding	1,2	–	–
Total revenue excluding government funding	1,2	–	–
Operating expenses	1,2	–	–
Capital program (including capital grants to RIC)	1,2	–	–
Cost per passenger journey (\$/journey)	1,2,8	–	–
People			
Staff at 30 June	1	22 803	21 270
Female staff (%)	1	8.0	8.6
Absenteeism (average days per employee per year)		10.86	10.83

NOTES

- Figures before and after 1 July 1996 are not directly comparable, due to the transfer of many StateRail functions to other entities on that date.
- Figures have not been adjusted to exclude the effect of the Sydney 2000 Olympic and Paralympic Games.

- CityRail on-time running statistics for 2001-02 exclude delays due to force majeure events and are therefore not directly comparable with previous years' figures. The unadjusted figures for 2001-02 are 91.9% for suburban services and 91.7% for intercity services.

- Customer satisfaction 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.
- CountryLink passenger journeys include all train and intercity and feeder coach services.
- CountryLink on-time running is reported for trains services only. Coach services are excluded.

1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
249.6	256.4	264.7	266.5	270.5	278.7	302.6	276.4
90.8	88.7	86.4	91.4	92.5	85.4	89.7	92.6
92.2	91.9	90.1	94.0	93.0	90.3	91.0	92.6
69	72	74	75	78	–	–	78
2.2	2.4	2.5	2.5	2.4	2.4	2.1	2.2
86.3	89.0	87.0	85.0	77.3	59.2	69.3	80.4
–	91	90	–	–	78	83	–
5.3	4.1	4.0	3.9	3.5	3.1	2.9	2.1
65.7	69.5	66.6	57.4	46.0	42.2	41.0	48.5
37.5	38.6	18.3	17.0	10.2	8.9	7.4	7.4
422.3	434.0	468.6	494.3	512.2	566.5	550.4	518.9
–	–	578.3	564.2	541.7	524.0	610.9	634.1
–	–	706.1	700.1	703.0	775.7	719.3	680.2
–	–	1 837.8	1 829.5	1 837.1	1 734.5	1 930.6	1 875.7
–	–	310.4	249.5	347.2	342.3	256.6	274.5
–	–	6.88	6.77	6.57	6.01	6.00	6.19
20 186	19 742	9 344	9 317	8 544	8 966	9 017	9 121
9.2	9.8	15.1	15.4	15.3	19.0	19.0	19.0
10.1	9.82	9.15	12.75	10.42	9.46	9.74	10.38

7. Incidents include rail collisions, derailments, falls and fires.

8. Base expenditure excludes capital grants made by StateRail to other entities.

State Rail Authority of New South Wales

Organisation Structure

as at 30 June 2002

THE BOARD						
Chief Executive HOWARD LACY						
Director Audit & Investigations	Deputy Chief Executive (Workforce Strategy & Development)	Deputy Chief Executive (Operations & Infrastructure)	Corporate Counsel	Executive Director Safety	Executive Director Communications & Marketing	
BRUCE TURNER	FRAN McPHERSON	ARTHUR SMITH	HELEN VICKERS	CATHERINE HERRIMAN	MICHAEL GLEESON	



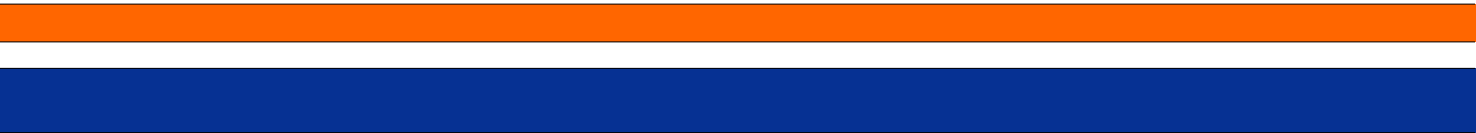
FRAN McPHERSON

ARTHUR SMITH

HELEN VICKERS

CATHERINE HERRIMAN

MICHAEL GLEESON



	Executive Director Finance	General Manager Information Technology	Chief Operations Manager	General Manager Passenger Fleet Maintenance	Manager Station Operations	Project Director Strategic Projects
	PETER SCARLETT	ROB MACKINNON	RON CREIGHTON	JOHN SHIELDS	JEFF STIRK	MARGARET BRAZEL



PETER SCARLETT	ROB MACKINNON	MARGARET BRAZEL
	RON CREIGHTON	JOHN SHIELDS
		JEFF STIRK

The State Rail Authority of New South Wales Board is established by the *Transport Administration Act 1988*. This requires a minimum of four and a maximum of seven directors plus the chief executive.

The Minister for Transport appoints directors and also nominates the chairperson. The term of appointment is a maximum of three years with candidates eligible for reappointment.

The Board's remuneration is an annual fee determined by the Premier of NSW, based on StateRail being a Category B Governing Board. The annual fees increased by 10% on 1 October 2001 to –

- Chairperson
\$59 400 per annum
- Non-executive directors
\$35 200 per annum



Board members

At 30 June 2002, the Board comprised seven non-executive directors and the chief executive:

David Richmond, AO
Chairman/Non-executive Director

Howard Lacy
Chief Executive/Ex-officio Director

Grahame Campbell
Non-executive Director

Noel Cox
Non-executive Director

Ron Cunningham
Non-executive Director

Joanne Rees
Non-executive Director

Samantha Mostyn
Non-executive Director

Gabrielle Trainor
Non-executive Director

Biographies setting out the qualifications and experience of Board members are included in Appendix 1.

DAVID RICHMOND AO

HOWARD LACY

The role of the Board

The functions of the Board include:

- Establishing goals and strategic direction.
- Determining policies.
- Endorsing capital, operating and expenditure plans, performance targets and budgets.
- Monitoring policies, procedures and internal controls to minimise the organisation's risks.
- Ensuring compliance with statutory, legal and budgetary obligations and meeting ethical and corporate governance standards.
- Monitoring performance to ensure activities are carried out properly and efficiently.
- Providing advice on rail transport and related issues to the Minister for Transport and the Government.
- Assessing the performance of the chief executive and senior management.

Board members are able to seek independent professional advice at the expense of StateRail to assist in the performance of their duties.

How the Board works

In the 2001-02 year, the Board met 16 times; 12 of these meetings were scheduled and four special Board meetings were held where the matters could not be held over to a scheduled meeting. Senior management attends Board and committee meetings by invitation.

Corporate Governance arrangements for the Board are set out in Appendix 1.



GRAHAME CAMPBELL

NOEL COX

RON CUNNINGHAM

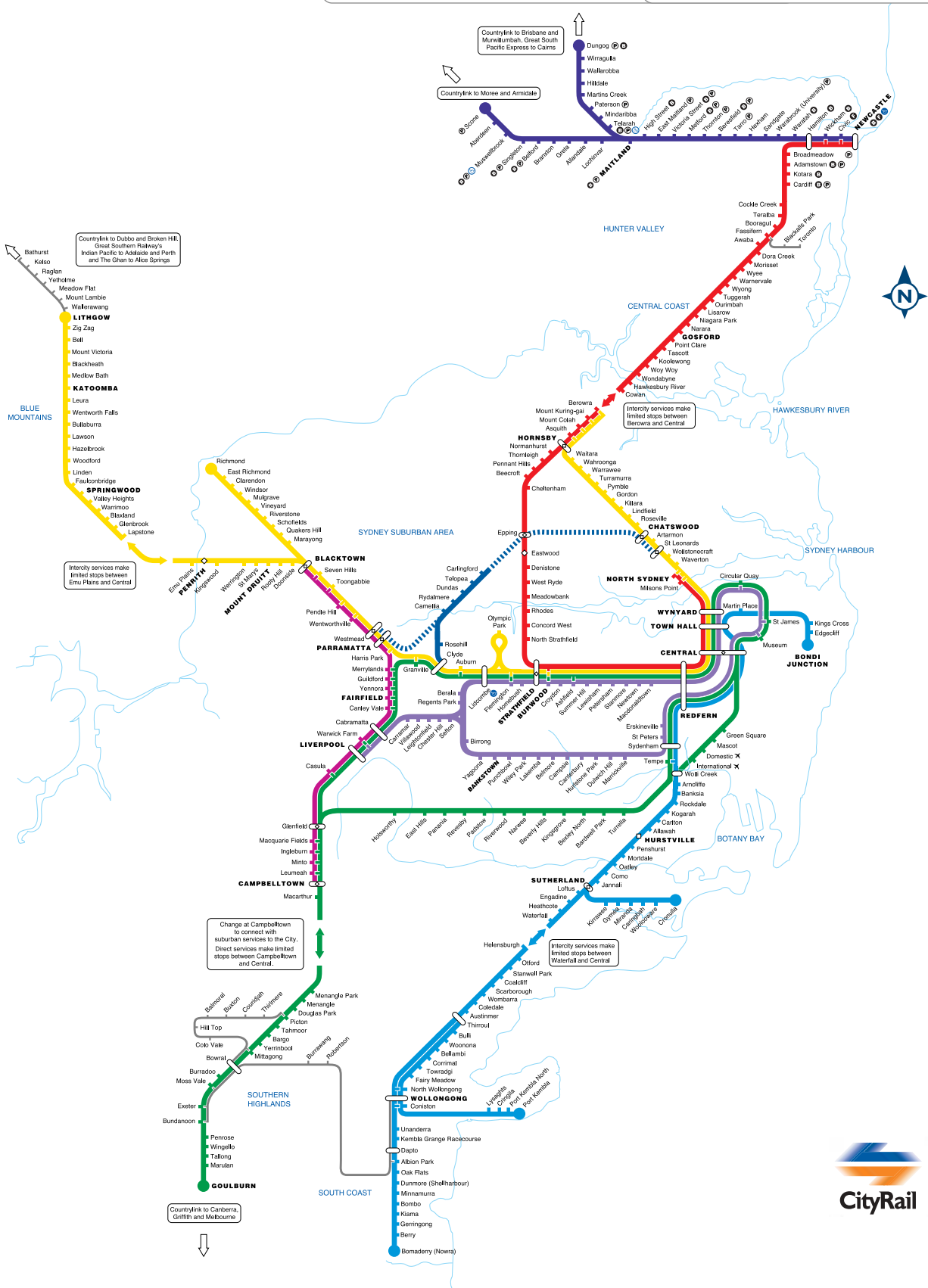
JOANNE REES

SAMANTHA MOSTYN

GABRIELLE TRAINOR

CityRail

Network map



CountryLink

Rail and Coach network map



The year in review

2001-02

Pages 18-36

Safety

The safety of our customers and our workforce is the number one priority for StateRail. The Safety division deals with all facets of safety, including management and performance of safety systems. It has the role of ensuring that StateRail assesses all safety risks and puts in place appropriate strategies for delivering a safe environment for its employees, customers and the NSW community in general.

This role entails reviewing the appropriateness and effectiveness of policies, procedures, regulations, standards and systems regarding operational, occupational and environmental safety within StateRail. This includes ensuring that effective Safety Management System and Environmental Management System processes are in place across the agency.

Safety performance initiatives undertaken through the year included:

- Development of a safety plan for 2002-05, identifying the strategic safety objectives and actions over this period with a view to improving safety behaviours and compliance to safety systems.
- Instituting a safety culture - the four areas of focus being reporting culture, just culture, flexible culture and learning culture, all requiring a number of key elements of a Safety Management System (SMS) to be in place.
- Implementation of a Safety Management System (SMS), based upon 15 specific elements, flowing into safety standards, procedures, and Safe Work Method Statements (SWMS) that cover particular requirements of particular workplaces.
- Renewal of the WorkCover Self-Insurer's Licence – meaning StateRail is licensed by the WorkCover Authority as a self-insurer to manage its own workers' compensation fund, with liabilities met from StateRail's own budget.
- Addressing violence at work by establishing a project during 2001 to minimise the risk of staff being exposed to potentially violent situations during the conduct of their day-to-day duties.
- Contributing to a Safeworking Rules Review – involving the rewriting, by RIC, of the eight volumes of Safeworking Rules that have been in effect since 1993. StateRail has contributed to the development of the new rules and network procedures and has also developed its own Operator Specific Procedures (OSPs).
- Establishment of a Judgement of Needs process. Issues and incidents relating to the railway network are regularly the subject of reviews, inquiries and investigations. It is essential that the recommendations applicable to StateRail are considered in a manner which ensures that necessary action is taken in a fully coordinated way, with responsibilities clearly assigned to functional areas and action officers.

Lost Time Injury Frequency Rates

(Lost time injuries per million hours worked)

Division	1999	2000	2001	2002
Train & Crew Operations	76.0	62.5	84.1*	75.7*
Passenger Fleet Maintenance	55.4	40.4	39.0	48.1
Station Operations	29.8	30.4	21.7*	22.6*
Corporate Divisions	4.5	4.5	3.4	6.4
Rural Services	30.1	27.0	N/A*	N/A*
All StateRail	46.0	42.2	41.0	48.5

Duration Rates (Days)

Division	1999	2000	2001	2002
Corporate Divisions	3.0	5.7	2.2	14.6
Station Operations	11.7	7.4	8.8*	8.9*
Passenger Fleet Maintenance	11.1	8.7	9.2	7.9
Train & Crew Operations	8.8	9.6	6.3*	6.7*
Rural Services	11.2	8.4	N/A*	N/A*
All StateRail	10.2	8.9	7.4	7.4

* Note: Following the One StateRail restructure last year, CountryLink Train Crew staff transferred to Operations (renamed Train & Crew Operations) and CountryLink Station staff transferred to CityRail Stations (renamed Station Operations).

Incidents per million passenger journeys

The result for 2001-02 was 2.1.

New Occupational Health and Safety (OHS) Act

The Safety division has developed a comprehensive program of tasks to ensure StateRail compliance with the provisions of the new legislation. Work to date has included:

- One-day workshop sessions to brief project managers in the Capital Works & Development division about StateRail's legal obligations regarding contractor management, including site visit requirements.
- Updating and/or including specific OHS provisions in contracts, leases and agreements in accordance with legislation, requirements of the Construction Policy Steering Committee (CPSC) and the NSW Government OHS Management System Guidelines.

- Developing a plant risk management system that involves identifying hazards, assessing risks, implementing controls and introducing monitoring procedures.
- Preparing summary documents to outline to all staff in plain English the requirements of every chapter of the OHS Regulation 2001.

There was only one prosecution during 2001-02 and it was under the OHS Act 1983 (not the new Act). It related to a collision that occurred on 22 February 1996 between two track laying machines on the Byron Bay – Murwillumbah section. The matter involved a prosecution brought against StateRail by the WorkCover Authority of NSW under s15(1) of the Act.

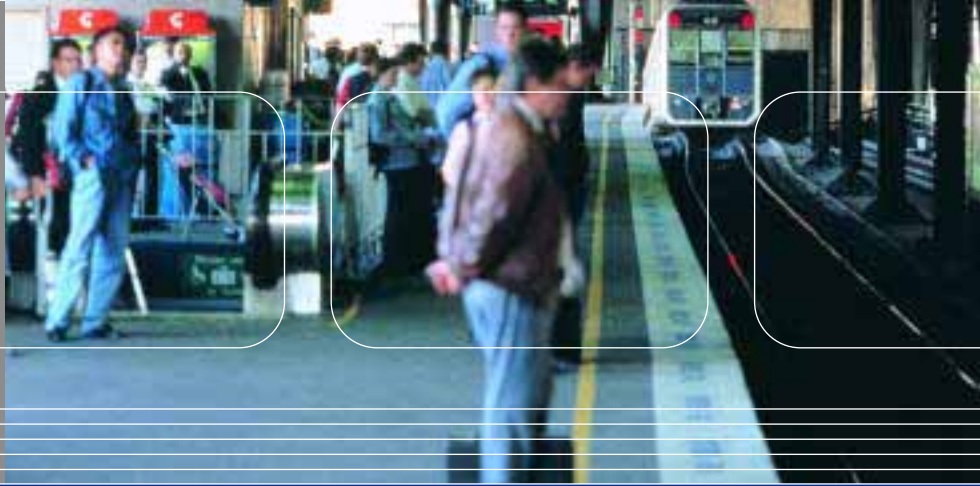
It was heard through the Industrial Relations Commission of NSW and a judgement was delivered on 7 May 2002. This resulted in a penalty of \$90 000 to StateRail. Since 1996 track maintenance has been the responsibility of RIC (formerly Rail Access Corporation and Rail Services Australia).

Employee safety – Lost Time Injury Frequency Rates

There were 48.5 injuries (resulting in one or more shifts lost) per million hours worked in 2002 across StateRail. Management will focus on reducing this figure during 2002-03.

East Hills quadruplication

In the biggest major track upgrade completed over the past financial year, tracks were doubled between Turrella and Kingsgrove stations on the East Hills Line. The \$85 million major work now delivers improved on-time running and better train operations for the area.



Investigation Management System

Work has commenced on the development of an Investigation Management System for StateRail. The requirement is to develop a system that provides:

- A defined process by which StateRail can conduct a systemic investigation consistent with the level of severity of the reported hazard or incident.
- A defined process by which StateRail can manage and, where implemented, monitor the performance of any corrective actions made as a consequence of investigations.

One common approach for OHS and safeworking incidents is being considered.

Signals Passed At Danger (SPAD)

StateRail is actively involved in managing SPAD incidents and is working with RIC to mitigate the risks of SPAD incidents occurring on the rail network. It has developed an overall SPAD Strategy organised into two major sections – SPAD prevention and post-SPAD management.

The first involves professional driver training, route knowledge, application of human factors, improved communications, use of a risk assessment tool, design standards and infrastructure. The second involves investigation processes and the development of action plans, with particular attention to factors related to drivers concerned.

Worksite protection

StateRail and RIC are working closely in developing better approaches to worksite protection on the rail network. Action areas include communication to drivers; investigating and auditing incidents; reviewing and developing audit protocols; communications to contractors; and interface management and training. A joint StateRail/RIC Committee had been established for ongoing review of worksite protection issues and incidents, and to recommend further safety systems.

Train & Crew Operations

StateRail's Train & Crew Operations division is responsible for all StateRail train movements across the Sydney metropolitan area and country New South Wales.

Service quality

In 2001-02, the primary role of the division was to ensure that:

- 92% of all morning and afternoon peak suburban train services ran to within three minutes of the scheduled timetable.
- 92% of all morning and afternoon peak intercity train services ran to within five minutes of the scheduled timetable.
- All off-peak suburban rail services ran to within five minutes of the scheduled timetable.
- An effective and efficient train control was provided across New South Wales in order to facilitate timely intra and interstate passenger and freight train services.
- 90% of all CountryLink services ran to within ten minutes of the scheduled timetable.

Strategies to achieve this included quality preparation of timetables, application of the principles of quality management in addressing low performance, monitoring on-time running (OTR) across the system on a daily basis, and investment in resources to identify options to increase capacity of the infrastructure.

Performance indicators

Peak on-time running is measured as "services arriving at final destination to within three minutes on-time for suburban services and within five minutes on-time for intercity services". The morning destination is the CBD, while the afternoon destination is the last station at which passengers may alight.

Recording times are those services arriving in the CBD between the hours of 6.00am and 9.00am (morning peak) and departing the CBD between the hours of 4.00pm and 6.00pm (afternoon peak).

On-time running

Over the last two years, on-time running has improved by 6.5 percentage points. The on-time running figure for 2001-02 was 91.9%. The force majeure adjusted figure (taking into account severe weather conditions etc.) was 92.6%.

As indicated on page 10, note 3, force majeure calculations came into being on 1 January 2001. As a result, the 2001-02 Financial Year was the first time StateRail has been able to compare actual on-time running figures against the adjusted on-time running figures for a whole year, as defined under the force majeure definitions.

Peak service provision

Peak service provision is the total number of train services scheduled per day, as per the timetable, less the number of services that did not complete their journey. The peak service provision for 2001-02 was 99.5%. The target was 99%.

2001-02 operational achievements

During the year, the division successfully delivered timetabled services that catered for special events such as New Year's Eve, Australia Day and Mardi Gras. Each of these events attracted hundreds of thousands of additional people into the city centre, many of whom elected to use the rail network as their preferred mode of transport.

Since the opening of Telstra Stadium, large-scale "one-off" Special Events have also been held at Olympic Park. Events such as the State of Origin, NRL Grand Final, Wallabies vs Lions and the Bledisloe Cup have successfully tested CityRail's ability to move significant numbers of people over a short time to and from the venue (40 000+ people per hour at the completion of games).

During Easter, CityRail helped to successfully deliver people to another Royal Easter Show by providing a timely and efficient rail service to and from Olympic Park.

These achievements have also demonstrated to the community that CityRail has positioned itself to meet the considerable demands required to provide Sydney with an effective rail transport service at all times.

Other key achievements

The Train & Crew Operations division has successfully introduced rail services to take advantage of ongoing infrastructure enhancements such as the East Hills Line Quadruplication, the electrification of the South Coast Line between Dapto and Kiama, and the duplication of the Richmond branch line to Quakers Hill.

The Train & Crew Operations division has also successfully managed rail services during the CBD closedowns, which were essential in enabling critical infrastructure upgrades to occur.

Station Operations

Station Operations is an operational division of StateRail that manages the interface between the organisation and its customers.

Station Operations divisional objectives are to deliver quality customer service by providing safe and well presented stations, ensuring ease of ticket purchasing and by providing accurate and timely information to passengers.

The core activity of the division is the management and operation of StateRail's stations. Of these, 302 are CityRail stations and 69 are CountryLink stations. Four stations are managed by Airport Link Corporation, bringing the total number of stations on the CityRail network to 306. Other key activities of the division are the planning and supply of buses to replace trains during track maintenance, the implementation of measures to reduce fare evasion, the management of Security Services and Revenue Protection personnel, the management of the CountryLink Sales and Reservations network, the management of the automatic ticketing system and development of policy in areas such as fares and ticketing.

Restructuring within StateRail during the year resulted in the transfer of Security Services and Revenue Protection to the Human Resources division and the transfer of complaints handling to the Communications and Marketing division.

In the CityRail *Customer Service Commitment* brochure, Station Operations committed to clean all stations daily, maintain the recently installed bright lighting, fix equipment failures promptly, install long line public address systems at 200 stations by June 2002, and ensure toilets at stations are clean and unlocked whenever possible. In general, these targets were achieved or exceeded.

