

Queensland Rail Limited
Statement of Corporate Intent
2010/11

Parliamentary version

In accordance with section 121 (1) of the *Government Owned Corporations Act 1993* the shareholding Ministers have agreed to the request of Queensland Rail's Board to delete from the Statement of Corporate Intent matters that are of a commercially sensitive nature.

Table of Contents

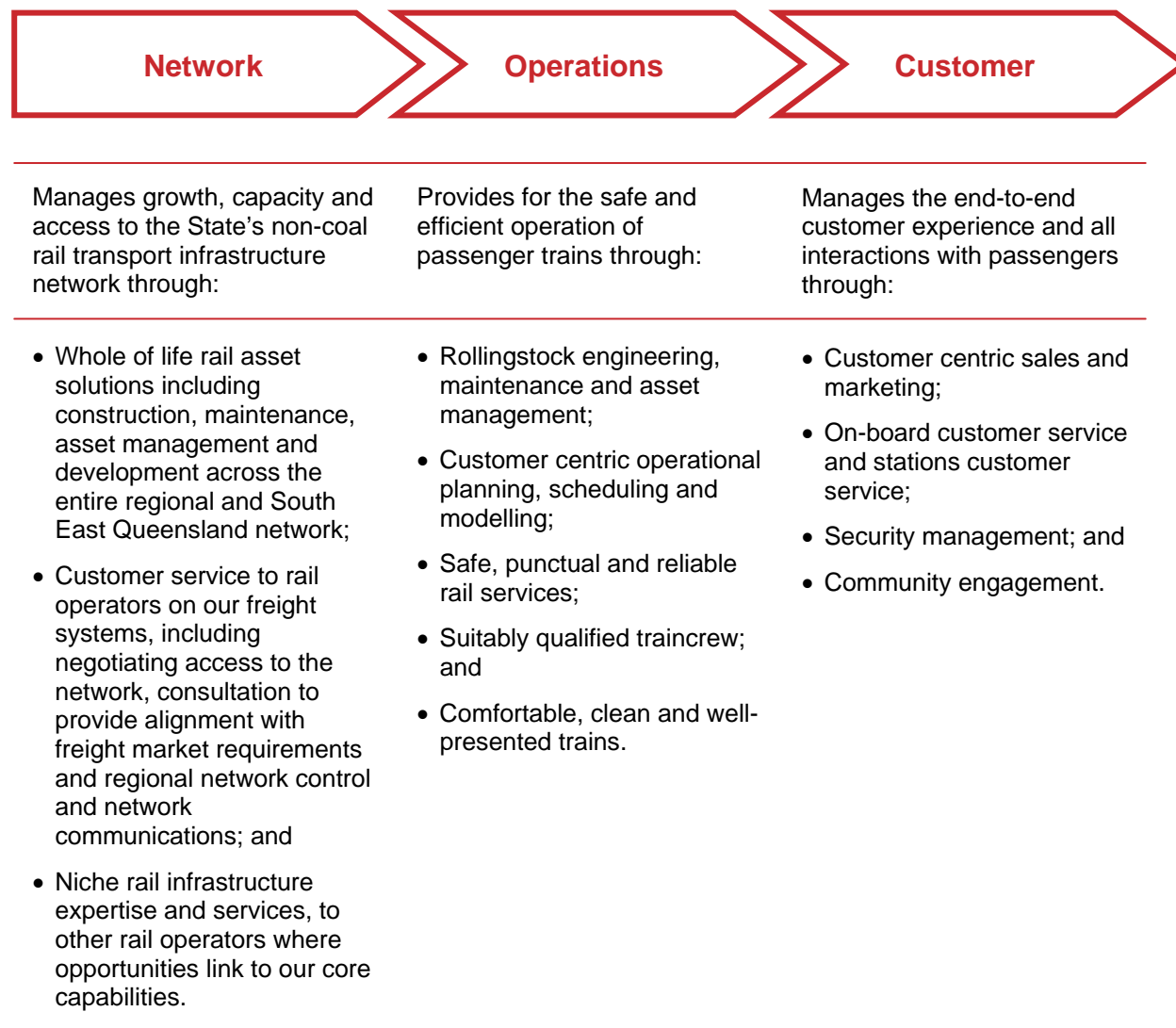
1	Scope / Policy Position.....	5
1.1	Core Business.....	5
1.2	Shareholding Ministers' Statement of Strategic Expectations for Queensland Rail.....	5
1.3	Vision.....	6
1.4	Mission.....	6
1.5	Corporate Objectives.....	6
1.6	Corporate Strategies.....	7
1.7	Corporate Performance Outcomes.....	8
1.8	Operational Objectives.....	10
1.9	External trends.....	10
2	Mandatory Matters.....	12
2.1	Financial Targets.....	12
2.2	Non-Financial Performance Targets.....	13
2.3	Assumptions.....	13
2.4	Government Revenues and Funding.....	14
2.5	Employment and Industrial Relations (E&IR) Plan.....	15
3	Additional Matters.....	15
3.1	Financials.....	15
3.2	Separation Facilitation Agreement.....	18
3.3	Capital Expenditure Program.....	18
3.3.1	Repairs, Maintenance and Renewals.....	19
3.3.2	Business Development (Material expenses on projects being considered).....	19
3.3.3	Assets Under Construction.....	19
3.3.4	Approved Capital Expenditure Not Yet Undertaken.....	19
3.3.5	Proposed Capital Expenditure Expected to be Approved in 2010/11.....	19
3.4	Major Initiatives Being Undertaken by Queensland Rail.....	20
3.5	Sponsorship, Advertising, Corporate Entertainment, Donations and Other Activities.....	25
3.6	Other.....	25
3.6.1	Prudential Financial Information.....	25
3.6.2	Capital Structure.....	25
3.6.3	Weighted Average Cost of Capital (WACC).....	26
3.6.4	Dividend Policy and Payment.....	26
3.6.5	Corporate Governance Guidelines for Government Owned Corporations.....	26
3.6.6	Risk Management.....	27
3.6.7	Compliance with Government Policies.....	27
3.6.8	ICT Establishment Program.....	27
3.6.9	Relocation of Queensland Rail Head Office to Ipswich.....	27
4	Performance Agreement.....	28
	ATTACHMENT 1 – Queensland Rail Limited 2010/11 Statement of Strategic Expectations..	30
	ATTACHMENT 2 – List of Financial and Non-Financial Target Definitions.....	34

ATTACHMENT 3 – Employment and Industrial Relations (E&IR) Plan	38
ATTACHMENT 4 – Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements	65
ATTACHMENT 5 – Compliance with Government Policies.....	70
ATTACHMENT 6 – Acronyms	72

1 Scope / Policy Position

1.1 Core Business

Queensland Rail is an integrated passenger and rail infrastructure business, servicing the passenger, tourism, resources and freight markets. Our business is structured to provide value to our customers through the following specialist above and below-rail business functions:



These functions are supported by corporate enabling units that are focused on governance and enterprise-wide frameworks and systems that align with Queensland Rail's strategic direction.

1.2 Shareholding Ministers' Statement of Strategic Expectations for Queensland Rail

The Statement of Strategic Expectations for Queensland Rail for 2010/11 (Attachment 1) outlines the shareholding Ministers' expectations with regard to Queensland Rail's service delivery and performance. The principles outlined in this statement are a key input into Queensland Rail's strategic planning process. The Queensland Rail Board has adopted these principles in setting Queensland Rail's strategic direction and in planning Queensland Rail's priorities for the forthcoming year. A matrix outlining the alignment between Queensland Rail's 2010/11 strategic and operational programs for 2010/11 and the principles in the Statement of Strategic Expectations is provided in Attachment 1.

1.3 Vision

Queensland Rail's vision is to be:



1.4 Mission

The fundamental purpose of our organisation, and the way in which we intend to carry out our core business is to be a **vibrant learning organisation** where **safety comes first** and **our people and customers are central** to everything we do.

1.5 Corporate Objectives

Consistent with the shareholding Ministers' Statement of Strategic Expectations for Queensland Rail and the medium to long-term corporate objectives as detailed in the 2010/11 to 2014/15 Corporate Plan, Queensland Rail's corporate objectives for 2010 are:

FIRST
FOR ALL
SAFETY at all
times

CUSTOMER we
listen
WE CARE,
WE DELIVER

PEOPLE one
team
THE HEART OF
QUEENSLAND RAIL

COMMERCIAL smart
use
OF OUR
RESOURCES

GROWTH TODAY'S SUCCESS
tomorrow's
opportunity

1.6 Corporate Strategies

Queensland Rail's key corporate strategies for achieving its corporate objectives for 2010/11 are detailed below.

SAFETY		Deploy a targeted, prioritised and integrated safety program.
CUSTOMER		Focus on customers and stakeholders in everything we do.
PEOPLE		Embed a high performance culture and strong visible leadership by becoming a learning organisation.
COMMERCIAL		Smart business management that focuses on value.
GROWTH		Grow our business through investment and innovation.

1.7 Corporate Performance Outcomes

The key strategies for delivering Queensland Rail's objectives for 2010/11, along with the key performance outcomes the Queensland Rail Board undertakes to achieve during the period, are detailed below.

In addition to addressing ongoing integration issues resulting from the Government decision to separate QR Limited into the new Queensland Rail and QR National, the foundation strategies and measures detailed below are focused on ensuring Queensland Rail is well positioned for future success and will be further refined during 2010/11.

Additional operational measures and targets, that are to be reported in the Quarterly Reports to shareholding Ministers, are detailed in Section 2 below. Definitions for the performance measures are provided in Attachment 2.

	Strategy	Critical Success Factor	KPI	KPI Measure	Target
					2010/11
SAFETY	<i>Deploy a targeted, prioritised and integrated safety program.</i>	Improving safety together.	Embedded safety motivated action resource teams (SMARTs) across the business.	Safety performance trend.	Zero (0) or any positive percentage variance.
			Enhanced level crossing safety.		
			Enhanced trackside safety.		
			Enhanced train protection.		
CUSTOMER	<i>Focus on customers and stakeholders in everything we do.</i>	World class customer and stakeholder management.	Structural reintegration of rail management.	Customer satisfaction trend.	Zero (0) or any positive percentage variance.
			Strengthened customer service.	Reputation index (media monitoring).	Achieve average favourability score of 1.95.
			Strengthened stakeholder relations.		

	Strategy	Critical Success Factor	KPI	KPI Measure	Target
					2010/11
PEOPLE	<i>Embed a high performance culture and strong visible leadership by becoming a learning organisation.</i>	Strengthening our capability and business.	Strong, capable and visible leadership.	Cultural improvement in organisation wide behaviours.	Improvements in measures monitored through a cultural survey to be developed.
			High performance culture.		
			Learning Organisation.	Impacts of leadership.	Senior leadership team (SLT) to have completed a lifestyle inventory (LSI) assessment within 12 months.
COMMERCIAL	<i>Smart business management that focuses on value.</i>	Improving information and aligning business systems.	Embedded corporate performance management (CPM) system.	Financial return on assets trend	Achieve 6.7% return on operating assets.
			Business operating model developed and implemented.		
			Established information communication technology (ICT) capability.		
			Strategic procurement.		
GROWTH	<i>Grow our business through investment and innovation.</i>	Exploring and exploiting opportunities for growth.	Rollingstock procurement.	Growth in passenger and freight traffic.	Achieve Citytrain train kilometres (000's) target of 12,639.
			Established whole of lifecycle enterprise asset management strategy (EAMS).		
			Embedded innovation and portfolio management framework.		Achieve freight gross tonne kilometres (GTK) target of 16.66 M.

1.8 Operational Objectives

The following operational objectives will contribute to the achievement of the corporate objectives outlined above:

- **Governance** – *Queensland Rail will implement and maintain effective governance and management practices to support continuous improvement in service delivery.*
- **Compliance** – *Queensland Rail will comply with applicable statutory, contractual and regulatory obligations.*
- **Government priorities** – *Queensland Rail will focus on delivering prescribed Government priorities and shareholder expectations.*

1.9 External trends

A rapidly changing business environment provides Queensland Rail with both opportunities and challenges to continuously meet customer needs. The following represents a summary of the key trends and issues affecting, and influencing, Queensland Rail's core business environment.

Recovering global and Australian economy	
Summary	Impact / Response
<p>Australia's economy is beginning to show signs of a consistent recovery and is now expected to return to trend growth rate by late 2010.</p> <p>The Australian mining industry is leading the recovery and the Australian dollar has appreciated significantly against the currencies of its main trading partners.</p> <p>Global indicators are not as strong reflecting mixed results from the impact of the Global Financial Crisis.</p>	<p>Australia's strong dollar is placing strain on the tourism industry, however this may work in Queensland Rail's favour, making Traveltrain options more appealing to travellers interested in keeping costs down and tightening the belt.</p> <p>Our customers, especially those struggling with interest rate increases and talk of upcoming inflation will be wary of price increases, so Queensland Rail will need to ensure we keep our costs in line with consumer expectations of spend.</p> <p>In response to the current market conditions Queensland Rail is reviewing all investment decisions to ensure alignment to our objectives and that outcomes are measured effectively.</p>
Increase in competition in the form of alternative transport providers within the public transport and freight transport market.	
Summary	Impact / Response
<p>Over the medium term there will be an increase in alternative transport providers within the public transport and freight transport market consequently providing greater choice to the customer.</p>	<p>Modal competition in the public transport market within South East Queensland is increasing with numerous bus and ferry operators joining Queensland Rail to compete against private vehicles and non-motorised transport.</p> <p>In response, Queensland Rail is driving a 'Customer' business strategy over the next 12-18 months aimed at becoming a customer-centric organisation which ensures the customer is central to everything we do.</p>

Population growth leading to increased demand for rail freight and public transport infrastructure and services	
Summary	Impact / Response
<p>South East Queensland's population is expected to increase from around 3.1 million people to 4.4 million over the next twenty years.</p> <p>To keep pace increased demands will be placed on infrastructure, housing and both passenger and freight transport services.</p> <p>Based on an average growth in rail passenger demand of 5.4% per annum over the past four years, the existing rail network will be under increasing pressure to deliver timely and efficient transport, caused primarily by capacity limits being reached across existing rail infrastructure.</p> <p>Population growth will also have a significant impact on freight transport, with the freight demand expected to double by 2020 and triple by 2050 from 2006 levels.</p>	<p>Significant and accelerated network and rollingstock (Citytrain and Traveltrain) investment is required to provide for the renewal of ageing infrastructure and upgrade Queensland Rail's regional haulage capacity.</p> <p>In response, Queensland Rail will focus on managing growth and optimising the cost, reliability and efficiency of our service delivery model and our supporting infrastructure and rollingstock assets.</p> <p>Queensland Rail will actively engage and work with the Department of Infrastructure and Planning, the Department of Transport and Main Roads and TransLink Transit Authority to ensure decisions on network planning, rail infrastructure, capacity enhancements and Transit Oriented Developments (TODs) deliver the desired passenger outcomes.</p>
Attraction, retention and succession planning challenges	
Summary	Impact / Response
<p>Ongoing labour shortages in key skill areas is a key issue-impacting Queensland Rail's long-term organisational capability.</p>	<p>Queensland Rail is driving a 'Learning Organisation' business strategy over the next 24 months which will be centred on improving capability development and becoming an Employer of Choice.</p> <p>In implementing this strategy, we will gain an understanding of the capabilities needed for the future, identify current capability gaps and establish a training and development program designed to fill capability gaps and develop strong visible leadership at all levels of the organisation.</p>
Smart technologies	
Summary	Impact / Response
<p>Technological change has accelerated in recent years, fostering rapid shifts in the fundamental operations of businesses.</p> <p>New technologies that can provide businesses with opportunities to create more efficiencies and value include: telecommunication mobility and wireless communication, cloud computing and pervasive connectivity.</p>	<p>Queensland Rail needs to investigate, embrace, invest in and leverage new technologies.</p> <p>Queensland Rail will look at opportunities to implement smart technologies for improving the service capacity of our network and rollingstock, enhancing train protection and control systems, improving track-side safety and advancing our telecommunication capabilities.</p> <p>However, that investment must enable Queensland Rail to become more efficient, cost effective, agile and responsive.</p>

Trends in energy and emissions	
Summary	Impact / Response
<p>Energy supply and demand represent one of the most significant issues for the transport sector. Electricity and oil price volatility poses significant risk to the sector, although energy prices are highly unlikely to rise in the order of magnitude necessary to trigger truly revolutionary change over the next 20 years.</p> <p>One area where there is consensus, however, is the uncertainty around carbon emissions. The drive towards low-carbon energy options poses a significant challenge to the transportation sector over the next 20 years.</p> <p>Regulatory changes are likely to dictate that transport providers will need to track, document and disclose their CO2 emissions in the future.</p>	<p>The focus on carbon will drive market and technology based changes that protect the environment, but at an increased cost.</p> <p>Queensland Rail will implement a range of initiatives that will maximise sustainability while minimising our environmental footprint. For example, Queensland Rail is progressing with a significant investment program in new and more energy efficient rollingstock, with the benefits of reduced energy costs already being realised.</p>

2 Mandatory Matters

In accordance with section 119(3) of the *Government Owned Corporations Act (Qld) 1993 (GOC Act)*, the Queensland Rail Board undertakes that the financial and non-financial targets in sections 2.1 and 2.2 and the financial statements in section 3.1 will form the basis for assessment of quarterly outcomes as reported to shareholding Ministers.

