

Queensland Rail Limited

Statement of Corporate Intent

2011/12

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.

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1 Scope / Policy Position

This Statement of Corporate Intent (SCI) is consistent with Queensland Rail's 2011/12 – 2015/16 Corporate Plan and has been developed in accordance with the *Government Owned Corporations Act 1993 (Qld) (GOC Act)* and *Guidelines for the Preparation of Statements of Corporate Intent and Corporate Plans for Government Owned Corporations (December 2010)*. This SCI represents the performance contract between Queensland Rail's Board of Directors and its shareholding Ministers, the Minister for Finance and The Arts and the Minister for Transport and Multicultural Affairs.

Queensland Rail has come a long way in the relatively short period of time since its establishment on 1 July 2010. Our results to date have shown Queensland Rail's safety, operational and financial performance to be tracking in line with, or in some cases even exceeding, our 2010/11 SCI forecast targets. The outcomes achieved thus far highlight the progress Queensland Rail is making towards integration and establishing best practice capabilities, processes and standards that will provide the foundation for our future success.

As outlined in our inaugural Corporate Plan for 2010/11 – 2014/15, Queensland Rail's strategic platform for its foundation years is based on a phased establishment, where the focus is on the formation of the new organisation and delivering the cultural change, organisational capabilities and cohesiveness necessary to operate a sustainable and socially responsible business.

This SCI for 2011/12 aims to build on the achievements of our first year, and introduces a suite of new initiatives to further integrate our business and support the development of our people and system capabilities, so that Queensland Rail can progress more quickly towards being able to effectively meet our stakeholders' expectations. Queensland Rail is committed to the creation of an integrated business with a 'One Queensland Rail' ethos.

Our corporate and operational objectives for 2011/12 are set out in this SCI under five strategic pillars – Safety, Customer, People, Commercial and Community. These objectives, and associated delivery strategies, incorporate our shareholding Ministers' expectations for Queensland Rail and respond to the main challenges and opportunities facing our organisation over the next five years.

Queensland Rail's focus on safety remains paramount. Our safety strategy will enable Queensland Rail to strengthen its safety culture and safety management systems and processes. We will continue to strive towards our goal of ZERO Harm and progress a number of initiatives to deliver on this. For example, we will continue to champion and embed Safety Motivated Action Resource Teams (SMARTs) across our business, enhance train protection and implement new rail safety legislative requirements.

Our customers are also a key priority and Queensland Rail is focused on ensuring that our customers' needs always come first. Our recently acquired international customer service accreditation is testament to our customer commitment. This commitment applies equally to passenger and freight customers. Over the coming year, we will strive to set new standards of excellence in customer service through a program of work that targets improved service delivery processes, establishes customer service professionals across the organisation, enhances our customer and stakeholder relationships and maintains our high-standing reputation.

Queensland Rail recognises that it is through our people that we will drive improvements across all five strategic pillars. Our people strategy is embedding a high performance culture and strong, visible and capable leadership by becoming a learning organisation.

Our commercial strategy centres on maintaining and improving Queensland Rail's financial and growth platforms. Through continuous improvement, enhanced cost management, increased revenue and improved asset management, we will build a sustainable and progressive business that delivers shareholder value. Queensland Rail's commercial strategy is built with a focus on our ability to meet the capacity demands of the future. With our immediate focus on establishing the capability to ensure long-term success, our major projects for 2011/12 include: significant track upgrades and replacement on the Western System; new rail infrastructure for the City network (e.g. Darra to Springfield Stage 2, Keperra to Ferny Grove duplication and Moreton Bay Rail Link corridor design); commissioning of new rollingstock stabling facilities; new generation rollingstock; and Tilt Train/Sunlander Traveltrain replacement.

Queensland Rail continues to plan, build and deliver rail infrastructure and passenger rollingstock that aligns with the State Government's infrastructure plans, programs and policies and meets the needs of our growing state. We will continue to work in partnership with government agencies to support infrastructure planning and population growth.

We recognise that our long-term success depends not only on our ability to achieve outstanding commercial performance but also on our social performance. Queensland Rail is an important partner in the lives of Queenslanders. As the only rail passenger transport provider in Queensland and the manager of the State's non-coal rail networks across the State, Queensland Rail has a strong presence in our community. Our vision to be "the heartbeat of Queensland" is testament to this fact.

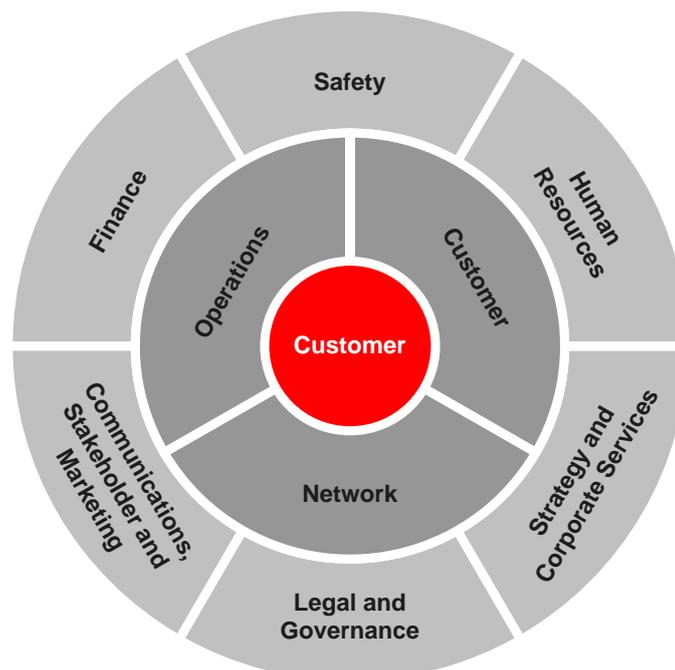
In implementing our community strategy, Queensland Rail will partner with the community to make a difference and strengthen community spirit across Queensland. An example of one such partnership is where Queensland Rail has teamed up with Queensland cricket greats to form the Queensland Rail Bulls Masters to promote sport across Queensland, provide assistance to local charities and support indigenous communities.

In addition to the promotion of community partnerships and engagement, our social responsibilities extend to being environmentally sustainable. To this end, Queensland Rail is undertaking a number of initiatives to reduce our environmental footprint and promote 'greener' solutions within our operations, including the purchasing of a portion of Green Power in the recently awarded contestable electricity contract for 44 City network stations. Queensland Rail has also introduced Public Place Recycling at key stations within the City network, with initial forecasts indicating approximately 540 tonnes of recyclables will be diverted from landfill each year. The number of stations participating in this program is expected to increase to 33 during 2011/12.

The program of work to deliver on the objectives and strategies laid out in this SCI will enable us to build a culture of accountability – with a focus on safety, customer service, flexible workforce management, commercial viability and community engagement. Our ability to achieve these objectives will define Queensland Rail's long-term success.

1.1 Main Undertakings

Queensland Rail is an integrated rail passenger transport and rail infrastructure business, servicing the passenger, tourism, resources and freight customer markets. Our business is structured to provide value to our customers through three specialist above and below-rail business functions – Network, Operations and Customer. These core functions are supported by corporate enabling functions that are focused on governance and enterprise-wide frameworks and systems that align with Queensland Rail's strategic direction.



All of Queensland Rail's functions play a key role in the customer value chain, whether that customer is a passenger travelling on one of our City network or regional passenger Traveltrain services, a freight hauler getting goods from their source to market, or another functional area within Queensland Rail.

The interdependencies between Queensland Rail's functions can best be defined using a relay analogy, with Network at the start of the relay. An example of how this works in South East Queensland is the Network team ensures the rail network is constructed, maintained and managed to a standard that allows the baton to then be passed onto the Operations team to run trains effectively and efficiently over our network. In turn, our Operations team passes the baton on to our Customer team, who ensure our passengers enjoy the best and safest rail service possible.

The analogy is somewhat different for freight operations in regional Queensland as the relay is more internal within the Network function, with Network Projects and Network Regional providing the construction, maintenance and management components and Network Business working with above-rail freight operators and end customers to run trains effectively and efficiently and optimise the supply chain.



If one member of the Queensland Rail relay team falls, or if the baton is dropped during the hand-off, the whole team's performance will falter. Like relay team members, each function within Queensland Rail is independent of other functions yet dependent on each other for overall success. Hence, Queensland Rail emphasises a 'One Queensland Rail' philosophy in all of its undertakings, where the Network, Operations and Customer functions, supported by the enabling functions, work together to provide services through to our customers. In order to ensure we function as an integrated business, we need to align our people, processes and supporting technology around 'One Queensland Rail'.

1.2 Corporate and Operational Objectives

The corporate and operational objectives and strategies detailed below build on those reported in Queensland Rail's inaugural 2010/11 SCI. Having only been established in July 2010, Queensland Rail's focus during 2011/12 continues to be on bedding-down our 'One Queensland Rail' framework and laying the foundations for future success, through improved efficiencies and sustainable growth initiatives.

Consistent with the shareholding Ministers' expectations for Queensland Rail and the medium to long-term corporate objectives as detailed in the 2011/12 to 2015/16 Corporate Plan, Queensland Rail's corporate objectives for 2011/12 are outlined below. Queensland Rail's objectives are contained within the five strategic areas of focus (or 'pillars') that provide both the business and cultural context for our organisation.