Other significant achievements included:

Safety

The safety of staff and customers continued to be our first priority. With respect to staff, area OHS Committees have been formed and are making a worthwhile contribution to the safe running of stations. In addition, a major training and awareness program for station staff has been under way during the year. A focus on customer safety has been maintained through an extension of the program to deploy security personnel on trains. The program to install CCTV at 302 CityRail stations was completed. Further, the program to install Emergency Help Points for customers at all CityRail stations commenced during the year, with completion expected by the end of 2002.

Major event planning

Station Operations devised and implemented crowd management plans for major events such as New Year's Eve, Australia Day, Mardi Gras and the Royal Easter Show as well as sporting events at Stadium Australia. During the year, the plans were implemented successfully at each of these events without incident. In addition, train services in the city were severely disrupted during Operation CBD 1 and 2 (a major initiative to replace overhead wiring in the CBD), and the crowd management and alternative transport plans used at these times resulted in minimal disruption to customers.

Ticketing

The ticket vending machines at CityRail stations were upgraded with the major benefit to customers being the ability to accept \$50 notes. A significant commitment was also made to further improve CountryLink's Travellink booking system.

Station upgrades

During the year, upgrading works were completed at 28 stations. In addition, another six stations were upgraded to Easy Access standard and the installation of advanced passenger information systems was extended to another four stations. The gap reduction program continued with the space between the platform and train reduced at 12 platforms.

Planning

The division participated, on an ongoing basis, in the preparation for Integrated Ticketing, which will utilise smartcards for fare payments across all public transport modes in Sydney. As part of the annual review of fares the division developed a new set of fares that were submitted to, and subsequently accepted by, the Independent Pricing and Regulatory Tribunal. The division also had a critical role in the review of patronage trends and worked with the Rail Development and Communications & Marketing divisions to develop strategies for increasing farebox revenue.

The major challenge confronting Station Operations is to improve financial performance. Apart from increasing farebox revenue, issues include improving information to customers, particularly during service disruptions, increasing customer perceptions of safety, further reducing fare evasion and improving the CountryLink Sales and Reservation system.

MainTrain Centre, Auburn

Passenger Fleet Maintenance will now benefit from a new presentation facility opened on 17 May. New technology available in the \$10 million plant at Auburn will thoroughly clean even the shadow of already removed graffiti.



Passenger Fleet Maintenance

StateRail's Passenger Fleet Maintenance (PFM) division manages the repair, maintenance and cleaning of the CityRail and CountryLink passenger fleet. It is also responsible for StateRail's rail recovery unit, which attends derailments, collisions and breakdowns.

The services provided by PFM are delivered via maintenance centres and support groups. There are three Diesel Maintenance Centres (Sydenham, Eveleigh and Broadmeadow) that service, maintain, repair, clean and fuel CountryLink's diesel XPT and Xplorers; as well as CityRail's Endeavour fleet and 620/720 class Diesel Rail Carriages. The three Electric Fleet Maintenance Centres (Hornsby, Mortdale and Flemington) service, maintain and repair CityRail's electric rollingstock and are responsible for the internal and external cleaning of CityRail trains. Periodic heavy maintenance of CityRail's electric rollingstock is performed under contract at the MainTrain Centre, Auburn.

The StateRail Emergency Group undertakes rail recovery within the greater metropolitan area; and Quality and Technical Support provide technical advice on rollingstock, set maintenance standards for the fleet, undertake maintenance planning and scheduling, and provide research support in the monitoring of failure trends and the identification of rectification strategies.

Key achievements

Level III Maintenance Program

The new Presentation Facility at Auburn, opened in May 2002, is managed under the existing MainTrain contract. It allows for alignment of carriage refurbishment and Component Change-Out (CCO) programs. The integration of refurbishment programs with maintenance programs will provide a major increase in carriage availability, as carriages will no longer be required to be taken out of service separately for refurbishment programs.

Graffiti and vandalism

Vandalism and graffiti are major contributors to fleet maintenance activities. The cost of repair due to vandalism and removal of graffiti

on trains exceeds \$8.3 million per year. Throughout the year, fencing and security patrols in rail yards and on trains have been improved and increased to deter vandals. Some trains on the network have been equipped with CCTV cameras to target particular services or corridors where the greatest problems exist. The new Millennium train is fitted with six cameras in each carriage to provide security for passengers and for the fleet.

Xplorer and Endeavour fleet reliability

The first of a three-phase Reliability Improvement Program for Xplorer and Endeavour carriages has been implemented to improve engine reliability and other issues affecting performance.

Apprentices

Passenger Fleet Maintenance has 62 apprentices training in Electrical trade, Fitting and Machining, and Vehicle and Building Trimming. 20 apprentices were recruited in 2001-02 and PFM has an ongoing Mentoring Program in place for apprentices.

Kiama-Dapto electrification

One of two major track upgrades completed this year, the first electric service from Dapto to Kiama launched on 17 November. The \$42 million electrification of the line means more efficient and reliable services for South Coast passengers.



Capital Works & Development

During 2001-02 the division's Executive Director consolidated the establishment of a centralised Capital Works & Development Program for StateRail. The division has made a significant contribution to the strategic direction of StateRail, in relation to planning, asset procurement and maintenance, by combining capital works management with Rail Estate, Rail Development and the group which coordinated StateRail's involvement with the Parramatta Rail Link.

Part of the division's change management program has involved a cultural shift from a procurement-driven to a project-managed capital works delivery program. This shift has resulted in substantial savings in the budget.

A key focus within the division has been the establishment and implementation of a robust site safety management system to monitor contractor accountability. This minimises safety risks for all personnel involved in capital works programs.

Fundamental to all project work conducted by StateRail is effective communications. The division's Executive Director has reinforced this in the development and implementation of all communications processes within the division. In line with this, a significant initiative has been the completion of a partnering agreement with RIC, which identifies 'the way we work together'. This agreement involves relationships, processes and documentation. The end result will be improved business outcomes for both StateRail and RIC.

Since 3 December 2001, the division's Executive Director has also taken on the role of Deputy Chief Executive (Operations & Infrastructure). In this role, he has responsibility for the portfolio, which includes Capital Works & Development, Strategic Projects, Train & Crew Operations, Station Operations and Passenger Fleet Maintenance.

Key achievements

The 2001-02 financial year heralded some important milestones for StateRail with the completion, by RIC and its contractors, of several significant rail infrastructure and capital works projects including:

- the \$42 million Kiama electrification project which was completed ahead of schedule and on budget with electric services commencing operation in November 2001; The project involved extending the electrified rail service to Kiama, reducing journey times and the inconvenience associated with changing trains from the electric rail carriages to diesel rail carriages at Dapto;
- the completion, by RIC and its contractors, of the East Hills Line quadruplication from Turrella to Kingsgrove, enabling express trains travelling to and from Macarthur to overtake local services;
- the commissioning of CCTV cameras and installation of high intensity lighting at all stations on the CityRail network;

- the completion of the XPT re-motoring program;
- the completion, in 2001-02, of Easy Access facilities at Allawah, Caringbah, Engadine, Katoomba, Regents Park and Wollongong.

Key rollingstock delivery milestones were also met by the StateRail Capital Works team in 2001-02, including:

- the practical completion of the first four-carriage Millennium train on 28 June 2002. The delivery schedule of the train sets was delayed due to the failure of a major communications equipment supplier and the need to undertake detailed testing and verification to ensure suitability of the trains for operation on the network;
- the re-introduction of the CountryLink Broken Hill rail service following the complete refurbishment of three rail carriages specifically for this dedicated service.

Capital Works in progress

The principal elements in the program are: the ongoing funding of both additional and replacement rollingstock; the completion of enhancements to rail infrastructure to improve service reliability and capacity; and station upgrading to improve easy access, security and the provision of "real time" information to passengers.

Key infrastructure capital projects incorporate the completion of various rail infrastructure enhancements. These include the \$28 million Richmond branch line amplification between Marayong and Quakers Hill and a new turnback facility at Central to improve service reliability on the Airport Line. There were infrastructure works to improve the rail service reliability between Glenfield and Campbelltown; as well as planning for a new turnback and platform at Revesby on the East Hills Line, in addition to a turnback at Macdonaldtown.

Other key infrastructure capital projects include the commencement of construction activities for the provision of train stabling and servicing facilities at Blacktown; detailed study and design works for the Cronulla duplication and Bondi Turnback facility; and the ongoing implementation of Glenbrook-related safety improvements including the delivery of a train visibility monitoring system throughout the network.

Rollingstock capital projects include the ongoing delivery of the 81 Millennium train carriages in Stage One of this project. There was also the issuing of a number of tenders including: the supply of 41 new outer suburban rail carriages to service the Blue Mountains, Illawarra and Central Coast Lines; the supply of 14 new Hunter Valley carriages, which replace the 620/720 class carriages operating in the Hunter region; and the supply of three new carriages to operate on the CountryLink Broken Hill service.

Station projects

Detailed design or construction works are underway on Easy Access upgrades at Beresfield, Beverly Hills, Campsie, Holsworthy, Maitland, Marayong, Mount Druitt, Padstow, Riverwood, Rockdale, Summer Hill, Thornton and West Ryde. In addition, planning is nearing completion for Easy Access at Kiama, Fairfield, Cabramatta and Kings Cross.

In addition, five new Easy Access station upgrade works were funded in the 2002-03 Budget at Cabramatta, Granville, Guildford, Kings Cross and Miranda. Construction work will be completed on a new station at Oak Flats and work will also begin on the design of a new station at the University of Western Sydney.

Improved training facilities

As part of its commitment to provide safe and reliable services to the community, StateRail has awarded contracts for:

- the upgrade of its two driver training simulators utilising advanced computer graphic image technology; and
- two new virtual reality training centres at the Australian Rail Training College at Petersham for customer service, station management and safety training.

One of the virtual reality centres will include a generic train desk with characteristics similar to the Millennium train, which will allow the simulation of hazardous driving situations and also provide crew with the opportunity to become familiar with the control layout of the Millennium train. The facilities will be extensively used for the training and competency enhancement of frontline operational staff and train crew, and will enable training to be conducted in a close to reality environment.

The project addresses a key recommendation of the Glenbrook Inquiry that "the training of railway employees should include the use of modern interactive simulators as a core component of training programs".

Environmental projects

StateRail is one of the largest landholders in NSW. Due to industrial practices associated with railway operations over the past 100 years or so, some of this land may be contaminated to varying degrees. Land contamination presents a significant risk to StateRail's current and future operations. To minimise environmental risk within StateRail's property management portfolio and to ensure due diligence within the framework of relevant environmental legislation, a program is underway to actively identify, investigate and remedy contaminated land.

In 2001-02, approximately \$2.5 million was spent on contaminated land projects, including desktop studies, remedial works and, in particular, environmental investigations.

Improving access

StateRail is currently working with Transport NSW to develop an Accessible Transport Action Plan: a portfolio-wide plan to improve access to public transport. Consultation with key disability and transport user groups will be integral to the development of this Action Plan.

Stations

\$38 million was invested in the ongoing Easy Access Program during 2001-02 to improve station accessibility. As part of this, Allawah, Caringbah, Engadine, Katoomba and Regents Park have been completed as Easy Access stations; and access upgrade works will occur at 14 other stations during 2002. Additionally, across the network, 59 CityRail stations (19%) are now wheelchair accessible and 33% of stations have wheelchair boarding ramps.

Other access initiatives for CityRail stations during the year included:

- Significantly improved lift availability, monitoring and repair time (to hospital standard) at accessible stations.
- A progressive platform–train gap reduction program, delivering safer boarding for passengers with mobility restrictions, at 14 platforms (eleven stations).
- High intensity lighting now installed at all stations and at approximately 90 car parks and bus/rail interchanges.

- The installation of warning tactile tiles on the edge of 25 platforms (seven stations).
- Commencement of an installation program for accessible Help Points at all stations.
- Design and testing of a prototype to develop a safer, more functional wheelchair boarding ramp.

Additionally, 93% of CountryLink stations are now wheelchair accessible via level access or a ramp.

Trains

All metropolitan and outer suburban CityRail services are wheelchair accessible with the deployment of boarding ramps. CityRail is undertaking a project to assess the feasibility of providing wheelchair access on intercity services that are not currently wheelchair accessible. CountryLink services also have allocated wheelchair space and priority seating for passengers with disabilities and carry their own boarding ramp. Direct assistance is also provided to services and facilities where wheelchair access is limited. In addition, ticketing guidelines and policies for passengers with disabilities are currently under review to maximise access on existing CountryLink services.

In addition, StateRail has consulted extensively with peak disability organisations to ensure all new rail carriages are accessible. 81 new Millennium carriages will come into service later in 2002 and 2003, with improved wheelchair accessibility. Evaluation of tenders and advice on their accessibility has commenced for:

- 40 outer suburban double deck carriages for the Central and South Coast Lines;
- 14 single deck carriages replacing the 620/720 class Hunter Valley carriages; and
- three single deck carriages for the Broken Hill service.

Access features of all new carriages include designated wheelchair space and priority seating; flexible access options for the elderly and passengers with disabilities, passengers with prams and luggage; audio and visual internal destination information; highly visible safety features; and accessible Emergency Help Points for wheelchair boarding and emergencies.

Passenger Information

Work has commenced to enhance both the useability and accessibility of the CityRail website. The format and content are more user-friendly with easier navigation, more detailed access information for each station and a 'services update' feature for 24-hour access to real-time information.

Complementing this, CityRail passenger information has been progressively upgraded, specifically:

- Long line DVA / public address systems are being installed at 21 stations on the Blue Mountains Line, and 72% of stations across the network are now complete.
- 65% of stations have digitised voice announcements.
- Plasma screens replaced LED (light emitting diode) destination indicator screens on five station concourses (9% of stations have electronic destination signage).
- \$553,000 was invested as part of an ongoing program to install compliant signage on stations (10% of stations are complete).
- 74% of booking offices have hearing loops.
- Promotion of altered services via the Transport Infoline (website, Call Centre and TTY); station Trackwork posters; CityRail website; and advertising have been utilised comprehensively throughout the year.

Easy Access

Delivering better access to stations and trains for the elderly, disabled and parents with children has been a priority for StateRail for many years. \$38 million was invested in the Easy Access program this financial year, completing stations such as Engadine, Allawah, Caringbah, Regents Park and Katoomba.



Training

Disability awareness training is included in the induction program for all operational staff. Other initiatives undertaken by StateRail's Policy & Diversity unit include:

- Disability awareness training for all CountryLink Customer Relations staff and Human Resources team leaders.
- Two traineeships for people with disabilities in Station Operations.
- Information sessions for line managers given by the NSW Anti-Discrimination Board.

During 2001-02, revised EEO and Anti-Discrimination and Harassment policies were endorsed and promoted throughout the organisation and have been placed on the staff intranet site.

Environmental performance

Waste management

StateRail continues to implement the NSW Government's Waste Reduction and Purchasing Policy (WRAPP) via StateRail's Waste Reduction and Purchasing Plan to:

- reduce the generation of waste;
- ensure resource recovery; and
- use recycled-content materials.

As part of StateRail's ongoing Public Place Recycling Program, public recycling bins were installed at Central and Stanmore stations in August 2001. Waste audits of the public recycling bins in 2001 indicated that 1/3 of the public waste was being diverted to recycling, the equivalent of 2/3 tonne of recyclables diverted from landfill to recycling each week.

StateRail is currently planning a rollout of recycling bins across the network in late 2002/early 2003 to major stations and several lines on the CityRail network. This rollout is being implemented in partnership with Resource NSW. The rollout will represent the NSW Government's first wave of standardised, colour-coded recycling bins for the state.

StateRail has been working over the last 18 months to develop a Green Office Program, which is intended to be introduced in the second half of 2002. The Green Office Program is an office-based environmental management program, focused on easy, everyday initiatives that can be undertaken in offices to save resources and reduce waste. The Environment Protection Authority NSW will be featuring StateRail's Green Office Program in an upcoming booklet of WRAPP best-practice case studies.

StateRail has also been focusing on implementing local paper recycling.

Environmental procurement

In August 2001, recycled-content paper was announced as StateRail's standard paper for use in office applications.

In the first six months of the initiative, StateRail's stationery suppliers reported a significant increase in recycled-content paper purchasing, whereby over 80% of white office paper purchased by StateRail contained 50% or more recycled-content. This equates to a modest cost saving of just over \$3500 and the equivalent of over 450 forest trees.

StateRail is continuing to look at opportunities to increase the proportion of products that it purchases with recycled-content materials and other environmental features.

Energy management

StateRail continues to implement the NSW Government's Energy Management Policy. In 2002, a detailed technical and economic assessment of potential energy efficiency opportunities in StateRail's buildings, including offices, stations and maintenance depots was undertaken. At the time of writing, this work is currently in progress and will provide a platform for StateRail to potentially implement energy efficiency projects over 2002-03.

StateRail provides annual energy usage figures to the Department of Energy and Utilities. For the reporting period 2000-01, StateRail reported an energy consumption of 3.1 million gigajoules, 90% of which was used in train traction. This represented an overall increase in StateRail's energy use, largely attributed to increased operational activities for the Olympic Games.

Environmental Management System

StateRail is continuing to implement its Environmental Management System (EMS). Work has focused on reviewing the content of the EMS, finalising the environmental procedures and assessing opportunities for rolling the EMS out to further locations.

External environmental audits have been arranged for a selection of stations, stabling yards, passenger fleet maintenance centres and refuelling and decant facilities. These audits will provide:

- Independent assessment of StateRail's environmental performance and compliance with environmental legislation at our operational premises.
- Independent, third-party verification of StateRail's internal environmental reviews and audits and risk-management aspects of the EMS.
- Validation of the current key environmental management risks and issues identified in the EMS across StateRail's operational premises.

The NSW Environment Protection Authority (EPA) has highlighted StateRail's EMS as part of a series of cleaner production case studies. The StateRail case titled *Environmental Successes: Cleaner Production in Industry* can be viewed via the website link www.epa.nsw.gov.au/cleaner_production. It can also be purchased in hard copy from the EPA's Pollution telephone line 131 555. The EPA is in the process of distributing the case study series to local government, selected businesses and state government departments.

Noise management

StateRail continues to monitor noise emissions from its operations and implement noise reduction programs where appropriate.

Information Technology & Telecommunications

StateRail's Information Technology & Telecommunications (IT&T) division formulates StateRail's telecommunications and IT strategies, policies and standards, and oversees and directs major StateRail information delivery functions. These include system analysis, design, development, implementation, operation and strategic planning.

Initiatives over the year included continuing the delivery of the closed circuit television (CCTV) program for CityRail stations with associated Emergency Help Points; the station passenger information program; timetable and crew rostering automation; extension of the train location system; safeworking enhancements; major upgrades to information services infrastructure; and the integration of the StateRail radio network. Significant planning work was done in preparing for the introduction of the StateRail component of the Department of Transport integrated ticketing program.

During the year the division focused on:

- Developing a robust design for Emergency Help Points planned for deployment at CityRail stations.
- Upgrading passenger information systems on major CityRail stations.
- Completing the development of management information systems for CountryLink travel, the Rail Coordination Centre and for Human Resources.
- Developing a new CityRail website.
- Completing the upgrade of StateRail enterprise computing, data storage and directory management.

- Completing key telecommunications projects including upgrades of centralised voice recording systems and development of an integrated messaging system.
- Introducing a comprehensive security policy based on Australian Standard AS/ANZ 17799.2:2000.
- Completing a new disaster recovery centre to provide an alternative hosting site for all major StateRail computer systems.
- Commencing the development of a corporate-wide Business Continuity Plan.

Passenger Security Program: CCTV, LLPA and Emergency Help Points

The StateRail Passenger Security Program provides new passenger security initiatives across all CityRail stations, car parks and bus/rail interchanges. With an approved budget of \$104 million, the program includes provision of high intensity lighting, CCTV surveillance, new Emergency Help Points and Long Line Public Address Systems (LLPA) to improve passenger safety. To date:

- High intensity lighting has been installed at 302 stations and approximately 90 car parks and bus/rail interchanges.
- Approximately 5700 CCTV cameras have been installed at 302 stations and 24 major car parks and bus/rail interchanges.
- One central, and 17 remote monitoring centres have been commissioned to monitor security on the CityRail network round the clock.
- Additional monitoring locations have been commissioned at the RTA Transport Management Centre and NSW Police Headquarters.
- Long Line Public Address systems have been commissioned at 218 stations.
- Installation of new Emergency Help Points is in progress.

Delivery of electronic services

StateRail successfully met the government's target of putting all appropriate government transactions online by the end of 2001. However, work is continuing to identify opportunities where technology can be utilised to improve service and lower costs. Currently there are two major initiatives in progress, namely, a system for the electronic submission of tenders, and an integrated messaging system.

Electronic submission of tenders

This system is due to pilot in October 2002, and is planned for implementation at the end of December 2002. It is being run as an Application Service Provider (ASP) service by the Department of Public Works and Services for multiple government agencies.

Integrated messaging

The StateRail IT&T Telecommunications Group has commissioned an Integrated Messaging System which will be handed over for operational use during October 2002. This will deliver facsimile, radio paging and Short Message Service (SMS) messaging in a cost-effective and timely manner. The service exploits the Argus and StateRail network infrastructure. The initial service is for the Passenger Information section, but will be expanded to other StateRail departments in the coming year. The system provides management information, cost centre allocation and tracking of all transactions. The system also obviates the use of expensive external bureau message delivery services.

Human Resources

The year saw StateRail's Human Resources (HR) division incorporate specific areas to lead, develop and manage specialist HR functions. These included: Training & Development; Industrial Relations; HR Policy & Equity; Change Management; Workforce Planning and Performance Reporting; Job Evaluation and HR Systems Development. The division also provided the strategic direction for the delivery of essential StateRail key personnel services such as recruitment and payroll, which will now be undertaken through Business Services.

Significant achievements for the division on behalf of StateRail included:

- Development, negotiation and implementation of the HR Manual.
- Development and implementation of the *Are You Okay* drug and alcohol education package.
- Introduction of the StateRail Service Awards, which recognise outstanding employee achievement.
- A successful audit of HR policies and procedures which demonstrated that they met acceptable standards.
- The development and implementation of recruitment and selection training.
- The creation of the Disciplinary Review Panel (a process that ensures a fair and robust disciplinary procedure method).
- Traineeships for people with disabilities.