Definitions for the financial and non-financial targets are provided in Attachment 2 and are consistent with the key performance indicator definitions included in the Quarterly Reports submitted by Queensland Rail.

2.1 Financial Targets

In accordance with the above corporate objectives, the Queensland Rail Board undertakes to achieve at least the following performance targets in 2010/11:

<i>Financial Targets agreed with shareholding Ministers</i>	2010/11 Budget	2008/09 Actual ¹	2009/10 Budget ¹	2009/10 Est. Actual ¹
<i>Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$M)</i>	679.02			
<i>Earnings before interest and tax (EBIT) (\$M)</i>	407.04			
<i>Net profit after tax (NPAT) (\$M)</i>	115.19			
<i>Economic profit (\$M)</i>	3.77			
<i>Return on operating assets (ROA)</i>	8.53%			
<i>Return on equity (ROE)</i>	5.23%			
<i>Debt to (debt + equity) ratio</i>	56.62%			62.80%
<i>Interest cover</i>	1.81			
<i>Citytrain revenue (excluding TSC revenue) (\$M)</i>	14.88			
<i>Traveltrain and tourist train revenue (\$M)</i>	68.37			
<i>Increase in network non-core revenue (%)</i>	NA			

1. No comparatives available to allow comparison between Queensland Rail (post July 2010) and QR Limited (pre July 2010).

2.2 Non-Financial Performance Targets

In accordance with the above corporate objectives, the Queensland Rail Board undertakes to achieve the following non-financial performance targets in 2010/11:

Non-Financial Targets agreed with shareholding Ministers	Units	2010/11 Budget	2008/09 Actual¹	2009/10 Budget¹	2009/10 Est. Actual¹
Safety					
Signals passed at danger (SPADs)	# / MTKs	10% reduction on 2009/10 actuals.			
Deraillments	# / MTKs				
Lost time injury duration rate (LTIDR)	# shifts				
Lost time injury frequency rate (LTIFR)	#				
Environment					
Environmental - EPA enforceable breaches	#	0	0	0	0
GhG emissions	t CO2 e	266,478			
GhG intensity	g CO2 e/TKM	NA ²			
Customers					
Citytrain customer satisfaction	#	7.4	NA ³	NA ³	NA ³
Traveltrain customer satisfaction	%	91.3	87.0	80.0	86.0
Reporting					
Compliance with reporting requirements	%	100			
Operational Performance					
Freight gross tonne kilometres (GTK)	GTK (B)	16.66			
Network brought online	km	19.8			
Citytrain train kilometres (TKM)	TKM ('000s)	12,639	11,634	12,274	11,758
Passenger journeys - Citytrain ⁴	('000s)	64,787	65,098	69,541	60,905
Passenger journeys - Traveltrain	('000s)	444	446	447	441
Passenger journeys - Tourist Train - KSR	('000s)	435	418	418	389
Passenger journeys - Tourist Train - Gulflander (Charters) ⁵	('000s)	2	2	2	2
Passenger journeys - Total	('000s)	65,668	65,964	70,408	61,737
Patronage growth - Citytrain	%	6.37	5.45	7.00	(6.44)
Patronage growth - Traveltrain	%	0.68	1.71	2.00	(0.10)
Patronage growth - Tourist Train	%	11.76	(12.06)	NA ⁶	(6.90)
Citytrain on time running - peak periods	%	93.01	91.76	92.48	92.60
Citytrain rollingstock utilisation - peak periods	%	90-93	92.40	90-93	88.50
Citytrain reliability - train services delivered	%	99.63	99.80	99.61	99.70
Overall track condition index (OTCI)	#	47.30	46.12	47.30	47.30
People					
Staff turnover (annualised)	%	<=5			

1. No comparatives available to allow comparison between Queensland Rail (post July 2010) and QR Limited (pre July 2010).

2. Not available - systems being developed to capture data under Queensland Rail business model.

3. Not available - previously reported as percentage. Methodology now aligns with Transport Service Contract (TSC) reporting measures.

4. 2010/11 budget differs significantly to previous years due to change in methodology for quantifying passenger journeys.

5. Gulflander TSC services are included in *Passenger Journeys - Traveltrain*.

6. Not Available - not reported in QR Limited's 2008/09 and 2009/10 SCI and Corporate Plan.

2.3 Assumptions

Queensland Rail's undertaking to achieve its performance outcomes is predicated upon the following assumption:

- The business priorities as outlined in this SCI (safety, customer, people, commercial, and growth) are not altered.

2.4 Government Revenues and Funding

Transport Services Contracts

Transport Services Contracts (TSCs) are procurement contracts for those transport outcomes being purchased by Government. The following agreements have either been finalised or are in the process of being negotiated.

- **Citytrain TSC** – A new 3 year term contract, valid to 30 June 2013, has been successfully executed.
- **Traveltrain TSC** – A Deed of Variation No. 3 has been successfully executed that supports continuation of existing services under an updated funding model. This is for a 6 month term to 31 December 2010, with an option for a further extension of 3 months. Work is expected to begin soon to negotiate the terms beyond 31 December 2010.
- **Network TSC** – The TSC is currently in place until 30 June 2013.

Queensland Rail will work closely with the Department of Transport and Main Roads in renegotiating TSCs which are due over the Corporate Plan period of 2010/11 to 2014/15 and establishing future requirements.

Below is a summary of the TSC revenue for each contract.

<i>Transport Service Contracts</i>	<i>Agreed or Subject to Negotiation</i>	<i>2010/11 Plan \$M</i>	<i>2008/09 Actual \$M</i>	<i>2009/10 Plan \$M</i>	<i>2009/10 Est. Actual \$M</i>
Passenger					
<i>Citytrain</i>	<i>Agreed</i>	739.2	629.4	677.1	674.9
<i>Traveltrain</i>	<i>Agreed</i>	145.0	131.4	145.0	144.0
		884.2	760.8	822.1	818.9
Network					
	<i>Agreed</i>	539.0	518.2	532.7	539.4
Total		1,423.2	1,279.0	1,354.8	1,358.4

Non-Commercial Outcomes

Whilst Queensland Rail is obligated to comply with the commercial mandate of the *GOC Act*, it is also required to undertake non-commercial outcomes that support Government and comply with policy that does not apply to privately owned corporations. The costs of these non-commercial government outcomes have previously been recognised in a Shareholder Agreement (SHA).

2.5 Employment and Industrial Relations (E&IR) Plan

An Employment and Industrial Relations (E&IR) Plan meeting the requirements of Section 149 of the *GOC Act* and the *Guidelines for the Development of Employment and Industrial Relations Plans in Government Owned Corporations* (E&IR Plan Guidelines) is provided to shareholding Ministers as Attachment 3 to this SCI.

The remuneration arrangements for the Directors, Chief Executive Officer (CEO) and all senior executives of Queensland Rail, in line with the E&IR Plan Guidelines, are also detailed in the E&IR Plan provided as Attachment 3 to the SCI.

3 Additional Matters

3.1 Financials

Comparative financial information relating to 2008/09 and 2009/10 has not been provided in the following financial statements. Comparison of the 2009/10 financials to the 2010/11 financials does not enable meaningful analysis due to the significant changes that occurred on 1 July 2010 with the separation of QR Limited (QR) and the establishment of Queensland Rail Limited (Queensland Rail).

Queensland Rail includes the former Passenger business of QR (QR Passenger Pty Ltd) which did not own the assets that were used, and did not own nor maintain the network upon which it operated under the former QR business model. As of 1 July 2010, the assets relating to the Passenger operations, both below and above rail, as well as the below rail regional freight networks were transferred to Queensland Rail along with all of the relevant revenues and costs associated with ownership of these assets.

Queensland Rail (Consolidated) Income Statement

	2010/11 Budget \$M	2008/09 Actual ¹ \$M	2009/10 Budget ¹ \$M	2009/10 Est. Actual ¹ \$M
TOTAL REVENUE	1,762.2			
TOTAL EXPENSES	1,355.1			
EARNINGS BEFORE INTEREST AND TAX	407.0			
NET PROFIT/(LOSS) AFTER TAX	115.2			

1. No comparatives available to allow comparison between Queensland Rail (post July 2010) and QR Limited (pre July 2010).

Equity Injections/(Withdrawals)

<i>Transaction</i>	2010/11 Budget \$M	2008/09 Actual ¹ \$M	2009/10 Budget ¹ \$M	2009/10 Est. Actual ¹ \$M
<i>Equity Injections</i>	439.7			1,725.8
<i>Equity Withdrawals</i>	0.0			0.0
NET EQUITY	439.7			1,725.8

1. No comparatives available to allow comparison between Queensland Rail (post July 2010) and QR Limited (pre July 2010).

Dividends, Tax Equivalent Payments and Government Revenues and Funding

<i>Transaction</i>	2010/11 Budget \$M	2008/09 Actual ¹ \$M	2009/10 Budget ¹ \$M	2009/10 Est. Actual ¹ \$M
<i>Dividends Provided</i>	92.1			
<i>Income Taxes Paid</i>	0.0			
<i>Net GST Received/(Paid)</i>	(23.9)			
<i>Transport Service Contracts Receipts</i>	1,565.6			
<i>Shareholder Agreement Receipts</i>	0.0			

1. No comparatives available to allow comparison between Queensland Rail (post July 2010) and QR Limited (pre July 2010).

Queensland Rail (Consolidated) Balance Sheet

	2010/11 Budget \$M	2008/09 Actual ¹ \$M	2009/10 Budget ¹ \$M	2009/10 Est. Actual ¹ \$M
Current Assets				
Cash	2.0			
Receivables	35.7			
Investments	0.0			
Derivative Financial Instruments	1.3			
Inventories	72.2			
Other	0.0			
TOTAL CURRENT ASSETS	111.2			
Non-Current Assets				
Investments	0.0			
Receivables	0.0			
Derivative Financial Instruments	0.0			
Property, Plant & Equipment	5,190.1			
Work in Progress	665.5			
Intangible Assets	5.9			
Deferred Tax Assets	25.2			
Other	53.9			
TOTAL NON-CURRENT ASSETS	5,940.5			
TOTAL ASSETS	6,051.8			
Current Liabilities				
Accrued Employee Benefits	59.4			
Creditors	59.3			
Borrowings	0.0			
Provisions	0.0			
Current Tax Liability	57.3			
Dividends	92.1			
Derivative Financial Instruments	6.9			
Other	9.1			
TOTAL CURRENT LIABILITIES	284.1			
Non-Current Liabilities				
Accrued Employee Benefits	147.7			
Derivative Financial Instruments	2.9			
Borrowings	3,174.2			
Provisions	0.0			
Deferred Tax Liability	11.1			
Other	0.0			
TOTAL NON-CURRENT LIABILITIES	3,335.9			
TOTAL LIABILITIES	3,620.0			
NET ASSETS	2,431.8			
Contributed Equity	2,165.5			
Reserves	(7.9)			
Retained Earnings	274.2			
TOTAL EQUITY	2,431.8			

1. No comparatives available to allow comparison between Queensland Rail (post July 2010) and QR Limited (pre July 2010).

Queensland Rail (Consolidated) Cash Flow Statement

	2010/11 Budget \$M	2008/09 Actual ¹ \$M	2009/10 Budget ¹ \$M	2009/10 Est. Actual ¹ \$M
Cash Flows from Operating Activities				
Receipts from Customers	344.5			
Transport Service Contracts	1,565.6			
Shareholder Agreement	0.0			
Payments to Suppliers & Employees	(1,092.8)			
Interest Received	0.6			
Borrowing Costs Paid	(225.1)			
Income Taxes Paid	0.0			
Net GST Received/(Paid)	(23.9)			
NET CASH PROVIDED BY OPERATING ACTIVITIES	568.9			
Cash Flows from Investing Activities				
Payments for Property, Plant & Equipment	(1,182.5)			
Proceeds from Sale of Non-Current Assets	1.6			
Interest Received	0.0			
Other	0.0			
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(1,180.9)			
Cash Flows from Financing Activities				
Proceeds from Borrowings	174.2			
Repayment of Borrowings	0.0			
Proceeds from Issue of Shares	439.7			
Dividends Paid	0.0			
Other	0.0			
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	613.8			
Net Increase/(Decrease) in Cash Held	1.8			
Cash at Beginning of the Financial Year/Quarter	0.2			
CASH AT END OF THE FINANCIAL YEAR/QUARTER	2.0			

1. No comparatives available to allow comparison between Queensland Rail (post July 2010) and QR Limited (pre July 2010).

3.2 Separation Facilitation Agreement

The Separation Facilitation Agreement (SFA) is an umbrella agreement developed to assist with the separation of Queensland Rail and QR National. The SFA is deemed in force by a direction made on 29 June 2010 by the Treasurer in accordance with the *Infrastructure Investment (Asset Restructure and Divestment) Act (IIARDA) 2009*. The initial term of the SFA is three years with a possible 12 month extension.

The purpose of the SFA is to govern the separation of the two entities and to set out key separation principles. Above all, the SFA mandates that both Queensland Rail and QR National are required to work together in good faith to ensure future success of both businesses following separation.

The SFA establishes a governance framework which determines the day-to-day handling of the SFA.

3.3 Capital Expenditure Program

The financial delegations that have been set by the shareholding Ministers for the Queensland Rail Board provide for the ability to approve capital and operating expenditure of up to \$60 million. This limit does not apply to projects that are either covered by Transport Service Contracts or approved under the South East Queensland Infrastructure Plan and Program (SEQIPP), and that have been approved and confirmed by the Cabinet Budget Review Committee.