Safety

First for all,
at all times

- We will continue to focus on safety as our number one priority and a clear imperative for all our people, customers and operations.
- We will continually promote a safety-focused culture, proactively manage risks and ensure we have effective safety management systems in place.

Customer

We listen, we care,
we deliver

- We will strive to meet our customer and stakeholder needs.
- We will listen and maintain an open dialogue with our customers and stakeholders.
- We will deliver on our promises as outlined in our Customer Charter.
- We will strive to delight our customers at every opportunity.

People

One team –
the heart of
Queensland Rail

- We will embed a high performance culture and build strong, visible and capable leaders by becoming a learning organisation.
- We will create an integrated Queensland Rail through the engagement of our people in delivering the organisation's vision, mission, strategic objectives and values and behaviours.
- We will enable the organisation to achieve its objectives through modern workplace agreements and policies and an organisational structure that drives single point of accountability and empowers delivery of exceptional customer service.

Commercial

Growth through smart
use of our resources

- We will maintain a sustained focus on driving productivity and efficiency enhancements in the activities we undertake, by improving our cost position, leveraging our assets, enhancing our governance practices and delivering expected returns to our shareholders.
- We will ensure we can meet the capacity demands of the future by maintaining a long-term perspective and exploring opportunities for growth where appropriate.

Community

Our state,
our people

- We will strive to be a positive influence in Queensland by engaging, participating and investing in the communities our business touches.
- We will strive to operate as an environmentally accountable organisation by minimising our impact on the environment and the communities in which we operate.



1.3 Corporate and Operational Strategies

Queensland Rail's key strategies for achieving its corporate and operational objectives for 2011/12 are:

	Safety	Customer	People	Commercial	Community
Strategies	Deploy a targeted, prioritised and integrated safety program	Focus on customers and stakeholders in everything we do	Embed a high performance culture and strong visible leadership by becoming a learning organisation	Add value through innovation and business optimisation	Deliver programs to build a better Queensland

These foundation strategies will ensure Queensland Rail has the right people, culture, systems and learning frameworks required to deliver the outcomes expected from our customers and shareholding Ministers.

1.4 Corporate and Operational Performance Outcomes

In accordance with the above corporate and operational objectives, Queensland Rail undertakes to achieve the following corporate and operational performance outcomes in 2011/12. Definitions for the key performance indicators (KPIs) are provided in Attachment 1.

	Strategy	Outcome	KPIs	Target 2011/12
Safety	<i>Deploy a targeted, prioritised and integrated safety program</i>	Improved safety	Safety performance trend	Zero (0) or any positive percentage variance
			Lost time injury rate (LTIFR)	10% reduction
			Signals passed at danger (SPADs)	10% reduction
Customer	<i>Focus on customers and stakeholders in everything we do</i>	World class customer service and stakeholder management	Customer satisfaction trend	Zero (0) or any positive percentage variance
			City network on time running (OTR) – combined peak periods	93.77%
			Reputation index (media monitoring)	Achieve average favourability score of 2.0 ¹
People	<i>Embed a high performance culture and strong visible leadership by becoming a learning organisation</i>	Strengthened capability and business	Staff turnover (annualised)	≤5%

	Strategy	Outcome	KPIs	Target 2011/12
Commercial	Add value through innovation and business optimisation	Practical business solutions	Return on operating assets (ROA)	6.30%
Community	Deliver programs to build a better Queensland	Strengthened community spirit	Reputation index (media monitoring)	Achieve average favourability score of 2.0 ¹

1. Based on a scale of 1 to 3 where: 1 is a negative reflection on Queensland Rail; 2 provides a balanced view; and 3 presents Queensland Rail in a favourable light.

1.5 Performance Drivers

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.

Key trends	<ul style="list-style-type: none"> Population growth and increasing patronage in public transport in South East Queensland driving rail services and infrastructure planning and development. Ageing population. Increasing road congestion. Regional hubs and transit oriented developments (TODs). Innovations in technologies, including telecommunication expertise.
Industry forces	<ul style="list-style-type: none"> Queensland Rail's reputation remains strong and is improving. Government infrastructure master planning. Smarter technologies for improved rail safety, traffic task management and demand management. Higher expectations of product and service quality. Intermodal competition.
Market forces	<ul style="list-style-type: none"> Skills and labour shortages. Increasing congestion and ageing infrastructure. Australian tourism market impacted by strong AUD. Growth in emerging Asian tourism markets – particularly China. Expected doubling of freight task by 2020 from 2006 levels¹ – increasing capacity constraints. Continuing strong growth in coal exports – particularly China and India. Global focus on 'green energy' and reduced carbon emissions. Community eco-consciousness.
Macro economic forces	<ul style="list-style-type: none"> Adverse impacts of natural disasters. Strengthening economy – led by mining industry. China dominant – prices strong and export quantities lifting. Strong AUD exchange rate and rising interest rates. Migrant numbers falling – including foreign student numbers. Fluctuations in fuel prices. Consumer confidence remains cautionary.

1. Source: *Meeting the 2050 Freight Challenge*, PricewaterhouseCoopers Australia, 2009.

A more detailed analysis of these key drivers and how Queensland Rail will mitigate their impact and respond to opportunities is provided on the following pages.

Flood recovery and natural disaster management

Summary

The severe “one-in-100 year” flooding event that swept across two-thirds of Queensland in late December 2010 and January 2011, resulted in extensive disruption to our services and substantial damage to Queensland Rail infrastructure – with thousands of kilometres of track affected, bridges washed away and equipment and rollingstock damaged.

The devastating impact of the flooding was compounded by the worst cyclone in the state’s living history, Cyclone Yasi, which also resulted in localised service interruption and damage to Queensland Rail infrastructure in the north-east coastal region of the State, particularly in the Tully area.

Scientific research¹ indicates that extreme weather events and large scale single events such as severe cyclones, floods, storms and bushfires, are likely to increase in frequency over the coming years.

Impact / Response

Queensland Rail understands the importance of having an operational rail network and associated services during times of natural disaster – especially when rail is often the only means of access in and out of disaster affected communities.

During the recent flood crisis, Queensland Rail formed two flood recovery task forces to restore the Regional and South East Queensland networks. While the South East Queensland suburban and inter-urban network was operational again in less than a week after the flood peak had passed, the repair and reconstruction work on some sections of the Regional network – in particular, the section of network in the Toowoomba region – was a major undertaking that took three months to safely return to operation.

Although the Toowoomba Range was re-opened on 28 March 2011, there is still significant maintenance work which needs to be carried out over the next six months to return the Range to 100% operational capacity.

The remaining flood repairs are scheduled to be completed by June 2011. The outstanding work to be completed includes:

- track resurfacing in various locations between Darra and Rosewood;
- 150 metres of fencing at Rosewood; and
- general track rectification works by June 2011.

The total estimated cost for the flood repairs, at time of writing, is \$66.9 million however this estimate is subject to change as final works are completed and all costs are accounted for.

Lessons learned from the recent major natural disasters in Queensland have reinforced the critical need for arrangements that enable swift, flexible and scalable response to emergencies and disasters. As such, Queensland Rail will continue to ensure that it has the systems and capabilities necessary to respond quickly to a wide range of complex events, while sustaining effective day-to-day service delivery. Response capability will be enhanced through ongoing training, operational exercises, improved communications and a commitment to translating learnings into actions, processes and procedures to continually improve our emergency response capabilities.

1. Source: <http://www.csiro.au/science/adapt-extreme-weather.html>

Population growth leading to increased demand for rail freight and public transport infrastructure and services

Summary

South East Queensland's population is expected to increase from around 3.1 million people to over 4 million over the next twenty years. To keep pace with this growth, increased demands will be placed on infrastructure, housing and both passenger and freight transport services. As a consequence, 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.

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.

In addition to population growth, the number of Queenslanders aged 65 years and over is forecast to jump from 530,000 to 900,000 in 2020. With such an aged population, further demands on public transport can be expected, along with increased demand for services that cater to the elderly.

Impact / Response

If growth in demand for transport services is not managed appropriately, there is potential for rail freight to increasingly come into conflict with passenger rail services thereby causing bottle-necks in the rail network. In response, Queensland Rail is focused on managing growth and optimising the cost, reliability and efficiency of our service delivery model and our supporting infrastructure and rollingstock assets. Significant investment in rollingstock for our City network and Traveltrain services is presently underway.

Queensland Rail will actively engage and work with the Department of Local Government and Planning, the Department of Transport and Main Roads (DTMR) and TransLink Transit Authority (TTA) to ensure decisions on network planning, rail infrastructure, capacity enhancements and TODs deliver the desired passenger outcomes.

Global and Australian economic influences

Summary

Despite the prolonged flooding across Queensland's coal fields during 2010 and 2011, growth in the Australian mining industry continues to strengthen the Australian economy. The Australian dollar is also strong against the currencies of its main trading partners.

China and India continue to fuel the Australian economy through strong demand for natural resources.