Training & Development

2001-02 was a successful year for Training & Development. For frontline staff, there were both Driver Traineeships, and Safety Management System Training.

StateRail was short-listed as an Employer of the Year by the Department of Education and Training (DET) in the Annual National Training Awards. StateRail station trainee, Luke Fifita from Town Hall, also received an award in the Trainee of the Year category.

The implementation of competency-based training is now in progress in all business units of StateRail. Drivers, guards, train controllers, station assistants and duty managers all have full competency-based training with integrated on and off-the-job delivery. Signallers, security staff, trade and non-trade staff will be piloting competency-based programs in 2002 to be fully implemented by December 2002.

Safety Management System (SMS) training

Over the last year, approximately 4500 frontline staff have undertaken three SMS training programs. These courses provide staff with targeted training to support the maintenance of competence in key safety areas.

Training & Development have also prepared comprehensive management plans to support the successful integration of simulation technology into both initial training, continuation training and a range of other training interventions. It is planned that approximately 12 000 trainee interactions with the simulation resources will occur each year.

Staff development

Key achievements through the year were the Leadership Development Program, Graduate Program, Management Development Initiative, Executive Development Program and Simulation Project. Additionally, HR oversaw the development of road maps and the implementation of Business Services.

Assessment Centre

The HR division established an assessment centre process to provide improved recruitment and selection services to the business units of StateRail. The centre provides testing using a range of instruments including role-plays, scenarios, group based behavioural interviews, psychometric tests, and examinations in areas such as safeworking and train operation manuals.

The assessment process has gone through an extensive consultation with all stakeholders and a number of pilots have been conducted. The purpose of the assessment centre is to ensure that applicants have an opportunity to demonstrate their competencies and capabilities for agreed job roles.

Road maps

The Training & Development unit and Train Crewing have collaborated throughout 2001-02 to develop a complete road map resource of the metropolitan roads travelled by StateRail train drivers. The maps provide a quality assurance framework for StateRail, ensuring appropriate knowledge regarding critical features of the network that impact on driver performance.

The maps have established a new standard for support documentation for road knowledge training in Australia and have been sought by many other rail operators as a standard for map development. A set of operating principles has been established to ensure the currency of the maps for all train crew.

Central Recruitment Centre

Throughout 2001-02 StateRail's HR division, in collaboration with other business divisions, has worked towards the establishment of a centralised recruitment centre. The centre is now in the process of establishing procedures and protocols to support its work to agreed standards.

HR Policy and Equity

Strategic HR management in StateRail operates in a complex environment with a history of interventions.

The organisation has a large and diverse workforce, comprising 9121 staff as at 30 June 2002, with an annual staffing expenditure of approximately \$670 million, out of the total organisational operating budget of \$1.7 billion per annum. The organisation operates in a highly regulated environment where safety is the number one priority for staff.

In order to achieve business objectives and position the organisation for the future, StateRail will embrace the following HR strategic priorities:

- Leading organisational capacity to change and transform.
- Improving customer service standards.
- Developing better industrial relations practices.
- Improving communication.
- Enhancing project management skills capability.
- Facilitating partnering of major initiatives.

Crime and security

Crime and security are issues that impact every aspect of our lives. The completion of the rollout of CCTV cameras to all stations in the CityRail network and enhanced deployment of security personnel have contributed to a marked decline in reported incidents on our stations.



Conducting benchmarking

To ensure that the services provided are the best available and to challenge staff to continue the improvement process, benchmarking will be undertaken across a range of HR activities. These will include payroll, recruitment, absence control, overtime usage and management, staff development, industrial disruption, remuneration, safety and performance management.

Utilising information

The HR team will work to integrate systems to allow for the delivery of consistent, relevant, practical and useful information; connecting major organisation drivers such as finance, staff, customers and safety. This will also enable planning and evaluation of organisational performance.

Increasing staff access to HR data and services

The division will provide staff with easier access to information and investigate use of Employee Self Service Technology to enhance service provision. Implementation of protocols for obtaining feedback, and listening and responding to concerns, is a major focus.

Promoting professional behaviour and standards

HR is concerned with setting standards, modelling and changing behaviour in order to achieve an organisation in which people work cooperatively and professionally for a common strategic goal. A major strategy is the consistent implementation of a zero tolerance policy for unprofessional behaviour.

Producing a Workforce Plan

Long term planning is an important strategic objective, requiring a workforce planning process that is both sound and adaptable. In areas of strategic concern, where gap analysis has shown specific deficiencies, succession-planning strategies will be developed to ensure the availability of those specific staff resources to StateRail.

Personnel Policies and Practices

Major revisions were made to StateRail's Human Resources Policy Manual this year. The changes reflected changes in legislation, regulations, award provisions, industrial agreements and organisational restructuring.

The policy areas that were revised included workforce planning; recruitment and selection; conditions of employment; discipline, drugs and alcohol; attendance and leave; health and safety; performance management and development; as well as transfers, redundancies and separations.

Centenary of Central

It was 100 years ago on 2 November that design and works were approved for the grand Central Station that nowadays caters for almost 800,000 people each day. Celebrations were enjoyed by rail enthusiasts, staff and their families.



As a result of the policy revisions, StateRail introduced new human resources practices, including more flexible workplace arrangements and the StateRail Service Awards. The more flexible workplace arrangements involve part-time work, job-sharing or teleworking for employees on maternity, adoption or parental leave. The inauguration of the StateRail Service Awards allows recognition of outstanding achievement by employees in areas of individual competency (such as customer service, leadership or team performance) as well as areas of business competence (such as workplace presentation and safety awareness).

Industrial Relations Policies & Practices

Functional Agreements for CityRail train drivers and train guards expired at the end of March in 2001 and two new three-year functional agreements for CityRail train crew were negotiated and certified in the Australian Industrial Relations Commission in September 2001. Negotiations on a new StateRail Enterprise Agreement for all employees (other than CityRail train crew) are in an advanced stage and, following finalisation of negotiations, will be put to ballot.

Over the last year, StateRail has been involved in various industrial issues with the rail unions. These have been resolved under the dispute settlement procedure and, as a consequence, the time lost due to industrial disputation was limited to 45 minutes by fifteen staff.

Additionally, StateRail has continued to maintain a consultative framework with employees and unions. This has included conducting delegates' forums covering key employment groups. This process has proved worthwhile and will continue into the future.

Issues and challenges faced

Unexpected staff absences across the CityRail network made it necessary for some stations to be temporarily unattended for short durations. When these absences were notified, relief staff rosters and overtime were manipulated to ensure minimal impact to customers. Safety critical positions and positions on stations when customer impact would be greatest were covered first, which resulted in some smaller stations being temporarily unattended for part or full shifts.

On any given day CityRail has approximately 1800 staff on stations around the network. The CityRail network consists of 306 stations of which 47 are officially unattended. CityRail is endeavouring to minimise the occurrence of temporarily unattended stations by embarking on a concentrated recruitment drive for station positions. Advertisements for Customer Service Attendant positions have been placed on a regular basis since February 2002.

An initiative introduced to fast track the external recruitment process and further minimise the occurrence of temporarily unattended stations is the creation of a relief pool of around 100 staff. Directions have been given that staff attached to the relief pool are to be allocated on a priority basis to ensure safety critical positions and positions on stations where customer impact is greatest are covered first.

Communications & Marketing

As a result of the One StateRail restructure, the Communications & Marketing division comprises various specialist units which concurrently provide the exchange and delivery of internal and external information to all stakeholders; including staff, customers, local and state governments, business and private sectors and the wider community. The division aims not only to source new customers, but also to protect and increase revenue from existing customers.

The division was involved in a broad range of activities for StateRail and our CityRail and CountryLink brands throughout the year.

StateRail's Marketing & Strategic Communications unit manages and implements key projects in marketing, advertising, brand, product development, community relations and strategic communications. Throughout the year, the unit worked to promote StateRail's core safety and customer service values, increase patronage across the CityRail and CountryLink networks, as well as launching key internal and external projects.

This year saw CityRail launch its first major television commercial campaign for three years. The two-stage campaign was aimed at promoting improvements across the network by harnessing goodwill from the CityRail experience during the Olympic Games and then encouraging customers to "Keep on Training" to use the network more safely and efficiently.

The integration of StateRail's family of logos was completed with the design and launch of a new CountryLink logo. Some safety initiatives also took place incorporating the new CityRail logo. These took the form of rail safety paint jobs on the front of trains and on doors. The new livery for CountryLink trains has been developed with a view to implementation over the coming year.

A new strategy to inform CityRail customers about maintenance and service interruptions was implemented at the beginning of 2002. The Trackwork campaign has provided an accessible and prominent way for customers to find out about trackwork affecting them through station posters, the CityRail website and a tailored email subscription service.

Several initiatives to increase patronage on CityRail and CountryLink services were undertaken this year. These included the promotion of CityRail and CountryLink networks as links to food, wine and holiday destinations through the development of CountryLink brochures and packages. These included *Food & Wine Trails* - a partnership with the *Cheap Eats Sydney* restaurant guide, and a new CityRail *Sydney and Beyond* brochure. Products developed to encourage travel in the off-peak were showcased via the *Ticket-to-Ride* brochure. Products developed to increase patronage included the Backtracker and East Coast Discovery passes.

The Marketing & Strategic Communications unit was responsible for launching and coordinating communication campaigns for key organisational projects over the past year. The unit organised the launch event, advertising and internal communications for the new Millennium train; coordinated the launch of the CountryLink Broken Hill service; promoted the centenary of Central station celebrations; and launched the service on the electrified Kiama to Dapto line. Campaigns were also undertaken to inform customers about the significant infrastructure developments and service alterations during the first stages of Operation CBD (major infrastructure maintenance affecting the City Circle), and the quadruplication of the East Hills Line.

Internal communications were further improved and refined with the rationalisation of all internal newsletters into the one StateRail newspaper, *Between the Lines*; the revamping of internal managers' briefings and introduction of senior managers' group meetings; as well as the ongoing development of the internal electronic newsletter *What's News*.

StateRail continued to work successfully with the community during the year and establish collaborative partnerships with community and charity organisations. StateRail sponsored the Australian Arab Women's Award; worked with Keep Australia Beautiful and local communities on many "Action Stations!" station beautification projects; supported Bandaged Bear Day and the OxFam Community Aid Abroad Walk Against Want; as well as continuing its sponsorship of the New South Wales Railway Band.

Communicating effectively with our customers is a central focus of StateRail today. The Passenger Information unit provides an up-to-date global view of the CityRail network through a detailed framework of information channels. Specifically, this involves monitoring train control boards and translating the operational information into a manner that can be clearly understood by customers, the media, the Transport Infoline, StateRail management and staff. The unit implements emergency alternative transport during disruptions or incidents. It also manages an integrated transport information call centre service – branded as Transport Infoline 131 500 – which provides information on trains, buses and ferries. Similarly, it runs the StateRail switchboard operating from 6am to 10pm, seven days a week.

The Customer and Government Relations unit has two main areas of responsibility. The Government Relations area is a conduit between StateRail, the Minister's office, the Department of Transport and Members of Parliament. The Customer Relations area manages the flow of feedback that comes to StateRail from customers and the wider community.

The unit responds to enquiries, suggestions, complaints and compliments from customers and stakeholders, tracking and monitoring StateRail's responses, and analysing trends for planning purposes. During the year, the division worked towards the establishment of a centralised and fully coordinated Complaints Handling unit, as recommended by the NSW Ombudsman. The centralised unit becomes operational in July 2002.

The Media Coordinators act as spokespeople for StateRail, addressing media enquiries, advising senior management and the Minister on public affairs issues and promoting StateRail to the public and the media. StateRail's Media unit has continued to provide 24-hour media liaison throughout the year as well as coordinating a range of media launches for StateRail projects.

Corporate Counsel

StateRail's Corporate Counsel division comprises the Corporate Legal Services unit and the Corporate Secretariat. The Corporate Secretariat provides corporate secretarial services to the Board of StateRail and manages the organisation's obligations in respect of its movable heritage items. Information on movable heritage, during the year, is set out in Appendix 26 on pages 99-100.

The Corporate Counsel reviewed and concluded a number of key contracts for StateRail including a network control contract with RIC. Additionally, works agreements; a new on-train security guard contract; and a number of contracts with utilities, developers and telecommunications carriers seeking access to the rail corridor to install infrastructure have been completed. Assistance was also given in a number of WorkCover matters and solicitors from the division negotiated and settled several claims brought by StateRail employees.

Broken Hill service

More than 1000 years of living railway history was on board the inaugural journey of the Silver City Express from Central to Broken Hill on 24 June. Past and current railway workers were aboard the new weekly service.



The Corporate Counsel is one of the three members of StateRail's Disciplinary Review Committee and Safety Disciplinary Review Committee. In addition, solicitors from the division are heavily involved in a number of Supreme Court and District Court proceedings.

The division played a key role in assisting StateRail's development of strategies to comply with Commonwealth and NSW disability legislation, environmental compliance and occupational health and safety laws. It also facilitated the preparation of modern, project-specific documentation to assist in project delivery.

StateRail has improved the quality and value for money of its outsourced legal services this year. In addition, greater emphasis was placed on training and legal practice management, both for solicitors and support staff, to ensure that requisite skills and expertise are developed and maintained.

Freedom of Information

The Freedom of Information Officer ensures StateRail's compliance with all aspects of the *Freedom of Information Act 1989* (NSW) and the *Privacy and Personal Information and Protection Act 1998* (NSW), providing information to external clients and advising StateRail about compliance with legislative provisions.

Finance

StateRail's Finance division has responsibility for corporate financial and management accounting services, financial system management, insurance management and internal audit services.

The division was responsible for a number of savings and business improvements made during 2001-02. These included expanding the use of the Purchasing Card, which further streamlined the expenditure process throughout StateRail and resulted in productivity savings expected to be at least \$1.5 million per annum. The debt portfolio was restructured to take advantage of lower interest rates, resulting in annual savings of around \$500 000. A new three-year electricity supply contract was negotiated jointly with RIC on favourable market terms. The annual financial statements were completed within a shortened timeframe, facilitating timelier reporting to Parliament. Capital expenditure and contract management delegations were revised thereby improving capital works processes. StateRail's financial reporting was rated "excellent" in an Audit Office survey of agencies' compliance with reporting requirements, placing StateRail in the top 12% of the agencies reviewed.

Financial Summary

StateRail's operating surplus for the year ended 30 June 2002 was \$1.8 million, compared with \$14.1 million the previous year.

The result included social program funding and other government contributions of \$1197.4 million, comprising:

- \$634.1 million of social program funding (community service obligations) for concession fares, non commercial operations, and other pricing support; and
- \$563.3 million of other contributions, including capital works (\$396.4 million), major periodic maintenance (\$141.3 million), staff redundancy payments (\$12.0 million), and the servicing of old borrowings (\$13.2 million).

Capital funds of \$29.8 million were sourced from the net proceeds of sale of surplus StateRail properties.

Social program funding increased by \$90.8 million (16.7%), after adjusting for last year's Olympic Games funding of \$49.8 million. Capital and other Government contributions decreased by \$33.6 million.

Passenger revenue declined by \$7.4 million in real terms, after adjusting for last year's Olympic Games revenue of \$23.5 million. CityRail passenger journeys (excluding Olympics) decreased by 9.3 million (3.3%) to 276.4 million due to a number of factors including a downturn in economic activity reflected in declining employment levels in the Sydney CBD and other commercial centres. This was partially offset by an increase in CountryLink's revenue by \$3.5 million or 7%. The increase is a partial recovery, after large losses last year due to both discounting of fares and lost patronage from increased airline competition. CountryLink passenger journeys increased 2.3% to 2.16 million journeys.

Payroll related expenses remained steady, after adjusting for last year's Olympic Games expenses of \$38.7 million.

Non-payroll expenses increased by \$37.8 million or 3.3%. Significant changes included:

- a \$40 million increase in rail access fees paid to RIC to fund increased track maintenance;
- a \$55.3 million decrease in assets written off, mainly due to a decreased property sales program;
- a \$26.4 million (or 7.0%) increase in contract and general expenses, after adjusting for last year's Olympic Games costs of \$30.4 million; and
- a \$52.2 million increase in capital grants to other entities, including \$67.3 million for Parramatta Rail Link Project work sites controlled by Transport NSW.

Significant asset and liability movements during the year were:

- a \$68.9 million (39.2%) increase in investments, due to the receipt of capital funds in advance of requirements; and
- a \$40.1 million (5.6%) increase in non-current provisions including \$21.3 million for superannuation and \$16.1 million for long service leave due to changes in actuarial assumptions.

Financial statements

for the year 2001-02



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Statement of financial performance

for the year ended

30 June 2002

	Note	2001-02 \$000	2000-01 \$000
Revenues	2		
Passenger services	2.2	518 882	534 373
Social program funding	2.2	634 083	593 116
Capital and other Government contributions	2.1	563 315	596 961
Ancillary services to other NSW rail entities	2.2	82 760	82 717
Rents		37 900	29 477
Asset disposals		1 050	969
Interest		2 437	1 293
Other (non operating)		37 144	49 429
Total revenues from ordinary activities		1 877 571	1 888 335
Expenses	3		
Payroll costs		503 571	505 677
Employee entitlements	3.2, 3.3	163 065	178 312
Severance payments		3 290	5 488
Workers' compensation	11.4	26 393	43 273
Operating lease rentals (including rail access fees)	3.1	420 872	381 993
Contract and general expenses		394 176	398 135
Consultants		367	391
Depreciation		161 450	154 726
Assets written-off or sold		33 471	88 781
Inventory write-downs or losses		0	37
Borrowing costs	3.1	14 415	16 847
Other financing expenses		264	264
Audit fees	3.1	378	397
Board members' emoluments		226	243
Doubtful debts expense		2 374	500
Capital grants	1.14	151 411	99 216
Total expenses from ordinary activities		1 875 723	1 874 280
Net surplus from ordinary activities	14	1 848	14 055
Direct non-owner adjustments of equity			
Increase in Asset Revaluation Reserve	13	180	0
Total direct non-owner adjustments of equity		180	0
Total changes in equity other than those resulting from transactions with owners as owners		2 028	14 055

The accompanying notes form an integral part of these financial statements.

Statement of financial position

as at

30 June 2002

	Note	2001-02 \$000	2000-01 \$000
Current assets			
Cash	4	11 191	16 566
Receivables	5	65 071	79 434
Investments	6	244 316	175 457
Inventories		1 737	1 851
Tax assets		8 570	689
Total current assets		330 885	273 997
Non-current assets			
Receivables	5	118 588	126 848
Property, plant and equipment	7	4 959 281	4 958 650
Other	8	3 041	2 165
Total non-current assets		5 080 910	5 087 663
Total assets		5 411 795	5 361 660
Current liabilities			
Borrowings	9	85 798	93 651
Creditors	10	190 860	187 949
Provisions	11	130 547	126 082
Tax liabilities		8 491	9 520
Total current liabilities		415 696	417 202
Non-current liabilities			
Borrowings	9	109 237	102 784
Provisions	11	754 213	714 128
Tax liabilities		2 972	2 422
Deferred revenue	12	41 235	46 197
Total non-current liabilities		907 657	865 531
Total liabilities		1 323 353	1 282 733
Net assets		4 088 442	4 078 927
Equity			
Reserves	13	2 774 456	2 803 094
Accumulated funds	14	1 313 986	1 275 833
Total equity		4 088 442	4 078 927

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

for the year ended

30 June 2002

	Note	2001-02 \$000	2000-01 \$000
Operating activities			
CASH RECEIVED			
Receipts from customers and others		862 784	847 917
Social program receipts from government		634 083	593 116
Interest received		2 437	1 293
Total cash received		1 499 304	1 442 326
CASH USED			
Payments to suppliers, employees and others		1 646 760	1 660 509
Payment of grants to Rail Infrastructure Corporation		88 789	80 977
Borrowing costs		13 968	16 847
Total cash used		1 749 517	1 758 333
Net cash from (used by) operating activities	4.1	(250 213)	(316 007)
Investing activities			
CASH RECEIVED			
Plant and equipment disposals		1 050	969
Total cash received		1 050	969
CASH USED			
Property, plant and equipment acquisitions		175 497	183 779
Investments made		14 886	72
Total cash used		190 383	183 851
Net cash from (used by) investing activities		(189 333)	(182 882)
Financing activities			
CASH RECEIVED			
Government contributions received		468 414	596 206
Funding for pre-1.7.1996 workers' compensation		21 446	23 996
Total cash received		489 860	620 202
CASH USED			
Borrowings repaid		1 716	2 555
Total cash used		1 716	2 555
Net cash from (used by) financing activities		488 144	617 647
Net increase (decrease) in cash held		48 598	118 758
Cash at the beginning of the year		190 879	72 121
Cash at the end of the year	4.2	239 477	190 879

The accompanying notes form an integral part of these financial statements.

Notes to and forming part of the financial statements

for the year ended

30 June 2002

Note 1 Summary of accounting policies

1.1 BASES OF ACCOUNTING

The financial statements have been prepared as a general purpose financial report 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.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, most items of property, plant and equipment (and associated depreciation expenses) are measured at their current value, and the right to receive Airport Line stations, and certain employee entitlement liabilities (and associated revenues and expenses) are measured at their present value. See notes 1.8, 1.11 and 1.18.

The accrual and going concern bases of accounting have been adopted in the preparation of the financial statements.

Despite current liabilities exceeding current assets at year end, StateRail's continued operation and ability to pay its debts are assured because the annual *Appropriation Act* was passed before the end of the year, allocating funds for the government to purchase rail services from StateRail during the ensuing year.

1.2 CONSISTENCY OF ACCOUNTING POLICIES

Except as stated below, the accounting policies adopted are consistent with those of the previous year.

During 2001-02 the classification of deferred revenue was altered from equity to liabilities in the statement of financial position.

Deferred revenue represents unamortised gains on the sale and leaseback of rollingstock. Such gains were previously reported as equity as they did not strictly meet the definition of liabilities (there being no present obligation to another entity) and, by default, met the definition of equity. However, generally accepted accounting practice is to treat such gains as if they were liabilities and it is considered more relevant to adopt that practice.

The reclassification only affects the statement of financial position where deferred revenue of \$41.235m [2001: \$46.197m] is now reported as a liability rather than as an equity item. There is no impact on the statement of financial performance.

See note 12.