3.3.1 Repairs, Maintenance and Renewals

<i>Description</i>	Budgeted Total Cost \$M	Budgeted Cost 2010/11 \$M
TOTAL REPAIRS, MAINTENANCE AND RENEWALS	845.85	164.44

3.3.2 Business Development (Material expenses on projects being considered)

<i>Description</i>	Budgeted Total Cost \$M	Budgeted Cost 2010/11 \$M
TOTAL	3,026.64	381.62

3.3.3 Assets Under Construction

<i>Asset</i>	Budgeted Total Cost \$M	Total Estimated Expenditure to 30 June 2010 \$M	Budget 2010/11 \$M
TOTAL	4,252.21	3,028.02	643.94

3.3.4 Approved Capital Expenditure Not Yet Undertaken

<i>Asset</i>	Project Status	Budgeted Total Cost \$M	Total Estimated Expenditure to 30 June 2010 \$M	Budget 2010/11 \$M
TOTAL APPROVED CAPITAL EXPENDITURE NOT YET UNDERTAKEN		9.69	-	7.63

3.3.5 Proposed Capital Expenditure Expected to be Approved in 2010/11

<i>Asset</i>	Project Status	Budgeted Total Cost ¹ \$M	Budget 2010/11 \$M	Expected Completion Date
TOTAL PROPOSED PROJECTS		2,642.87	441.09	

1. Budgeted Total Cost represents the total expected cash flows for the five year plan period.

3.4 Major Initiatives Being Undertaken by Queensland Rail

Initiative	Project/Program	Description	Benefits to be realised
SAFETY Improving safety together.	Embedding safety motivated action resource teams (SMARTs) across the business.	Embed and champion SMARTs across the business. Extend focus to include targeted intervention for high incident areas.	Improves safety for our people, customers and community and embeds a positive safety mindset across Queensland Rail.
	Enhancing level crossing safety.	Identify, plan and realise safety enhancements to level crossings.	Improves safety reputation and performance while decreasing costs through minimising incidents and lost time injuries across level crossings and trackside operations.
	Enhancing trackside safety.	Identify, plan and realise safety enhancements to trackside work. This covers all trackside safety projects, including Video Assisted Road Patrol.	
	Enhancing train protection.	Identify and design methods to enhance train protection.	Manages risk of train collisions and over-speed derailments.

Initiative	Project/Program	Description	Benefits to be realised
CUSTOMER World class customer and stakeholder management.	Structural reintegration of rail management.	Structural reintegration of rail management, using standardised technology, processes and systems across train control, network control and customer information.	Increases customer service and customer outcomes. Streamlines communications between train control, network control and customer information, allowing for more dynamic response to transport issues.
	Strengthening customer service.	Embed International Customer Service Standards (ICSS), including a customer charter, across the whole of Queensland Rail which will have positive impacts across several key areas including Operations, Service, Financial, Learning and Growth.	Stabilises customer satisfaction between 90-95%. Provides efficient service delivery processes and quantifies the cost of poor customer service. Service delivery transparency for customers and a framework for customer driven business decisions.
	Strengthening stakeholder relations.	Define our stakeholders and understand what drives them. Identify gaps in current relations and take actions to bridge gaps. Define our approach to corporate social responsibility.	Strengthens and improves relationships with shareholders, stakeholders and customers. Improves responsiveness through identification of persons accountable to allow more effective and timely decision making. Improves our reputation as being a business that delivers on commitments, which therefore improves upon our brand and image.

Initiative	Project/Program	Description	Benefits to be realised
PEOPLE Strengthening our capability and business.	Strong, capable and visible leadership.	Deploy a targeted best practice leadership development program for current and future leaders: <ul style="list-style-type: none"> • Defining our current skills, capabilities and knowledge against future requirements; • Driving talent management and succession programs to bridge capability gaps; and • Embedding our leadership pipeline. 	Stronger more capable leadership at all levels leading to positive cultural change as well as higher staff engagement and retention levels. Higher engagement and retention levels for key talent and decreased risk of losing critical knowledge due to workforce retirements.
	High performance culture.	Build a constructive performance culture at all levels, including: <ul style="list-style-type: none"> • Effective reward and recognition programs; • Delivering an industrial relations strategy that builds collaborative relationships for our future; • Implementing our organisational design and structure that empowers the business; and • Embedding our new philosophies and delivering our Employee Value Proposition to become an Employer of Choice. 	Increased organisational effectiveness through an uplift in people performance across Queensland Rail.
	Learning organisation.	Design and implement a capability framework at all levels, including: <ul style="list-style-type: none"> • Increasing customer service capability across the entire organisation; • Creating a Queensland Rail Knowledge Centre that builds a culture of life-long learning; and • Providing a clear career path for employees enabling them to develop the right capabilities aligned to the business. 	Talented workforce able to adapt to a changing business environment and make decisions effectively through increased skills and knowledge.

Initiative	Project/Program	Description	Benefits to be realised
COMMERCIAL Improving information and aligning business systems.	Embed corporate performance management (CPM).	Embed a CPM system which defines and measures factors that drive positive outcomes.	Increased ability to rapidly respond to performance issues due to enhanced visibility of factors that drive performance.
	Develop and implement a business operating model.	Optimise business processes to enable integrated information systems.	Strong business process management enabled by an integrated information system will minimise duplication of effort thus increasing productivity and decreasing costs.
	Information communication technology (ICT) capability establishment.	Establish Queensland Rail's ICT systems and capability, including: <ul style="list-style-type: none"> • Simplify a highly complex information technology environment; • Control the transition of the ICT assets from QR Limited to Queensland Rail; • Deliver all necessary hardware and software required to support ICT services transferred to Queensland Rail for business-as-usual operations; and • Establish a more streamlined and efficient platform for future business optimisation. 	Establish a baseline ICT system to enable functional separation to occur. Develop a roadmap to redefine and streamline ICT systems to suit Queensland Rail's future needs.
	Strategic procurement.	Optimise strategic procurement by enhancing central control to drive cost saving on procurement expenditures.	Build internal capability to deliver financial efficiencies and stronger relationships with suppliers.

Initiative	Project/Program	Description	Benefits to be realised
GROWTH Exploring and exploiting opportunities for growth.	Rollingstock procurement.	Acquisition of new Citytrain and Traveltrain rollingstock to address future growth requirements and replace aging rollingstock.	Lowers cost of operations (capital and operational costs), increases performance and meets customer demand.
	Whole of lifecycle enterprise asset management strategy (EAMS).	Develop an EAMS, including the purchasing function, to be used by all parts of the business.	Improves asset reliability and asset management leading to enhanced long-term cost benefits.
	Embed a portfolio management and innovation framework.	Design and embed an innovation and portfolio management framework across the business.	Prioritises and focuses projects to deliver maximum strategic value to the business, aligned to shareholding Ministers' expectations of world class project management and a culture of innovation.

3.5 Sponsorship, Advertising, Corporate Entertainment, Donations and Other Activities

Consistent with the *Corporate Entertainment and Hospitality Guidelines* and Queensland Rail's Corporate Entertainment and Hospitality Policy, the following amounts for Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements have been budgeted for 2010/11. Full details of the budgeted expenditure are provided in Attachment 4 to the SCI.

Sponsorship, Advertising, Corporate Entertainment, Donations and Other Activities – Total for ALL Expenditure Items (over and under \$5,000)¹

Activity	2009/10	2009/10	2010/11
	Budget ²	Est. Actuals ²	Budget
	\$	\$	\$
Sponsorship	685,000	290,000	606,920
Advertising	4,473,460	4,147,560	3,228,000
Corporate Entertainment	200,500	142,252	223,450
Donations	0	0	0
Other Related Activities	793,100	1,634,000	3,463,000
Total	6,152,060	6,213,812	7,521,370

1. Expenditure is GST exclusive.

2. For comparative purposes, 2009/10 Budget and Estimated Actual expenditure relate to the parts of QR Limited that transferred to Queensland Rail Limited.

Queensland Rail will provide details of any significant changes to the listed commitments in quarterly reports to shareholding Ministers and will notify shareholding Ministers of any significant proposed sponsorship arrangements prior to the signing of a binding contract.

3.6 Other

As part of its performance agreement with its shareholding Ministers, the Queensland Rail Board provides the following additional undertakings:

3.6.1 Prudential Financial Information

The Board and CEO of Queensland Rail take responsibility to ensure that prudent financial practices will be applied by Queensland Rail. Without limiting the obligations imposed on the Board and the CEO by the *GOC Act* and, where applicable, the *Corporation's Act 2001*, this includes a commitment to:

- abide by the *Code of Practice for Government Owned Corporations' Financial Arrangements* (Code of Practice), as issued by the Queensland Government; and
- establish, maintain and implement appropriate financial risk management practices and policies required and as specified in the Code of Practice.

3.6.2 Capital Structure

The Queensland Rail Board will prudently manage the financing of Queensland Rail's existing business and new business developments. As an integral part of the financing for Queensland Rail, the overall debt will be managed to ensure that Queensland Rail maintains the appropriate credit rating as directed by shareholding Ministers.

3.6.3 Weighted Average Cost of Capital (WACC)

The Queensland Rail Board will ensure that Queensland Rail reviews its WACC on an annual basis. Other than the annual review process, in the event Queensland Rail encounters a significant change to the risk profile of its business, its WACC will be recalculated in consultation with shareholder representatives.

3.6.4 Dividend Policy and Payment

While the dividend process is governed by the *GOC Act*, the Queensland Rail Board will also ensure that Queensland Rail's dividend payment takes into account the return its shareholders expect on their investments. The Board of Queensland Rail will recommend a dividend amount equivalent to 80% of Queensland Rail's applicable profit for 2010/11.

The Board will adopt such a recommendation on the basis of its shareholders agreeing to provide the necessary funding for:

- projects which have received Board and shareholding Ministers' approval; or
- the maintenance of Queensland Rail's approved capital structure; or
- ensuring the operational viability of Queensland Rail.

The dividend payment recommendation provided by the Board will be in the form of a percentage of consolidated profit after provision has been made for income tax (NPAT), adjusted for the net impact of non cash transactions. The recommendation will be accompanied by an estimate of NPAT and will include detailed information on any proposed or likely adjustments to NPAT, including a statement of the amount and reasons for any adjustments.

When determining the final dividend to be declared at the end of the period, the Board will ensure shareholder departments are consulted with and that written agreement is received from shareholder departments for any material changes to the adjustments identified or any subsequent adjustments in the dividend recommendation agreed to by shareholding Ministers.

3.6.5 Corporate Governance Guidelines for Government Owned Corporations

The Queensland Rail Board undertakes to continually monitor and review its corporate governance arrangements to reflect good practice, having regard to the *Corporate Governance Guidelines for Government Owned Corporations* (Corporate Governance Guidelines).

As a newly created Government Owned Corporation, Queensland Rail must refine the governance framework it has currently adopted, to ensure that it meets the corporate governance recommendations provided by Government. Queensland Rail will review all of the recommendations in the Corporate Governance Guidelines, and implement the recommendations as soon as possible.

3.6.6 Risk Management

The Queensland Rail Board has ultimate responsibility for the management of all potential internal and external risks for the corporation. It is expected that the corporation's risk identification and management process will be monitored by Board.

The risk management framework will be designed to ensure that all potential financial, operational and other risks are regularly identified, assessed, monitored and reported to the Queensland Rail Board, along with appropriate risk mitigation and management plans. In particular, potential security risks have been considered and identified and a framework to respond to security threats will be developed. The Board will continually monitor security risks and update Queensland Rail's response framework as necessary.

Safety risks are managed through a dedicated Safety Risk Management Standard developed to ensure Queensland Rail meets its legislative obligations as it targets zero injuries.

3.6.7 Compliance with Government Policies

The Queensland Rail Board will comply with all relevant Government policies and guidelines applicable to Government Owned Corporations, as set out in Attachment 6. In particular, Queensland Rail will comply with the approval, notification, reporting and other requirements of those policies and guidelines.

3.6.8 ICT Establishment Program

To achieve full separation of ICT infrastructure, Queensland Rail has commenced an 18 month ICT Establishment Program consisting of eight projects to be delivered over five stages. These projects aim to: simplify a highly complex information technology environment; control the transition of the ICT assets from QR Limited to Queensland Rail; deliver all the necessary hardware and software required to support ICT services transferred to Queensland Rail for business as usual operations; and establish a more streamlined and efficient platform for future business optimisation.

3.6.9 Relocation of Queensland Rail Head Office to Ipswich

As part of the Sale of Assets, the Government announced that the administrative headquarters for Queensland Rail will be relocating to Ipswich. The Minister for Transport has subsequently announced that, without agreement, no positions will be relocated for at least two years from the date of separation (1 July 2010).

In that two-year period, the Government has also committed to closely consulting with staff and their unions as well as Queensland Rail management to identify the specific functions that will be relocated.

Queensland Rail has consulted widely on this issue and assured employees that where their position is identified as one that may be relocating to Ipswich, their individual needs and circumstances will be considered and Queensland Rail will work closely with them to find alternative arrangements should this be necessary.

A voluntary relocation program will be available during this two-year period for staff who would like to make the move sooner and where it makes sense to do so from a business perspective. Likewise, some of Queensland Rail's key executive team will establish a presence in Ipswich during this time.

In preparation for this relocation, Queensland Rail has secured office space in the Ipswich central business district – with the office fit-out expected to be completed by December 2010. Queensland Rail will continue to consult with the shareholding Ministers, and their representatives, on the key administrative, financial, logistical and, most importantly, people management issues relating to the relocation.

4 Performance Agreement

Directors' Statement and Agreement of Shareholding Ministers

This SCI and all attachments, for 2010/11, are presented in accordance with Chapter 3, Part 8 of the *GOC Act*.

In accordance with Chapter 1, Part 3, Section 7 of the *GOC Act*, the SCI represents a formal performance agreement between the Board of Queensland Rail and its shareholding Ministers, the Treasurer and Minister for Employment and Economic Development and the Minister for Transport, with respect to the financial and non-financial performance targets specified for the financial year. The SCI also represents an acknowledgment of and agreement to major activities, objectives, undertakings, policies, investments and borrowings of Queensland Rail for 2010/11.

This SCI is consistent with Queensland Rail's 2010/11 – 2014/15 Corporate Plan submitted to, and agreed to by, the shareholding Ministers in accordance with Chapter 3, Part 7 of the *GOC Act*.

In signing the document the Queensland Rail Board undertakes to ensure that the document, and all reports to shareholding Ministers, are prepared with accuracy and timeliness.

In signing this document Queensland Rail's Board undertakes to achieve the targets proposed in the SCI for 2010/11.

Major changes to key assumptions and outcomes detailed in this SCI, and which come to the Queensland Rail Board's attention during the year, will be brought to the attention of shareholding Ministers. Any modifications to this SCI will be dealt with in accordance with the *GOC Act*.

This SCI is signed by the Chair on behalf of all the Directors in accordance with a unanimous decision of the Board of Queensland Rail.

<signed 25 October 2010>

Stephen Gregg
Chair

Date:

<signed 10 December 2010>

The Honourable Andrew Fraser MP
Treasurer and Minister for Employment
and Economic Development

Date:

<signed 6 December 2010>

The Honourable Rachel Nolan MP
Minister for Transport

Date:

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ATTACHMENT 1 – Queensland Rail Limited 2010/11 Statement of Strategic Expectations

Shareholding Ministers expect the QR Passenger Pty Ltd Board, and the Queensland Rail Limited (Queensland Rail)¹ Board once established, to adopt the principles outlined below in establishing and operating Queensland Rail to fulfil its principal roles as an efficient, cost effective and customer focused passenger train operator, and as an innovative, safety focused asset manager of rail network infrastructure throughout Queensland. It is expected that the Boards will incorporate these principles in undertaking preparations for the establishment of Queensland Rail as a Government owned corporation and into developing its Statement of Corporate Intent and Corporate Plan.