Despite the strengthening economy, the cost of living is increasing with the largest rises being felt in education, food and alcohol.¹

The strong Australian dollar also continues to place a strain on domestic tourism with overseas destinations being the more affordable and attractive option. However, Queensland is becoming a destination of choice for the Chinese tourism market. Both state and local government, in particular Brisbane City Council, are putting strategies in place to further target this growing market.

Growth in international visitors from emerging economies is also expected in future years.

Impact / Response

Queensland Rail can leverage off the downturn in domestic tourism by making Traveltrain options more appealing to travellers interested in keeping costs down and tightening the belt. In addition to improving travel options, Queensland Rail is progressing with a program to upgrade the Traveltrain rollingstock fleet.

With tighter consumer spending, Queensland Rail's customers, especially those struggling with interest rate increases, will be wary of price increases in our services, so Queensland Rail will need to ensure our costs are kept in line with customer expectations. This also applies to our freight customers with access agreements for our regional network.

1. Source: ABS Consumer Price Index, April 2011.

Increase in competition in the form of alternative transport providers within the public transport and freight transport market.

Summary

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.

Competition in low-cost domestic air travel continues to impede growth in long-distance rail and bus travel across Australia. An increase in modal shift between road and rail freight transportation is also expected, over the long-term, as a result of population growth, increasing road congestion and the growing trend towards “greener” transport solutions.

Impact / Response

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.

In response, Queensland Rail is driving a customer business strategy over the next 12 months aimed at strengthening our customer service and embedding a customer-centric ethos across the organisation. Also, to improve our standing in the long-distance passenger transport market, Queensland Rail is progressing with the upgrade of our Traveltrain rollingstock and on-board facilities to provide a more efficient service and a more attractive experience for our customers. We are also investing in a new online booking system that will significantly improve the ability for our customers to transact with Queensland Rail.

Our strong reputation for safety, reliability and operational performance will enable Queensland Rail to strengthen its role as a major partner in integrated transport throughout Queensland.

Attraction, retention and succession planning challenges

Summary

Australia continues to face a skilled labour shortage across a number of occupations and industries, including engineering, infrastructure and transportation. The strength of the Australian mining industry has led to increased competition for skilled workers across these industries.

The proportion of people aged over 65 years will increase significantly over the next few years, consequently leading to a further shortage of skills and labour in a highly competitive labour market.

The major post-flood and cyclone reconstruction efforts underway in Queensland are likely to further exacerbate skills and labour shortages, particularly in the infrastructure sector.

The expectations of the latest generation of workers to enter the labour market differ to those of previous generations. New recruits are less likely to remain in the same position for lengthy periods of time, with the average new generation employee changing jobs within two years.

Impact / Response

Ongoing labour shortages in key skill areas [REDACTED] key issues impacting Queensland Rail’s long-term organisational capability.

The increased pressure on skilled labour, and the changing expectations of the younger labour market, makes it even more important for Queensland Rail to retain our employees and provide them with career growth opportunities.

In response to these workforce issues, Queensland Rail’s Human Resource (HR) strategic plan will address attraction and retention by becoming an Employer of Choice. In addition, the organisation will understand the current and future workforce trends through effective workforce planning and succession planning for business critical roles and leadership positions.

Rapidly shifting technology environment

Summary

Technological change has accelerated in recent years, fostering rapid shifts in the fundamental operations of businesses. The combined effects of emerging internet technologies, increased computer power, nano-technologies, robotics, advanced digital communications and social media are leading to innovations in organisational design, as well as talent and asset management.

Recent examples of the application of technological innovation in the transport sector include the deployment of smart assets to manage traffic congestion in cities such as London, Singapore and Stockholm, and the introduction and management of technologies to improve the reliability and predictability of transport systems.

Technology is also changing the way travel and transport providers operate with rapid growth being experienced in the use of the internet by consumers to plan and book travel, and rapidly changing tourism distribution channels. Advancements in media technology are also providing greater opportunities for companies to reach new customers directly.

Impact / Response

To become more efficient, cost-effective, agile and responsive, Queensland Rail will continue to investigate, embrace, invest in and leverage new technologies where appropriate.

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, deploying new advertising tools and advancing our telecommunication capabilities.

Programs are already underway in Queensland Rail to introduce new technologies to provide real-time status reports to optimise on-time running performance on the City network and improve passengers' tools (such as instant messaging) to enable them to adjust their commuting plans where necessary.

Energy and environmental sustainability trends

Summary

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.

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. Regulatory changes are likely to dictate that transport providers will need to track, document and disclose their CO₂ emissions in the future.

Greater public awareness of, and interest in, sustainability and environmental issues is also driving organisations to be more environmentally conscious.

Impact / Response

The focus on carbon will drive market and technology based changes that protect the environment, but at an increased cost. These factors could result in increases in energy, insurance and other costs for Queensland Rail. Changes in customer preferences for services provided with alternative sources of energy or reduced emissions could also materially impact Queensland Rail's operations and financial results.

Queensland Rail is continuing to 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. Queensland Rail is also introducing "green" initiatives across its accommodation and facilities, such as general waste reduction and paper recycling practices, smart sensors to optimise energy usage and water conservation.

Opportunities also exist for Queensland Rail to leverage its position as Queensland's passenger rail operator by promoting rail as 'a more responsible way to see the world'. Queensland Rail is committed to managing and minimising its operations' impacts on the environment wherever possible.

1.6 Shareholding Ministers' Strategic Expectations for Queensland Rail

On 8 December 2010, the shareholding Ministers provided the Queensland Rail Board with a letter outlining their strategic expectations with regard to Queensland Rail's service delivery and performance for 2011/12. The matters outlined in this letter are a key input into Queensland Rail's strategic planning process.

The following table indicates where matters raised in the strategic expectations letter, both qualitative and quantitative, have been addressed in this SCI. A more detailed alignment between the shareholding Ministers' strategic expectations and Queensland Rail's priority initiatives is provided in Section 3.5 below.

Expectation	Where Addressed in SCI
<p>1. <i>Queensland Rail will deliver a customer focused and efficient passenger and network infrastructure service that:</i></p> <ul style="list-style-type: none"> – <i>ensures the safety and security of the public, employees and customers; and</i> – <i>meets or exceeds performance outcomes as specified in its Transport Service Contracts (TSCs) with the Department of Transport and Main Roads (DTMR) and TTA.</i> 	<p>Sections 1 (p.4-5); 1.1 (p.5-6); 1.2 (p.7-8); 1.3 (p.9); 1.4 (p.9-10); 1.5 (p.10-14); 2.1 (p.17-18); 2.2 (p.19); 3.6 (p. 31-37); 3.8.8 (p.45-46); and Attachment 2 (p.53-54, 68-69).</p>
<p>2. <i>Queensland Rail will meet or exceed financial targets and achieve efficiency gains for Government and taxpayers through:</i></p> <ul style="list-style-type: none"> – <i>implementation of an efficient service delivery model;</i> – <i>continued implementation of an organisational structure that helps drive the efficient service delivery model;</i> – <i>achievement of expected commercial returns from network access and service agreements for reinvestment where appropriate into passenger services, rail network and infrastructure;</i> – <i>conduct all workplace arrangements in accordance with relevant legislation, Queensland Rail's Employment and Industrial Relations Plans, and Queensland Government policies, whilst attracting and retaining key staff; and</i> – <i>any senior executive contract performance payments are to be based on performance measured against benchmarks for outcomes including safety, customer satisfaction, on time running and reliability, and financial performance.</i> 	<p>Sections 1 (p.4-5); 1.1 (p.5-6); 1.2 (p.7); 1.3 (p.9); 1.4 (p.9-10); 1.5 (p.13); 2.1 (p.17-18); 2.2 (p.19); 2.5 (p.20); 3.1.1 (p.21); 3.6 (p.30-39); 3.8.8 (p.45-46); and Attachment 2 (p.53-79).</p>
<p>3. <i>Queensland Rail is to maintain a strong focus on cost management, particularly controllable and discretionary costs, to achieve and maintain Queensland Rail's share of the efficiency gains as detailed in the Mid-Year Review letter of 9 December 2008. The adjusted savings targets for Queensland Rail are earnings before interest and tax improvements of \$■ million in 2010/11 and \$■ million from 2011/12 ongoing.</i></p>	<p>Sections 1 (p.4); 1.2 (p.7); 1.4 (p.10); 2.1 (p.17-18); 3.1.1 (p.21); 3.6 (p.30, 34-39); and 3.8.8 (p.45-46).</p>
<p>4. <i>We and the Queensland Rail Board must be provided with robust financial and non-financial information on a timely basis to form an informed view of the operations of Queensland Rail. In particular, the Board should ensure:</i></p> <ul style="list-style-type: none"> – <i>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</i> <p><i>accountability and transparency for the financial management of funding provided by the Queensland Government.</i></p>	<p>Sections 1 (p.4-5); 2.1 (p.17-18); 2.2 (p.19); 2.4 (p.20-21); 3.1 (p.21-24); 3.3 (p.26-29); 3.6 (30, 36-39); 3.8.1 (p.42); and 3.8.8 (p.45-46).</p>