1.3 COMPARATIVE INFORMATION

Where appropriate and practicable, the previous year's comparative information has been adjusted to conform with the current year's presentation.

1.4 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.

1.5 CASH

For the purpose of the statement of cash flows, cash includes cash on hand, 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, and borrowings which are integral to the cash management function and which are not subject to a term facility. See note 4.

Notes to and forming part of the financial statements

for the year ended

30 June 2002

1.6 RECEIVABLES

A provision is made for doubtful debts. Receivables are monitored during the year and bad debts are written off against the provision when they are determined to be irrecoverable. See note 5.

1.7 INVESTMENTS

Investments are valued at cost which, because of the nature of the investments, is also the market value. See note 6.

1.8 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition

An item of property, plant and equipment is recognised as an asset if it is controlled by StateRail, 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. Expenditure on the partial replacement of certain categories of networked assets (such as computer networks) is also capitalised.

Costs incurred on an item of property, plant and equipment subsequent to it being first put into use or held ready for use are added to the asset's carrying value when, and only when, it is probable that future economic benefits, in excess of the originally assessed standard of performance will arise. All other such costs are expensed in the reporting period in which they are incurred.

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. Property, plant and equipment acquired under a finance lease is initially recorded at the present value of the minimum lease payments. Property, plant and equipment acquired by grant 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, on the following basis:

- Land or a cultural collection (ie heritage) asset which would not be replaced upon deprival is valued at the greater of the net present value of future cash inflows therefrom and its current market selling price
- Property, plant and equipment (other than land) which would be replaced upon deprival is valued at its written down replacement cost
- Surplus property, plant and equipment is valued at its current market selling price.

Revaluations 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.

- Land which would be replaced upon deprival is valued at the greater of its value in use and its current market selling price

Notes to and forming part of the financial statements

for the year ended

30 June 2002

An item of property, plant and equipment acquired under a finance lease is depreciated on a straight line basis over the periods which are expected to benefit from the item's use. Where there is reasonable assurance at the beginning of the lease term that ownership of the item will be obtained at the end of the lease term, the item is depreciated over its useful life. Otherwise, it is depreciated over the lease term. See note 1.10.

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.

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.

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 (ie where StateRail is lessor) 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.

(vi) Work in progress

Work in progress comprises expenditure on incomplete capital works. It also includes expenditure on minor projects completed in the last month of the financial year.

See note 7.

1.9 BORROWINGS

A borrowing is recognised after deducting any unamortised discount from, or adding any unamortised premium to, its face value. Any discount or premium is deferred and amortised over the term of the borrowing on a straight line basis.

The face value of all principal amounts falling due within 12 months after the end of the year, and any unamortised discounts or premiums thereon, are recognised as current liabilities. All other principal amounts, and the related unamortised discounts or premiums are recognised as non-current liabilities.

See note 9.

1.10 LEASES

(i) Classification

Leases where the lessee assumes substantially all the risks and benefits of ownership of the leased property are classified as finance leases. Other leases are classified as operating leases.

(ii) Details of leasing arrangements

Various types of lease arrangement are in place.

About one third of the rollingstock fleet has been obtained under complex sale and leaseback arrangements where StateRail is the lessee under finance leases. However, the related lease liabilities have been eliminated through defeasance arrangements. Purchase options exist, allowing the purchase of the leased rollingstock at the end of the lease term. In some cases a lease renewal option is available if the purchase option is not exercised.

The NSW rail network is used by StateRail as lessee under a ten-year, non-exclusive, non-cancellable operating lease (access agreement). The lease rental (access fee) is reviewed annually.

Certain Victorian and Queensland railways and stations are used by StateRail 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 StateRail's option for up to two years.

Some telecommunications facilities are obtained under an 11-year non-cancellable operating lease. In addition to minimum lease payments, contingent rentals are payable in future as the total cost of connecting locations to the network has now exceeded a predetermined sum.

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.

Notes to and forming part of the financial statements

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

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

StateRail has granted various operating leases for real estate (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 StateRail retains legal title to the leased property.

Various operating leases have also been granted to other rail operators giving them non-exclusive access to StateRail stations and trackwork. Such leases generally cover a five year period and are terminable by either party giving six months' notice.

(iii) Finance leases

Finance leases are capitalised by the lessee. A lease asset and liability equal to the present value of the minimum lease payments are recognised as at the beginning of the lease term. The discount rate used in determining present value is the interest rate implicit in the lease. Any initial direct costs which relate to a finance lease are also capitalised as part of the lease asset.

Lease assets are depreciated on a straight line basis over the remaining term of the relevant lease or, where it is likely that ownership of the lease asset will be obtained, the remaining useful life of the asset.

All finance lease liabilities have been extinguished by defeasance. See note 1.15.

(iv) Operating leases

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

Where StateRail is the lessor under an operating lease, the asset leased is classified as a non-current asset.

See notes 1.8, 3.1 and 8.

(v) Sale and leaseback arrangements

Where an asset is sold and leased back under a finance lease, any gain (or loss) on the sale is deferred and amortised as revenue (or expense) over the lease term.

See notes 8 and 12.

1.11 EMPLOYEE ENTITLEMENTS

Employee entitlements comprise wages and salaries, annual leave (including annual leave loading), long service leave, superannuation, pay in lieu of certain holidays worked (public holidays, bank holidays and picnic days), sick leave, maternity leave, adoption leave, severance benefits, family passes and retirement passes.

Liabilities for wages and salaries, annual leave, long service leave, superannuation, pay in lieu of certain holidays worked, and severance benefits are fully recognised in respect of services provided by employees up to reporting date.

The liabilities and associated expenses for all annual leave, wages and salaries, and any other current employee entitlement liabilities are measured at their nominal amounts using remuneration rates current as at reporting date. All other recognised employee entitlement liabilities and associated expenses are measured at the present value of the estimated future payments.

Liabilities for sick leave, maternity leave, adoption leave, family passes and retirement passes are not recognised. Sick leave liabilities (which are all non-vesting) are not recognised because experience indicates that, on average, the sick leave taken each year is less than the entitlement accruing in that year, and, as this experience is expected to continue, it is considered improbable that existing accumulated entitlements will be used by employees. Maternity leave and adoption leave liabilities are not recognised because they are immaterial. Family pass and retirement pass liabilities are not recognised as they are not quantifiable and do not result in material net marginal costs.

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

The net unfunded superannuation liability is fully recognised as part of Provisions.

See notes 3 and 11.

1.12 EQUITY ADJUSTMENTS DUE TO RESTRUCTURING

When the NSW rail industry was restructured on 1 July 1996, the New South Wales Government undertook to fund certain workers' compensation liabilities incurred prior to that date but payable in the future. This undertaking, and any subsequent adjustment to the quantum thereof, was treated as an equity contribution from the Government and recognised as a direct adjustment to accumulated funds. In 2001-02, Treasury advised that future adjustments to the quantum of the funding undertaking would not be designated as contributions by owners. Therefore, from 2001-02 such adjustments are recognised as a credit to workers' compensation expense.

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FreightCorp was privatised during 2001-02 and, in preparation for its sale, the Government transferred land and associated assets between StateRail and FreightCorp. Land and equipment was transferred (at nil consideration) from StateRail to FreightCorp so they could be included in the assets to be privatised. Conversely, land, together with the buildings, trackwork and equipment situated thereon, were transferred (also at nil consideration) from FreightCorp to StateRail so that they would be excluded from the assets to be privatised. The asset transfers have been treated as contributions by, or distributions to, the Government and recognised as direct adjustments to accumulated funds.

See notes 7.7 and 14.

1.13 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 from the rendering of a service (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.

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.

Social program funding is provided by the NSW Government to reimburse StateRail for the revenue forgone 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.

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

Any lump-sum rental premium received from a lessee at the beginning of a long-term lease is recognised as asset disposals revenue.

Rent revenue is recognised as outlined in note 1.10(iv).

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

Revenue is not recognised unless receipt is probable and the amount is reliably measurable.

1.14 CAPITAL GRANT EXPENSE

StateRail makes capital grants to the Rail Infrastructure Corporation for infrastructure improvement works and to Transport NSW for Parramatta Rail Link land acquisitions. Such capital grants are recognised as expenses as they do not result in the creation of StateRail assets.

1.15 DEBT DEFEASANCE

Where the Treasury assumes responsibility for the servicing requirements for a debt, the debt is considered to be extinguished by an in-substance defeasance and is removed from the statement of financial position. When the carrying amount of an asset given up in defeasance of a debt differs from the carrying amount of the debt, the difference is recognised as a gain or loss on defeasance as at the date of entering the defeasance arrangement.

1.16 REDUNDANCY

Amounts received during the year to fund payments to employees electing to take voluntary redundancy are recognised as contributions. Severance payments, job search allowances, and payments in lieu of notice are recognised as severance payments expense. Payments for annual leave, long service leave, superannuation and pay in lieu of certain holidays worked which are paid on redundancy are charged to the respective provisions. See notes 2 and 11.

1.17 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, creditors, borrowings, finance leases, derivative financial instruments (interest rate swap contracts, forward foreign exchange contracts, foreign currency option contracts, and commodity swap contracts), and financial guarantees.

Notes to and forming part of the financial statements

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(i) Derivative financial instruments

When goods are ordered from overseas, or when borrowings have floating interest rates, exposures to fluctuations in foreign exchange rates, commodity prices, or interest rates 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 interest rate swap contracts, forward foreign exchange contracts, foreign currency options, and commodity swap contracts.

Interest rate swap contracts are used to manage exposures to interest rate risk by enabling a floating rate interest obligation to be swapped into a fixed rate obligation, or vice versa. The difference between the two rates, calculated by reference to an agreed notional principal amount, is exchanged between the parties at specified intervals, usually semi-annually. These contracts entail a right to receive floating rate interest, which is offset by an obligation to pay fixed rate interest or a right to receive fixed rate interest, which is offset by an obligation to pay floating rate interest.

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. Between 30% and 80% of 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.

(ii) Financial guarantees and obligations

Financial guarantees have been obtained from other parties to secure contractual payment or performance obligations to StateRail. 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, by StateRail.

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

The due repayment of all borrowings and the due payment of interest and other associated expenses thereon are guaranteed by the Government and are charges on StateRail's income and revenue pursuant to sections 22A and 22C of the *Public Authorities (Financial Arrangements) Act 1987*. The payments due in respect of derivative financial instruments are also charges on StateRail's income and revenue pursuant to section 22C of that Act.

(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.

Interest rate swap contracts are not recognised in the statement of financial position because the value of the floating rate component of each

contract cannot be measured reliably until settlement date. At that time any realised gain or loss is recognised as revenue or expense respectively.

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 1.4.

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

Notes to and forming part of the financial statements

for the year ended

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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 anticipated purchase or sale when it occurs.

An exchange difference arising in relation to a hedge is accounted for as outlined in note 1.4.

If and when it becomes probable that some or all of the 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, except in the case of borrowings, also represents their fair value.

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

- A borrowing is valued at the quoted offer price or the risk-adjusted market price of the instrument.
- An interest rate swap contract, 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.

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

See note 17.

1.18 PRIVATE SECTOR PARTICIPATION IN THE PROVISION OF PUBLIC INFRASTRUCTURE

Three arrangements have been made with private sector companies for the provision of public infrastructure. The accounting treatment adopted for each arrangement is summarised below.

(i) Upgrading of Auburn Service Centre

Clyde Maintenance Facilities Pty Limited upgraded the maintenance workshop known as Auburn Service Centre. The company borrowed the necessary funds for the project.

As StateRail assumed the majority of the risks and enjoys the benefits of the project, the financing for the upgrading has been recognised as a borrowing and the upgraded centre has been recognised as property, plant and equipment.

(ii) Construction and operation of 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 StateRail. The company went into receivership in November 2000.

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

StateRail 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 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 8.

(iii) Construction and operation of the Sydney light railway

A privately owned light railway running from Sydney Central to Lilyfield was built on land owned or leased by StateRail. It is to be operated by the private sector until 2028.

StateRail's only involvement in the arrangement is to lease the land as lessor at a nominal rental.

Notes to and forming part of the financial statements

for the year ended

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	2001-02 \$000	2000-01 \$000
Note 2 Revenues		
2.1 CAPITAL AND OTHER GOVERNMENT CONTRIBUTIONS		
Capital grants from NSW Government		
Funding for capital works	368 806	404 049
Transfer of assets from Transport NSW	13 083	755
Transfer of Parramatta Rail Link works in progress	14 546	0
Total capital grants from NSW Government	396 435	404 804
Capital grants from local Government		
Funding for capital works	243	0
Total capital grants	396 678	404 804
NSW Government operating subsidies		
Major periodic maintenance	141 270	123 600
Employee redundancy funding	12 000	49 700
Interest on old Freight Rail borrowings	13 152	18 103
Training schemes	75	345
Total NSW Government operating subsidies	166 497	191 748
Commonwealth Government operating subsidies		
Employment and training schemes	140	409
Total contributions	563 315	596 961
2.2 REVENUE FROM RENDERING OF SERVICES		
Passenger services	518 882	534 373
Social program funding	634 083	593 116
Ancillary services to other NSW rail entities	82 760	82 717
Total revenue from rendering of services	1 235 725	1 210 206
2.3 PARTICULAR REVENUES		
Operating lease contingent rentals	1 264	922
Net foreign exchange gains	0	649

Notes to and forming part of the financial statements

for the year ended

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	2001-02 \$000	2000-01 \$000
Note 3 Expenses		
3.1 PARTICULAR EXPENSES		
Interest	12 485	14 762
Auditor's fee for auditing services	378	397
Minimum lease payments under operating leases		
– Rail access agreements	389 868	349 359
– Other leases	30 197	31 354
Contingent rentals under operating leases	807	1 279
Net foreign exchange losses	262	0
Net loss on disposal of non-market-valued property, plant and equipment	1 252	24 193
3.2 COMPONENTS OF NET SUPERANNUATION EXPENSE		
Accruing liability recognised as payroll oncost	61 543	60 725
Actuarial adjustment	10 029	44 452
Net superannuation expense	71 572	105 177

3.3 BOARD MEMBERS' SUPERANNUATION EXPENSE

Employer superannuation contributions in respect of non-executive board members were \$18 107 (2000-01: \$16 880). These were recognised as employee entitlements expenses.

Notes to and forming part of the financial statements

for the year ended

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	Note	2001-02 \$000	2000-01 \$000
Note 4 Cash			
4.1 RECONCILIATION OF OPERATING RESULT WITH NET CASH USED IN OPERATING ACTIVITIES			
Operating surplus		1 848	14 055
Government contributions		(563 315)	(596 961)
Asset disposals revenue		(1 050)	(969)
Airport Line lease premium		(1 140)	0
Amortisation of deferred gains		(4 962)	(4 962)
Amortisation of loan premiums		(131)	(205)
Workers' compensation funding		(12 514)	0
Capital WIP expensed		3 433	15 881
Depreciation		161 450	154 726
Assets written-off or sold		33 471	88 781
Inventory write-downs and losses		0	37
Debt management (gains)/losses		9	(68)
Amortisation of loan discounts		438	710
Amortisation of deferred losses		264	264
Doubtful debts expense		2 374	500
Accrued grant expense		(9 867)	18 239
Parramatta Rail Link land derecognised		67 272	0
Grant expense reclassified as capital		5 217	0
Net movements in assets and liabilities applicable to operating activities:			
– (Increase)/decrease in receivables		16 665	4 091
– (Increase)/decrease in inventories		114	315
– Increase/(decrease) in net tax liability		(8 360)	237
– Increase/(decrease) in creditors		14 021	(27 786)
– Increase/(decrease) in provisions		44 550	17 108
Net cash used in operating activities		(250 213)	(316 007)
4.2 RECONCILIATION OF CASH			
Cash shown in statement of financial position		11 191	16 566
Short term investments	6	228 286	174 313
Cash shown in statement of cash flows	1.5	239 477	190 879

Notes to and forming part of the financial statements

for the year ended

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	Note	2001-02 \$000	2000-01 \$000
Note 5 Receivables			
5.1 ANALYSIS OF RECEIVABLES			
Current receivables			
Trade and other debtors	11.4	42 984	55 144
Workers' compensation funding receivable		21 348	22 875
Advances to employees (repayable on exit)		0	7
Prepayments		3 278	2 276
		67 610	80 302
Less provision for doubtful debts		2 539	868
Total current receivables		65 071	79 434
Non-current receivables			
Workers' compensation funding receivable	11.4	110 663	118 068
Advances to employees (repayable on exit)		2 643	2 744
Prepayments		5 282	6 036
Total non-current receivables		118 588	126 848
Total receivables		183 659	206 282
5.2 MINIMUM LEASE RENTALS RECEIVABLE ON NON-CANCELLABLE OPERATING LEASES			
Not later than 1 year		30 134	27 726
Later than 1 year and not later than 5 years		82 816	84 731
Later than 5 years		405 841	177 063
Total non-cancellable lease rentals receivable		518 791	289 520
No other operating lease commitments were receivable from lessees.			
Note 6 Investments			
Deposits with NSW Treasury Corporation		228 286	174 313
Security deposits		16 030	1 144
Total investments		244 316	175 457

Notes to and forming part of the financial statements

for the year ended

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	2001-02 \$000	2000-01 \$000
Note 7 Property, plant and equipment		
7.1 PROPERTY, PLANT AND EQUIPMENT CLASSES		
Land		
Gross amount	1 171 178	1 191 394
Buildings		
Gross amount	2 272 734	2 206 579
Less accumulated depreciation	835 720	819 703
Total buildings	1 437 014	1 386 876
Rollingstock (non-leased)		
Gross amount	3 038 085	3 007 356
Less accumulated depreciation	1 843 009	1 757 319
Total rollingstock (non-leased)	1 195 076	1 250 037
Leased rollingstock		
Gross amount	996 079	989 241
Less accumulated depreciation	299 740	267 226
Total leased rollingstock	696 339	722 015
Plant and machinery		
Gross amount	317 395	325 409
Less accumulated depreciation	135 854	134 275
Total plant and machinery	181 541	191 134
Trackwork and infrastructure		
Gross amount	260 237	303 194
Less accumulated depreciation	154 576	184 866
Total trackwork and infrastructure	105 661	118 328
Capital works in progress	172 472	98 866
Total property, plant and equipment	4 959 281	4 958 650

Notes to and forming part of the financial statements

for the year ended

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	2001-02 \$000	2000-01 \$000
7.2 ANALYSIS OF VALUATION BASES		
Land		
At historical cost	2 112	2 112
At fair value	8 167	8 167
At valuation	1 081 677	1 077 859
At market selling price	79 222	103 256
Total land	1 171 178	1 191 394
Buildings		
At historical cost	23 734	12 668
Less accumulated depreciation	1 233	226
	22 501	12 442
At replacement cost	2 023 818	1 968 516
Less accumulated depreciation	746 769	732 576
	1 277 049	1 235 940
At market selling price	225 183	225 394
Less accumulated depreciation	87 719	86 900
	137 464	138 494
Total buildings	1 437 014	1 386 876
Rollingstock (non-leased)		
At historical cost	11 990	0
Less accumulated depreciation	8	0
	11 982	0
At replacement cost	3 026 095	3 007 357
Less accumulated depreciation	1 843 001	1 757 320
	1 183 094	1 250 037
Total rollingstock (non-leased)	1 195 076	1 250 037
Leased rollingstock		
At replacement cost	996 078	989 242
Less accumulated depreciation	299 739	267 227
Total leased rollingstock	696 339	722 015

Notes to and forming part of the financial statements

for the year ended

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	2001-02 \$000	2000-01 \$000
7.2 ANALYSIS OF VALUATION BASES (Continued)		
Plant and machinery		
At historical cost	138 866	110 832
Less accumulated depreciation	18 043	5 829
	120 823	105 003
At market selling price	388	0
Less accumulated depreciation	0	0
	388	0
At replacement cost	178 139	214 577
Less accumulated depreciation	117 809	128 446
	60 330	86 131
Total plant and machinery	181 541	191 134
Trackwork and infrastructure		
At historical cost	1 687	0
Less accumulated depreciation	1	0
	1 686	0
At replacement cost	258 549	303 194
Less accumulated depreciation	154 574	184 866
	103 975	118 328
Total trackwork and infrastructure	105 661	118 328
Capital works in progress	172 472	98 866
Total property, plant and equipment	4 959 281	4 958 650

The market value of surplus trackwork has been assessed to be similar to its written-down replacement cost.

Notes to and forming part of the financial statements

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	2002 Years	2001 Years
7.3 USEFUL LIVES		
Assets are depreciated over the following useful lives:		
Leased rollingstock	20-35	20-35
Rollingstock (non-leased)	20-35	20-35
Stations (and related works)	200	200
Non-station buildings, brick	80	80
Non-station buildings, non-brick	50	50
Plant and machinery	5-30	5-30
Trackwork and infrastructure	200	200

7.4 REVALUATIONS

Land and non-surplus buildings were revalued in 1999-2000 by the State Valuation Office. Strata leased to tenants for air space development were revalued in 1999-2000 by Herron Todd White. These assets are scheduled to be revalued again in 2004-05.

Rollingstock, non-surplus trackwork, and plant and machinery were revalued during 1998-99. The revaluations were performed by management except for certain categories of plant and machinery, which were revalued by Hyman Valuations Pty Limited. These assets are scheduled to be revalued again in 2003-04.

Surplus buildings were revalued in 1997-98 by the State Valuation Office. Surplus trackwork was revalued in 1997-98 by management. These assets are scheduled to be revalued again in 2002-03.

See note 1.8 (ii).

7.5 GROSS REPLACEMENT COST OF FULLY-DEPRECIATED ASSETS

The gross replacement cost of fully depreciated assets is \$36.958m (2001: \$42.960m).

Notes to and forming part of the financial statements

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7.6 ENCUMBRANCE OF SURPLUS LAND

All future net proceeds arising from the sale of surplus real estate, all premiums received from the leasing of surplus real estate, and certain rental revenues have been assigned to the Treasurer in consideration for the injection of equity capital in 1990.