These principles require the Queensland Rail Board to exercise judgement on the sensitivities involved with managing strategic priorities and operations within the framework of Government policies and legislation. The key principles are:

1. Ensure the safety and security of the public, employees and customers through compliance with world-class operating procedures and security preparedness and response.
2. Deliver a customer focused, efficient passenger service that is safe and secure with any senior executive contract performance payments to be based on performance measured against benchmarks for outcomes including safety, customer satisfaction, on time running and reliability.
3. Meet or exceed financial targets and achieve efficiency gains through:
 - implementation of cost reduction strategies;
 - an improved service delivery model;
 - creation of an organisational structure that delivers an efficient passenger rail service and ensures value for money for the Government; and
 - fully implementing recently negotiated enterprise agreements whilst attracting and retaining staff in key skill shortage areas to ensure Queensland Rail is adequately resourced.
4. Develop and implement strategies to build a strong corporate culture, grow all business lines through a focus on quality customer service, and to apply this focus on generating new business by provision of passenger and other rail services which are attractive to the public and its customers, and enhance customer confidence, acceptance and support.
5. Provide a single point of accountability for the provision of a safe, reliable and efficient rail network and rail based passenger transport services that meet or exceed performance outcomes as specified in its transport service contracts with the Department of Transport and Main Roads, and TransLink Transit Authority.
6. Achieve the highest standards of corporate governance by improving reporting practices to ensure consistency with Government's requirements for public accountability and transparency. The Queensland Rail Board and shareholding Ministers must be provided with robust financial and non-financial information essential for informed decision making. In particular, the Board should ensure:
 - that financial and accounting systems enable reporting on performance of identifiable segments within the business both with and without the imposition of business overhead costs; and
 - accountability and transparency for the financial management of funding provided by the Government via the auspices of the Department of Transport and Main Roads and the TransLink Transit Authority for rail network and rail based passenger transport services and infrastructure.
7. Maintain safe and efficient operations of its passenger transport services, rail networks and infrastructure, and achieve commercial returns from network access and service agreements where appropriate for reinvestment into passenger services, rail network and infrastructure.

¹ QR Passenger Pty Ltd is proposed to be established as a new Government owned corporation known as Queensland Rail Limited on 1 July 2010.

8. Queensland Rail will work collaboratively with and support the Department of Transport and Main Roads as portfolio lead, in conjunction with other Government bodies, to ensure an integrated approach to the delivery of passenger transport services, including the delivery of customer information, and transport system development and expansion. In relation to the development of transit oriented developments and the rail system:
 - the Department of Transport and Main Roads as the rail corridor owner will have lead responsibility for the implementation of transit oriented developments and will be the primary contact for all transit oriented development related enquiries as they relate to the rail corridor, whether these are initiated by the development industry, local authorities or other state agencies; and
 - Queensland Rail will deliver network expansions to meet the passenger capacity requirements detailed in the South East Queensland Infrastructure Plan and Program 2009-2026 and other rail based transport strategies, network expansions and plans as approved by Government.
9. The Queensland Rail Board and management are to demonstrate quality leadership and commitment to achieving a corporate culture that values:
 - its people and their aspirations;
 - an organisational environment which is equitable, free of harassment and based on trust and respect;
 - adherence to the highest standards of ethical business and employment practices;
 - open, meaningful and effective communication and consultation with staff, customers and other stakeholders;
 - innovation, knowledge sharing and continuous improvement;
 - world-class project management;
 - accountability and cohesiveness; and
 - the natural environment and environmental sustainability.
10. Queensland Rail must maintain a focus on ensuring that it is well placed for ongoing delivery of efficient quality passenger rail services and network access, while working co-operatively with Government and its representatives to achieve the best possible outcome from the assets sales program where consistent with this aim.
11. Develop and maintain appropriate agreements for the provision of services and network access between QR Limited, QR National Limited, other operators and Queensland Rail, for the ongoing needs of all entities. These agreements are to be appropriate to the formation of Queensland Rail and represent value for money to Queensland Rail and the Government and ensure all identified risks are appropriately mitigated.
12. Conduct a thorough examination of the operational requirement for the assets and staffing transferred from QR Limited as a result of the separation process to determine the efficient operational resources required to conduct the business.
13. In conjunction with the Department of Transport and Main Roads, Queensland Treasury and the TransLink Transit Authority, review the financial models and financial inputs used to determine the efficient cost basis for delivery of the Transport Service Contracts, including Citytrain.

Alignment of Queensland Rail’s Strategic and Operational Programs to 2010/11 Statement of Strategic Expectations

Statement of Strategic Expectations

Queensland Rail Strategic and Operational Programs

1. Safety & Security	Safety Motivated Action Resource Teams (SMARTs)	Level Crossing Safety	Trackside Safety	Train Protection
2. Senior Executive Performance	Contract performance bonuses aligned to SCI measures (e.g. safety, customer satisfaction, on-time running and reliability)			
3. Financial Performance	Strategic and operational planning process for 2011/12 Establish business operating and cost models and performance targets			
4. Customer Growth	Customer Service to International Customer Service Standard (ICSS)			
5. TSC Performance	Corporate Performance Management	SCI measures include TSC contractual performance obligations Stakeholder collaboration to improve On-time Running (OTR) performance measurement		
6. Corporate Governance				
7. Safe, Efficient & Commercial operations	Structural Reintegration of Rail Management	Enterprise Asset Management	Rail Accreditation	
8. Stakeholder Collaboration	Stakeholder Relations	TSC for Citytrain Network - Rail Services Management Group (incorporates above and below rail requirements)		
9. Performance Culture & Leadership	Leadership	Performance Culture	Learning Organisation	Portfolio Management & Innovation Framework
10. Queensland Rail Separation	ICT Capability	Separation Facilitation Agreement (SFA) and Integrated Management Office (IMO) - finalisation of separation and handover of residual integration activities		
11. Contract Management	Strategic Procurement	Centrally controlled governance structure for procurement and contract management		
12. Queensland Rail Optimisation	Business Operating Model	Rollingstock Procurement	Organisational structure embed and further review	
13. Financial Models	Strategic and operational planning process for 2011/12 TSC for Citytrain Network – Rail Services Management Group (funding redirection assessment)			

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ATTACHMENT 2 – List of Financial and Non-Financial Target Definitions

Measures	Units	Definition
Citytrain customer satisfaction	#	Overall customer satisfaction score (out of 10) for Queensland Rail Citytrain customers, measured as the average of all the elements that comprise the survey that are within Queensland Rail's control.
Citytrain on time running – peak periods	%	Inbound morning peak period services and outbound afternoon peak period services arriving at their destination within 3 minutes 59 seconds of scheduled arrival time on the suburban network, and within 5 minutes 59 seconds of the scheduled arrival time on the inter-urban network. The 'scheduled arrival time' being the time of arrival shown in the timetable for the relevant train service, as published from time to time.
Citytrain reliability – train services delivered	%	Those scheduled services specified in the timetable that depart their origin station, other than scheduled service cancellations, during inbound morning peak period services and outbound afternoon peak period services.
Citytrain rollingstock utilisation – peak periods	%	Percentage of fleet available for revenue services. An overall efficiency measure of how many trains are being used at any one time, versus how many are owned, with the calculation being units in service/number in fleet.
Citytrain train kilometres (TKM)	# '000's	Total Citytrain train kilometres (TKM) for the period, presented in thousands.
Compliance with reporting requirements	%	Compliance with statutory reporting timeframes and data submission and reporting requirements in Treasury Financial Circulars. Calculated as number of deadlines complied with divided by total number of deadlines.
Cultural improvement in organisation wide behaviours	%	Improvements in measures monitored through a cultural survey to be developed.
Customer satisfaction trend	%	Percentage variance between targets and actual performance relating to Network and Citytrain customers' perceptions of their experiences using Queensland Rail's services. Network calculation is based on overall score from surveyed customers across Network services. Citytrain calculation is based on quarterly customer satisfaction survey results shown as a score out of 10.
Debt to (debt + equity) ratio	%	Debt divided by the total of debt and equity.
Derailments	#	Number of incidents where one or more rollingstock wheels leave the rail or track during railway operations per million train kilometres (MTK).
Earnings before interest and tax (EBIT)	\$M	Earnings before interest and tax (EBIT).
Earnings before interest, tax, depreciation and amortisation (EBITDA)	\$M	Earnings before interest, tax, depreciation and amortisation. Measures the business' earnings in terms of cash related items only.

Measures	Units	Definition
Economic Profit	\$M	EBIT less Capital Charge, where: Capital Charge = Fixed Assets (excluding Assets Under Construction) multiplied by Weighted Average Cost of Capital (WACC) (pre-tax).
Environmental – EPA breaches	#	Number of enforceable breaches of the <i>Environmental Protection Act (EPA) 1994</i> .
Financial return on asset trend	#	Year-on-year performance trend for return on operating assets (ROA).
Freight gross tonne kilometres (GTK)	# Billions	GTK for Queensland Rail Network performance is the sum of GTK for Queensland Rail and non-Queensland Rail operators operating on Queensland Rail networks (excludes sections that are allocated to Coal systems).
GhG emissions	Tonnes	Greenhouse gas emissions (GhG) of carbon dioxide – measured as tonnes (t) of carbon dioxide (CO ₂) equivalent (e), i.e. t CO ₂ e.
GhG intensity	Grams	Greenhouse gas intensity of carbon dioxide – measured as kilograms (kg) of CO ₂ equivalent per train kilometre (TKM), i.e. kg CO ₂ e/TKM.
Growth in passenger and freight traffic	%	Year-on-year performance trend for Citytrain train kilometres (TKM) and freight gross tonne kilometres (GTK).
Impacts of leadership	%	Percentage of Senior leadership team (SLT) to have completed a lifestyle inventory (LSI) assessment.
Increase in non-core revenue	%	Increase in revenue from non-rail access related services. This could include, but is not limited to: telecom services, terminal and advertising.
Interest cover	#	EBIT (but after any abnormal or extraordinary items) divided by interest cost (includes capitalised interest but excludes finance charges).
Lost time injury duration rate (LTIDR)	#	Calculated as (total hours lost divided by total lost time injuries) divided by 7.6.
Lost time injury frequency rate (LTIFR)	#	The total number of occurrences that resulted in a fatality, permanent disability or time lost. Time lost is where the employee misses one whole shift or is away from work for at least one full working day. Expressed per million hours worked.
Net profit after tax (NPAT)	\$M	Net profit after allowance for tax expense.
Network brought online	KM	Actual mainline track kilometres (KM) to be added to the Queensland Rail network during the period, including track duplications.
Overall track condition index (OTCI)	#	A statistical value calculated by the Track Recording Unit based on the relative 'roughness' of the section of track. Used to monitor trends in improvement and deterioration in the condition of the line section.
Passenger journeys	# '000's	Total number of passenger journeys on the particular service during the period.
Patronage growth	%	Percentage of patronage growth for the period.

Measures	Units	Definition
Reputation index (media monitoring)	#	The average score of favourability for total media coverage where the combined total of all analysed items is divided by the number of analysed items to give an average favourability score (between 1 and 3). Based on Media Monitors rating system where 1 is a negative reflection of Queensland Rail, 2 provides a balanced view and 3 presents Queensland Rail in a favourable light.
Return on equity (ROE)	%	Operating profit after tax (but before any abnormal or extraordinary items) divided by average equity.
Return on operating assets (ROA)	%	(EBIT (but after any abnormal or extraordinary items) less income from investments) divided by average operating assets (excludes legacy assets and assets under construction).
Safety performance trend	%	The variance between key operational safety measures and actual results, expressed as a percentage variance to target. Measures included are SPADs, Derailments, LTIFR and LTIDR.
Signals passed at danger (SPADs) per MTK	#	The number of signals that have been passed without the correct authority, or where the safeworking authority has been exceeded, per million train kilometres. Includes SPADs on the mainline where the mainline is closed for maintenance, and excludes yard SPADs and third-party SPADs.
Staff turnover (annualised)	%	The annualised number of FTE staff leaving the business in the period divided by the total number of FTE staff at the end of the period.
Traveltrain customer Satisfaction	%	Overall satisfaction rating of performance on Traveltrain services expressed as a percentage. The rating is determined in an annual survey of on-board passengers.

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ATTACHMENT 3 – Employment and Industrial Relations (E&IR) Plan

SHAREHOLDER INFORMATION

1. Employment and Industrial Relations Philosophy/Direction

Scope

This Employment and Industrial Relations Plan (“E&IR Plan”) applies to all of the activities of Queensland Rail that are not building or construction activities. In this context, the terms “building” and “construction” activities have the meanings used in the *National Code of Practice for the Construction Industry* (“the Code”) and the *Australian Government Implementation Guidelines for the National Code of Practice for the Construction Industry*.

The E&IR Plan will comply with the Guidelines for the Development of Employment and Industrial Relations Plans in Government Owned Corporations.

Corporation’s position on E&IR issues

Queensland Rail’s employment and industrial relations philosophy is to fully align all E&IR initiatives with the corporation’s Values and Behaviours (see Table 1). This includes communicating effectively with employees, and at their request, with workplace representatives in regard to all employment related matters.

Table 1: Queensland Rail’s Values and Behaviours

Safety and Environment:	“Everyone’s responsibility”
<ul style="list-style-type: none"> • We ensure our own safety and the safety of others. • We act with care for the environment. • We make business decisions that respect safety and the environment. 	
Customers:	“We respond, we deliver”
<ul style="list-style-type: none"> • We make time to understand our customers’ business and needs. • We are solution focused. • We ensure all interactions add value to the customer relationship. 	
People:	“Respect in all our actions”
<ul style="list-style-type: none"> • We do not condone actions that demean others. • We support people with empathy, openness and honesty. • We balance work and life. • We keep commitments. • We act ethically. • We commit to equal employment opportunity. 	
Leadership:	“Inspiring and encouraging”
<ul style="list-style-type: none"> • We provide clear direction and manage performance for sustainable results. • We champion high performance, potential and talent. • We encourage and reward contributions made by others. • We lead with integrity. 	
Results:	“Relentless pursuit of sustainable results”
<ul style="list-style-type: none"> • We do not accept complacency. • We take responsibility for our own performance. • We use teamwork for the best outcomes. 	
Creativity and Innovation	“New ideas powering our future”
<ul style="list-style-type: none"> • We constructively challenge for a better way. • We sponsor creativity and sharing of ideas. • We embrace ideas for improvement. • We proactively identify opportunities for growth. • We capture and share knowledge. 	

The objective of the initiatives contained within the E&IR Plan is to support the achievement of the Queensland Rail people strategy. Queensland Rail's aim and preference is to build a constructive organisational culture in which aggressive or overly passive behavioural patterns are ideally eliminated, and in which high performance and constructive discussion is encouraged and rewarded.

People: One team - The Heart of Queensland Rail

The Goal of Queensland Rail's people strategy is to embed a high performance culture and strong visible leadership by becoming a learning organisation.

Strong, capable and visible leadership

Queensland Rail will deploy a targeted best practice leadership development program for current and future leaders.

High performance culture

Queensland Rail will design and implement a performance framework at all levels. This includes:

- Embedding performance management across the organisation.
- Designing and implementing effective reward and recognition programs.
- Delivering an industrial relations strategy that builds collaborative relationships for our future.
- Implementing our organisational design and structure that empowers the business.
- Embedding our new philosophies and delivering our Employee Value Proposition to become an Employer of Choice.