Expectation	Where Addressed in SCI
<p>5. Queensland Rail will work collaboratively with and support DTMR as portfolio lead, in conjunction with other Queensland Government bodies, to ensure an integrated approach to the delivery of passenger transport services. In relation to the development of TOD's and the rail system:</p> <ul style="list-style-type: none"> – DTMR as the rail corridor owner will have lead responsibility for the implementation of TOD's and will be the primary contact for all TOD related enquiries as they relate to the rail corridor; – Queensland Rail will implement requirements of the South East Queensland Infrastructure Plan and Program 2010-2031 and other rail-based transport strategies, networks and plans approved by the Queensland Government; and – Queensland Rail will work with DTMR and TTA to deliver the vision set out in the draft Connecting SEQ 2031 and other government policy documents, such as the South East Queensland Regional Plan 2009-2013. 	<p>Sections 1 (p.4-5); 1.2 (p.7); 1.5 (p.10-11); 3.3 (p.26-29); and 3.6 (p.30, 32, 36, 38).</p>
<p>6. The Queensland Rail Board and management are to demonstrate quality leadership and commitment to achieving a corporate culture that values:</p> <ul style="list-style-type: none"> – 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 practice; – open, meaningful and effective communication and consultation with staff, customers and other stakeholders; – innovation, knowledge sharing and continuous improvement; – high standards of project management; – accountability and cohesiveness; and – the natural environment and environmental sustainability. 	<p>Sections 1 (p.4-5); 1.1 (p.5-6); 1.2 (p.7-8); 1.3 (p.9); 1.4 (p.9-10); 1.5 (p.13-14); 3.6 (p.30-40); 3.8 (p.42-46); and Attachment 2 (p.53-79).</p>
<p>7. Complete 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 and report to the Queensland Government on strategies for efficiencies and reform.</p>	<p>Sections 1 (p.4); 3.2 (p.24); 3.6 (p.30, 34, 36-39); 3.8.8 (p.45-46); and Attachment 2 (p.55).</p>
<p>8. Ensure that any disposal of Queensland Rail land assets is conducted in consultation with government and is mindful of future needs.</p>	<p>Sections 3.3 (p.24) and 3.6 (p.38).</p>
<p>9. In conjunction with the DTMR, Queensland Treasury and TTA, continue to review the financial models and financial inputs used to determine the efficient cost basis for delivery of the transport service contracts.</p>	<p>Sections 1 (p.4); 1.5 (p.10-11); 2.4 (p.20-21); 3.6 (p.30, 36-38); and 3.8.8 (p.45-46).</p>
<p>10. Ensure all corporate entertainment and hospitality expenditure is in accordance with approved guidelines and only in respect of events where there is a clear basis for such expenditure.</p>	<p>Sections 3.6 (p.37, 39-40); 3.7 (p.42) and Attachment 3 (p.81-85).</p>

2 Mandatory Matters

In accordance with section 119(3) of the *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 SCI targets are provided in Attachment 1 and are consistent with the KPI definitions included in the Corporate Plan and Quarterly Reports submitted by Queensland Rail to shareholding Ministers.

2.1 Financial KPIs

In accordance with the above corporate and operational objectives, the Queensland Rail Board undertakes to achieve at least the following performance targets in 2011/12:

Sept	Quarter 2011/12			Financial KPIs	2009/10 Actual ¹	2010/11 Forecast	2010/11 Est. Actual	2011/12 Forecast
	Dec	Mar	Jun					
				<i>Earnings before interest, tax, depreciation and amortisation</i>				
175.71	172.43	158.96	163.17	<i>(EBITDA) (\$M)</i>		679.02	648.25	670.27
111.11	106.51	91.35	95.36	<i>Earnings before interest and tax (EBIT) (\$M)</i>		407.04	412.24	404.33
34.58	29.35	17.93	21.80	<i>Net profit after tax (NPAT) (\$M)</i>		115.19	134.07	103.66
(19.29)	(25.11)	(41.00)	(39.25)	<i>Economic profit² (\$M)</i>		3.77	(26.46)	(129.32)
6.99%	6.64%	5.72%	5.91%	<i>Return on operating assets (ROA)</i>		8.53%	7.06%	6.30%
5.47%	4.45%	2.55%	2.88%	<i>Return on equity (ROE)</i>		5.23%	6.25%	3.66%
56.84%	55.88%	54.45%	51.30%	<i>Debt to (debt + equity)</i>		56.62%	56.40%	51.30%
1.76	1.62	1.36	1.44	<i>Interest cover</i>		1.81	1.72	1.54
1.20	0.50	0.70	1.00	<i>City network revenue (excluding TSC revenue) (\$M)</i>		14.88	4.20	3.40
18.42	18.32	14.42	16.72	<i>Traveltrain and tourist train revenue (\$M)</i>		68.37	66.05	67.87
(28.84%)	(26.37%)	(15.98%)	0.18%	<i>Increase in network non-core revenue (%)</i>		NA	NA	(39.68%)

1. No comparatives available to allow comparison between Queensland Rail (post July 2010) and QR Limited (pre July 2010).
2. Sum of quarterly economic profits differs to the full year calculation due to usage of average assets by quarter.

Queensland Rail's financial performance, as measured by EBIT, declines marginally in 2011/2012 when compared to the estimated actual results for 2010/2011. Increases to the revenue base are not sufficient to offset for the increases in costs and asset base that are impacting both the EBIT return and the ROA. The planned growth in assets results in a corresponding increase to debt and equity, affecting both the ROE and the interest cover ratios negatively. This is particularly true for ROE due to the proportionate increase in equity over debt funding during the period, resulting in a higher equity base without the corresponding improvement in financial returns.

Economic profit declines substantially due to the increasing asset base without corresponding increases to revenue. The majority of revenues come from Transport Service Contracts (TSCs) which are funded through the State Government. Whilst these funding agreements continue to be based upon previous cost models, the business will remain underfunded and the financial KPIs will trend downwards. The company has engaged [REDACTED] to develop new cost models that reflect the current and expected level of service delivery given the new operating model of the company. Once these models are complete, the company will be in a position to commence renegotiations with DTMR and TransLink to ensure the business is appropriately funded for the contracted services.

In 2012, the business focus will be primarily on stabilising, then improving, the cost base of the business. Consolidating the support functions into the Enabling Functions is the initial step in stabilising the cost structure, as this provides the business with the transparency needed to remove duplication of effort and ensure necessary change is driven through the entire business consistently.

Improvements in the design of planning and forecasting processes, including more robust prioritisation of projects and therefore the allocation of scarce resources, underpins this focus. It is the company's intention to:

- Identify appropriate measures against both internal and external benchmarks in order to establish meaningful targets that will demonstrate improvement in commercial focus;
- Continue to focus on recruitment and replacement of staff;
- Continue to focus on engagement of consultants;
- Review and renegotiate significant vendor arrangements that have the potential to improve the consumable cost structure of the business; and
- Measure and monitor the productivity improvements negotiated through the Enterprise Bargaining process with the workforce to ensure that increases to the employee cost structure are offset by the expected savings.

2.2 Non-Financial KPIs

In accordance with the above corporate and operational objectives, the Queensland Rail Board undertakes to achieve the following non-financial performance targets in 2011/12:

Quarter 2011/12				Non-Financial KPIs	Units	2009/10	2010/11	2010/11	2011/12
Sept	Dec	Mar	Jun			Actual	Forecast	Est. Actual	Forecast
Safety									
≥0	≥0	≥0	≥0	Safety performance trend	%	NA ¹	≥0	22.40	≥0
2.41	2.41	2.41	2.41	Signals passed at danger (SPADs)	# / MTKs	NA ¹	2.68	3.00	2.41
0.13	0.13	0.13	0.13	Derailments	# / MTKs	NA ¹	0.14	0.14	0.13
44.20	44.20	44.20	44.20	Lost time injury duration rate (LTIDR)	# shifts	NA ¹	49.11	43.29	44.20
6.68	6.68	6.68	6.68	Lost time injury frequency rate (LTIFR)	#	NA ¹	7.42	6.92	6.68
Environment									
0	0	0	0	Environmental - EPA enforceable breaches	#	0	0	0	0
68,875	68,875	68,875	68,875	GhG emissions ²	t CO2 e	NA ¹	266,478	266,478	275,500
168.0	168.0	168.0	168.0	GhG intensity ²	t CO2 e/ Million TKM	NA ³	NA ³	170.0	168.0
Customers									
≥0	≥0	≥0	≥0	Customer satisfaction trend	#	NA ¹	≥0	≥0	≥0
70	70	70	70	City network customer satisfaction - Queensland Rail Index	#	70 ⁴	70 ⁴	70	70
92.5	92.5	92.5	92.5	Traveltrain customer satisfaction ⁵	%	86.0	91.3	98.0	92.5
2.0 ⁶	2.0 ⁶	2.0 ⁶	2.0 ⁶	Reputation index (media monitoring)	# (Rating 1-3)	NA ¹	2.0 ⁶	2.0 ⁶	2.0 ⁶
Reporting									
100	100	100	100	Compliance with reporting requirements	%	100	100	95	100
Operational Performance									
5.37	5.05	4.01	5.08	Network gross tonne kilometres (GTK)	GTK (B)	NA ¹	16.66	14.68	19.10
0.0	0.0	0.0	0.0	Network brought online	KM	NA ¹	19.8	19.8	0.0
3,330	3,330	3,330	3,330	City network train kilometres (TKM)	TKM ('000s)	11,719	12,639	12,639	13,320
14,154	12,807	13,455	13,261	Passenger journeys - City network	('000s)	57,565	64,787	58,886	53,677
115	121	99	104	Passenger journeys - Traveltrain	('000s)	434	444	415	438
124	100	88	88	Passenger journeys - Tourist Train - KSR	('000s)	338	435	350	400
				Passenger journeys - Tourist Train - Gullflander (Charters) ⁷	('000s)	3	2	4	5
14,396	13,029	13,642	13,454	Passenger journeys - Total	('000s)	58,340	65,668	59,655	54,520
(13.30)	(11.57)	(19.08)	(20.97)	Patronage growth - City network	%	(8.90)	6.37	2.29	(8.85)
(5.12)	7.46	22.27	2.79	Patronage growth - Traveltrain	%	(2.70)	0.68	(2.77)	5.54
2.00	2.00	2.00	2.00	Patronage growth - Tourist Train	%	(19.60)	11.76	20.48	2.00
93.77	93.77	93.77	93.77	City network on time running (OTR) - combined peak periods ⁸	%	93.47	93.01	93.01	93.77
90-93	90-93	90-93	90-93	City network rollingstock utilisation - combined peak periods ⁸	%	85.98	90-93	90-93	90-93
99.75	99.75	99.75	99.75	City network reliability 24/7 ⁸	%	99.86	99.63	99.63	99.75
47.30	47.30	47.30	47.30	Overall track condition index (OTCI)	#	NA ¹	47.30	47.30	47.30
People									
≤5	≤5	≤5	≤5	Staff turnover (annualised)	%	NA ¹	≤5	≤5	≤5