7.7 ASSET CLASS MOVEMENTS

	Land \$000	Buildings \$000	Rollingstock (non-leased) \$000	Leased rollingstock \$000	Plant and machinery \$000	Trackwork & infrastructure \$000	Capital works in progress \$000	Total \$000
2001-02								
Carrying amount at start of year	1 191 394	1 386 876	1 250 037	722 015	191 134	118 328	98 866	4 958 650
Additions	2 467	65 780	27 910	100	29 153	1 980	–	127 390
Disposals	(29 366)	(858)	(881)	–	(1 403)	(13 038)	–	(45 546)
Transfers (to)/from FreightCorp	6 613	760	–	–	388	(274)	–	7 487
Depreciation expense	–	(16 106)	(88 867)	(29 610)	(26 090)	(777)	–	(161 450)
Other movements	70	562	6 877	3 834	(11 641)	(558)	73 606	72 750
Carrying amount at end of year	1 171 178	1 437 014	1 195 076	696 339	181 541	105 661	172 472	4 959 281

2000-01

Carrying amount at start of year	1 269 162	1 273 965	1 314 078	750 569	132 486	129 032	205 035	5 074 327
Additions	10 446	116 199	31 961	930	79 188	3 438	–	242 162
Disposals	(70 028)	(1 323)	(3 931)	–	(195)	(13 304)	–	(88 781)
Depreciation expense	–	(14 556)	(89 503)	(29 484)	(20 345)	(838)	–	(154 726)
Transfers to/from FreightCorp	–	–	–	–	–	–	–	–
Other movements	(18 186)	12 591	(2 568)	–	–	–	(106 169)	(114 332)
Carrying amount at end of year	1 191 394	1 386 876	1 250 037	722 015	191 134	118 328	98 866	4 958 650

Notes to and forming part of the financial statements

for the year ended

30 June 2002

	2001-02 \$000	2000-01 \$000
Note 8 Other assets		
Non-current other assets		
Deferred losses on rollingstock sale and leaseback	4 050	4 050
Less accumulated amortisation	2 149	1 885
Total deferred losses on sale and leaseback	1 901	2 165
 Earned portion of right to receive Airport Line stations	1 140	0
Total other assets	3 041	2 165
Note 9 Borrowings		
Not later than 1 year	85 798	93 651
Later than 1 year and not later than 2 years	22 692	9 557
Later than 2 years and not later than 5 years	28 419	37 905
Later than 5 years	58 126	55 322
Total borrowings	195 035	196 435
Note 10 Creditors		
Current creditors		
Trade creditors	31 363	31 366
Capital works accruals	40 944	48 180
Other creditors and accruals	118 553	108 403
Total creditors	190 860	187 949

Notes to and forming part of the financial statements

for the year ended

30 June 2002

	Note	2001-02 \$000	2000-01 \$000
Note 11 Provisions			
11.1 TOTAL PROVISIONS			
Current provisions			
Superannuation (unfunded)	11.2	20 707	22 091
Annual leave		52 317	46 753
Long service leave	11.3	13 125	11 856
Severance payments		1 178	589
Pay in lieu of certain holidays worked		6 815	7 504
Wages and salaries		4 190	2 767
Total current employee entitlements		98 332	91 560
Workers' compensation	11.4	10 867	11 647
Pre-1.7.1996 workers' compensation	11.4	21 348	22 875
Total current provisions		130 547	126 082
Non-current provisions			
Superannuation (unfunded)	11.2	497 906	476 632
Long service leave	11.3	103 031	86 956
Total non-current employee entitlements		600 937	563 588
Workers' compensation	11.4	42 613	32 473
Pre-1.7.1996 workers' compensation	11.4	110 663	118 067
Total non-current provisions		754 213	714 128
Total provisions			
Superannuation (unfunded)	11.2	518 613	498 723
Long service leave	11.3	116 156	98 812
Annual leave		52 317	46 753
Pay in lieu of certain holidays worked		6 815	7 504
Severance payments		1 178	589
Wages and salaries		4 190	2 767
Total employee entitlements		699 269	655 148
Workers' compensation	11.4	53 480	44 120
Pre-1.7.1996 workers' compensation	11.4	132 011	140 942
Total provisions		884 760	840 210

Notes to and forming part of the financial statements

for the year ended

30 June 2002

11.2 SUPERANNUATION

Employer contributions are made to three defined-benefit superannuation schemes, the State Authorities Superannuation Scheme (SASS), the State Authorities Non-Contributory Superannuation Scheme (SANCSS), and the State Superannuation Scheme (SSS). 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.

The net unfunded superannuation liability to the three schemes comprises:

	SASS \$000	SANCSS \$000	SSS \$000	Total \$000
30.6.2002				
Gross liability	470 202	61 624	6 080	537 906
Plus/(less) investment reserve	(19 821)	4 824	(4 296)	(19 293)
Net unfunded liability	450 381	66 448	1 784	518 613
30.6.2001				
Gross liability	455 623	56 952	4 557	517 132
Plus/(less) investment reserve	(17 263)	2 846	(3 992)	(18 409)
Net unfunded liability	438 360	59 798	565	498 723

The gross superannuation liability for each scheme at year end was assessed by a consulting actuary, William Mercer Pty Limited, using membership databases as at 31 January 2002. The actuary assumed an interest rate of 7% [2001: 7%] per annum, salary growth rates for the next two years and beyond of 6.5%, 4.0% and 4.0% respectively [2001: 3.0%, 6.5%, and 4.0%], and a Consumer Price Index increase of 2.5% [2001: 2.5%] per annum.

11.3 LONG SERVICE LEAVE

The non-current liability for long service leave was assessed in June 2002 by a consulting actuary, Mr T. Snoyman FIAA of Mercer Human Resource Consulting. The actuary assumed an interest rate of 6.0% per annum and a salary growth rate of 4.5% per annum.

11.4 WORKERS' COMPENSATION

The pre-1.7.1996 workers' compensation provision relates to all claims incurred prior to 1 July 1996, the date of the restructuring of the NSW rail industry. The NSW Treasury has undertaken to fund all such claims. This undertaking has been recognised as a receivable with a corresponding credit to either accumulated funds (up to 2000-01) or workers' compensation expense (from 2001-02). See notes 1.12, 5 and 14.

For injuries incurred on or after 1 July 1996, workers' compensation insurance is in place to cover any claim exceeding \$1m and the workers' compensation provision is maintained for smaller claims, for which StateRail is a licenced self-insurer.

The workers' compensation liabilities at year end were assessed by a consulting actuary, Mr D.A. Zaman FIA FIAA.

Notes to and forming part of the financial statements

for the year ended

30 June 2002

	Note	2001-02 \$000	2000-01 \$000
Note 12 Deferred revenue			
Deferred gains on rollingstock sale and leaseback		86 741	86 741
Less accumulated amortisation		45 506	40 544
Total deferred revenue		41 235	46 197
Note 13 Reserves			
Asset revaluation reserve			
Balance at start of year		2 803 094	2 899 571
Net revaluation increments		180	0
Transfers to accumulated funds on asset disposal		(28 818)	(91 665)
Other adjustments		0	(4 812)
Balance at end of year		2 774 456	2 803 094
The Asset Revaluation Reserve recognises the accumulated net revaluation increments in relation to property plant and equipment currently held.			
Note 14 Accumulated funds			
Accumulated funds at start of year		1 275 833	1 152 813
Transactions other than with owners as owners			
Net result from operating activities for the year		1 848	14 055
Transfers from Asset Revaluation Reserve on asset disposal	13	28 818	91 665
Total transactions other than with owners as owners		30 666	105 720
Equity contributions by Government			
Assets contributed by transfer from other entities	1.12	7 888	0
Funding of pre-1.7.1996 workers' compensation liabilities	11.4	0	17 300
Total contributions by owners		7 888	17 300
Less equity distributions to Government			
Assets withdrawn for transfer to other entities	1.12	401	0
Total distributions to owners		401	0
Accumulated funds at end of year		1 313 986	1 275 833

Notes to and forming part of the financial statements

for the year ended

30 June 2002

	2001-02 \$000	2000-01 \$000
Note 15 Expenditure commitments		
15.1 EXPENDITURE COMMITMENTS		
Rail access fees		
Within 12 months	438 460	427 013
12 months or longer but not longer than 5 years	1 382 252	1 708 054
Total rail access fees	1 820 712	2 135 067
Leasing (excluding rail access fees)		
Within 12 months	18 877	20 240
12 months or longer but not longer than 5 years	53 539	55 820
Longer than 5 years	38 504	64 005
Total leasing (excluding rail access fees)	110 920	140 065
Capital		
Within 12 months	292 625	152 966
12 months or longer but not longer than 5 years	113 341	253 985
Total capital	405 966	406 951
Other expenditure		
Within 12 months	265 115	189 719
12 months or longer but not longer than 5 years	125 707	171 131
Longer than 5 years	9 899	11 236
Total other expenditure	400 721	372 086
Total		
Within 12 months	1 015 077	789 938
12 months or longer but not longer than 5 years	1 674 839	2 188 990
Longer than 5 years	48 403	75 241
Total expenditure commitments	2 738 319	3 054 169

The expenditure commitments include any associated Goods and Services Tax.
A contingent asset of \$248.818m (2001: \$276.710m) exists for the related input tax credits which are expected to be recoverable from the Australian Taxation Office.

Notes to and forming part of the financial statements

for the year ended

30 June 2002

	2001-02 \$000	2000-01 \$000
15.2 MINIMUM LEASE PAYMENTS COMMITTED UNDER NON-CANCELLABLE OPERATING LEASES		
Not later than 1 year	453 672	442 914
Later than one year and not later than 5 years	1 433 752	1 760 128
Later than 5 years	38 504	64 005
Total committed	1 925 928	2 267 047

Minimum lease payment commitments include any associated Goods and Services Tax.

A contingent asset of \$175.084m (2001: \$206.094m) exists for the related input tax credits which are expected to be recoverable from the Australian Taxation Office.

Note 16 Contingent liabilities

At year end, unsettled, uninsured claims subject to litigation and other disputes amounted to \$71.506m (2001: \$71.967m). Depending on the outcome of the litigation or dispute, the claims may or may not be incurred.

See also note 17.3.

Note 17 Financial instruments

17.1 CREDIT RISK

Receivables, interest rate swaps, 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 provision for doubtful debts, as set out in note 5.1.

The maximum credit risk in relation to interest rate swap contracts, forward foreign exchange contracts, foreign currency option contracts and commodity swap contracts is the fair value of the contracts, as set out in note 17.3.

The only significant concentration of credit risk arises in respect of receivables, totalling \$15.874m (2001 \$24.290m) at year end, from the Rail Infrastructure Corporation. It is considered that, despite the size of the credit risk exposure, the risk of loss is minimal due to the nature and general financial standing of the debtor.

Notes to and forming part of the financial statements

for the year ended

30 June 2002

17.2 INTEREST RATE RISK

Cash at bank, investments, borrowings and interest rate swap contracts 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 year end are:

Timing of exposure	Average interest rate		Principal amount	
	2002 %	2001 %	30.6.2002 \$000	30.6.2001 \$000
NOT LATER THAN 1 YEAR				
Cash	4.31	4.51	11 191	16 566
Investments	4.70	5.04	228 286	174 313
Borrowings*	5.19	5.01	85 798	93 651
Interest rate swap contracts:				
– Fixed rate paying	5.07	5.26	5 000	36 834
– Fixed rate receiving	6.26	–	12 000	–
– Floating rate	4.97	5.60	(17 000)	(36 834)
			325 275	284 530
LATER THAN 1 YEAR AND NOT LATER THAN 5 YEARS				
Borrowings*	7.75	8.11	51 111	47 462
Interest rate swap contracts:				
– Fixed rate paying	9.42	8.97	43 000	48 000
– Fixed rate receiving	6.6	6.49	24 000	36 000
– Floating rate – contracts commenced	4.94	6.02	(67 000)	(72 000)
– Floating rate – contracts not commenced	–	–	0	(12 000)
			51 111	47 462
LATER THAN 5 YEARS				
Borrowings*	7.93	8.16	58 126	55 322
Interest rate swap contracts:				
– Fixed rate paying	6.326	6.33	3 000	3 000
– Floating rate – contracts commenced	5.395	–	(3 000)	0
– Floating rate – contracts not commenced	–	–	0	(3 000)
			58 126	55 322
Total principal exposed			434 512	387 314

* Borrowings are net of any unamortised discounts or premiums

Notes to and forming part of the financial statements

for the year ended

30 June 2002

17.3 VALUATION OF FINANCIAL INSTRUMENTS

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

Note	Carrying/contract value		Fair value	
	30.6.2002 \$000	30.6.2001 \$000	30.6.2002 \$000	30.6.2001 \$000
Assets (current and non-current)				
Favourable commodity swap contracts	1 217	630	1 465	710
Favourable interest rate swap contracts	39 000	58 367	528	772
Favourable forward foreign exchange contracts	2 417	5 076	2 460	5 132
Financial guarantees receivable	50 832	69 065	50 832	69 065
Liabilities (current and non-current)				
Borrowings	195 035	196 435	204 217	206 780
Unfavourable commodity swap contracts	587	0	586	0
Unfavourable interest rate swap contracts	48 000	65 467	2 736	3 994
Unfavourable forward foreign exchange contracts	4 290	8 654	4 335	8 768

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

StateRail has entered into an agreement with a private sector company requiring the company to operate four stations on the Airport Line until 2030. If the agreement is terminated early due to default by either party, StateRail has an obligation, depending on the cause of the termination, to pay the company either (i) the value of the future income expected to be earned by the station business or (ii) compensation for its shareholders and to meet its debt obligations. The liability would be assessed by an independent appraiser. The company went into receivership in November 2000. The receiver and manager continues to operate the stations in accordance with the original agreement.

17.4 MATURITY PROFILES OF INTEREST RATE SWAP AND COMMODITY SWAP CONTRACTS

Maturity profiles	Notional contract value	
	30.6.2002 \$000	30.6.2001 \$000
Interest rate swaps		
Not later than 1 year	17 000	36 834
Later than 1 year and not later than 5 years	67 000	84 000
Later than 5 years	3 000	3 000
Total interest rate swaps	87 000	123 834
Commodity swaps		
Not later than 1 year	1 804	630
Total commodity swaps	1 804	630

Notes to and forming part of the financial statements

for the year ended

30 June 2002

17.5 FORWARD FOREIGN EXCHANGE CONTRACTS

At year end \$25.232m (2001: \$36.639m) of overseas purchase orders were exposed to fluctuations in foreign exchange rates. Forward foreign exchange contracts were used to hedge many of these purchases.

Maturity profiles	Average exchange rate		Contract value	
	30.6.2002	30.6.2001	30.6.2002 A\$000	30.6.2001 A\$000
Hedged Purchases				
CONTRACTS DENOMINATED IN EUROS				
Not later than 3 months	0.5981	0.5911	1 505	3 838
Later than 3 months and not later than 12 months	0.5954	0.5890	1 461	3 758
Total hedged Euro contracts			2 966	7 596
CONTRACTS DENOMINATED IN US DOLLARS				
Not later than 3 months	0.5406	0.5098	1 143	793
Later than 3 months and not later than 12 months	0.5399	0.5039	741	1 885
Total hedged US dollar contracts			1 884	2 678
CONTRACTS DENOMINATED IN JAPANESE YEN				
Not later than 3 months	61.44	62.88	250	315
Later than 3 months and not later than 12 months	65.57	62.88	960	315
Total hedged Japanese yen contracts			1 210	630
CONTRACTS DENOMINATED IN NEW ZEALAND DOLLARS				
Not later than 3 months	1.2250	–	57	0
Later than 3 months and not later than 12 months	1.2250	–	498	0
Total hedged New Zealand dollar contracts			555	0
CONTRACTS DENOMINATED IN SWISS FRANCS				
Not later than 3 months	0.8724	–	92	0
Total hedged Swiss franc contracts			92	0
CONTRACTS DENOMINATED IN POUNDS STERLING				
Not later than 3 months	–	0.3600	0	556
Later than 3 months and not later than 12 months	–	0.3600	0	278
Total hedged pounds sterling contracts			0	834
Total hedged purchases			6 707	11 738
Discretionary Transactions				
CONTRACTS DENOMINATED IN US DOLLARS				
Not later than 3 months	–	0.5823	0	1 992
Total discretionary transactions			0	1 992
Total forward foreign exchange contracts			6 707	13 730

Notes to and forming part of the financial statements

for the year ended

30 June 2002

Note 18 Legal form

The Transport Administration Act 1988 constitutes the State Rail Authority of New South Wales as a statutory body representing the Crown in right of New South Wales.

The Act provides that StateRail is, in the exercise of its functions, subject to the direction of both the Minister for Transport and the Co-ordinator General of Rail. In the event of any inconsistency, a direction of the Minister takes precedence over a direction of the Co-ordinator General of Rail.

Note 19 Principal activities

During the year, StateRail continued to operate passenger rail services and rural feeder coach services, principally in New South Wales.

Note 20 Interest in associate

StateRail has an interest in an associated entity, Parramatta Rail Link Company Pty Limited.

The company was registered on 14 June 2000 for the purpose of facilitating the design and construction of a railway from Parramatta to Chatswood via Epping.

StateRail, Rail Infrastructure Corporation, and the Director-General of the Department of Transport each hold one-third of both the equity and the voting power in the company.

The company manages the Parramatta Rail Link Project as agent of the three shareholders.

The carrying amount of StateRail's investment is \$10.



Peter Scarlett

Chief Financial Officer

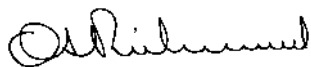
12 SEPTEMBER 2002

Statement by members of the Board

in relation to the financial statements
for the year ended 30 June 2002

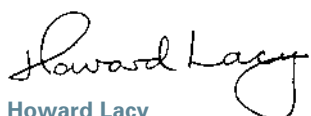
Pursuant to section 41C (1B) of the *Public Finance and Audit Act* and clause 14 (1) of the *Public Finance and Audit Regulation 2000* and in accordance with a resolution of the Board of the State Rail Authority of New South Wales, we state that:

1. In our opinion, the accompanying financial statements for the year ended 30 June 2002, read in conjunction with the notes thereto, exhibit a true and fair view of the financial position and transactions of the State Rail Authority of New South Wales;
2. The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000*, and the Treasurer's directions; and
3. We are not aware, as at the date of this statement, of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



David Richmond AO

Chairman



Howard Lacy

Chief Executive

12 SEPTEMBER 2002



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

STATE RAIL AUTHORITY OF NEW SOUTH WALES

To Members of the New South Wales Parliament

Scope

I have audited the accounts of the State Rail Authority of New South Wales for the year ended 30 June 2002. The members of the Board of the Authority are responsible for the financial report consisting of the statement of financial position, statement of financial performance and statement of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament based on my audit as required by of the *Public Finance and Audit Act 1983* (the Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Authority's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the State Rail Authority of New South Wales complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Authority as at 30 June 2002 and the results of its operations and its cash flows for the year then ended.

A handwritten signature in black ink, appearing to read 'A T Whitfield'.

A T Whitfield FCA
Deputy Auditor-General

SYDNEY
13 September 2002

Appendices

for the year 2001-02



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Appendix 1

CORPORATE GOVERNANCE

Board Members' Qualifications

David Richmond, AO

MEc (Age 58)

Appointed Chairman on 26 March 2002
Current term expires on 26 March 2005

Mr Richmond is Chairman of the Board of the Sydney Olympic Park Authority responsible for ongoing development and management of Sydney Olympic Park, Homebush Bay. He oversaw all operations of the Sydney Olympic and Paralympic Games and was Chairman of the Olympic Roads and Transport Authority. He was awarded the International Olympic Committee's highest honour, the Olympic Order in Gold.

Mr Richmond provides strategic advice to government and business and to major event organisers, including the President and Board of Directors of Athens 2004 Olympic Games. He has held a range of Chief and Senior Executive positions in the NSW State Government and has experience across a diverse range of areas, including Public Works and Urban Infrastructure, Housing, Health and Community Services, Transport, Land Development, Urban Planning and Natural Resources.

On Australia Day 2002, Mr Richmond was made an Officer in the Order of Australia (AO) in recognition of his contribution to Public Administration, including the Sydney 2000 Olympic and Paralympic Games.

Howard Lacy

BE(Civil) MIEAust, CPEng, MAICD (Age 47)

Appointed Chief Executive on 3 December 2001

Mr Lacy has 24 years' experience in the utility and consulting industries, having held executive positions at South Australian Water Corporation in Adelaide, Northumbrian Water in the United Kingdom and with several Australian engineering consultancies. He was most recently head of Brisbane Water. He has built an impressive record in managing and leading reform in major public and private utility businesses. His background includes customer service, operations management, and quality and business systems including e-commerce. He is a member of the Institution of Engineers Australia, a certified Practising Engineer and a Member of the Australian Institute of Company Directors.

Grahame Campbell

BE, MEngSc, HonFIEAust, FAIDC, CPEng (Age 58)

Appointed a Director on 1 November 2001

Current term expires on 1 November 2004

Mr Campbell is an Engineer who has held senior management positions in CMPS&F Pty Limited since 1969 including Managing Director from 1987 to 1995. He was Project Manager for major resource development projects in Iraq, USA, Trinidad and Indonesia. He is currently a member of the Advisory Board, Worley Limited; Council Member, Pacific Basin Economic Council; Director, Macro Engineering Council (Sydney University); Director, Utilities Services Corporation Limited; Director, Iluka Resources Limited; and Past President of the Association of Consulting Engineers Australia and Australian Pipeline Industry Association. Chair of the Board Safety Committee.

Noel Cox**(Age 69)**

Appointed a Director on 16 April 2002
Current term expires on 16 April 2005

Since the 1960s, Mr Cox has been involved in most aspects of Rail Transport and Rail Industry operational reforms, with direct involvement with management, employees and the general public. He is a former NSW State Secretary and General Vice President of the Australian Federated Union of Locomotive Enginemen and a former member of the Board of Freight Rail Corporation.

Ron Cunningham**BComm (Age 53)**

A Director since January 1997
Current term expires on 30 June 2005

Mr Cunningham is a teacher with NSW TAFE in accounting and finance, having previously been involved in the accounting profession in the areas of taxation and auditing. In the 1970s, Mr Cunningham was employed as a transport economist in the Commonwealth Department of Shipping and Transport and the Industries Assistance Commission. He is also the Principal of several private publishing and distribution companies operating in the Australian tourism industry. Mr Cunningham is a member of the 3801 Limited Board. Member of the Board Audit and Safety Committees.