The key benefit of this initiative is increased organisational effectiveness through an up-lift in people performance across Queensland Rail.

Learning Organisation

Queensland Rail will design and implement a capability framework at all levels of our organisation. This includes:

- Increasing customer service capability across entire organisation.
- Creating a Queensland Rail Knowledge Centre that builds a culture of life-long learning.
- Providing a clear career path for employees enabling them to develop the right capabilities aligned to the business.

The key benefit of this initiative is a talented workforce able to adapt to a changing business environment and make decisions effectively through increased skills and knowledge.

2. Significant and Emerging Issues for 2010/11

Separation

As a consequence of the Government announced proposal for the public float of QR National, Queensland Rail undertook significant activity in 2009/10 to separate the passenger services, passenger lines infrastructure and freight infrastructure operations (Queensland Rail) from the coal rail haulage, coal line infrastructure, and rollingstock and component operations (becoming QR National). This process involved the transfer of around 3,400 employees from QR Limited and QR Network Pty Ltd into the new Queensland Rail GOC.

The separation also included the transfer of relevant workplace agreements, HR policies and HR systems so as to minimise the degree of disruption to employees, customer services and commercial activities.

Queensland Rail will continue consolidation of business activity to reflect its unique commercial position and the need to stand alone as a successful GOC during 2010/11. Given the size of that undertaking, it is estimated that consolidation activities will continue to require a significant investment of time from the Board, management and workforce. However, this work is seen as a pre-cursor to effective and efficient long-term management of Queensland Rail and consequently warrants a continuing focus.

Relocation of Queensland Rail head office to Ipswich

As part of the Sale of Assets, the Government announced that the administrative headquarters for Queensland Rail will be relocating to Ipswich. The Minister for Transport has subsequently announced that, without agreement, no positions will be relocated for at least two years from the date of separation (1 July 2010).

In that two-year period, the Government has also committed to closely consulting with staff and their unions as well as Queensland Rail management to identify the specific functions that will be relocated.

Queensland Rail has consulted widely on this issue and assured employees that where their position is identified as one that may be relocating to Ipswich, their individual needs and circumstances will be considered and Queensland Rail will work closely with them to find alternative arrangements should this be necessary.

A voluntary relocation program will be available during this two-year period for staff who would like to make the move sooner and where it makes sense to do so from a business perspective. Likewise, some of Queensland Rail's key executive team will establish a presence in Ipswich during this time.

Labour utilisation and realisation of existing industrial agreements

As part of its People strategy, Queensland Rail will continue to focus on labour utilisation, in recognition of the need to adapt to commercial needs and to ensure that investment in labour and training achieves optimum return. In this broad context, a vital consideration for Queensland Rail is ensuring that its industrial agreements (that is, "union collective workplace agreements") are delivering full benefits to the corporation.

Accordingly, Queensland Rail will examine aspects of the Workplace Agreements with the intention of delivering efficiencies to the business.

Currently there are 19 industrial agreements applying to Queensland Rail. Queensland Rail will be seeking to streamline the coverage of these agreements to reduce the number of agreements.

Federal Government Initiatives

The Federal Government has introduced legislation and other initiatives relevant to Queensland Rail. Foremost are the following:

- *Fair Work Act 2009 (Cth).*

- Rail Industry Award 2010 (Federal modern award).
- Building and construction industry legislation, code and guidelines.

Fair Work Act 2009 (Cth)

Queensland Rail is committed to complying with the provisions of that Act, and that the corporation's terms and conditions exceed the "safety net" provisions of the National Employment Standards which are incorporated into that Act.

Rail Industry Award 2010 (Federal modern award)

The Rail Industry Award 2010 (Federal modern award) commenced on 1 January 2010. Any industrial agreements lodged after that date will be assessed against it via the "better-off overall test".

Building and construction industry legislation, code and guidelines

The *National Code of Practice for the Construction Industry* ("the Code") has been continued by the Federal Government, and has significant impact on Queensland Rail's existing employment and industrial relations instruments, practices and policies. Linked to this is the *Australian Government Implementation Guidelines for the National Code of Practice for the Construction Industry*, issued July 2009 ("the Guidelines").

The Guidelines allow the Commonwealth to utilise its purchasing power in the construction industry to further its policies as to "best practice", particularly regarding workplace relations matters. Under this system, contractors wishing to tender for federally-funded work must be compliant at the time of tender.

The implication of this for Queensland Rail is that where federal funding is involved, organisations performing the work must be code-compliant to be eligible for such funding. Queensland Rail has businesses that seek federally funded or partially funded construction projects that provide significant revenue to these businesses. The workplace agreements relevant to these businesses that partake in this construction work and related entities that perform construction activities must be code compliant.

Only one of the Queensland Rail Enterprise Agreements has been through a code compliance review carried out by the Department of Education, Employment and Workplace Relations (DEEWR), with a recommendation to amend the wording concerning the dispute resolution clauses. This agreement, the Infrastructure Projects Union Collective Workplace Agreement 2009, was for the Infrastructure Services arm of Queensland Rail as the part of the business that would undertake nationally funded projects. This amendment has not been implemented in any of the other agreements and to this extent, Queensland Rail would not be compliant. With the exception of the above, Queensland Rail believes it is compliant with the codes and guidelines.

Crime and Misconduct Act 2001 (Qld)

Queensland Rail is committed to complying with the provisions of the *Crime and Misconduct Act 2001 (Qld)* as prescribed in section 156 of the *Government Owned Corporations Act 1993 (Qld)*, and is updating its policies accordingly.

Workforce Planning

Queensland Rail's long-term workforce planning process focuses on demand, supply, culture and long-term capability requirements to target its workforce priorities and provide position statements, targets and recommendations for action.

In doing so, it draws on extensive research from external and internal sources. The process considers many of the topics profiled in this E&IR Plan, particularly around issues such as attraction and retention and labour utilisation.

Attraction and Retention

Attracting and retaining talent and improving labour utilisation are ongoing challenges for Queensland Rail. Maintaining a sustainable workforce is one of the biggest challenges facing the Corporation in a, still significantly, competitive market. An issue confronting Queensland Rail is not just attracting people who have needed capabilities and are willing to commit to the corporation's vision, values and behaviours. There is also a need to maximise the probability of retaining them when there is an upturn in the economy.

Queensland Rail's HR strategies and initiatives are designed to maximise opportunities for the Corporation to attract and retain the talent it has and ensure that these people are in the right jobs at the right time.

Specific initiatives include:

- Developing an integrated leadership framework focussed on capabilities, performance management, succession and talent management.
- Recognising and rewarding performance.
- Developing productive working relationships with employees.

Diversity

Queensland Rail recognises and values the contribution that can be made by people with diverse backgrounds, experiences and perspectives.

All people are encouraged to join Queensland Rail's workforce including women, people from all racial or ethnic backgrounds and people with a disability.

Queensland Rail will continue to ensure that its recruitment and selection processes encourage a diverse applicant pool and that all applicants are treated on their merits. In addition, Queensland Rail will remain open to participating in external initiatives (such as Government programs) promoting opportunities for people from diverse backgrounds.

Queensland Rail is committed to an inclusive, safe and flexible working environment, where everyone is treated fairly and with respect and the abilities and skills of all employees are nurtured and valued.

Remuneration

Queensland Rail will continue to develop its remuneration provisions to attract and retain the right people with the right skills. Accordingly, there is ongoing refinement of market-aligned total employment cost remuneration structure, flexible packaging options, integrated remuneration and contract management and sourcing a broader database of market movement information.

Queensland Rail will also continue to review its remuneration practices to ensure clear line-of-sight between business performance, the corporation's performance management system, and employee reward. Reward for performance will consider the relationship between fixed pay and whole-of-job performance expectations, stretch performance objectives and variable pay, and the role of non-monetary incentives in the total reward mix.

Queensland Rail will formulate executive remuneration policy and structure executive remuneration consistent with prevailing Government Governance Arrangements.

3. Directors/Senior Executive Remuneration

Directors' Remuneration

Table 2 provides details on Board members' remuneration, which includes board remuneration, committee remuneration and employer superannuation contributions. Directors receive a fixed fee for being a member of the Board and also receive fees for being members of Board committees.

Table 2: Annualised Remuneration of Queensland Rail Board Directors, as at 1 July 2010.

Non-Executive Directors	Director's Fees (\$)	Committee Remuneration (\$)	Superannuation Contribution (\$)	Total Emolument (\$)
Stephen Gregg	114,241	NA	10,282	124,523
Maureen Hayes	32,845	NA	2,956	35,801
Dr Leo Keliher AO	32,845	NA	2,956	35,801
Merren McArthur	32,845	NA	2,956	35,801
Denise McMillan-Hall	32,845	NA	2,956	35,801
Dawson Petie	32,845	NA	2,956	35,801
Julie-Anne Schafer	32,845	NA	2,956	35,801

Chief Executive Officer and Senior Executive Remuneration

Managers and other employees above award level are engaged on individual common law employment contracts. These contracts adhere to commercial principles and are non-tenured. The remuneration details for the Chief Executive Officer (CEO) and Senior Executives are detailed in Table 3.

Table 3: Annualised Remuneration of Queensland Rail CEO and Senior Executives as at 1 July 2010 (Total Fixed Remuneration above \$161,757 per annum).

Chief Executive Officer and Senior Executives (see note 1)	Total Fixed Remuneration (TFR) (\$) (see note 2)	Motor Vehicle	Superannuation (\$) (see note 3)	Other Benefits (see note 4)	Total Remuneration (Cash) (\$)	Performance Payment for 2009/10 (\$) (see note 5)
Chief Executive Officer	592,004		66,945		525,059	NA
Chief Network Officer	419,610		47,450		372,160	NA
Chief Operations Officer	444,610		50,277		394,333	NA
Chief Customer Officer	395,866		44,765		351,101	NA
Corporate Counsel/Company Secretary	TBA					NA
Chief Financial Officer	395,866		44,765		351,101	NA
Chief Human Resources Officer	318,356	5,560	36,000		276,796	NA
Executive General Manager Corporate & External Affairs	300,000		33,925		266,075	NA
Chief Strategy and Corporate Services Officer	375,218		42,430		332,788	NA

Notes:

- Under Section 3 of the *Government Owned Corporations Act 1993*, direct reports to the CEO are defined to be "Senior Executives". These are the "first reports" in a GOC whose total fixed remuneration is equivalent to or greater than an SES 2 in the Queensland Public Service.
- Total Fixed Remuneration in the above table is the sum of Total Remuneration, Motor Vehicle (if applicable), and Superannuation (i.e. employer contribution).
- Employer contributions to superannuation.
- The CEO and Senior Executives' benefits include: mobile and home telephone accounts paid in full, subject to CEO assessment of reasonable usage; rail pass/concessional rail travel; car park (Brisbane and Ipswich); annual corporate health check; gym membership; flight lounge membership; and membership of up to four (4) professional bodies/associations, subject to CEO assessment of suitability.
- Not Available – Positions established effective 1 July 2010.

EMPLOYMENT AND INDUSTRIAL RELATIONS (E&IR) PLAN

This Employment and Industrial Relations (E&IR) Plan applies to all of Queensland Rail's activities that are not building or construction activities. In this E&IR Plan the terms "building" and "construction" activities have the same meaning used in the *National Code of Practice for the Construction Industry* ("National Construction Code") and the *Australian Government Implementation Guidelines for the National Code of Practice for the Construction Industry*, issued July 2009 ("Guidelines").

Over the life of the E&IR Plan, Queensland Rail may engage in construction work that is subject to the National Construction Code and Guidelines, and will potentially consider the negotiation of a Code and Guidelines-compliant Union Collective Workplace Agreement to cover such construction work. Except for any construction work where compliance with the National Construction Code and Guidelines is required, the following is agreed to the extent that it is not superseded by any decision of Government or shareholding Ministers regarding reform of Queensland Rail's business.

Queensland Rail is committed to the *Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation (GOC) Employees (November 2009)* and will ensure adherence to such principles subject to the terms of any Union Collective Workplace Agreements.

4. Employment Conditions

Queensland Rail complies with its obligations under:

- Legislative provisions governing employment and workplace arrangements.
- The Queensland Government's Guidelines on Agreement Making in Government Owned Corporations.

In this context, Queensland Rail complies where required/applicable with the *Fair Work Act 2009* (Commonwealth), the *Industrial Relations Act 1999 (Queensland)*, the *Workplace Health and Safety Act 1995*, the *Anti-Discrimination Act 1991*, and the *Equal Opportunity in Public Employment Act 1992*.

With the advent of the *Fair Work Act 2009*, Fair Work Australia (FWA) replaced the functions of the former Australian Industrial Relations Commission. To date, Queensland Rail has participated in a number of matters before FWA, raised in accordance with the relevant disputes resolution procedure.

Queensland Rail will continue to apply the principles in the Queensland Government's *Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation (GOC) Employees November 2009* ("the Schedule").

For example, Queensland Rail will comply with the Schedule's requirement that "*new individual common law contracts shall not be written within the relevant enterprise agreement envelope (individual contracts should only be executed where total fixed remuneration equates to or exceeds the equivalent of the Queensland Public Service Award – State, level A08, pay point 4 plus 12.75% plus the equivalent of annual leave loading plus any overtime component) or the top rate in the respective GOC enterprise agreement plus the applicable superannuation and annual leave components, where the aggregate of these is lower*".

Queensland Rail acknowledges the above provision of the Schedule and its ability to provide the flexibility to enter into, and continue to honour, contractual arrangements with employees that are designed to retain and/or attract people into specific skill-critical locations or occupations.

Any employee choosing to accept a common law contract does so voluntarily and any such contract would provide for additional remuneration beyond those entitlements expressed in their workplace agreement. The conditions in their workplace agreement would continue to apply where there are any inconsistencies and this is explicitly stated in the written contract.

Significant features of current industrial agreements are:

- Implementation of labour arrangements encouraging job flexibility and multi-skilling.
- Enhancement and modification to classification structures.
- Introduction of shift provisions across areas that previously did not have these provisions.
- Re-packaging of conditions contained within existing industrial arrangements. The re-packaging consisted of negotiating increased flexibility in provisions, rolling-up allowances and leveraging from the Engineering Trades and Civil Infrastructure payments in terms of gaining business specific benefits.
- Some introduction of competitor / market provisions, e.g. a loss of permit, licence, qualification clause.
- Removal of redundant clauses in the award and simplification of a variety of clauses.
- Commitments to inter- and intra-site working and mobilisation of labour.
- Implementation of integrated commercial workflow.
- Ability to instigate operational trials, which entail trialling “without prejudice” the introduction of any technology or work practices which improve customer service, operating efficiency, safety and/or the ongoing competitiveness of the business.
- Introduction of movement of rollingstock with the relevant competency, which will improve maintenance efficiencies.

Queensland Rail's industrial instruments and policies that prevail over the Schedule provide at least equivalent or more beneficial conditions for employees.

Queensland Rail Agreements

Table 4: Current agreements applying to Queensland Rail, as at 1 January 2010.