1. Not available - no comparison available between Queensland Rail (post July 2010) and QR Limited (pre July 2010).

2. Includes all non-contractor emission sources.

3. Not available - no comparison available between Queensland Rail (post July 2010) and QR Limited (pre July 2010). Systems being developed to capture data under Queensland Rail business model.

4. Due to change in methodology and reporting of overall satisfaction, it is not possible to report against a mean score as indicated by the target in the 2010/11 SCI. For comparative purposes, the index score out of 100 has been used instead for the 2010/11 forecast.

5. Results are based on scores of 7 and above out of 10.

6. Index is based on a favourability rating scale of 1 to 3 where: 1 is a negative reflection on Queensland Rail; 2 provides a balanced view; and 3 presents Queensland Rail in a favourable light.

7. Gullflander TSC services are included in Passenger Journeys - Traveltrain.

8. Quarterly targets based on the TSC contractual monthly targets.

2.3 Assumptions

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

- The business priorities as outlined in this SCI (safety, customer, people, commercial, and community) are not altered.
- Capital projects are able to be delivered on time and within budget.
- No mergers or acquisitions are envisaged in 2011/12 however any growth opportunities that would reduce reliance on Government funding should be explored.
- Queensland Rail's rollingstock program is based on a requirement to be able to respond to long-term growth in demand relatively early in the plan due to long lead times for equipment.
- Labour rate increases above 2.5% for award employees will be funded by productivity improvements.

<i>Assumptions</i>	2009/10 Actual ¹	2010/11 Forecast	2010/11 Est. Actual	2011/12 Forecast
Economic Indices				
Consumer Price Index (CPI)		2.0%	3.25%	3.25%
Labour Cost Increase		4.0%	4.5%	4.0%
Interest Rate				
Queensland Rail Pool				
TSC Pool			NA	NA
Operating Expenses				
Diesel - \$ per litre				
Hedged (GST excl. without fuel rebate)			NA	NA
Not hedged (GST excl. without fuel rebate)			NA	NA
Traffic Volume				
Citytrain TKM ('000)		12,639	12,639	13,320
Freight GTK (B)				
Average Full Time Equivalent (FTE) Staff Numbers				
		7,289	7,436	7,720

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

2.4 Government Revenues and Funding

Transport Service 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.

- **City network (previously Citytrain) TSC** – The City network TSC is contracted to 30 June 2013 and values contained within the contract each year are subject to review depending on the outcome of the rebuilt cost models currently under construction. The contract value also varies dependent on the number of kilometres travelled, the capital investment program each year and the Weighted Average Cost of Capital (WACC) rate employed.
- **Traveltrain TSC** – The Traveltrain TSC deed of variation #3 expired on 31 December 2010 and the current services are operating under a letter of agreement. A new contract is to be negotiated for the period from July 2011 to June 2013 and cost models are under construction now which will assist in informing the funding values. Amounts included in forecasts are values calculated using the previous cost model.
- **TSC (Rail Infrastructure) (previously Network)** – The TSC is currently in place until 30 June 2013.

Queensland Rail will work closely with the DTMR in renegotiating TSCs which are due over the Corporate Plan period of 2011/12 to 2015/16 and establishing future requirements.

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

<i>Transport Service Contracts</i>	Agreed or Subject to Negotiation	2009/10 Actual \$M	2010/11 Forecast \$M	2010/11 Est. Actual \$M	2011/12 Forecast \$M
City network	Agreed	673.6	739.2	745.9	845.1
Traveltrain	Subject to Negotiation	145.3	145.0	145.1	165.4
		818.9	884.2	891.0	1,010.5
Rail Infrastructure	Agreed to 2012/13 only	539.4	539.0	487.2	508.4
Total		1,358.4	1,423.2	1,378.2	1,518.9

Statement of Financial Position (Consolidated)

Quarter 2011/12					2009/10	2010/11	2010/11	2011/12
Sept \$M	Dec \$M	Mar \$M	Jun \$M		Actual ¹ \$M	Forecast \$M	Est. Actual \$M	Forecast \$M
				Current Assets				
2.0	2.0	2.0	2.0	Cash		2.0	2.0	2.0
377.9	370.7	370.6	371.4	Receivables		35.7	354.0	371.4
3.4	3.4	3.4	3.4	Derivative Financial Instruments		1.3	3.4	3.4
65.2	65.2	65.2	65.3	Inventories		72.2	65.2	65.3
76.4	32.9	32.9	32.9	Other		-	76.7	32.9
524.9	474.2	474.2	475.0	TOTAL CURRENT ASSETS		111.2	501.3	475.0
				Non-Current Assets				
29.8	29.8	29.8	29.8	Receivables		-	29.8	29.8
5,702.7	5,768.5	5,766.8	5,965.7	Property, Plant & Equipment		5,190.1	5,662.1	5,965.7
784.0	922.7	1,093.7	1,090.8	Work in Progress		665.5	598.6	1,090.8
-	-	-	-	Intangible Assets		5.9	-	-
168.6	137.3	100.4	70.7	Deferred Tax Assets		25.2	99.8	70.7
-	-	-	-	Other		53.9	-	-
6,685.1	6,858.3	6,990.7	7,157.0	TOTAL NON-CURRENT ASSETS		5,940.5	6,390.3	7,157.0
7,210.0	7,332.6	7,464.8	7,632.0	TOTAL ASSETS		6,051.8	6,891.6	7,632.0
				Current Liabilities				
212.6	212.7	212.7	212.5	Accrued Employee Benefits		59.4	204.1	212.5
268.8	278.3	274.6	296.4	Creditors		59.3	179.6	296.4
85.2	85.2	85.2	85.2	Provisions		-	85.2	85.2
4.3	-	(14.5)	(21.8)	Current Tax Liability		57.3	4.3	(21.8)
107.3	-	-	82.9	Dividends		92.1	107.3	82.9
6.8	6.8	6.8	6.8	Derivative Financial Instruments		6.9	6.8	6.8
62.0	62.1	62.1	61.9	Other		9.1	62.9	61.9
747.0	645.1	626.8	723.9	TOTAL CURRENT LIABILITIES		284.1	650.2	723.9
				Non-Current Liabilities				
12.2	12.2	12.2	12.2	Accrued Employee Benefits		147.7	12.2	12.2
1.4	1.4	1.4	1.4	Derivative Financial Instruments		2.9	1.4	1.4
3,355.0	3,458.1	3,467.0	3,313.5	Borrowings		3,174.2	3,251.4	3,313.5
16.9	16.9	16.9	16.9	Provisions		-	16.9	16.9
507.5	446.6	417.4	396.4	Deferred Tax Liability		11.1	423.9	396.4
22.6	22.6	22.6	22.6	Other		-	22.6	22.6
3,915.4	3,957.6	3,937.3	3,762.8	TOTAL NON-CURRENT LIABILITIES		3,335.9	3,728.3	3,762.8
4,662.4	4,602.7	4,564.2	4,486.7	TOTAL LIABILITIES		3,620.0	4,378.5	4,486.7
2,547.6	2,729.9	2,900.7	3,145.3	NET ASSETS		2,431.8	2,513.1	3,145.3
2,436.8	2,589.7	2,742.6	3,048.4	Contributed Equity		2,165.5	2,436.8	3,048.4
(2.9)	(2.9)	(2.9)	(2.9)	Reserves		(7.9)	(2.9)	(2.9)
113.7	143.1	161.0	99.9	Retained Earnings		274.2	79.1	99.9
2,547.6	2,729.9	2,900.7	3,145.3	TOTAL EQUITY		2,431.8	2,513.1	3,145.3