Samantha Mostyn**BA, LLB (Age 37)**

Appointed a Director on 30 January 2000
Current term expires on 30 January 2003

Ms Mostyn is Group Executive, Culture & Reputation, at Insurance Australia Group. She previously held the positions of Director of Corporate Development, and Acting Director of Human Resources at Optus; Group Director, Human Resources, Cable and Wireless plc; and Director of Government and Corporate Affairs at Optus. Prior to joining Optus in 1995, she was Communications Policy Advisor to Prime Minister Paul Keating, having previously advised former Ministers for Communications, Senator Bob Collins and Michael Lee MP. She is legally trained, and practised commercial law at Gilbert & Tobin before advising Government. Chair of the Board Human Resources Committee.

Joanne Rees**LLB (Age 46)**

Appointed a Director on 25 October 1999
Current term expires on 30 June 2005

Ms Rees is a consultant with the Australian Securities and Investments Commission, managing major litigation following significant corporate collapses in Australia. She was previously a partner of several large Sydney law firms, including managing partner of the Canberra office of Phillips Fox for a period of seven years. Ms Rees is a member of the Department of Information Technology & Management Audit Committee; and a member of the Department's Property Information Advisory Group. Member of the Board Audit and Human Resources Committees.

Gabrielle Trainor**LLB, MAICD (Age 45)**

Appointed a Director on 13 February 2001
Current term expires on 13 February 2003

Ms Trainor is a founding partner of John Connolly & Partners Pty Ltd, a specialist government relations and corporate communications firm. Her background is law, newspaper journalism and government. She is a director of the (Melbourne) Docklands Authority, and the Australian Sports Drug Agency. In the community sector, she is Deputy Chairman of Barnardos Australia and a director of the Public Interest Advocacy Centre and Financial Executives International. She has served as a director of the NSW State Transit Authority and the Rail Access Corporation. She is a Commissioner of the AFL (NSW/ACT) Commission. Member of the Board Safety and Human Resources Committees.

THE FOLLOWING BOARD COMMITTEE MEMBERS ARE NOT DIRECTORS OF STATERAIL

Arthur Butler

BEc, FCPA (Age 59)

Appointed Chair of the Board Audit Committee on 1 August 2001

Mr Butler is an independent member of the StateRail Board Audit Committee. He is a member of the Audit and Compliance Committee of National Parks and Wildlife Service and previously held senior finance positions in Sydney Water Corporation; the Electricity Commission of New South Wales; Commonwealth Treasury; and the Department of Housing and Construction.

Alex Claassens

(Age 42)

Appointed Operational Member of the Board Safety Committee on 21 September 1999

Mr Claassens is an experienced train driver with over 25 years service. He is a member of several working committees including the Safe Working Review Committee; OHS Training Review Committee; StateRail Training Committee; and the Millennium Training Committee. Mr Claassens has also been involved in a number of projects including SPAD Data & Investigations Group; Review of Safeworking Rules 1992 and 2001; Drivers' Wage Reviews; and Incident Analysis & Investigation.

John Leonard

(Age 35)

Appointed an Alternate Member to the Operational Member of the Board Safety Committee on 31 January 2002

Mr Leonard is an experienced CountryLink train driver with over 19 years service. He is a member of the Safeworking Review Committee and has delivered presentations to Safety Forums on signals passed at danger, hazards and mitigation strategies. He has also been involved in the development of procedures to ensure compliance with network and OHS requirements and service delivery.



ARTHUR BUTLER



ALEX CLAASSENS

CHANGES TO THE BOARD

During the year, the following changes to the Board have occurred:

- Mr Anthony Shepherd resigned as a Non-executive Director on 10 August 2001.
- Mr Grahame Campbell was appointed a Non-executive Director on 1 November 2001.
- Mr Lucio Di Bartolomeo resigned as Acting Chief Executive on 30 November 2001.
- Mr Howard Lacy was appointed Chief Executive on 3 December 2001.
- Mr Paul Binsted resigned as Chairman on 28 February 2002.
- Mr David Richmond, AO was appointed Chairman on 26 March 2002.
- Mr Noel Cox was appointed a Non-executive Director on 16 April 2002.

Since the end of the year, both Ms Joanne Rees and Mr Ron Cunningham have been re-appointed until 30 June 2005.

John Leonard was unavailable to be photographed

Risk management

StateRail's risks are managed through the risk management process developed by NSW Treasury. The Board has in place a number of arrangements to ensure it can monitor the management of risks, including:

- a Safety Committee to review and make recommendations on safety risks;
- an Audit Committee to review reports of internal and external auditors and make recommendations on risk areas; and
- regular reporting of contracts over \$1 million.

Conflicts of interest

To ensure potential conflicts of interest are identified at an early stage, each director completes a register of interests, which is updated, as required, and confirmed annually. The Board has adopted procedures to manage conflicts including declaration of the potential interest in a matter at a Board meeting. If material is of personal interest, the particular director will neither be involved in discussion on the matter nor vote. In addition, the Board observes a Code of Conduct.

Professional development

Board members are offered opportunities for professional development at StateRail's expense.

An induction process has been developed which includes briefings on the organisation, Corporate Governance issues and the legislative framework.

Board committees

The Board, from time to time, establishes committees to enable detailed attention to be given to key areas and to ensure it meets its responsibilities. At the date of this report, there are three Board committees –

- Audit
- Human Resources (formerly Appointments and Remuneration)
- Safety

Each committee has a charter and the minutes of the committee meetings are provided to the Board, along with a short report from the Committee Chair.

The Secretary of the Board and each of its committees is Margot Maasackers, Corporate Secretary.

Committee

AUDIT

Members

Arthur Butler* (Chair)
Ron Cunningham
Joanne Rees

*Independent External Member.

Charter

The primary objectives of the Audit Committee are to:

- Assist the Board in discharging its oversight and corporate governance responsibilities relating to:
 - Financial reporting practices, including accounting policies;
 - Business ethics, and corruption prevention policies and practices;
 - Risk management and internal controls; and
 - Compliance with laws, regulations, standards, and best practice guidelines.
- Provide a forum for communication between the Board, senior management and both the internal and external auditors.
- Ensure the independence, integrity and objectivity of the internal audit function.

The Charter is reviewed by the Board annually, and was last updated in October 2001. It satisfies the essential elements of the *Best Practice Guide on Audit Committees – 2nd Edition* (developed by the Institute of Internal Auditors – Australia; Australian Accounting Research Foundation; and Australian Institute of Company Directors).

The Committee consists of two non-executive directors plus an independent non-director member who currently acts as Chair.

The Committee has unlimited access to both the internal and external auditors and to senior management and other reviewers. It has access to information from any employee from within StateRail or relevant external party. The Committee may also consult independent experts where it is considered necessary to carry out its duties.

The Chair periodically meets separately with the Director Audit & Investigations and Assistant Auditor General, without management present.

HUMAN RESOURCES

Members

Samantha Mostyn (Chair)
David Richmond, AO
Joanne Rees
Gabrielle Trainor

The primary objectives of the Human Resources Committee are to:

- Develop and review the overall workforce planning strategy.
- Review and make recommendations to the Board on human resources policies.
- Review and advise Management on employment policies and practices, working environments, management education and training.
- Review and advise Management on succession planning for the Chief Executive and senior management positions.
- Recommend appointments to key positions reporting to the Board, including the Chief Executive and Corporate Secretary.
- Review the performance and remuneration of the Chief Executive and senior management.

The Charter of the committee is reviewed annually and was last updated in May 2002.

The Committee consists entirely of non-executive independent directors.

SAFETY

Members

Grahame Campbell (Chair)
David Richmond, AO
Howard Lacy
Ron Cunningham
Gabrielle Trainor
Catherine Herriman
Alex Claassens*

*John Leonard (Alternate)

The primary objectives of the Safety Committee are to:

- Improve safety attitudes and behaviour across the organisation.
- Review the overall safety policies with respect to passengers, operations, staff and contractors.
- Review specific policies which have an effect on safety performance, e.g. drug and alcohol policy.
- Review safety performance.
- Review significant safety incidents.
- Monitor and review the implementation of the recommendations from the *Final Report of the Special Commission of Inquiry into the Glenbrook Rail Accident* - released on 11 April 2001

The Safety Committee consists of a majority of non-executive independent directors, the Chief Executive, the Executive Director Safety and a member of StateRail operational staff. Other executives attend by invitation.

The Major Projects Committee, which was established to review contractual and commercial issues in respect of significant and selected projects, was disbanded on 25 October 2001 and the work of that Committee returned to the full Board. The Committee did not meet during the 2001-02 year.

Joint Boards Safety Liaison Committee

During the year, StateRail and RIC established a Joint Boards Safety Liaison Committee comprising the Safety Committee members of each organisation. The Committee meets six-monthly, or as required. It met twice during 2001-02.

The Committee's aim is to foster co-operation, commitment and understanding between the two organisations in respect of safety issues, with a view to improving safety attitudes and behaviour across both organisations.

The Committee's Charter is to:

1. Promote a common approach to safety and OHS.
2. Demonstrate a commitment to leadership in safety initiatives through considering aspects of safety management and interfaces.
3. Ensure safety management, safety systems and strategies are complementary and compatible across the two organisations.
4. Assist in providing solutions to safety issues where an impasse may occur between the two organisations.
5. Review good safety practice of other organisations.

Internal Audit

The Board, Board Audit Committee and Executive Management Team are committed to supporting an internal audit function that operates as an independent, objective assurance and consulting activity designed to add value and improve StateRail's operations. Reflecting this commitment, the Director Audit & Investigations reports on audit matters directly to the Board Audit Committee and the Chief Executive.

The Audit & Investigations unit supports management in the accomplishment of StateRail's statutory and business objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. To this end, the unit is expected to be innovative, active, responsive and effective.

Over the last year, StateRail further strengthened its internal audit, investigation and corruption prevention capability by increasing the number of staff in this area. Through selective recruitment, a well-equipped multi-disciplinary team has been established. Internal audit reviews are conducted across a range of operations and activities, in line with the Annual Plan approved by the Board Audit Committee.

The mandate of the Audit & Investigations unit is contained in the Internal Audit Charter, which is approved by the Board Audit Committee. The Charter was last reviewed and updated in October 2001 to accord with international best practice. The Charter is available on the StateRail intranet for reference by staff, who are encouraged to fully cooperate with authorised auditors and investigators.

The Board Audit Committee plays an important role in ensuring that the internal audit function is effective. The Committee is satisfied with the:

- level of resources allocated to internal audit;
- scope of the authority of internal audit;
- appropriateness of the internal audit program and reporting line;
- quality and timeliness of internal audit reports;
- extent to which management reacts to the matters raised by internal audit; and the
- effective coordination and working relationship maintained between internal and external auditors.

MEETINGS ATTENDANCE 2001-02

Name	Board		Human Resources Committee	
	Eligible	Attended	Eligible	Attended
Board members				
David Richmond, AO*	4	3	1	-
Howard Lacy**	9	9	-	-
Grahame Campbell***	10	9	-	-
Noel Cox****	4	4	-	-
Ron Cunningham	16	16	-	-
Samantha Mostyn	16	13	3	3
Joanne Rees	16	13	3	2
Gabrielle Trainor	16	14	3	3
Paul Binsted*****	11	10	2	1
Lucio Di Bartolomeo*****	7	5	-	-
Anthony Shepherd	3	2	-	-
Non-Board members				
Arthur Butler	-	-	-	-
Alex Claassens	-	-	-	-
John Leonard (Alternate)	-	-	-	-

* Appointed 26 March 2002 ** Appointed 3 December 2001 *** Appointed 3 November 2001

**** Appointed 16 April 2002 ***** Resigned 28 February 2002 ***** Resigned 30 November 2001

Appendix 2**BOARD CODE OF CONDUCT**

1. A director must act honestly, in good faith and in the best interests of the organisation 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, and in the best interests of the organisation as a whole.
4. A director must recognise that the primary responsibility is to the organisation's stakeholders as a whole but should, where appropriate, have regard for the interests of all stakeholders.
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 the organisation.
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.
9. Confidential information received by a director in the course of the exercise of directors' 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 that organisation, 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 the organisation.
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.

	Audit Committee		Safety Committee	
	Eligible	Attended	Eligible	Attended
	-	-	1	-
	-	-	2	2
	-	-	2	2
	-	-	-	-
	4	4	5	5
	-	-	-	-
	4	3	-	-
	-	-	2	2
	-	-	4	1
	-	-	3	3
	-	-	2	2
	4	4	-	-
	-	-	5	4
	-	-	-	-

Appendix 3

COMMENTS ON STAFF CODE OF CONDUCT

StateRail's Code of Workplace Standards (the Code) has been revised to reflect changes in policy standards in the following areas:

- Employee responsibility under the Code.
- Dealing with breaches of the Code.
- Secondary employment (previously known as outside employment).
- Drugs and alcohol.
- Use of position, information, equipment and resources.
- Work behaviour.
- Health and safety.
- Honesty and 'unlawful' behaviour.

The revised Code places a great emphasis on clarity and includes examples relevant to StateRail's work environment. It also includes the contact details of relevant people who will be able to help employees with issues regarding a particular area of the Code. The Code is issued to all new employees and is also available on StateRail's Intranet. The Code will also be printed in other languages, to ensure that all StateRail employees comprehend it.

There were no other amendments (or a replacement code) in 2001-02.

Appendix 4

STATEMENT ON ETHICS

StateRail is committed to conducting our business on a sound commercial and ethical footing, and maintaining proper principles of public accountability. StateRail employees and Board members are required to observe a high standard of ethical behaviour to maintain public confidence in the integrity of the organisation. Employees are required to abide by StateRail's Code of Workplace Standards and abide by other StateRail and Government policies, procedures and codes of practice. A separate Board Code of Conduct is in place, and staff can obtain advice on ethical issues on a confidential fraud, corruption and ethics hotline.

We also encourage our private sector partners to understand our ethical standards, as a common understanding of ethical conduct shared by StateRail and the private sector ensures a fair and productive relationship with each other. StateRail business arrangements are underpinned by two determining principles: obtaining the best value for public money; and impartiality and fairness through all stages and processes. These principles should enable suppliers to promote their interests fairly and productively and be assured that their competitors are also expected to behave ethically, according to a known set of guidelines.

During 2001-02 the following improvements to StateRail's Ethics Program were achieved:

- The review and update of the Code of Workplace Standards.
- The establishment of a Disciplinary Review Panel made up of several senior executives, to assess reported breaches of the Code of Workplace Standards.
- The development of a Statement of Business Ethics, to establish clear guidelines for the ethical behaviour of staff and businesses dealing with StateRail.
- The review and update of Human Resource policies to ensure that they accord, where appropriate, to best practice guidelines published by other agencies such as the Independent Commission Against Corruption and the NSW Audit Office. For instance, changes to recruitment policies such that merit-based selection processes now require an independent panel member from outside StateRail, and the expansion of pre-employment background checks.
- The introduction of an Ethical Leadership training program for all levels of executive, senior and middle management.
- The regular dissemination of information to staff on fraud, corruption and ethics through a variety of mediums, including articles in the staff newspaper, scheduled lectures to specific work groups, and occasional messages on pay-slips and in weekly staff circulars.

All fraud, corruption and other matters subject to investigation are reported monthly to the Board and the Independent Commission Against Corruption.

Appendix 5

MAJOR WORKS IN PROGRESS

The uncapitalised costs of major works in progress as at 30 June 2002 are as follows:

Project	\$000	Completion due
Conversion of Endeavour cars to Xplorer cars	3 314	2002
Event recorders for Tangara cars	2 406	2003
Upgrading of suburban cars	2 342	2007
Upgrading of suburban cars	1 063	2005
Upgrading of suburban cars	2 055	2003
MetroNet radios for diesel fleet	2 840	2003
Upgrading of rollingstock	2 983	2002
40 new intercity cars	1 138	2005
New rail cars for Hunter Valley services	1 126	2005
Millennium trains	15 721	2003
Upgrading of Millennium train servicing facilities	1 696	2002
Fairfield station access upgrade	1 220	2002
Padstow station access upgrade	2 700	2003
Wollongong station access upgrade	5 634	2002
Campsie station access upgrade	5 822	2003
Rockdale station access upgrade	2 955	2003
West Ryde station access upgrade	3 200	2003
Beverly Hills station access upgrade	1 400	2003
Thornton station access upgrade	1 701	2002
Beresfield station access upgrade	2 001	2002
Maitland station access upgrade	2 700	2002
Riverwood station access upgrade	1 400	2003
Station passenger information systems	5 223	2003
Help points and closed circuit television for stations	12 642	2002
Station beautification	2 242	2007
Cahill Expressway beautification (Circular Quay)	1 972	2002
Marayong and Quakers Hill station upgrading	2 415	2002
Integrated ticketing system	8 791	2003
Remodelling of trackwork at Eveleigh	2 670	2003
Parramatta Rail Link	15 846	2008
Central station retail development	2 502	2007
Depot and yard track and signal enhancements	1 105	2007
Timetabling software (Railtable)	2 056	2003
Virtual reality hazard simulator	9 819	2007
IT equipment for new head office and Sydney Central	1 746	2002
Establishment of disaster recovery centre	1 840	2002
Upgrade IT infrastructure (new servers and software)	1 407	2003
Integrated messaging	1 792	2007
Total	141 485	

Appendix 6

SIX YEAR COMPARATIVE STATEMENT OF FINANCIAL PERFORMANCE

	96/97 Actuals	97/98 Actuals	98/99 Actuals
	\$000	\$000	\$000
Revenues			
Passenger services	411 262	434 083	457 292
Social program funding	507 501	495 525	483 650
Capital and other government contributions	413 578	458 045	490 923
Ancillary services to other NSW rail entities	137 608	121 901	102 308
Rents	25 495	26 127	25 857
Asset disposals	1 362	2 081	4 354
Interest	1 367	2 872	3 275
Other (non operating)	42 484	27 849	34 541
Total Revenue From Ordinary Activities	1 540 657	1 568 483	1 602 200
Expenses			
Payroll costs	422 259	440 474	445 422
Employee entitlements	145 151	177 308	168 042
Severance payments	3 024	15 297	25 984
Workers' compensation	38 727	41 271	17 905
Rail access fees	419 047	332 609	
Operating lease rentals (including rail access fees)			343 257
Contract and general expenses	309 868	350 548	353 754
Consultants	1 403	855	790
Depreciation	190 639	171 017	150 851
Assets revaluation decrements	0	3 565	0
Assets written off or sold	59 060	36 602	73 423
Inventory write down or losses	0	4 572	121
Borrowing costs	20 948	18 164	21 057
Other financing expenses	1 915	3 812	264
Audit fees	449	349	376
Board members' emoluments	159	211	245
Doubtful debts expense	170	2 707	55
Capital grants	0	7 319	38 725
Total expenses from ordinary activities	1 612 819	1 606 680	1 640 271
Net surplus / (deficit) from ordinary activities	(72 162)	(38 197)	(38 071)
Abnormal items	(11 756)	(7 187)	51 600
Operating profit / (deficit)	(83 918)	(45 384)	13 529

99/00 Actuals \$000	00/01 Actuals \$000	01/02 Actuals \$000	01/02 Budget \$000	02/03 Budget \$000
517 850	534 373	518 882	553 398	543 651
478 900	593 116	634 083	595 083	704 472
481 512	596 961	563 315	549 326	610 184
81 688	82 717	82 760	46 193	84 078
30 416	29 477	37 900	37 361	40 776
21 230	969	1 050	336	0
1 798	1 293	2 437	1 531	1 791
56 002	49 429	37 144	39 688	44 812
1 669 396	1 888 335	1 877 571	1 822 916	2 029 764
431 481	505 677	503 571	503 087	539 755
130 237	178 312	163 065	184 153	164 348
9 047	5 488	3 290	8 614	3 080
25 590	43 273	26 393	24 563	25 178
362 617	381 993	420 872	386 666	483 218
366 800	398 135	394 176	403 004	414 651
587	391	367	249	384
153 006	154 726	161 450	164 611	171 793
0	0	0	0	0
48 005	88 781	33 471	30 304	52 000
0	37	0	3	3
13 412	16 847	14 415	14 837	14 605
1 152	264	264	264	264
353	397	378	450	480
232	243	226	270	330
371	500	2 374	0	0
42 372	99 216	151 411	77 036	69 421
1 585 262	1 874 280	1 875 723	1 798 111	1 939 510
84 134	14 055	1 848	24 805	90 254
84 134	14 055	1 848	24 805	90 254

Appendix 7

PERFORMANCE IN PAYING ACCOUNTS

The performance in paying trade creditor accounts during the year ended 30 June 2002 was as follows:

	Current (paid on time)	Up to 30 days overdue	31-60 days overdue	61-90 days overdue	
1st quarter					
Number of accounts (%)	73	23	1	1	
Amount paid (\$m)	276	24	2	1	
2nd quarter					
Number of accounts (%)	83	12	2	1	
Amount paid (\$m)	259	33	2	1	
3rd quarter					
Number of accounts (%)	80	15	2	1	
Amount paid (\$m)	234	41	9	1	
4th quarter					
Number of accounts (%)	86	11	1	1	
Amount paid (\$m)	319	21	2	0	
Total for 2001-02 (\$m)	1088	119	15	3	

During the year, an average of 80% of accounts (by number) were paid on time compared with a target of 90%. The main impediments to prompt payment were late forwarding of invoices to the accounts payable processing site and daily liquidity management issues.

As a result of initiatives to improve the payment process, significant gains in performance occurred in the latter half of the year. Average on-time performance in the last quarter was 86% compared with 73% in the first quarter, and 90% was achieved in June 2002. Continued process improvements will enable the continuing attainment of the Corporate target during 2002-03.

No penalty interest was paid during the year ended 30 June 2002, under clause 18 of the *Public Finance and Audit Regulation 2000*, due to the late payment of any supplier's account.

	Over 90 days overdue	Total paid
	2	100
	2	305
	2	100
	1	296
	2	100
	2	287
	1	100
	1	343
	6	1231

Appendix 8

LIABILITY MANAGEMENT PERFORMANCE

In the year ended 30 June 2002, the generalised cost of funds in StateRail’s debt portfolio was 7.09%. During the same period the generalised cost of funds of a risk-neutral benchmark portfolio (determined in accordance with the Treasurer’s guidelines) was 4.82%.