Agreement	Coverage	Expiry date
Queensland Rail Passenger Pty Ltd Citytrain Network Stations Union Collective Workplace Agreement 2009	Citytrain Network Stations	30/09/2011
Queensland Rail Passenger Pty Ltd Operations Union Collective Workplace Agreement 2009	Passenger Operations	31/03/2011
Queensland Rail Passenger Pty Ltd Rollingstock Assets Union Collective Workplace Agreement 2009	Passenger Rollingstock	30/04/2011
Queensland Rail Passenger Pty Ltd Traincrew Union Collective Workplace Agreement 2009	Passenger Traincrew	30/06/2013
Queensland Rail Passenger Pty Ltd Transit Services Union Collective Workplace Agreement 2009	Passenger Transit Services	30/04/2011
Queensland Rail Passenger Pty Ltd Long Distance Train (OBST) Union Collective Workplace Agreement 2009	Passenger Long Distance on-board service technicians (OBST)	30/04/2011
Queensland Rail Passenger Pty Ltd Customer Service Union Collective Workplace Agreement 2009	Passenger Customer Service	30/04/2011
Queensland Rail Services Electric Control Operators Union Collective Workplace Agreement 2009	Electric Controllers (ex QR Limited)	30/04/2011
Queensland Rail Services Trackside Systems Union Collective Workplace Agreement	Trackside Systems (ex QR Limited)	30/04/2011
Queensland Rail Service Civil Maintenance Union Collective Workplace Agreement 2009	Civil Maintenance (ex QR Limited)	30/03/2011
Queensland Rail Services Facilities Union Collective Workplace Agreement 2009	Facilities (ex QR Limited)	30/04/2011
Queensland Rail Services Support Union Collective Workplace Agreement 2009	Queensland Rail Services Support (ex QR Limited)	30/04/2011
Queensland Rail Services Infrastructure Projects Union Collective Workplace Agreement 2009	Queensland Rail Infrastructure Projects (ex QR Limited)	30/04/2011
Rollingstock and Component Services (RACS) Union Collective Workplace Agreement 2009	RACS Ipswich (ex QR Limited)	30/04/2011
Queensland Rail Traincrew Union Collective Workplace Agreement 2009	Queensland Rail Traincrew (ex QR Limited)	30/06/2013
Queensland Rail Coal and Regional Freight Logistics Union Collective Workplace Agreement 2009	Queensland Rail Logistics (ex QR Limited)	30/04/2011
Queensland Rail Regional Freight and Coal Support Union Collective Workplace Agreement 2009	Queensland Rail Freight Support (ex QR Limited)	30/04/2011
Queensland Rail Network Pty Ltd "Start up" Union Collective Workplace Agreement 2009	Queensland Rail Network	30/04/2011
Corporate – Shared Services Union Collective Workplace Agreement 2009	Corporate – Shared Services (ex QR Limited)	30/03/2011

1. These numbers do not include contract managers and contract officers (547) whose terms of employment are not covered by any of the above agreements.

Agreements in effect prior to separation, in QR Limited Services, QR Limited Freight and Coal and Corporate/ Shared Services as well as the QR Network Pty Ltd Agreement will continue to apply to employees transferred to Queensland Rail as at 1 July 2010.

5. Enterprise Bargaining and Productivity Initiatives

Enterprise Bargaining

Current industrial agreements have many business specific employment conditions negotiated as relevant to the particular business and the following core conditions applying across all businesses:

- Reference to National Employment Standards inserted
- Workplace policies do not form part of the agreement.
- Improved probation arrangements
- Increased flexibility in minimum and maximum part-time hours
- Changes in higher grade payments.
- Leave arrangements have been improved by allowing for cashing out and donating of annual leave and cashing out and salary sacrificing long service leave under certain circumstances
- Employees can access long service leave after 7 years instead of 10 years
- Employees no longer accrue leave entitlements during the first three months of leave without pay.
- Increase in accessing family leave from 5 days to 10 days
- Employees can also access up to 2 days unpaid family leave
- No requirement for 12 months service before accessing family leave
- Access to altered compassionate leave arrangements
- Access to improved bereavement leave
- Jury service leave is now to be paid for full aggregate wages as well as base wages where applicable
- Parental leave improvements from 12 weeks to 14 weeks – both maternity and adoption
- New forms of paid parental leave relating to death of child and other similar circumstances
- 5 days unpaid Aboriginal and Torres Strait Islanders cultural leave now available as per Industrial Relations Act 1999.
- Discretionary option to use junior rates in the future – managers have discretion to use appointment classification rate instead of junior rate
- Clearer dispute resolution and consultation procedure with time frames and steps including access to the FWA – which includes arbitration for certain circumstances
- Commitment to no forced redundancy and no forced relocation with insertion of relevant provision from EA7
- Insertion of transmission of business arrangements

6. Employee Flexibility

Queensland Rail is committed to work practices that promote employee flexibility through being receptive to arrangements that reflect contemporary good practice, integrating commercial productivity considerations with the career aspirations of employees.

Enhancing Queensland Rail's ability to attract and retain the best people is particularly critical at a time when all of Queensland Rail's businesses are engaged in competition with other companies, and preparing for public listing.

To be a competitive, sustainable and successful business, Queensland Rail must have the right people, well led, with the right skills, in the right numbers, and in the right place at the right time. As such, there must be substantial investment in people if Queensland Rail is to meet customer, shareholder and community expectations.

Queensland Rail's core conditions form part of all employees' business-specific workplace agreements. Some of the key features include greater flexibility with working hours arrangements and more flexibility in part-time hours. Table 6 lists details. Not all provisions appear in every union collective workplace agreement as some aspects are to be found in Queensland Rail policy.

Table 5: Flexible working arrangements.

Category	Features
Part-time arrangements	Increased flexibility to implement part-time work arrangements in more areas of the business.
Flexible work hours	Greater flexibility with working hours arrangements dependent on business needs.
Reduced working year	Minimum of 1 week and up to 4 weeks' additional paid leave to be taken within the specified 12 month period with reduction to fortnightly salary.
Family leave	Up to 10 days paid leave per year and 2 days unpaid per occasion as necessary.
Job share	2 employees undertake the work of one full-time equivalent (FTE) position on part-time basis.
Long service leave	Access after 7 years with capacity to cash out portion and also salary sacrifice future accruals into superannuation.
Pre-natal/pre-adoption leave	1 week (38 hours) of paid pre-natal leave to attend pre-natal or adoption appointments.
Partner's leave	An employee whose partner gives birth is entitled to 1 week (38 hours) of paid partner's leave which must start within 1 week of the birth of the child.
Leave without pay	Up to 12 months.
Paid maternity/adoption leave	14 weeks paid leave and unpaid leave for up to two (2) years after the birth or adoption of the child.
Telecommuting (work from home)	Dependent on business and operational requirements.
Time off in lieu	Dependent on business and operational requirements
Other forms of leave including: natural disaster, emergency services, military, sporting, cultural leave	Various provisions depending on leave.

Workforce Size

Queensland Rail's workforce headcount as at 1 July 2010 is 7,146. It is noted that as at 1 July 2010 approximately 2,815 employees of QR Limited and 592 employees of QR Network Pty Ltd transferred employment into QR Passenger Pty Ltd (becoming Queensland Rail).

Employment Trends

A number of key issues have been identified that highlight employment trends with the potential to significantly impact on Queensland Rail's future employment composition. These include: employment type, diversity and regional location. Recent statistics (1 July 2010) for these issues follow:

Employment Type

- Permanent full-time employment represents approximately 81.75% of all employment in Queensland Rail.

Diversity

- 38.01% of Queensland Rail's workforce is under the age of 40 years.
- Females in Queensland Rail are under-represented, comprising approximately 20% of the workforce.
- The representation of people from Non-English-Speaking Backgrounds within Queensland Rail is 7.64%, compared to approximately 15% within the Australian population*.
- Aboriginal and Torres Strait Islanders represent 1.97% of Queensland Rail's workforce*.
- People with a disability comprise 6.95% of the Queensland Rail workforce*.

* These figures are based on self-disclosure.

Regional Location

- Almost 24.97% of all Queensland Rail employees are employed at a location other than Brisbane or Ipswich.

7. Type of Employment and Workforce Planning

Table 6: Employee numbers as at 1 July 2010

Employment Category	30 June 2010	30 June 2011	30 June 2012	30 June 2013
Total Headcount	7,146			

Workforce Planning

Queensland Rail notes Government's 2009 election commitment to maintain 5,000 public sector apprenticeships and trainee positions over four years to April 2013 across the Queensland public sector agencies, Government Owned Corporations, government departments and statutory authorities. Queensland Rail's workforce planning and employment policies are underpinned by a clear recognition of the need for a skilled and viable workforce which takes into account the need for on-going renewal and appropriate training to ensure there is sufficient capacity within the organisation to replace retiring or departing employees. Apprentices and trainees are an important part of this forward planning and Queensland Rail therefore supports the Government's commitment. Queensland Rail will continue to make available apprenticeship and trainee opportunities consistent with its workforce planning, training programs and business needs.

8. Workplace Health and Safety

Whilst safety improvements continue to be made, Queensland Rail is continuing toward its vision to be world class in safety. Queensland Rail is currently working toward a goal of targeting zero injuries, whereby nobody gets hurt, embedding five safety principles:

- Safety is the core Queensland Rail value.
- All injuries can be prevented.
- Management is accountable for creating and maintaining a safe workplace.
- We are ALL responsible for preventing injuries.
- Working safely is a condition of employment.

The Queensland Rail Safety and Environment Resource Team (SERT) have been working collectively to develop the Queensland Rail Safety Strategy. The Queensland Rail wide safety projects that form a part of the overall Safety Strategy will be specifically aimed at moving Queensland Rail towards our target of Zero Injuries, as well as work to improve the ability to plan and deliver safety improvements (building our capability to improve performance). The Queensland Rail wide Safety Strategy projects include but are not limited to:

- ZeroHarm – aimed at continuous safety improvement towards a goal of zero injuries, work-related injuries and environmental incidents; and
- RailSmart – aimed to positively influence people's attitude and behaviour on and around trains, tracks and rail property, and encourage them to take responsibility for their own safety and that of others.

The Queensland Rail SERT is currently engaging all line managers that form part of the Greater Leadership Team in a series of facilitated workshops to determine the high priority safety initiatives that will be delivered in a collaborative approach as part of the Queensland Rail Safety Strategy.

Queensland Rail continues to work with the Department of Justice and Attorney General (DJAG) to strengthen the working relationship between DJAG and Queensland Rail.

Queensland Rail will monitor performance against the safety measures detailed in Table 8 during 2010/11. Comparable performance outcomes for 2009/10 are not available as Queensland Rail is a new Government Owned Corporation operating under a different business model to QR Limited.

Table 7: Queensland Rail Workplace Health and Safety performance measure.

Measure	Definition
Lost time injury frequency rate (LTIFR)	The total number of occurrences that resulted in a fatality, permanent disability or time lost. Time lost is where the employee misses one whole shift or is away from work for at least one full working day. Expressed per million hours worked (based on AS1885-1990).
All injury frequency rate (AIFR)	The total number of employee injuries per million hours worked. Includes all lost time injuries, medically treated injuries and first aid treatment injuries. Excludes near misses.
Medically treated injury frequency rate (MTIFR)	The total number of injuries that were treated at a medical facility or by a medical professional per million hours worked.

Queensland Rail's Safety Management System (SMS) comprises three (3) parts:

- SMS Governance, including policies and board directives.
- SMS Core Management System (CSMS).
- SMS Business Management System (BSMS).

SMS Governance provides high level strategic direction and mandatory instructions imposed by the Board, CEO, executive managers and external sources.

The CSMS consists of principles-based core standards that give effect to legislative and governance requirements (including any additional mandatory instructions) and support business performance. The BSMS provides detailed documentation that fulfils the requirements of the SMS core standards. An external audit of the SMS will be conducted in the second quarter of 2010/11 financial year.

9. Equal Employment Opportunity and Anti-Discrimination

Since the introduction of the *Equal Opportunity in Public Employment Act* in 1992, Queensland Rail has focused its equity and workforce diversity planning on satisfying legal requirements and business needs.

Queensland Rail has developed an Equity, Diversity, Harassment and Discrimination Standard, supported by the Code of Conduct and Recruitment and Selection Standard. The Equity, Diversity, Harassment and Discrimination Standard assists Queensland Rail in:

- Supporting the removal of unlawful discrimination from all employment practices and in the provision of services.
- Ensuring that employees are selected, promoted and treated on the basis of their individual talents and capabilities.
- Supporting the principle of merit selection – the best person for the job.
- Encouraging all employees to find and maintain a healthy balance between their work and life obligations.

Queensland Rail is committed to continuing with its consultation and support of organisations that represent target group members' interest as a means of promoting, understanding and accepting equity issues, and encouraging applications for employment.

Among current initiatives, Queensland Rail is taking a number of steps to address the need for a more diverse workforce:

- Attraction – positioning Queensland Rail in the labour market as an organisation that values diversity in all roles across all parts of the business.
- Selection – embedding best practice selection processes that identify capability, talent and potential of both men and women with diverse backgrounds and experiences.
- Retention – supporting employees to succeed and have rewarding careers in Queensland Rail through development and initiatives to build inclusive, supportive workplaces where employees with diverse backgrounds and experiences can be successful and contribute fully to the organisation's success.
- Employee awareness – by including the message of the importance of equity and diversity in the workplace as part of the induction program for new employees.

The organisation's Values and Behaviours include a commitment to balancing work and life and promoting Equal Employment Opportunity. Queensland Rail will continue to develop strategies, amend policies and apply a reasonable adjustment process to ensure that Queensland Rail meets its legislative and industrial responsibilities.

Queensland Rail will continue to report to the Public Service Commissioner as required.

10. Interstate Acquisitions/Operations

Interstate Operations

Queensland Rail currently has no interstate operations, however if opportunities were presented that generated revenue for Queensland Rail and employment for our people, they may be explored further.

11. Joint Venture Projects

The employment relationship for staff deployed to joint ventures is that they remain employees of Queensland Rail and are engaged for the assignment under a contract agreed between the Joint Venture. Terms and conditions for employees working on joint ventures are those prevailing at Queensland Rail or under a negotiated union collective agreement for the venture.

12. Management of the Relationship between Queensland Rail and Unions

Queensland Rail recognises the important role of trade unions. Queensland Rail recognises the commitments contained in the Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation Employees, as attached to this plan, providing for the maintenance of right of entry, payroll deductions, industrial relations education leave and union encouragement. It is understood these commitments form part of the constructive relationship between Queensland Rail and Unions. By developing a constructive relationship with unions, Queensland Rail looks forward to working cooperatively with a valued participant in collaborative problem solving.

13. Redundancy Provisions

Details of Queensland Rail's current voluntary redundancy policies are as follows. When an offer of voluntary redundancy is made, an employee has four (4) weeks to consider the offer. Generally, the employee leaves Queensland Rail within twenty-eight (28) days. The employee's manager may extend this period. The employee currently receives a severance payment of three (3) weeks per year of service or part thereof, with a maximum of 104 weeks. Additionally, all unused annual leave is paid. Currently, the employee must have a minimum of four (4) years service to receive a pro-rata long service leave payment, as agreed with rail unions. Queensland Rail will consult with Unions when it reviews the current policy in 2012.

14. Job Security

Queensland Rail is committed to applying current agreement provisions of employment security, 'no forced redundancies and no forced relocation' for permanent Queensland Rail employees covered by Workplace Agreements in accordance with government approvals.

15. Contracting Out

Queensland Rail's preferred method of employment is permanent employment, however the appropriate method of employment and resourcing will be used based on business and operational needs.

Queensland Rail is also committed to orderly and sustainable business practices in relation to the contracting in and contracting out of work.

Queensland Rail will continue to consider the use of labour hire (temporary) arrangements and the employment of skilled overseas staff to cover labour shortages through employer-sponsored Temporary Long Stay Subclass 457 Visas.