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

Statement of Cash Flows (Consolidated)

Quarter 2011/12				2009/10	2010/11	2010/11	2011/12
Sept	Dec	Mar	Jun	Actual ¹	Forecast	Est. Actual	Forecast
\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash Flows from Operating Activities							
82.1	104.6	83.3	94.0		344.5	294.1	364.0
415.1	416.8	418.5	420.3		1,565.6	1,540.3	1,670.8
(207.1)	(298.2)	(315.4)	(299.5)		(1,092.8)	(1,168.8)	(1,120.1)
-	-	-	-		0.6	0.9	-
(63.0)	(65.8)	(67.0)	(66.1)		(225.1)	(216.7)	(261.9)
-	(3.1)	(14.5)	(7.3)		-	-	(24.9)
(13.3)	(8.9)	(10.2)	(10.4)		(23.9)	(69.7)	(42.8)
213.9	145.3	94.7	131.1		568.9	380.2	585.0
Cash Flows from Investing Activities							
(319.1)	(307.3)	(260.0)	(295.5)		(1,182.5)	(1,039.4)	(1,182.0)
1.7	13.2	3.5	12.1		1.6	2.6	30.6
(317.4)	(294.1)	(256.6)	(283.3)		(1,180.9)	(1,036.7)	(1,151.4)
Cash Flows from Financing Activities							
103.5	103.1	9.0	(153.5)		174.2	252.3	62.1
-	152.9	152.9	305.8		439.7	406.1	611.5
-	(107.3)	-	-		-	-	(107.3)
103.5	148.7	161.9	152.3		613.8	658.4	566.4
-	-	-	-		1.8	1.8	-
2.0	2.0	2.0	2.0		0.2	0.2	2.0
2.0	2.0	2.0	2.0		2.0	2.0	2.0

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

Equity Injections/(Withdrawals)

Transaction	2009/10	2010/11	2010/11	2011/12
	Actual ¹	Forecast	Est. Actual	Forecast
	\$M	\$M	\$M	\$M
Equity Injections		439.7	406.1	611.5
Equity Withdrawals		-	-	-
NET EQUITY		439.7	406.1	611.5

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

Transaction	2009/10	2010/11	2010/11	2011/12
	Actual ¹	Forecast	Est. Actual	Forecast
	\$M	\$M	\$M	\$M
Dividends Provided		92.1	107.3	82.9
Income Taxes Paid		-	-	(24.9)
Net GST Received/(Paid)		(23.9)	(69.7)	(42.8)
Transport Service Contracts Receipts		1,565.6	1,540.3	1,670.8

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

3.1.2 Financial Contributions: Subsidiaries

The projected financial statements for the Queensland Rail subsidiary On Track Insurance Pty Ltd are consolidated into the Queensland Rail group results.

<i>Subsidiary</i>	<i>Ownership</i>	<i>Nature of Business</i>	<i>Contribution to Group 2010/11</i> \$M	<i>Contribution to Group 2011/12</i> \$M	<i>Type of Contribution</i>
<i>On Track Insurance Pty Ltd</i>	100%	Group self insurance	-	(0.2)	Net profit/(loss)

3.2 Separation Facilitation Agreement

The Separation Facilitation Agreement (SFA) is an umbrella agreement governing 74 services contracts and the process for reallocation of misallocated contracts, assets and people resulting from the separation of Queensland Rail and QR National. The initial term of the SFA is three years from 1 July 2010, with a possible 12 month extension although the terms and conditions continue to apply to service contracts effective beyond this time.

Outcomes and/or issues are monitored by the SFA Steering through a monthly reporting system.

3.3 Main Undertakings and Businesses

Queensland Rail does not propose to dispose of or acquire any main undertakings during 2011/12.

Any land assets proposed to be sold during 2011/12 will go through a process that conforms with the State Purchasing Policy, including registration on the Government Land Register allowing priority to Government Departments and agencies for 30 days.

Queensland Rail does not propose to acquire or form any subsidiaries during 2011/12.

Additional undertakings:

Queensland Rail will engage in the provision of niche rail infrastructure expertise and services where opportunities link to our core capabilities. For 2011/12, this will include but is not limited to:

- Bridge maintenance and repair services for [REDACTED] in regional Queensland, with an estimated revenue for Queensland Rail in excess of \$ [REDACTED] million;
- Bidding on subcontractor work for [REDACTED] on the Eagle Downs Rail Loop construction project in Queensland, with an estimated revenue for Queensland Rail of \$ [REDACTED] million, and the Regional Rail Link project in Victoria, with projected revenue for Queensland Rail in the order of \$ [REDACTED] million; and
- Provision of track recording services to the [REDACTED] on their rail network.

Queensland Rail is also currently working on a number of potential growth opportunities across our rail network, including:



3.4 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 TSCs 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.

3.4.1 Assets Under Construction

Asset	Forecast Total Cost \$M	Total Estimated Expenditure to 31 Dec 2010 \$M	2010/11 Est. Actual \$M	2011/12 Forecast \$M	Expected Completion Date
Shareholding Minister approved					
City Network Disability Standards 2007 Compliance: Infrastructure (TSC)					30/06/2012
Keperra - Ferny Grove Duplication					30/06/2012
Darra to Springfield - Stage 2 (SEQIP)					31/12/2013
Moreton Bay Rail Link (SEQIP)					30/06/2016
Citytrain: Extra 20 x 3 Car Units (SEQIP)					30/06/2013
Citytrain: Additional 20 x 3 Car Units (SEQIP)					30/06/2012
Citytrain: New Generation Rollingstock (SEQIP) (formerly 58 x 3 Car Units) ¹					Ongoing
Sunlander 14 (Traveltrain Long Distance Rollingstock Replacement)					30/04/2014
Overhaul 44 x 3 Car Multiple Units (TSC)					30/06/2013
EMU Component Change-Out Program (TSC)					30/06/2019
Projects under Notification Threshold of \$20M					Various
Board approved and not requiring shareholding Ministers' approval					
Western System Asset Replacement (WSAR)					30/06/2016
New Stabling Facilities (SEQIP)					30/12/2012
Elec Infra Renewal Strategy (TSC II)					30/06/2013
ATP TBS100 Migration (TSC II)					31/12/2011
Citytrain Disability Standards 2007 Compliance: Rollingstock (TSC)					30/09/2013
Projects under Notification Threshold of \$20M					Various
Capital expenditure that does not require Board or shareholding Ministers' approval					
NIL	-	-	-	-	
Projects under Notification Threshold of \$20M					Various
TOTAL	11,337.97	3,316.61	1,004.48	1,012.14	

1. The full project is not yet Board Approved or Shareholding Minister Approved.

Queensland Rail is undertaking a number of major projects to grow its network capacity and meet a forecast increase in passenger journeys in South East Queensland. To address these future growth requirements, Queensland Rail has committed to investigate options to replace ageing rollingstock and add to the existing fleet through its New Generation Rollingstock (NGR) project. Upgrades to the capacity of the South East Queensland rail network will continue through Queensland Rail's delivery of the rail component of South East Queensland Infrastructure Plan and Program 2010-2031 (SEQIPP), including stage two of the Darra to Springfield line.

As the number of rollingstock increases, so does the need for stabling facilities to secure and maintain these assets. Queensland Rail is presently establishing sites to increase its stabling capacity, including the Redbank train stabling facility, and will be considering further sites during 2011/2012.

Progress of Major Projects 2011/2012

New Generation Rollingstock	
Progress to date	
Three bidding consortia are currently actively participating in a Request for Proposal process as part of the NGR project. This procurement activity will continue throughout 2011/2012.	
2011/2012 Major activities	Estimated milestone
Darra to Springfield Stage 2	
Progress to date	
Final evaluation of the Total Outturn Cost from the Trackstar Alliance is almost complete and is expected to be awarded in May 2011.	
Early works package, geo tech survey and public utility identification are ongoing. Site work is expected to commence in June 2011.	
2011/2012 Major activities	Estimated milestone
Commencement of construction of access roads	31 May 2011
Completion of civil design	Late 2011/Early 2012
Completion of rail system design	Mid 2012
Moreton Bay Rail Link	
Progress to date	
Business Case options are currently being developed for the Moreton Bay Rail Link.	
2011/2012 Major activities	Estimated milestone
Completion of Business Case	
Queensland Rail Board approval of Business Case	
Approval of Business Case by Government	
Queensland Rail Board approval for Pre-feasibility Gate	
Commencement of rail corridor design	31 December 2011
Western System Asset Replacemen	
Progress to date	
Track reconditioning (3.035KM) and two turnouts from Rosewood to Toowoomba have been completed. Three turnouts from Jondaryan to Dalby have been completed.	
2011/2012 Major activities	Estimated milestone
Completion of track upgrades between Columboola and Fisherman Island	30 November 2011
Completion of track reconditioning (6.16KM) from Rosewood to Toowoomba	30 June 2012
Completion of four turnouts	30 June 2012
Keperra to Ferny Grove Duplication	
Progress to date	
Temporary platform has been commissioned and corridor civil works have commenced.	
2011/2012 Major activities	Estimated milestone
Commissioning of temporary platform and station	30 April 2011
Commencement of station construction	30 September 2011
Commission new station and duplicated corridor	Mid 2012