Appendix 9

INVESTMENT PERFORMANCE

In the year ended 30 June 2002, StateRail earned 4.47% on overnight investment of surplus funds. During the same period the comparable Treasury Corporation “hour-glass” cash facility earned 4.61%.

Appendix 10

LAND VALUES AND LAND DISPOSAL

Land use	Value as at 30.6.2002	Value as at 30.6.2001
	\$000	\$000
Rail infrastructure or stations	2 513 499	2 314 575
Strata (air space) leased to tenants	12 527	11 118
Residences and occupied land	11 372	10 827
Surplus land	40 100	70 888
Total land owned or occupied	2 577 498	2 407 408

The total value of land owned or occupied is higher than the land value recognised in the statement of financial position. The latter value excludes land under rail infrastructure because, despite its being owned by StateRail, it is controlled by RIC and is therefore not recognisable as an asset.

During 2001-02, 26 property sales were completed, yielding gross proceeds of \$86.082 million. Contracts were exchanged on seven further properties with a value of \$402 000.

Of the 26 properties sold, eight were disposed of by public auction, one by tender, and 17 by private treaty. Of the last group, ten were sold to government bodies, two were sold to adjoining landowners and five were sold to others. Private treaty sales were all conducted in accordance with StateRail policy and none exceeded \$5 million.

There was no family connection or business association between any property purchaser and the person responsible for approving the disposal of the property.

Properties were disposed of during 2000-02 to raise funds for Treasury to fund part of StateRail’s capital works program.

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*.

Appendix 11

INSURANCE ACTIVITIES

An integrated insurance program has been developed and evolves as a blend of self-insurance and risk transfer to the international insurance market.

The program’s long term commitments of fixed premiums and terms for three years has isolated StateRail from the adverse affects of the insurance industry’s “year of turmoil” which saw the collapse of HIH and the Independent Insurance Company and the 11 September World Trade Center tragedy.

Appendix 12**CONSULTANTS**

Consultant	Project	Cost (\$)
Contracts of \$30 000 or more		
• Management services		
PriceWaterhouseCoopers	Review of compliance with MainTrain service agreement	76 000
TMG International	Benchmarking of performance of Passenger Fleet Maintenance Division	67 000
NSW Dept of Public Works	Advice on improving security arrangements	45 000
• Finance, accounting or tax		
Ernst & Young	Advice on financial viability of Airport Link Corporation	47 000
Total contracts of \$30 000 or more	(4 contracts)	235 000
Contracts under \$30 000		
• Management services		75 000
• Organisational review		29 000
• Finance, accounting or tax		28 000
Total contracts under \$30 000	(7 contracts)	132 000
Total expenditure in 2001-02	(11 contracts)	367 000

Appendix 13**FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS**

Grantee	Amount (\$)
NSW Railway Employees' Welfare Fund	20 000
NSW Transport Authorities Retired Employees' Association	3 500
NSW Rail & Tram Ex-Service Association	750
Canteen	200
Total granted in 2001-02	24 450

Appendix 14**STATERAIL PRICING POLICIES****Pricing policy**

The Independent Pricing & Regulatory Tribunal (IPART) and the NSW Government regulate CityRail passenger fares. StateRail is required to make an annual submission on fares to IPART. At the same time, members of the public and other interested groups are also invited by IPART to present submissions on CityRail fares. On the basis of these submissions, together with their own research, IPART makes a determination on the maximum fares CityRail is permitted to charge.

In March 2002 StateRail delivered its annual CityRail Fare Review submission to IPART. In this submission, StateRail sought a weighted average fare increase of 2%. This was significantly below the forecast inflation rate.

The key points in the submission were:

- There were no increases to fares for journeys of up to 20 kilometres. For journeys beyond this distance the increases in fares were quite modest. Most adult single fares increased by no more than 40c and adult 7-Day RailPass fares increased by no more than \$2.

- The Brown and Purple TravelPass products were amalgamated. This simplification of the product range provided benefits, either in terms of price or travel entitlements, to those who were purchasers of these two products.
- The surcharge applied to fares to Olympic Park was removed from 7-Day RailPass and FlexiPass products. This effectively decreased 7-Day RailPass fares to Olympic Park by \$8 and was therefore expected to capture a greater mode share to rail from this growing area.

IPART delivered their determination in June 2002 and granted increases in CityRail fares as proposed by StateRail in its submission. The new fares were applied from 1 July 2002.

Both ZooLink and the Brown MetroPass were withdrawn from sale. In each instance, this was done at the request of other parties that had been partners with StateRail in these products.

Appendix 15

RESPONSES TO SIGNIFICANT ISSUES RAISED BY THE AUDITOR-GENERAL

Responses to significant issues raised by the Auditor-General in his report on the 2000-01 year, under section 43(2) of the *Public Finance and Audit Act 1983*, are set out below.

1. Disputed debtor and creditor balances with other transport entities

The audit noted the existence of several disputed debtor and creditor balances with other NSW transport entities at year-end.

Response

Inter-entity balances are now being confirmed on a quarterly rather than yearly basis and a consultative process has been implemented to deal with disputes.

2. Overstatement of creditor balances

The audit found numerous unadjusted creditor balances representing unfilled or partially filled orders.

Response

Delinquent creditor balances are now reviewed regularly and adjusted, where necessary.

3. CountryLink revenue accounting system problems

The audit found continuing internal control deficiencies in CountryLink's revenue system.

Response

The future of the CountryLink revenue system and supporting processes is presently under review.

4. Unauthorised expenditure

The audit noted that non-payroll expenditure was not formally authorised during 2000-01, thereby breaching the *Public Finance and Audit Act 1983* and the Treasurer's Directions.

Response

All payments are now being authorised in accordance with statutory requirements.

5. Control over the recovery of salaries and wage advances

The audit found that certain wage or salary advances paid to employees were not recovered when the employees left the organisation.

Response

Procedures are now in place to ensure recovery of advances before employees leave the organisation. Action is being taken to recover amounts owing by ex-employees.

6. No formal agreement for the East Hills Amplification Project

The audit found that the \$70 million East Hills Amplification Project was completed without any formal agreement between StateRail and RIC.

Response

A general construction project agreement with RIC is at an advanced stage of negotiation and is expected to be finalised in early 2002-03.

7. Contracting probity issues

Continuing concerns over probity issues in relation to the awarding and management of a contract for consultancy and professional services led the Auditor-General to refer the matter to the Independent Commission Against Corruption.

Response

Procurement procedures have been reviewed and reissued and relevant managers have been trained.

8. No Disaster Recovery Plan

The audit noted the continuing absence of disaster recovery plans for computer installations.

Response

A disaster recovery plan for critical computer installations is being developed. Similarly, plans are being developed for non-critical installations.

9. Insufficient controls over plant and machinery

The audit noted again that controls over physical security and recording of plant and machinery need to be strengthened.

Response

Another stocktake of IT&T equipment was performed in April 2002 and the results from this have been reconciled with previous records. Electronic inventory of PCs is currently installed on 2500 computers. The majority of computer equipment is permanently located in security controlled buildings. The opportunity has been taken to improve controls over IT&T equipment by:

- introducing new procedures;
- planning additional resources for asset management; and
- recording and monitoring of all IT&T assets.

Appendix 16

INTERNAL AND EXTERNAL COMMITTEES

External

During 2001-02 StateRail was represented on the following external committees:

- Budget and Investment Steering Committee (Transport NSW)
- Infrastructure Project Delivery Committee (Transport NSW)
- NSW Public Sector Corruption Prevention Network
- Provisional Liquidation Scheme of Arrangement Committee in relation to Independent Insurance Group
- Strategy and Performance Committee (Transport NSW)
- ATRC / StateRail Access Agreement Committee with Victoria
- Australian Railway Monument Steering Committee (Parry Shire Council & Werris Creek Economic Development Committee)
- Circular Quay Common Domain Project Control Group (Sydney Harbour Foreshore Authority)
- Editorial Advisory Group, "*SafeTrans*" magazine (Transport NSW/Industry safety publication)
- Electrolysis Committee
- Heritage (involving Heritage Office & National Trust)
- Household Travel Survey Project Control Group (Transport NSW)
- Infrastructure Coordination Group (Premiers' Department)
- Infrastructure Project Delivery Committee (Transport NSW)
- Integrated Ticketing Project (Transport NSW)
- Inter-agency Coordination Group
- Interchange Management Working Party (Transport NSW)
- Juvenile Justice Mediation Sessions (Graffiti/Vandalism)
- Living Centre & Urban Improvement Program (Transport NSW)
- Membership of The Institute of Public Administration Australia
- Membership of the Central West Emergency Management Committee
- Membership of the Northern Rivers Emergency Management Committee
- Membership of the Peel District Emergency Management Committee
- North West Rail Link (Transport NSW)
- NSW Government Construction Policy Steering Committee (Department of Public Works and Services)
- NSW Procurement Council-Senior Officers' Committee (Department of Public Works and Services)
- Parramatta Rail Link Board
- Partnering Group (RIC)
- Public Service Medal Awards Committee
- Railway Improvement Coordination Group (Office of Coordinator General Rail)
- Regional & Rural Planning Steering Committee (Transport NSW)
- Representation at Graffiti Solutions Taskforce (Premier's Department)
- Signalling & Control Systems Working Party (RIC)
- Spokeswomen's Program Management Committee
- State Chamber of Commerce (Infrastructure Committee)
- StateRail is a consortium member of the "Shiftwork and Workload Study" with other Australian Railways and with the University of South Australia's Centre for Sleep Research (CFSR)
- Technical Advisory Committee for the Transport Data Centre (Transport NSW)
- Train Operations Management Agreement (StateRail and QR)
- UITP Board of Management (Australian & New Zealand Association for major operators)
- Urban Planning & Infrastructure Committee (Transport NSW)
- Wheel Rail Committee

In addition to the above, extensive liaison was carried out throughout the year with other NSW government organisations. These included State Transit Authority, the Office of the Coordinator General of Rail, and the Police; as well as interstate organisations (including Queensland Rail and Victorian DOI), Federal organisations (including ARTC), and private companies (including GSR and V-Line Passenger).

CityRail was also represented on a Ministerial Task Force reviewing homeless persons sleeping on CityRail stations and trains. Other liaison included various bodies representing persons with disabilities and commuter groups, plus major involvement in the Integrated Ticketing Project.

Appendix 17

HUMAN RESOURCES

StateRail	2002
Staff	9 121
Percent female employees	19
Absenteeism (Days)	10.38

17.1 STAFF NUMBERS

Year	Salaried Professional	Tradesperson	Non-tradesperson	Total
1994-95	6 781	1 792	11 613	20 186
1995-96	6 993	1 588	11 161	19 742
1996-97	5 038	776	3 530	9 344
1997-98	3 742	595	4 980	9 317
1998-99	3 137	465	4 942	8 544
1999-00	2 976	430	5 560	8 966
2000-01	3 033	430	5 554	9 017
2001-02	3 219	415	5 487	9 121

17.2 STAFF BY LEVEL

Staff by Level	Total Staff	Staff Responded to EEO data form	Male	Female
Less than 27 606	430	45	312	118
27 606 to 36 258	2 276	657	1 593	683
36 259 to 40 535	2 378	789	1 864	514
40 536 to 51 593	2 781	740	2 526	255
51 594 to 66 332	831	332	733	98
66 333 to 82 914	287	128	238	49
More than 82 914	110	46	87	23
SES	28	5	21	7
Total	9 121	2 742	7 374	1 747

17.3 STAFF BY EMPLOYMENT CATEGORY

Permanent				
Full-Time	8 671	2 680	7 139	1 532
Part-Time	375	57	182	193
Temporary				
Full-Time	42	0	27	15
Part-Time	4	0	4	0
SES	28	5	21	7
Casual	1	0	1	0
Other	0	0	0	0
Total	9 121	2 742	7 374	1 747

17.4 CES/SES BANDS

Level	Total CES/SES as at 30.6.2002	Total CES/SES as at 30.6.2001
6	6	5
5	1	2
4	5	4
3	10	8
2	5	6
1	-	1
CEO under s.11A	1	1
TOTAL	28	27
Women in SES positions	7	5

* CEO position listed under S.11A of the *Statutory and Other Offices Remuneration Act 1975*, not included in Schedule 3A of the *Public Sector Management Act 1988*.

Aboriginal or Torres Strait Islander	People from racial, ethnic, ethno-religious minority groups	People whose first language was not English	People with a disability	People with a disability requiring adjustment at work
0	14	17	5	1
23	207	126	31	7
25	241	152	36	13
19	210	139	43	20
2	74	56	29	8
0	41	28	13	2
0	7	5	3	1
0	0	0	0	0
69	794	523	160	52
68	780	514	159	51
1	14	9	1	1
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
69	794	523	160	52

Appendix 18

SES PERFORMANCE REVIEWS AND EXECUTIVE REMUNERATION

No performance pay incentive payments were made to any StateRail staff engaged in the Chief & Senior Executive Service.

Name: Howard Lacy
Position: Chief Executive
Level: 8
Period in position: 3 December 2001 – 30 June 2002
Total Remuneration Package: \$350 000 (includes recruitment allowance)

Mr Lacy has focused on the management of key operational issues, in particular safety initiatives to protect both rail workers and the travelling public. He reviewed arrangements for the introduction of the new timetable and introduced planning initiatives to ensure that the availability and quality of additional train crew are sufficient to ensure the efficient and effective delivery of additional services.

Mr Lacy continued to lead the development of rail safety initiatives by StateRail and the development of incident management protocols to clearly define agency roles, in particular that of StateRail and the NSW Police Service. A major project under development is the Rail Management Centre.

He has undertaken key negotiations on key rollingstock procurement projects and initiated detailed work on an IT strategic plan.

He has continued to steer organisational improvements and implement structural changes and realignments as detailed in the One StateRail Delivery Plan. A major structural change was the establishment of a Rural Services area to provide a greater focus on the delivery of CountryLink services and products. Security and revenue protection continues to be a major focus and joint initiatives with the Police Service are being implemented to enhance safety on the rail system.

Mr Lacy led the development of a Corporate Plan and introduced a number of communication and management forums to provide greater interaction between senior management and staff.

Name: Geoff Amos
Position: General Manager, Station Operations
Level: 6
Period of Position: 2001-02
Total Remuneration Package: \$216 426

Mr Amos continued to focus on revenue protection and security issues. Customer service and safety issues continued to be addressed; a review of complaint handling procedures was carried out; and an independent audit of contract security and guard activities completed to improve the delivery of services.

Workplace safety committees were established and communication processes put in place to increase the awareness of safety across the station network; and generally improve communications between frontline staff and management.

Name: Ron Creighton
Position: Chief Operations Manager
Level: 6
Period in Position: 2001-02
Total Remuneration Package: \$206 758

Mr Creighton was instrumental in the successful delivery of the special event timetable for 2002 Royal Easter Show. On-time running of 91.9% was achieved for the year, an improvement of 2% on the previous year. The force majeure adjusted figure was 92.6%. Daily average Skip Stops were 27.6% which was below the annual target of 40. Restructuring within the division continued with an amalgamation of CountryLink Train Crewing into Train & Crew Operations and CountryLink coaching and Operations to Rural Services.

Safety continued to be a focus with a safeworking re-write having commenced. A revision of safeworking rules to meet Glenbrook recommendations (eg SWU135) commenced with stage one being completed and introduced. Stage two re-write is almost completed with training to commence July 2002 with the expected introduction December 2002.

A Safety Management System (SMS) training package was developed and introduced for front line safety staff. A revised competency-based training program was also developed and introduced for train crew (drivers and guards), train controllers and signallers.

A decision to consolidate StateRail daily operations management to a single location was taken late 2001. The new Rail Management Centre is now well advanced with a targeted completion date of 31 December 2002.

The completion of this centre will bring all aspects of daily customer service and train operations into a single focused management centre for the first time in StateRail's history.

Name: Peter Scarlett

Position: Executive Director, Finance

Level: 6

Period in Position: 2001-02

Total Remuneration Package:
\$226 095

Mr Scarlett has led StateRail's finance function including the development of complex and critical funding proposals to place StateRail in a more favourable position to deliver key rail initiatives and "value for money" outcomes.

He has continued to review critical finance functions and developed and implemented a more focused finance management structure and strengthened the audit function. Mr Scarlett is currently in the process of further strengthening the Corporate Risk Management and Economic Planning and Analysis functions.

Mr Scarlett has implemented robust budget review processes to manage the total StateRail budget. Mr Scarlett has played a leading role in the development of the Corporate Plan and the implementation of funding strategies to fund major projects.

In partnership with the Executive Director Human Resources, Mr Scarlett has continued to lead the development and implementation of the Shared Services concept of providing corporate support services. In addition, he has taken a leading role in a review of procurement strategies for StateRail and the analysis of options for delivering services more efficiently by utilising partnering arrangements with other entities.

Name: Arthur Smith

Position: Deputy Chief Executive (Operations & Infrastructure)

Level: 6

Period in position: March 2001 – 30 June 2001

Total Remuneration Package:
\$226 095

During 2001-02, Mr Smith consolidated the establishment of a centralised Capital Works & Development Program. Mr Smith led the division in making a significant contribution to the strategic direction of StateRail in relation to planning, asset procurement and maintenance.

Mr Smith has moved the division from a procurement-driven to a project-managed capital works delivery program. This shift has resulted in \$19 million worth of savings in the budget.

A key focus within the division has been the establishment and implementation of a robust site safety management system to monitor contractor accountability, to minimise the safety risks for all personnel involved in capital works programs.

Since 3 December 2001, Mr Smith has also taken on the role of Deputy Chief Executive (Operations & Infrastructure). In this role, he has portfolio responsibility for Capital Works & Development; Strategic Projects; Train & Crew Operations; Station Operations and Passenger Fleet Maintenance.

Name: Fran McPherson

Position: Deputy Chief Executive (Workforce Strategy & Development)

Level: 6

Period in Position: 2001-02

Total Remuneration Package:
\$226 095

Ms McPherson has continued to lead the Human Resources function and develop and implement a range of human resource initiatives.

Ms McPherson was appointed to the position of Deputy Chief Executive in December 2001 and assumed responsibility for coordinating and implementing organisational development initiatives across StateRail.

She continued to lead the implementation of the "One StateRail Delivery Plan" in partnership with the Executive Director, Finance, and major structural changes and realignments in a number of functional areas were introduced.

Ms McPherson also assumed direct responsibility for StateRail Security Services and led the design and strategic development of a major staffing improvement initiative to enhance safety and security services provided on StateRail trains and facilities, which was announced in June 2002. This included leading the ongoing briefing and coordination of consultation with external agencies including NSW Police and the Attorney General's Department, as well as management of rail union and internal staff consultative processes prior to the introduction of the improved security services in the latter half of 2002.

Ms McPherson led the negotiations on the implementation of a new Train Crew Enterprise Agreement and an enterprise agreement to cover remaining StateRail staff.

Name: Rob Mackinnon

Position: Chief Information Officer
Level: 6

Period in Position: 1 June 2002 – 30 June 2002

Total Remuneration Package:
\$240 095 (includes recruitment allowance)

In his first four weeks in the position, Mr Mackinnon familiarised himself with the new Information Technology & Telecommunications management structure and IT delivery platforms and managed the advertising and filling of key management positions.

Name: Catherine Herriman

Position: Executive Director Safety
Level: 5

Period in position: 30 July 2001 – 30 June 2002

Total Remuneration Package:
\$175 100

Ms Herriman directed the establishment of the formalised structure of the Safety division providing organisation-wide services. Activities she has directed to enhance safety culture include enhancing reporting and corrective action; improved communication to staff through training and safety committees; and heightened awareness of legislative responsibility.

Ms Herriman has focused on the continued development of StateRail's Safety Management System (SMS) and associated training; maintaining StateRail's accreditation as a railway operator and self insurer under WorkCover NSW. SMS development has been through the review of procedures and systems to manage occupational health and safety in the workplace and the directing of StateRail's participation in the development of the new RIC network rules.

She has continued work on mitigating major hazards posed to both rail and occupational health and safety. Work was continued on the development of safety assurance through the continuous improvement of risk assessment, audit and investigation processes and protocols.

Ms Herriman has enhanced injury management through the graduated introduction of hotline reporting of injuries. The trialling of the public place recycling project and the Green Office Program has continued.

Appendix 19

EQUAL EMPLOYMENT OPPORTUNITY

StateRail continued to strengthen its commitment to the development and implementation of Equal Employment Opportunity policies, programs and initiatives throughout 2001-02. This consistent continued approach to the delivery of equity and diversity in the workplace has now been adopted across all business divisions. Our integrated strategies to achieve workforce equity and diversity and a workforce free of discrimination and harassment will build on our already existing programs and policies.

Key result areas during 2001-02 were:

- Continuation of the Diversity Training Program for existing and new employees.
- 46 additional line managers attended information sessions on Carer's Responsibilities discrimination.
- New Anti-Discrimination and Harassment, EEO and Ethnic Affairs Priority Statement policies were endorsed by the StateRail Board and promoted throughout the organisation.

- Further development of the Aboriginal Network Committee and a new partnership formed between StateRail and the Gandangara Local Aboriginal Land Council at Liverpool. StateRail and the Gandangara Local Aboriginal Land Council are working in partnership with other businesses in the Liverpool area to organise community NAIDOC Day celebrations in July 2002.
- An annual conference was held for all Aboriginal & Torres Strait Islander employees in June 2002.
- Training opportunities for Spokeswomen on topics including bullying in the workplace, public speaking and project management. Spokeswomen were also provided with information sessions on Cultural Diversity and Sexual Harassment in the workplace.
- Continued representation on the Spokeswomen's Program Management Committee. This Committee is the executive body responsible and accountable to the Premier for the operation of the Spokeswomen's Program in NSW.
- Continued provision of a free family care link service which provides assistance to employees relating to child and aged care options and the employee assistance program which provides free counselling and trauma counselling services for employees.
- The revision and development of a more comprehensive Ethnic Affairs Priority Statement for 2002-04.
- Participation in the Government's Traineeships for People with a Disability program. Two traineeships were offered in the CountryLink Reservation Sales Centre, Station Operations. Disability awareness training was conducted for 90 staff in the CountryLink Reservation Sales Centre who will work directly with the trainees. Additional Disability Awareness training will be conducted for HR personnel.

- Consultations with the HR team leaders from all StateRail business divisions in relation to the development of an EEO Management plan.