In the event that Queensland Rail engages people on 457 visas their skills will be further developed with the aim that such skills be locally available in the longer term. Any persons engaged on 457 visas will be engaged in accordance with relevant legislation and as a minimum on the same terms and conditions as agreement staff.

Employees performing the work will have appropriate and valid prescribed occupational licences, levels of competency and use safe work practices and systems with "ZERO Harm" as the number one priority of Queensland Rail.

16. Superannuation

On 1 July 2008, Queensland Rail moved to a new method of payment for superannuation based on employees' ordinary time earnings, instead of the previous practice of paying on base rates. This is consistent with the wider Queensland public sector approach, and in line with *Superannuation Guarantee Ruling SGR 2008 / D2*.

Queensland Rail follows a structured strategy in relation to employer and employee superannuation contribution and the details are set-out in Table 10.

Table 8: Employee/Employer contribution percentages (of base wage/salary).

Employee Contribution	Employer Contribution
2%	9.75%
3%	10.75%
4%	11.75%
5%	12.75%

17. Consultation

Consistent with the *Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation (GOC) Employees (November 2009)*, Queensland Rail wrote to the General Secretary Queensland Council of Unions and relevant Unions scheduling a meeting for union consultation. Queensland Rail also placed a copy of the E&IR Plan on the intranet inviting employees to provide feedback. This plan incorporates feedback from this consultation where appropriate.

Consultation on this E&IR Plan is undertaken with:

- Department of the Premier and Cabinet.
- Treasury Department's Office of Government Owned Corporations (OGOC).
- Department of Transport and Main Roads.
- Department of Justice and Attorney-General (DJAG).
- Relevant industrial organisations.
- Employees (by posting E&IR Plan materials on Queensland Rail's Intranet site).
- Unions.

18. Reporting

The Corporation will provide a brief report on performance against its E&IR Plan to DJAG, with a copy to the OGOC, by January 2011. That report will highlight any significant divergences from the E&IR Plan, if applicable, along with the background/context for such variances.



Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation (GOC) Employees

November 2009

Context

The Queensland Government through shareholding Ministers holds the principal financial interest in Government Owned Corporations (GOCs). Consequently Government is an important stakeholder in GOCs, which now operate in the national marketplace. Government also has a leadership role setting minimum employment standards and providing an example of a model employer.

Rationale

The Government is committed to ensuring employment conditions are not eroded, and that standards within GOC's reflect community standards. These principles were introduced in order to ensure that there is some certainty regarding minimum employment standards, industrial relations practices and job security, especially in the government owned corporation sector, which falls under the Federal industrial relations jurisdiction.

Objective

The principles set out below, which have been endorsed by Government, are intended to confirm the Government's position on minimum employment conditions and industrial relations practices in GOC's. These principles should be read in conjunction with the other relevant legislation, policies and procedures that applies to GOCs.

As a general principle, GOCs, including in any GOCs subsidiaries within Queensland, should maintain employment arrangements and policies without a reduction in entitlements or protections unless otherwise agreed with unions. GOCs should also work cooperatively with unions to resolve issues using services available at the State level where possible.

Application

GOC shareholding Ministers request that GOCs put in place available safeguards to maintain standard employment conditions, industrial relations practices and job security through the provisions of GOC Employment and Industrial Relations Plans (E&IR Plans). E&IR Plans form part of the annual Statements of Corporate Intent which are considered and approved by the shareholding Ministers by 30 June each year in line with the *Government Owned Corporations Act 1993* provisions.

Legal advice from Crown law supported this approach, except where the relevant GOC is subject to the National Code of Practice for the Construction Industry e.g. Qld Rail as a result of undertaking work on federally funded rail infrastructure projects.

Principles

1. Union Encouragement

At the point of engagement, employees are to be provided with a document indicating that the corporation encourages employees to join and maintain financial membership of an organisation of employees that has the right to represent their industrial interests.

Union delegates and job representatives have a role to play within a workplace. The existence of accredited union delegates and/or job representatives is to be encouraged.

Accredited union delegates and/or job representatives shall not be unnecessarily hindered in the reasonable and responsible performance of their duties.

2. No Disadvantage

Rates of pay and conditions of employment in an industrial instrument, when taken as a whole, are not to be reduced in the future except as required by relevant federal legislation or as agreed between the relevant industrial parties.

3. Enterprise Agreements

The following conditions of employment and practices shall continue –

a) Enterprise Bargaining agreements, with unions as parties to the agreement, shall be the preferred means of industrial regulation of rates of pay and conditions of employment. Broadly, enterprise agreements can include a broad range of matters such as:

- rates of pay
- employment conditions e.g. hours of work, meal breaks, overtime
- consultative mechanisms
- dispute resolution procedures
- deductions from wages for any purpose authorised by an employee.

They cannot, however, include unlawful content (such as discriminatory or objectionable terms).

GOCs must comply with the *Fair Work Act 2009* (FW Act). and the relevant Government policies and principles pertaining to bargaining, such as the Government Wages Policy.

b) new individual common law contracts shall not be written within the relevant enterprise agreement envelope (individual contracts should only be executed where total fixed remuneration equates to or exceeds the equivalent of the Queensland Public Service AO-8 level (from 1/8/2009 \$99,361 per annum) plus 12.75% plus the equivalent of annual leave loading plus any overtime component) or the top rate in the respective GOC enterprise agreement plus the applicable superannuation and annual leave components, where the aggregate of these is lower –

i) An amount lower than outlined in b) above may be negotiated within an enterprise agreement as agreed between the relevant parties; and

ii) Developing and utilising alternative employment arrangements under enterprise agreements, which provide hours and overtime flexibility linked to a rolled-up rate of pay, is preferred to the use of individual contracts within the relevant enterprise agreement envelope/s.

4. Payroll Deductions of Union Fees

Requests from employees for payroll deduction of union fees are to be accommodated where the service has previously been provided. It is noted that Government agencies provide this facility without charge to relevant unions.

5. Use of Contractors

The following general principles should be followed when using contractors:

(a) Contractors and/or labour on-hire arrangements are to be utilised in an orderly and responsible manner, such that there is not a detrimental effect on the State's or public interest e.g. causing disruption to services to the public or causing damage to the economy or standing of the State.

(b) It is recognised that circumstances arise where the use of Contractors is either desirable or essential. These circumstances are seen to be within the following guidelines:–

- (i) The work volume, type of work or specialisation required is beyond the capacity of resources or staff;
- (ii) It is in the public interest to undertake such work. Public interest includes issues of cost effectiveness; or
- (iii) The security and tenure of employment of additional staff required to meet work peaks cannot be guaranteed.

(c) The use of contractors is not to be exercised to avoid training existing staff or employing new staff to cater for emerging areas of work. "Emerging areas of work" does not include one-off works or temporary work peaks.

(d) In addition, contractors and/or their employees are not to be appointed to any position as permanent employees unless normal advertising and selection processes have been followed.

6. Unfair Dismissal

Responsible and defensible policies and procedures regarding the management of performance, conduct and capacity of staff should be in place and adhered to. That is, except where situations arise warranting summary dismissal under common law, –

a) if an employee's conduct, capacity or performance is deficient –

- (i) ensure the employee is formally warned about the conduct, capacity or performance and is given a chance to rectify any deficiency; and
- (ii) ensure the employee is given an opportunity to respond formally to any allegation about their conduct, capacity or performance; and
- (iii) ensure employees have a right to be represented through all parts of the process; and

b) if dismissal is subsequently contemplated –

- (i) provide the employee with a clear reason for dismissal detailing the process gone through to seek improvement as referred to above; and
- (ii) ensure clarity as to whether the dismissal is related to the employee's conduct, capacity or performance.

7. Right of Entry of Union Officers to the Workplace

The rights and obligations that may be exercised by officials and employers in relation to right of entry are provided for under the FW Act.

An official of a union, who wishes to enter premises for purposes related to their representative role under the FW Act and who holds a valid and current entry permit issued by Fair Work Australia, shall be provided with access to relevant workplaces during business hours. The permit allows the official to inspect and request information and/or discuss with the employer and members or potential members, a suspected breach of applicable employment legislation, a relevant award or enterprise agreement or a workplace or industrial matter and exercise rights under occupational health and safety laws.

Written notice (an **entry notice**) may be required to be given by the official before entering a workplace and should be provided no less than 24 hours and no more than 14 days before the proposed visit.

Under the legislation, permit holders must abide by conditions imposed on their permit; comply with reasonable occupational health and safety requests; act in a proper manner and should not interrupt the normal continuity of work.

An employer will not unreasonably refuse, delay or obstruct a permit holder from exercising their rights. **However, it should be noted that by law, entry to certain operations subject to national/state security initiatives can only occur under escort unless the necessary authorities are held. It is recommended that Union officials make contact with GOCs beforehand to ensure necessary compliance before entering workplaces where this might be the case e.g. ports, airports and like essential infrastructure installations.**

8. Industrial Relations Education Leave

Unless an award/enterprise agreement and/or custom and practice provides otherwise, paid time off not exceeding five days per union in any one year non-cumulative, is to be made available to a duly elected or appointed union representative or delegate, upon written application by the union at least 6 weeks in advance (or such lesser period as provided for in an award/enterprise agreement or custom or practice or as is mutually agreed by the union and the GOC), to attend courses or seminars conducted by the union or specific training courses approved and accredited by the union.

The GOC shall give consideration to the special requirements of any regionally based workplaces in applying the limits on paid time off referred to above, provided that the granting of such leave does not unreasonably interfere with the GOC's operations. The scope, content and level of such courses or seminars shall be such as to contribute to a better understanding of industrial relations within the GOC's operations.

9. Consultative Arrangements

GOCs shall endeavour to deal with industrial relations matters cooperatively through consultative arrangements with employees and union delegates at the workplace level and through employees and/or delegates and union representatives or officials at the organisation level. Paid involvement of delegates and relevant employees shall be considered in relation to such consultative arrangements, as well as in circumstances where their involvement facilitates the resolution of industrial relations issues or assists the employer in developing and implementing new initiatives, provided they are not involved in industrial action. Where paid union meetings have been available as a result of an award/enterprise agreement or alternatively existing custom and practice such arrangements shall be continued.

10. Job Security

In any situation of redundancy, options for redeployment and retraining of staff shall be exhausted before the offer of voluntary redundancy arrangements is considered. DJAG should be consulted prior to the offer of voluntary redundancy arrangements. There shall be no forced redundancies without the explicit and written sanction of relevant shareholding Ministers in the case of forced redundancies at GOCs.

11. Assistance with the Resolution of Disputes

Dispute resolution is the process by which disputes within the workplace are brought to an end and is **separate to the processes that deal with industrial action during bargaining.**

Enterprise agreements are required to contain a dispute resolution clause which details the procedure for dealing with disputes. Parties to an agreement can agree on a particular procedure or adopt the model term specified in the *Fair Work Regulations 2009*.

The Dispute Resolution Procedure should:

- Provide a consistent and clear approach for the parties to deal with and resolve disputes early on;
- List the nominated parties to assist in the resolving disputes; and
- Detail the range of functions and conditions agreed between the parties to determine, on a case by case basis, the best way to deal with particular disputes (eg. through a negotiated, mediated, arbitrated or adjudicated outcome).

It is recommended that the procedure highlights that a party to the dispute can refer the matter to either the Queensland Industrial Relations Commission by mutual agreement, or the assistance of Fair Work Australia if discussions at the workplace level do not achieve a resolution.

It is the preference of the Government that GOCs should genuinely attempt to resolve issues through the provisions of the *The Industrial Relations Act 1999* (IR Act). The IR Act. was amended in 2007 to provide for parties to have access to the Queensland Industrial Relations Commission (QIRC) by agreement, to conciliate and/or arbitrate matters in dispute and to provide greater flexibilities in the structure of the QIRC to respond to changing workloads. GOCs are therefore encouraged to utilise this avenue as a means of resolving issues at the State level.

GOCs are reminded of the requirement to liaise with and inform the GOC Unit (DJAG) on Industrial Relations matters. Due to the potentially politically sensitive nature of an industrial dispute, and where industrial action is threatened or taken, the GOC advise and inform the DJAG as soon as possible.

See attachments: Guidelines for Establishing a Disputes Resolving Policy for use in seeking the assistance of the Queensland Industrial Relations Commission under section 273A of the IR Act.

GUIDELINES: Establishing a Dispute Resolving Policy

The GOC and Union/s shall have regard to the following principles in establishing a disputes resolving policy.

Step 1 Resolution at the Workplace Level

Involves genuine attempt to resolve the issue using consultative arrangements with employees and union delegates and if necessary, with union officers.

If there is no resolution at the work place level, proceed to next level (Step 2):

Step 2 Alternative Dispute Resolution Process [including QIRC assistance]

Who

The disputes policy shall list the nominated person (s) agreed between the parties to assist in resolving disputes. Person/s may include a Queensland Industrial Relations Commission (QIRC) member/s in relation to utilising section 273A under the Industrial Relations Act 1999 or, alternatively establish a panel of agreed persons (eg industry expert, AIRC/QIRC representative and union representative)

How

*The parties may determine the appropriate approach to each dispute on a case-by-case basis and must agree in writing how the dispute is to be resolved. If the parties agree to seek the QIRC's assistance, the parties must submit a **referral agreement** to the QIRC as to how the dispute is to be resolved by the QIRC (refer to section 273A (1)(b) under the Industrial Relations Act 1999).*

What

General Provisions

Provisions covered in the disputes resolving policy must be agreed between the parties in advance of handling any particular dispute. Such provisions can include:

- (i) Commitment from parties to follow agreed process.
- (ii) Determine appropriate timeframes to deal the dispute.
- (iii) The allocation of any costs associated with a dispute process will be as agreed between the parties on a case-by-case basis or if no agreement can be reached, each party shall meet its own costs.
- (iv) Work as directed unless the employee has a reasonable concern about an imminent risk to their health or safety.
- (v) At any time industrial action is threatened or taken during the process, either party may directly proceed to Fair Work Australia for assistance.

Any time industrial action is threatened or taken, the GOC must inform DJAG as soon as possible.

Functions of QIRC

The following provisions are consistent with the functions available under section 273A (4) of the Industrial Relations Act 1999:

- (a) conciliating;
- (b) arbitrating;
- (c) granting a remedy or other relief; and/or
- (d) deciding any other issue or question.

Furthermore, a decision by the QIRC in performing the dispute resolution functions does not bind the parties unless the **referral agreement** provides for the decision to bind the parties.

Disputes Resolving Policy - Checklist

The following checklist could also be used as a basis of a **referral agreement** under section 273A(1)(b) of the *Industrial Relations Act 1999*.