Stabling Facilities	
Progress to date	
All works practically completed for Beenleigh stabling yard.	
Redbank stabling yard civil and electrical design work complete.	
Petrie stabling yard alignment design complete.	
Shorncliffe stabling yard alignment design complete.	
2011/2012 Major activities	Estimated milestone
Commissioning of Beenleigh stabling yard	16 May 2011
Commissioning of Redbank stabling yard	31 December 2011
Tilt Train/Sunlander Traveltrain Rep	
Progress to date	
Design work is progressing for all of the new Traveltrain services. The rebuild of the damaged Cairns Tilt Train (CTT) power car is well advanced.	
2011/2012 Major activities	Estimated milestone
CTT power car rebuilt	31 August 2011
Commence build of Sunlander 14	1 July 2011 to Oct 2013
Completion of Queensland Rail design input to Sunlander 14	31 March 2012

3.4.2 Capital Expenditure Planned to Commence in 2011/12

Description	Forecast Total Cost \$M	2011/12 Forecast \$M	Purpose and Objective	Project Status	Expected Completion Date
Shareholding Minister approved					
Lawnton to Petrie Third Track			Construct a third track between Lawnton and Petrie to assist with traffic for the Moreton Bay Rail Link (Petrie to Kippa-Ring).	Pre concept	30/06/2014
Rail Capacity Upgrades Program			Rail capacity upgrades that deliver value for money, optimise the operation of the network and address network congestion. The current indicative list is: Fourth Platform at Park Road; Additional Platform at Kuraby; Additional Platform at Manly; and Sandg	Pre concept	30/06/2014
Board approved but yet to be approved by shareholding Ministers					
NIL	-	-			
Board approved and not requiring shareholding Ministers' approval					
NIL	-	-			
Capital expenditure yet to be approved by the Board					
Metropolitan - UHF TCR Replacement				Pre concept	30/06/2015
Switch Tamper and Ballast Regulator Consists				Pre concept	30/06/2017
Mt Isa Line Capacity Enhancement Project				Pre concept	30/06/2015
Capital expenditure that does not require Board or shareholding Ministers' approval					
NIL	-	-			
TOTAL	454.75	62.40			

3.4.3 Business Development (Material expenditure on projects being considered)

Description	Forecast Total Cost \$M	2011/12 Forecast \$M	Purpose and Objective	Project Status	Expected Completion Date
NIL	-	-			
TOTAL	-	-			

3.4.4 Total Capital Expenditure

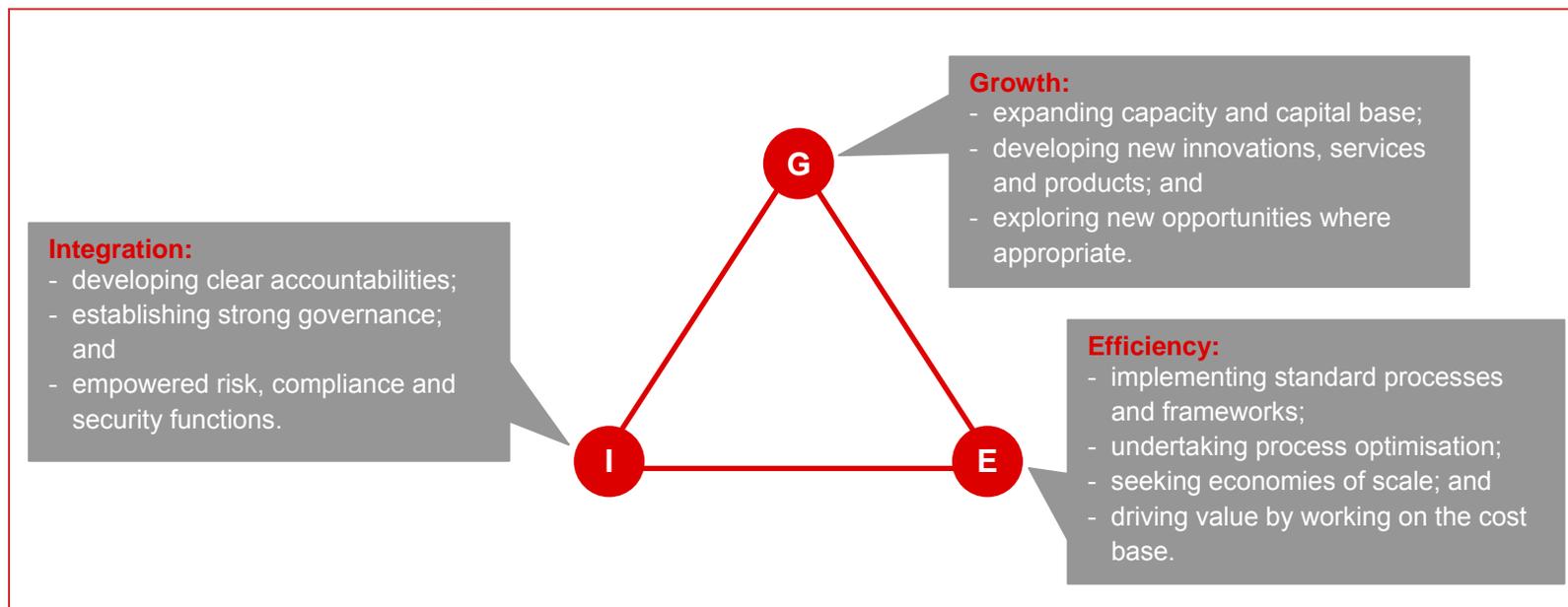
<i>PROJECT (\$M)</i>	Forecast Total Cost \$M	Total Estimated Expenditure to 31 Dec 2010 \$M	2010/11 Est. Actual \$M	2011/12 Forecast \$M
Total shareholding Minister approved				
Total Board approved but yet to be approved by shareholding Ministers				
Total Board approved and not requiring shareholding Ministers' approval				
Total capital expenditure yet to be approved by the Board				
Total capital expenditure that does not require Board or shareholding Ministers' approval				
TOTAL CAPITAL EXPENDITURE	11,596.57	3,316.61	1,004.48	1,074.54

3.5 Other Significant Expenses

All Queensland Rail significant expenditure is included in the above Capital Expenditure Program.

3.6 Major Initiatives Being Undertaken by Queensland Rail

To ensure Queensland Rail is positioned for future success, our strategic agenda is made up of a suite of integration, efficiency and growth initiatives. While our program of work during 2011/12 is more heavily centred on integration and efficiency activities, a number of initiatives to deliver growth will also be undertaken to provide a sustainable business platform for Queensland Rail.



The following major initiatives will be undertaken during 2011/12 to support Queensland Rail's strategic agenda.



Initiative	Description	Benefits	Start Date	End Date	2011/12 SSE ¹
Implementation of Rail Safety Legislation	Introduce the new elements of Rail Safety Legislation arising from the <i>Transport (Rail Safety) Act 2010</i> and <i>Transport (Rail Safety) Regulation 2010</i> .	Ensures Queensland Rail complies with recently introduced rail safety legislation and maintains its licence to operate as a rail operator and to manage the network.	2010/11	2013/14	1
Safety Motivated Action Resource Teams (SMARTs)	Embed and champion SMARTs across the business, including targeted intervention for high incident areas.	Improves safety by empowering employees at the work site level to identify and manage local safety issues. Embeds a positive safety mindset across Queensland Rail.	2010/11	2011/12	1
Enhancing Train Protection	Identify and design methods to enhance train protection.	Manages risk of train collisions and over-speed derailments.	2010/11	2015/16	1

1. Shareholding Ministers' Strategic Expectations (SSE) for Queensland Rail – refer Section 1.6 above.



Initiative	Description	Benefits	Start Date	End Date	2011/12 SSE ¹
Enhanced Train Performance Monitoring System	Establishment of an improved Train Performance Monitoring System to provide near real-time train performance data that will enable the accurate analysis of the causal factors pertaining to service delays. The project will be supported by the On-Time Running (OTR) Performance Improvement Program.	The system, and associated OTR program, will provide the organisation with the ability to meet and / or exceed the expectations of our customers and also ensure we meet the Citytrain network TSC performance standards.	2011/12	2012/13	1,2
Train Management Centre	Establish 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 and customer information, allowing for more dynamic response to transport issues.	2011/12	2015/16	1,2,3
Strengthening Customer Service	Provide consistently high-quality professional customer services that are regularly reviewed and continually improved, including: <ul style="list-style-type: none"> • developing customer service professionals across the enterprise with Certificate and Diploma level training; • achieving re-certification against the International Customer Service Standards (ICSS); • providing service delivery consistency in On-Time Running (OTR) performance; and • delivering a customer-focused Traveltrain reservations booking system. 	Improved customer experience resulting in continued high customer satisfaction ratings. Efficient service delivery processes and quantified cost of poor customer service. Service delivery transparency for customers. Real-time customer communications such as published daily OTR performance at stations.	2010/11	2012/13	1,2,3