Some strategies and programs for next year include:

- Implementation of new Spokeswomen's term for 2002-05 including the development of a new strategic plan for the program; training and development opportunities for the new Spokeswomen.
- Development of a support network for senior women.
- Development of a new Aboriginal employment strategy.
- Seek approval to appoint an Aboriginal Liaison Officer.
- Participation in the Government's Aboriginal programs such as Aboriginal cadetship program.
- Revision of internal literature to translate specific information into multiple languages.
- Support and promotion of flexible working arrangements for operational staff.
- Promotion of the benefits of employing people with disabilities in the workplace, and continuation of Disability Awareness training for staff.

Disability Access

As well as improving access to services and facilities, StateRail is committed to providing employment opportunities and career development for people with disabilities. An example of this commitment is that recently StateRail took on two traineeships for people with a disability in Station Operations. The HR Policy & Diversity unit is managing the implementation of the traineeships. Disability awareness training was provided for 90 staff in the workplace who will work directly with the trainees.

StateRail's 2002-03 EEO Management Plan reflects our commitment to providing further employment and career development opportunities for people with disabilities.

Appendix 20

NSW GOVERNMENT ACTION PLAN FOR WOMEN

StateRail continues to support and apply the principles of the NSW Government's Action Plan for Women in its business planning, policy development, workplace programs and in the service it delivers.

Education and training programs focusing on harassment and non discriminatory work practices and diversity continue to be delivered throughout StateRail for existing and new employees.

StateRail continues to recognise the varying needs of family responsibilities and is committed to achieving a workplace that reflects a family friendly environment. The continued provision of access to a free child and aged care advisory and referral service as well as a free counselling and trauma assistance service support this ongoing commitment.

The current representation of women is 19.1%. StateRail will continue to implement and develop programs to support women in the workplace and the Train & Crew Operations division has undertaken to implement strategies to address the retention of women in non traditional female roles, such as guards and drivers.

StateRail's commitment to improving safety and access, particularly for women and people with disabilities has continued this year. Station improvements continue to be implemented across the CityRail and CountryLink network, including improved lighting, CCTV surveillance, security, lifts and escalators.

This commitment extends to our CountryLink trains with the provision of a wide range of on board services that specifically cater for the varying needs of women, children and persons with special needs. Staff provide a buffet service directly to the seats of less mobile passengers. Other services include availability of a range of healthy foods, sleeping compartments, wheelchair access, toilet facilities, baby changing tables, activity packs for children and nebulisers.

Pregnancy

The HR Policy & Diversity unit has completed a risk assessment regarding pregnant women in the workforce which was a project undertaken last year.

The project aimed to:

- Identify the health and safety issues for pregnant women in operational roles.
- Identify issues of discrimination.
- Produce guidelines to support the development of a policy relating to pregnancy in the workplace.

Guidelines have been prepared and the HR Policy & Diversity unit has developed a draft policy called Pregnancy Management Policy.

Appendix 21

PRIVACY AND PERSONAL PROTECTION

Work Done On Privacy and Personnel Protection Programs

In 2001-02, StateRail introduced a Confidentiality Agreement for all those involved in the use of personal information. This agreement is to ensure that those who come into contact with personal information, information marked as confidential or with a protected disclosure, do not relay such information on to other persons.

In relation to personnel protection programs, StateRail has continued to offer all employees training in first aid as well as track safety awareness, emergency evacuation procedures and fire handling training.

Statement of Action

In November 2001, StateRail's Personal Information Policy was implemented as part of the review of StateRail's human resources policies. The Policy:

- Requires StateRail and its employees to comply with the provisions of the *Privacy and Personal Information Protection Act 1998*.
- Provides an overview of StateRail's obligations under the Act.
- Sets out the procedures staff are required to follow to comply with the Act.

A Privacy Management Plan has also been prepared for StateRail for implementation in accordance with the Act.

Section 53 internal review

One application for internal review pursuant to section 53 was lodged with StateRail during the course of the year. The review resulted in a directive being circulated to all Human Resources staff. Following completion of the review, the applicant took no further action in relation to the matter which was the subject of the review.

Appendix 22

ETHNIC AFFAIRS PRIORITY STATEMENT 2001

StateRail continued working towards the objectives set out in the 2000-01 Ethnic Affairs Priority Statement during 2001-02.

The Ethnic Affairs Priority Statement reflects StateRail's commitment to providing passenger rail and coach services as well as station facilities throughout the CityRail & CountryLink network, regional New South Wales and to interstate locations that are accessible to all communities.

The Ethnic Affairs Priority Statement also promotes a workplace that is free of harassment and discrimination and reinforces our commitment to the provision of safe rail transport for the community.

The main initiatives were to:

- Continue to provide education and training programs focused on harassment prevention and non discriminatory work practices, service delivery, as well as awareness of equity as an integral part of our customer service.

Appendix 23

OVERSEAS TRAVEL 2001-02 – TRIPS COMPLETED

Officer and Position	Travel Details
Fiona Love Director, Training and Development, Human Resources division	To undertake further investigation of critical rail training and safety issues and industry benchmarking through visits to rail centres in London, Paris, Amsterdam and Hong Kong.
John Comb Corporate Manager, Insurance Services, Finance division	Trip to London and Zurich to confer with the Independent Insurance Group's liquidator and solvent co-insurers and make representations to all appropriate Property and Liability Underwriters.
David Kippist Senior Project Engineer, Millennium Train, Capital Works & Development division John Cave Mechanical Systems Engineer, Passenger Fleet Maintenance division	Trip to Germany to visit – (i) the German National Railways facility at Hanover to inspect and witness the testing of the Millennium train single air spring bogie undergoing fatigue testing; and (ii) Hamburg University to witness testing of the Tangara bogie primary springs. Also visited Continental Phoenix Springs and Railtec (European Rail Expo).

- Disseminate information relating to Skillmax and the Adult Migrant Work Experience Program to staff from Non English Speaking Backgrounds.
- Provide cross cultural awareness training for staff.
- Ensure that all operational staff have been trained in track, train and station safety.
- Support community events, such as NAIDOC Day celebrations, and assist in the organisation of State community celebrations or carnivals.
- Ensure that all selection committees included applicants from diverse ethnic backgrounds.

In 2001, StateRail developed a Customer Service Commitment which was printed in six different languages. The brochures were distributed widely throughout the CityRail network and aimed to provide information about StateRail services to our customers from Non English Speaking Backgrounds.

StateRail has reviewed the 2000-01 Ethnic Affairs Priority Statement and developed a more comprehensive Statement covering the period 2002-04. The 2002-04 Ethnic Affairs Priority Statement strengthens our commitment to ensuring access, safety and the participation of all communities in the services we deliver.

Dates	Class of Travel	Annual Leave or Private Travel Taken	Expenditure Estimate	Actual Expenditure	Report Submitted
23/06/01 to 08/07/01	Business	Nil	\$11 000.00	\$12 415.00	Yes
30/07/01 to 10/08/01	Business	Nil	\$15 000.00	\$11 731.02	Yes
18/11/01 to 28/11/01	Business	Nil	\$25 300.00	\$23 929.00 (based on A\$1=0.55 Euro)	Yes

Appendix 24

FREEDOM OF INFORMATION.

The 2001-02 reporting period saw a decrease in the overall number of applications received under the *Freedom of Information Act 1989*. In 2000-01, StateRail received 174 applications. This fell to 128 in 2001-02, but is still well above the 1999-2000 figure of 66.

There was a substantial increase in the number of applications for non-personal information, up from 67 in 2000-01 to 99 in 2001-02. These tend to be more complex applications, and this was reflected in a substantial rise in processing times, costs and fees received.

The drop in applications for personal information is partly due to use of corresponding provisions of the *Privacy and Personal Information Protection Act 1998*. This contributed to the lower overall number of applications, as did StateRail's increasing tendency to release information of interest to the public, without the need for formal application under the FOI Act.

This commitment to open and accountable government also saw a reduction in the number of applications refused due to claimed exemptions under the Act. Only six such refusals were made in 2001-02 compared with 15 in 2000-01.

The FOI and Privacy Officer is located in the Communications and Marketing Division, Level 6, 18 Lee Street, Chippendale NSW 2008, and may be contacted on 02 8202 2323 during business hours.

FOI STATISTICS, NSW FREEDOM OF INFORMATION ACT

Data between 1/7/2001 and 30/6/2002 inclusive.

Section A Numbers of new FOI requests

Information relating to numbers of new FOI requests received, those processed and those incomplete from the previous period.

	FOI requests	Personal	Other	Total
A1	New (including transferred in)	29	99	128
A2	Brought forward	3	17	20
A3	Total to be processed	32	116	148
A4	Completed	32	89	121
A5	Transferred out	0	6	6
A6	Withdrawn	0	9	9
A7	Total processed	32	104	136
A8	Unfinished	0	12	12

Section B What happened to completed requests?

	Result of FOI request	Personal	Other	Total
B1	Granted in full	32	65	97
B2	Granted in part	0	4	4
B3	Refused	0	20	20
B4	Deferred	0	0	0
B5	Completed	32	89	121

Section C Ministerial Certificates

Number issued during the period.

C1	Ministerial Certificates issued	0
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Section D Formal consultations

Number of requests requiring consultations (issued) and total number of FORMAL consultation(s) for the period.

		Personal	Other
D1	No. of requests requiring formal consultations	0	7

Section E Amendment of personal records

Number of requests for amendment processed during the period.

	Result of amendment request	Total
E1	Result of amendment - agreed	1
E2	Result of amendment - refused	1
E4	Total	2

Section F Notation of personal records

Number of requests for notation processed during the period.

F1	No. of requests for notation	0
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Section G FOI requests granted in part or refused

Basis of disallowing access - number of times each reason cited in relation to completed requests which were granted in part or refused.

	Basis of disallowing or restricting access	Personal	Other
G1	Section 19 (applic. incomplete, wrongly directed)	0	0
G2	Section 22 (deposit not paid)	0	0
G3	Section 25 (1) (a1) diversion of resources	0	1
G4	Section 25 (1) (a) (exempt)	0	6
G5	Section 25 (1) (b), (c), (d) (otherwise available)	0	0
G6	Section 28 (1) (b) (documents not held)	0	17
G7	Section 24 (2) - deemed refused, over 21 days	0	0
G8	Section 31 (4) (released to Medical Practitioner)	0	0
G9	Totals	0	24

Section H Costs and fees of requests processed

During the period (i.e. those included in lines A4, A5 and A6).
Please DO NOT include costs and fees for unfinished requests (i.e. those requests included in Line A8).

		Assessed costs	FOI fees received
H1	All completed requests	\$9535	\$77050

Section I Discounts allowed

Numbers of FOI requests processed during the period* where discounts were allowed.

	Type of discount allowed	Personal	Other
I1	Public interest	0	0
I2	Financial hardship - pensioner/child	5	10
I3	Financial hardship - Non profit organisation	0	0
I4	Totals	5	10
I5	Significant correction of personal records	0	0

Section J Days to process

Number of completed requests by calendar days (elapsed time) taken to process.

	Elapsed time	Personal	Other
J1	0-21 days	30	81
J2	22-35 days	2	17
J3	Over 35 days	0	6
J4	Totals	32	104

Section K Processing time

Number of completed requests (A4) by hours taken to process.

	Processing hours	Personal	Other
K1	0-10 hrs	32	101
K2	11-20 hrs	0	3
K3	21-40 hrs	0	0
K4	Over 40 hrs	0	0
K5	Totals	32	104

Section L Reviews and Appeals

Number finalised during the period.

L1	Number of internal reviews finalised	5
L2	Number of Ombudsman reviews finalised	2
L1	Number of ADT appeals finalised	1

Details of Internal Reviews

In relation to internal reviews finalised during the period.

Bases of internal review		Personal		Other	
Grounds on which internal review requested	Upheld*	Varied*	Upheld*	Varied*	
L4 Access refused	1	0	1	0	
L5 Deferred	0	0	0	0	
L6 Exempt matter	0	0	1	2	
L7 Unreasonable charges	0	0	0	0	
L8 Charge unreasonable incurred	0	0	0	0	
L9 Withdrawn	0	0	0	0	
L10 Totals	1	0	2	2	

* Note: relates to whether or not the original agency decision was upheld or varied by the internal review.

Appendix 25

CUSTOMER COMMENDATIONS AND COMPLAINTS

StateRail Feedback 2001-02

During 2001-02, StateRail made improvements to the systems used to monitor and track customer complaints. One comprehensive system is now used for the registering of all forms of complaints: phone, written and web lodgement.

The 131 500 telephone line is the most commonly used channel for StateRail customers to register customer concerns. 131 500 comprises 86% of complaints.

E-mail complaints are increasing with the increased use of this type of technology. Almost 1,091 cases were received during 2001-02.

CityRail

During 2001-02, 5% of feedback (802 cases) were compliments received from CityRail customers. Compliments commonly related to staff helpfulness.

16 194 complaints were recorded at StateRail - an increase of 18% compared to the previous year (14 400)*. A total of 19 409 issues were raised in these complaints.

The largest number of complaints concerned the following issues:

- Train service – 17.4%
- Inside the carriage – 12.7%
- Ticket Office – 12.3%
- Announcements – 8.8%
- On the platform – 8.5%

Ministerials

The Government Relations unit registered 2083 Ministerial matters.

CountryLink

During 2001-02, 6% of feedback (326 cases) were compliments received from CountryLink customers. The majority acknowledged staff helpfulness and courtesy.

CountryLink received 5479 complaints, compared to 5081 the previous year, which represents an increase of 7.5%. These complaints were registered by phone, e-mail and in writing.

The largest number of complaints concerned the following issues:

- Fares and ticketing – 19%
- Luggage – 13%
- Operations – 12%
- Staff – 11%

* The use of a comprehensive customer complaints system for CityRail and CountryLink was progressively implemented throughout the year. Thus complaints figures for this year cannot be directly compared to previous years, since more complete registering of complaints into one system accounts for much of the increase.

Appendix 26

HERITAGE MANAGEMENT

StateRail is the owner of the largest collection of heritage assets of any state government agency and is one of the state's leaders in heritage management.

These assets include:

- structures
- disused (non-essential) infrastructure
- rollingstock and track vehicles
- machinery and equipment
- antique furniture and clocks
- artworks
- small artefacts
- historic records
- archaeology

StateRail is continuing to conserve and maintain heritage buildings and structures and work successfully with local organisations.

Buildings and Structures

During the year, various restoration projects were undertaken in a number of places around New South Wales including Campsie, Thornton, Maitland, Armidale, Black Mountain, Deepwater, Tenterfield, Ben Lomond, Bombala, The Rocks and Lockhart. Work also commenced on projects at Glenreagh, Canowindra, Cooma, Narrandera and Finley.

In Werris Creek, an Australian Railway Monument is being established to provide a focal point for a changing exhibition on the importance of the railway to the past, present and future, and a tribute to the sacrifice of railway men and women. The project which commenced during the year includes the restoration of the station buildings, which will house an Interpretative Centre, the erection of the monument and landscaping which will be characteristic of a railway garden.

Moveable Heritage

The assessment of StateRail's fleet of heritage rollingstock was completed during the year and the process of selecting a core collection is continuing. A conservation management plan is being established which will assist with the ongoing management and conservation of this collection. In addition, work commenced on the identification and assessment of antique furniture and track vehicles.

Work was completed on the restoration to working condition of a steam locomotive and work commenced on the restoration of a diesel-electric locomotive and seven heritage carriages, six of which are of state significance. The restoration work on the diesel-electric locomotive is being undertaken in partnership with the Passenger Fleet Maintenance division of StateRail under its apprenticeship training program.

StateRail acknowledges its legal obligations towards its heritage and recognises that many of the assets are held in high regard by the public, employees and former employees, railway preservation groups and historical societies.

The Heritage and Conservation Register may be inspected by appointment. The assessments of the heritage rollingstock are accessible through StateRail's website.

Appendix 27

RESEARCH AND DEVELOPMENT

During the year, the Capital Works & Development division of StateRail continued to refine its passenger demand estimates in conjunction with Transport NSW. Extensive progress was made developing timetable simulation tools, which have been used to undertake an extensive analysis of optimal operating patterns for the future Parramatta Rail Link between Epping and Chatswood.

Additionally, in conjunction with RIC, considerable analysis of proposed new infrastructure was undertaken; including designs to increase capacity at Bondi Junction station and the commencement of operational and infrastructure studies for a future additional CBD rail route from Chatswood to Eveleigh.

The Communications & Marketing division undertook a Customer Segmentation Study for CountryLink. This three stage research program was undertaken to source more accurate research data about CountryLink customers. The three stages involved:

- i. desk research that pulled together results from other CountryLink customer research conducted in the preceding years;

- ii. qualitative research via focus groups to determine the various profiles that make up CountryLink customers and non-CountryLink customers plus how they decide to travel with CountryLink;

- iii. quantitative research across a wider population to test the findings of the qualitative research and fine tune identification of CountryLink market segments and how they make decisions about mid to long range travel in NSW.

Investment = \$100 000

Two stages of the ongoing CityRail Customer Service Performance were conducted:

- i. Benchmark research in November 2001 across 2300 people to identify the major aspects of CityRail service that determine the level of satisfaction commuters have with CityRail (CSI).
- ii. Second stage tracker research across a population of 1400 people concentrating on seven aspects of service identified as the major contributors to the level of service provided by CityRail.

Investment = \$130 000

Appendix 28

PUBLICATIONS

During the reporting period, the following publications were revised or created.

StateRail

- *2000-01 Annual Report*
- *Between the Lines*
- *Code of Workplace Standards*
- Human Resource Policy Manual,
- Education Program – *Are You Okay?* (All employees within StateRail were presented with an *Are You Okay* education package, and all new employees to the organisation are briefed on the contents of the education package prior to commencing their employment – i.e. during induction.)

CityRail

- 131 500 Press 2 poster
- Aboriginal Network Committee – banners, employment information posters
- Action Stations – banners for station(s) involved
- Aqua banner
- Bandaged Bear Day Appeal – station posters
- Bledisloe Cup poster
- Blue Mountains poster
- Celebration of Central – self guided tour flyer
- Central Celebrates flyer and poster
- Christmas card
- Keep Safe flyer
- Complimentary tickets
- Customer Service Commitment brochure (including foreign language brochures)
- Customer Service Pocket Guide for Staff
- DayTripper poster
- East Hills Line Upgrade – brochures, posters
- Easter Show guide and flyer
- Easy Access – banners for station(s) involved
- Fares Evasion brochure
- Food for Thought brochure

- Human Resources Newsletter – (By Broadmeadow Train Control to provide their staff with Human Resource information)
- Kiama Electrification – posters at Kiama station
- Millennium DL invites and poster
- NAIDOC – station posters, postcards, welcome posters for Liverpool station
- New Timetable – posters and brochures; pocket guides/folders to staff
- Operation CBD – October 2000 and April 2001 – posters & brochures
- Operation TAG – station posters
- Recycle poster
- Safety Plan
- Safety System Elements
- Stations Manual
- STN and Working Timetables for internal and external distribution
- Student Rail Pass brochure
- Sydney and Beyond brochure
- Ticket backs
- Timetable poster
- Train Crew News
- Travel Pass brochure
- Travel Pass poster
- Walk Against Want – station posters
- Want for Walk poster
- Way to Go (now known as Between the Lines)
- Wonderland 1 poster
- Wonderland 2 flyer and poster
- Wonderland H2O flyer

CountryLink

- *Safety Stuff* – Country Train Operations safety bulletin (monthly)
- 2-sided A4 flyer promoting Italians exhibition in Canberra, and poster
- 2-sided A4 flyer promoting Mars and Beyond in Canberra
- 2-sided A4 flyer promoting Melbourne International Flower and garden show/Autumn in Victoria
- 2-sided A4 flyer promoting Rodin exhibition in Canberra
- Backtracker and East Coast Discovery Pass brochure
- Blue Mountains brochure
- Blue Mountains flyer
- Blue Mountains print ad
- Broken Hill – flyer with timetable
- Broken Hill brochure
- Broken Hill DL flyer
- Broken Hill poster
- CountryLink Holidays – four versions showcasing the four different regions poster
- CountryLink Holidays 2002-2003 (54 pages) brochure
- CountryLink network map poster
- CountryLink timetable reprinted
- DL flyer – Backtracker and East Coast Discovery Pass
- Floriade brochure and poster
- Food and Wine trails brochure
- Lockhart – history book, flyer
- Mars and Beyond poster
- Safety card for train seat pockets flyer
- Summer Rail Escapes brochure and poster
- Winter Rail Escapes brochure
- XPT/Xplorer brochure

Appendix 29

CHANGES IN ACTS AND SUBORDINATE LEGISLATION

Significant changes were made to the Workers Compensation Legislation in New South Wales during the year. This had a direct impact on StateRail's management of workers compensation claims and injury management.

On 1 September 2001, the *Occupational Health and Safety Act 2000* and the *Occupational Health and Safety Regulation 2001* commenced. This legislation introduced a number of new requirements including risk identification and an assessment/systems approach to workplace safety; as well as extensive consultation and training requirements and measures concerning plant (which relevantly includes trains).

In May 2002, the *Police Powers (Drug Detection Dogs) Act 2001* commenced, permitting the use of trained drug detection dogs on trains and stations, on prescribed routes.

The provisions of the *Freight Rail Corporation (Sale) Act 2001* were used to enable the transfer of land in the corporatisation of Freight Rail Corporation.

There were no significant judicial decisions affecting StateRail, or the users of its services during 2001-02.

Appendix 30

CREDIT CARD CERTIFICATION

Credit Card use in StateRail has been in accordance with the requirements of Premier's Memoranda and Treasurer's Directions.

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www.staterail.info

CityRail

For timetables and service information call the Transport Infoline 131 500 between 6am and 10pm seven days a week.

Teletypewriter service for hearing and speech impaired customers 1800 637 500

www.cityrail.info

CountryLink

For timetables and reservations call:

CountryLink Central Reservation Centre 13 22 32 between 6.30am and 10.30pm seven days a week

CountryLink Holidays 13 28 29 between 9am and 5pm Monday to Friday, and between 9am and 2pm Saturday

CountryLink Group Bookings (02) 9379 1606 between 9am and 5pm Monday to Friday

Teletypewriter service for hearing and speech impaired customers 1800 637 500

www.countrylink.info

*This is the Head Office for StateRail, CityRail and CountryLink