1. Request the informal assistance of [INSERT Commissioner] to resolve a dispute between [INSERT parties involved].
2. Advise the dispute is in relation to [INSERT subject matter, brief background and timeframe the dispute has existed].
3. Indicate the [INSERT union or other party to the dispute] has been notified and agrees to the Commissioner's assistance to resolve this dispute and the parties request that the Commissioner be requested [INSERT terms of disputes process eg
 - to conciliate the matter
 - to conciliate the matter and if the dispute remains unresolved, arbitrate the matter
 - to arbitrate the matter
 - granting a remedy or other relief
 - deciding any other issue or question arising in the dispute.
4. State that in its role as [INSERT conciliator / arbitrator] the Commissioner is requested [INSERT any of the following relevant term]s:
 - to observe the confidentiality of the matters in dispute
 - to identify and define the matters in dispute
 - to develop a procedure that aims to resolve the dispute quickly, fairly and cost-effectively
 - to suggest resolution techniques for individual issues aimed at narrowing the matters in dispute
 - to act as the facilitator of direct negotiations between the parties
 - to make suggestions for resolution (Conciliation process)
 - express opinions about a reasonable resolution (Conciliation process) that if the matter is unresolved it may within seven days of terminating the process, provide a written report to the parties expressing the opinion of what would be a reasonable resolution of the dispute (Conciliation).
 - to determine the matter (s) in dispute by selecting one only of the final round of offers on the basis of which offer the Commissioner believes provides the most reasonable basis on which to resolve the matter in dispute (Arbitration)
 - not to amend or otherwise qualify the offer it selects (Arbitration)
 - to notify the parties in writing as to the offer it considers to provide the most reasonable basis of settlement as soon as practicable after receiving the final round of offers from the parties (Arbitration)
 - to make a recommendation which the parties accept as a binding resolution of the dispute. The recommendation can be based on the information provided in conciliation and additional information provided by the parties. The parties agree that the Commission may issue directions for the purposes of obtaining further information. (Informal Determination)
 - to make a formal determination and that the parties agree to abide by the determination. The parties will have the opportunity to be heard formally on the matter(s) in dispute and the Commissioner will only regard material including witness evidence, submission and will disregard admissions, concession, offers or claims made in mediation. The Commissioner may also make and issue directions in relation to the process leading to its determination and the parties will abide by those directions. (Formal Determination)

5. Address procedural matters including [INSERT details about:
 - how the parties will present its position
 - confidentiality arrangements
 - representation
 - timing, location and duration of the process
 - if a telephone conference is required
 - how the process will be recorded
 - any other particulars about the Commissioner's role in relation to establishing procedures.

6. Advise that in the event that the requested Commissioner is not available, the parties request [INSERT Commissioner] to assist the parties.

ATTACHMENT 4 – Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements

Table 1: Sponsorship, Advertising, Corporate Entertainment, Donations and Other Activities – Details of Individual Expenditure Items¹

Activity	Description / Benefit	2009/10	2009/10	2010/11	Quarter 2010/11 ²				2010/11
		Budget ³	Est. Actuals ³	Budget	Sept	Dec	Mar	Jun	Per Head Budget
		\$	\$	\$	\$	\$	\$	\$	\$
Sponsorship									
Sponsorship Portfolio	Establish a range of corporate wide sponsorship initiatives to deliver on commercial and community brand objectives across state and localised operational areas. This is a 3 tier program and involves sponsorships of functions such as the Ipswich Mayor's Festival Ball and QRI Townsville Ball.	445,000	50,000	500,000	-	100,000	200,000	200,000	
Regional Tourism Authorities (RTA's)	Promote Queensland Rail's tourism and travel products through sponsorship of the RTA's Award Dinner.	100,000	100,000	20,000	10,000	10,000	-	-	
Disability Sponsorship	Partner in promotional activities and events to encourage positive attitudes towards people with a disability and improve access.	20,000	20,000	10,000	5,000	5,000	-	-	
Queensland Police initiatives	A series of safety promotional events at suburban train stations, e.g. Crime Stoppers and Project Car Smart joint promotion.	10,000	10,000	10,000	5,000	5,000	-	-	
Tourism Awards	Promote tourism products to industry and suppliers.	50,000	50,000	21,920	5,000	10,000	5,000	1,920	
Brisbane Marketing	Promoting Queensland Rail's service and products through tourism industry alliance.	25,000	25,000	25,000	6,250	6,250	6,250	6,250	
South Bank Corporation	Promoting Queensland Rail's service and products through tourism industry alliance.	25,000	25,000	10,000	-	10,000	-	-	
National Customer Service Awards	Promoting Queensland Rail's service and products through industry awards.	10,000	10,000	10,000	-	10,000	-	-	
Total OVER \$5,000		685,000	290,000	606,920	31,250	156,250	211,250	208,170	
Other (total) below \$5,000		-	-	-	-	-	-	-	
Total Sponsorship		685,000	290,000	606,920	31,250	156,250	211,250	208,170	
Advertising									
Rail Safety Education Campaigns	Promote awareness and behavioural change within the community regarding rail safety via education campaigns such as RAILSsmart, Rail Safety education and railway level crossing.	1,680,000	1,144,100	350,000	87,500	87,500	87,500	87,500	
General Advertising	Build Queensland Rail's brand awareness, promote Queensland Rail's services in the markets which it operates and embed Queensland Rail's commitment to safety in the hearts and minds of customers and potential customers.	-	-	150,000	37,500	37,500	37,500	37,500	
Public Image	Promote Queensland Rail as a socially responsible and safe organisation which contributes economically to the growth of Queensland through proactive and reactive public image initiatives.	-	210,000	100,000	25,000	25,000	25,000	25,000	

Activity	Description / Benefit	2009/10	2009/10	2010/11	Quarter 2010/11 ²				2010/11	
		Budget ³	Est. Actuals ³	Budget	Sept	Dec	Mar	Jun	Per Head Budget	
		\$	\$	\$	\$	\$	\$	\$	\$	
Queensland Weekender - Regional	Promote Queensland Rail's tourism and travel products through sponsorship of a specialist media program targeting the local tourism market.	80,000	80,000	130,000	32,500	32,500	32,500	32,500	As per Queensland Rail Corporate Hospitality and Entertainment Guidelines	
Traveltrain Product Advertising	Advertising to support business growth through acquisition and retention of customers for Traveltrain.	582,000	582,000	1,044,000	261,000	261,000	261,000	261,000		
Traveltrain Program Advertising	Advertising to support business growth through acquisition and retention of customers for Queensland Rail's tourism packages.	1,495,000	1,495,000	1,044,000	261,000	261,000	261,000	261,000		
Tourist Train Advertising	Advertising to support business growth through acquisition and retention of customers for Queensland Rail's tourism packages.	636,460	636,460	370,000	92,500	92,500	92,500	92,500		
Employee Marketing	Promotional and marketing materials to employees supporting the five pillars, including ZERO Harm.	-	-	40,000	10,000	10,000	10,000	10,000		
Total over \$5,000		4,473,460	4,147,560	3,228,000	807,000	807,000	807,000	807,000		
Other (total) below \$5,000		-	-	-	-	-	-	-		
Total Advertising		4,473,460	4,147,560	3,228,000	807,000	807,000	807,000	807,000		
Corporate Entertainment										
Excellence Awards	The awards identify and recognise Queensland Rail's high achieving employees. The program aims to promote knowledge, creativity and innovation and excellence in upholding Queensland Rail's Values and Behaviours.	12,000	35,277	30,000	7,500	7,500	7,500	7,500		As per Queensland Rail Corporate Hospitality and Entertainment Guidelines
Townsville Family Staff Day	Staff engagement function planned in compliance with the Corporate Entertainment and Hospitality Guidelines.	6,000	5,221	6,000	-	6,000	-	-		
Rockhampton Family Staff Day	Staff engagement function planned in compliance with the Corporate Entertainment and Hospitality Guidelines.	6,000	6,754	6,000	-	6,000	-	-		
Staff Reward and Recognition Events Program	Reward staff and business unit performance and build staff moral and team cultures across Queensland Rail through a range of programs and events.	-	82,000	75,000	18,750	18,750	18,750	18,750		
Corporate Hospitality	Activities extended to external clients, stakeholders, suppliers or community groups to deliver commercial benefits through networking and developing or strengthening existing relationships between Queensland Rail employees and invited guests.	-	-	40,000	10,000	10,000	10,000	10,000		
Total over \$5,000		24,000	129,252	157,000	36,250	48,250	36,250	36,250		
Other (total) below \$5,000		176,500	13,000	66,450	16,613	16,613	16,613	16,613		
Total Corporate Entertainment		200,500	142,252	223,450	52,863	64,863	52,863	52,863		
Donations										
Total over \$5,000		-	-	-	-	-	-	-		
Other (total) below \$5,000		-	-	-	-	-	-	-		
Total Donations		-	-	-	-	-	-	-		

Activity	Description / Benefit	2009/10	2009/10	2010/11	Quarter 2010/11 ²				2010/11
		Budget ³	Est. Actuals ³	Budget	Sept	Dec	Mar	Jun	Per Head Budget
		\$	\$	\$	\$	\$	\$	\$	\$
Other Activities									
Safety Education (Railsmart)	Promote awareness and behavioural change within the community regarding rail safety through school visitation program.	-	-	150,000	37,500	37,500	37,500	37,500	
External Communications Support	Develop and support external communications through improvements to websites, database management and customer relationship management systems.	-	-	50,000	12,500	12,500	12,500	12,500	
Leveraging of Sponsorship Portfolio	Promoting public image and business growth by leveraging community events and sponsorship portfolio.	195,000	-	50,000	12,500	12,500	12,500	12,500	
Silver Spike	Enhance Queensland Rail's image and reputation in local communities. To showcase Queensland Rail's commitment to safety, productivity and teamwork.	-	250,000	250,000	125,000	-	-	125,000	
CEO Challenge	Community and staff engagement raising awareness of safety and other implications of domestic violence.	-	50,000	30,000	30,000	-	-	-	
Industry Events and Trade Shows	Support business growth by promoting Queensland Rail's tourism products and services.	74,000	74,000	111,000	27,750	27,750	27,750	27,750	
Marketing and Promotional Collateral	Marketing collateral for distribution and support of corporate branding campaigns.	524,100	40,000	322,000	80,500	80,500	80,500	80,500	
Rebranding	Rollingstock signage, uniforms, vehicles, plant and equipment, online information and marketing collateral required to be rebranded due to separation of the business from QR Ltd.	-	1,220,000	2,500,000	625,000	625,000	625,000	625,000	
Total over \$5,000		793,100	1,634,000	3,463,000	950,750	795,750	795,750	920,750	
Other (total) below \$5,000		-	-	-	-	-	-	-	
Total Other Activities		793,100	1,634,000	3,463,000	950,750	795,750	795,750	920,750	
TOTAL		6,152,060	6,213,812	7,521,370	1,841,863	1,823,863	1,866,863	1,988,783	

1. Expenditure is GST exclusive.

2. These figures are not cumulative.

3. For comparative purposes, 2009/10 Budget and Estimated Actual expenditure relate to the parts of QR Limited that transferred to Queensland Rail Limited.

Table 2: Corporate Entertainment – Details of Total Budgeted Expenditure under \$5,000¹

Activity	2009/10 Budget (\$)	2009/10 Est. Actuals (\$)	2010/11 No. of Activities	2010/11 Budget (\$)	Quarter 2010/11 ²			
					Sept	Dec	Mar	Jun
Corporate Entertainment Total								
• Staff Functions	66,500	13,000	NA	20,000	5,000	5,000	5,000	5,000
• Business Development	110,000	-	NA	20,600	5,150	5,150	5,150	5,150
• Board Related	-	-	NA	20,850	5,213	5,213	5,213	5,213
• Stakeholder and Community Engagement	-	-	NA	5,000	1,250	1,250	1,250	1,250
Total UNDER \$5,000	176,500	13,000		66,450	16,613	16,613	16,613	16,613

1. Expenditure is GST exclusive.

2. These figures are not cumulative.

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ATTACHMENT 5 – Compliance with Government Policies

Government Policies and Guidelines

- Biannual Reporting: Guidelines for the Preparation of Interim Reports (2009)
- Code of Practice for Government Owned Corporations' Financial Arrangements (2009)
- Community Service Obligations – A Policy Framework (1999)
- Corporate Entertainment and Hospitality Guidelines (2008)
- Corporate Governance Guidelines for Government Owned Corporations (2009)
- Cost of Capital Principles – Government Owned Corporations (2006)
- Government Owned Corporations Air Travel Policy (2009)
- Government Owned Corporations Bargaining Guidelines (2010)
- Government Owned Corporations Governance Arrangements for Chief and Senior Executives (2009)
- Government Owned Corporations Guidelines for the Preparation of Statements of Corporate Intent and Corporate Plans for (2010)
- Government Owned Corporations Release of Information Arrangements (2009)
- Government Owned Corporation Subsidiaries – Key Shareholder Requirements for Constitutions (2006)
- Government Owned Corporations Wages Policy (2010)
- Guidance for Chief Executive Officers – Agreement Making and Industrial Relations in Government Owned Corporations (2010)
- Guidelines for the Development of Employment and Industrial Relations Plans in Government Owned Corporations (2009)
- Guidelines for Export of Services by Government Owned Corporations (2001)
- Investment Guidelines for Government Owned Corporations (2003)
- Local Industry Policy: A Fair Go for Local Industry (2008)
- Minimum Disclosure Requirements for Directors and Chief and Senior Executives of Government Owned Corporations (2009)
- Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation Employees (2009)
- Purchasing Carbon Offsets for Queensland Government Air Travel (2008)
- QFleet ClimateSmart Policy (2008)
- Queensland Code of Practice for the Building and Construction Industry (2009)
- Sport and Recreation Sponsorship Policy (2009)
- State Procurement Policy (2008)

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ATTACHMENT 6 – Acronyms

AIFR	All Injury Frequency Rate
B	Billion
BSMS	Business Safety Management System
C	Customer
C&EA	Corporate and External Affairs
CEO	Chief Executive Officer
Cth	Commonwealth
CO ₂ e	Carbon Dioxide Equivalent
CPI	Consumer Price Index
CPM	Corporate Performance Management
CSMS	Core Safety Management System
DJAG	Department of Justice and Attorney General
E&IR	Employment and Industrial Relations
EAMS	Enterprise Asset Management System
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
<i>EPA</i>	<i>Environmental Protection Act 1993</i>
ERP	Enhanced Remuneration Package
F	Finance
FWA	Fair Work Australia
FTE	Full-Time Equivalent
GhG	Greenhouse Gas
GOC	Government Owned Corporation
<i>GOC Act</i>	<i>Government Owned Corporations Act (Qld) 1993</i>
GST	Goods and Services Tax
GTK	Gross Tonne Kilometres
HR	Human Resources
ICSS	International Customer Service Standards
ICT	Information Communication Technology
<i>IARDA</i>	<i>Infrastructure Investment (Asset Restructure and Divestment) Act 2009</i>
kg	Kilograms
KM	Kilometres
KPI	Key Performance Indicator
KSR	Kuranda Scenic Rail
LTIDR	Lost Time Injury Duration Rate
LTIFR	Lost Time Frequency Rate
LSI	Lifestyle Inventory
M	Million
MTIFR	Medically Treated Injury Frequency Rate
MTK	Million Train Kilometres
N	Network
NA	Not Available
NPAT	Net Profit After Tax
O	Operations
OBST	On-Board Service Technicians
OGOC	Office of Government Owned Corporations
OTCI	Overall Track Condition Index
QLD	Queensland
RACS	Rollingstock and Component Services
ROA	Return on Operating Assets
ROE	Return on Equity
RTA	Regional Tourism Authorities
S&CS	Strategy and Corporate Services
S&E	Safety and Environment
SCI	Statement of Corporate Intent

ATTACHMENT 6 – Acronyms (Continued)

SEQIP	South East Queensland Infrastructure Plan 2010-2031
SEQIPP	South East Queensland Infrastructure Plan and Program 2010-2031
SERT	Safety and Environment Resource Team
SFA	Separation Facilitation Agreement
SHA	Shareholder Agreement
SLT	Senior Leadership Team
SMARTs	Safety Motivated Action Resource Teams
SMS	Safety Management System
SPADs	Signals Passed at Danger
t	Tonnes
TKM	Train Kilometres
TODs	Transit Oriented Developments
TSC	Transport Services Contract
WACC	Weighted Average Cost of Capital