Initiative	Description	Benefits	Start Date	End Date	2011/12 SSE ¹
Stakeholder Relationship Management	Provide Queensland Rail with comprehensive, accurate and timely information on key stakeholders that ensures relationships are dynamic and productive in pursuit of corporate objectives and corporate social responsibilities.	Ensures that issues involving key stakeholders are managed appropriately to protect and advance the interests and reputation of the company as a whole. Maintaining strong and productive relationships with communities in which Queensland Rail operates as well as the local government and organisations representing them.	2010/11	Ongoing	1,2,5,6,10
Measurement of Key Stakeholder Satisfaction	Introduce regular measurement of key stakeholder satisfaction with their Queensland Rail relationship, and identify issues and areas for improved relationship management.	Identifies issues and areas for improved relationship management.	2010/11	2012/13	1,2,6

1. Shareholding Ministers' Strategic Expectations (SSE) for Queensland Rail – refer Section 1.6 above.



Initiative	Description	Benefits	Start Date	End Date	2011/12 SSE ¹
Cultural Integration	Drive a cultural integration program focused on clearly communicating and engaging our workforce into the 'One Queensland Rail' philosophy.	The design and delivery of a range of integration and transformation interventions, including a change management training program, review of organisational values and behaviours, and aligning employees to organisational vision and strategic objectives.	2011/12	2012/13	2,6
High Performance Culture	Build a constructive performance culture which is supported by a diverse, fit, healthy and engaged workforce.	Increased organisational effectiveness through an uplift in people performance across Queensland Rail, achieving external recognition as an Employer of Choice.	2010/11	2013/14	1,2,3,6
Learning Organisation	Build a platform to underpin and facilitate a learning culture that expands our organisational capability and capacity to learn and transform.	Talented workforce able to adapt to a changing business environment and make decisions effectively through increased skills and knowledge.	2010/11	2012/13	2,6
Strong Visible and Capable Leadership	Develop a constructive leadership culture that builds long-term capability and depth.	Stronger and more capable leadership at all levels leading to positive cultural change as well as higher staff engagement and retention levels.	2010/11	2013/14	1,2,6
Organisational Design	Conduct a review of organisation structure to deliver an efficient and functionally accountable workforce.	The development of structures and roles that fit the organisation's business model, and an organisational approach to workforce planning to meet current and future organisational needs.	2010/11	2012/13	2,3,6,7

Initiative	Description	Benefits	Start Date	End Date	2011/12 SSE ¹
Workplace Relations Framework	Develop workplace relations instruments (agreements and policies) and positive stakeholder relationships that enable a high-performance culture in Queensland Rail.	Development of industrial agreements and workplace relations policies for the new organisation that meet business needs and support employee engagement. Development of positive working relationships with unions.	2010/11	2012/13	1,2,6
Corporate Internal Communication Framework	Research, design and implement new process, protocols and templates for the communication of key information to staff.	Ensures appropriate communication channels and mediums for staff and an ability to audit future communications as required.	2011/12	2012/13	2,6

1. Shareholding Ministers' Strategic Expectations (SSE) for Queensland Rail – refer Section 1.6 above.



Initiative	Description	Benefits	Start Date	End Date	2011/12 SSE ¹
Whole-of-Lifecycle Enterprise Asset Management Program	The development, implementation and maintenance of an Enterprise Asset Management System (EAMS) to facilitate desired level of reliability for Queensland Rail assets. Includes below-rail operational asset management for South East Queensland and Regional.	Sustainable improvements in asset reliability and asset management leading to enhanced long-term cost benefits. Improved customer satisfaction and improved investment and maintenance decisions to derive best value from our assets.	Ongoing		1,2,3,5
System Business and Capacity Plans – Below Rail	Development of system business plans which set a benchmark for current and planned future system capacity and performance.	Delivery of a targeted financial return on our assets based on current and future demand.	Ongoing		1,2,5,9
Access Contract Management – Revenue Negotiations TSC Contract Management	Negotiation and management of Queensland Rail’s below rail Transport Service Contract and access agreements with customers on new and existing projects.	Enables the negotiation of a commercial revenue stream that also facilitates the achievement of performance outcomes as agreed with our customers/stakeholders.	Ongoing		2,4,9
Rollingstock Procurement – City Network and Traveltrain	Acquisition of new City network and Traveltrain rollingstock to address future growth requirements and replace ageing rollingstock.	Lowers cost of operations (capital and operational costs, including reduced energy costs), increases performance and meets customer demand and expected patronage growth.	City network		1,2,3
			2009/10	Post 2015/16	
			Traveltrain		
			2011/12	2014/15	
Mayne and Ipswich Workshops Master Plan	Analysis of current and future-state use of key operating locations at Mayne Rail Complex and Ipswich Workshop and completion of master planning for these locations.	Planning, investment and disposal of assets in accordance with outcome of future planning.	2011/12	2011/12	2,7,8

Initiative	Description	Benefits	Start Date	End Date	2011/12 SSE ¹
Accommodation/Facility Upgrades	Undertake accommodation/facility upgrades to ensure worksites are fit for purpose. It will address workforce (IR), safety, security and building service issues and introduce growth capacity for future operating options.	Ensure worksites and facilities are operating efficiently, assist with asset rationalisation and assist in reduction in rail safety and operating risks.	2011/12	2014/15	1,2,3
City Network Maintenance and Overhauls	Whole-of-life management of rollingstock assets and associated maintenance.	Ensure our customers are provided reliable, available and presentable trains in a safe and commercial manner.	Ongoing		1,3
Planning Foundation Project – Rolling Forecast	Revamp the Planning and Forecasting Financial Management Framework to ensure currency and accuracy of operational plans and the financial impact.	Reduce labour input and improve value of planning information. Assist managers to look outwardly rather than continually looking retrospectively.	2011/12	2012/13	2,3,4
SAP Investment Management (IM) Module and Projects (PS) Module Business Process Improvement	Identify and implement system and business process changes around SAP IM and PS and how they can be better used to assist in the planning and forecasting and reporting tasks for Queensland Rail.	Streamlined reporting with improved accuracy, data integrity and data visibility. Improved system integrity with an integrated business solution.	2011/12	2011/12	2,3,4
Asset, Cost Accounting and Revenue Cost Models	Develop and review asset, revenue and cost models to support funding requirements.	Provides a financial review control point for Transport Service Contracts, capital and major projects.	Ongoing		9
Improvement Methodology	Communication of Business Improvement Process Framework, and stakeholder engagement around these processes, to support a consistent approach to improvement activities across Queensland Rail.	Co-ordinated shared learning through improvement initiatives that promote 'One Queensland Rail'.	2011/12	Ongoing	2,3,6
Strategic Procurement Framework	Optimise strategic procurement to achieve consistent procurement processes in accordance with Queensland Rail's Procurement Policy and Standard.	Improved sourcing strategies that ensure whole-of-life assessments that deliver quality commercial outcomes.	2010/11	Ongoing	2,3

Initiative	Description	Benefits	Start Date	End Date	2011/12 SSE ¹
Contract Register and Contract Management	<p>Phase 1 – Establishment of a centralised Contracts Register providing high level oversight of all revenue and expenditure contracts, excluding contracts of employment and property contracts. Commence continual contract education and improvement program through exception reporting of contract register detail.</p> <p>Phase 2 – Implementation of a standardised management of contracts through improvements in contract documentation and electronic storage, processes, frameworks and reporting.</p>	Streamlined contract management delivering improved commercial and efficiency outcomes.	2011/12	<p>Phase 1 2012</p> <p>Phase 2 2015</p>	2,3
Property Portfolio Management Framework	Setting policy and guidelines for the management of Queensland Rail's property portfolio, as well as working collaboratively with key stakeholders to implement a coordinated approach to property portfolio management to leverage the best commercial outcomes for Queensland Rail.	Improved control, efficiency, flexibility and productivity of property activities across Queensland Rail.	2011/12	2013/14	2,5,8
Implement Enterprise Business Intelligence Solution	Build an integrated, enterprise focused business intelligence and reporting environment.	'Single Source of Truth' – consistent and trusted information on the organisation's KPIs. Cross-business process data integration – the ability for the organisation to combine data across subject areas, to enable powerful analysis and decision making.	2011/12	Ongoing	2,4
Project/Program/ Portfolio Management Framework	Design and embed a Portfolio Management Framework that provides a governance and stage-gating process, along with risk and value analysis, to enable strategic project decisions to be made in terms of business critical projects and capital investment projects.	Prioritises and focuses projects to deliver maximum strategic value to the business, aligned to shareholding Ministers' expectations of best-practice project portfolio management and a culture of controlled investment and risk management.	2010/11	2011/12	2,6

Initiative	Description	Benefits	Start Date	End Date	2011/12 SSE ¹
ICT Establishment Program	A joint transition initiative between Queensland Rail and QR National Limited to separate the ICT component of QR Limited with particular focus on establishing Queensland Rail's ICT systems and capability.	A streamlined and efficient ICT platform to enable Queensland Rail's future needs.	2010/11	2012/13	2,7
Enterprise Governance Program	The Enterprise Governance Program is a foundation program that aims to provide best practice in a variety of complementary Governance work streams (projects), including: <ul style="list-style-type: none"> • Risk management; • Compliance; • Assurance; • Delegations of Authority; and • Policies and document hierarchy. 	Enhanced, robust and compliant Governance framework for Queensland Rail.	2010/11	2011/12	2,6,10

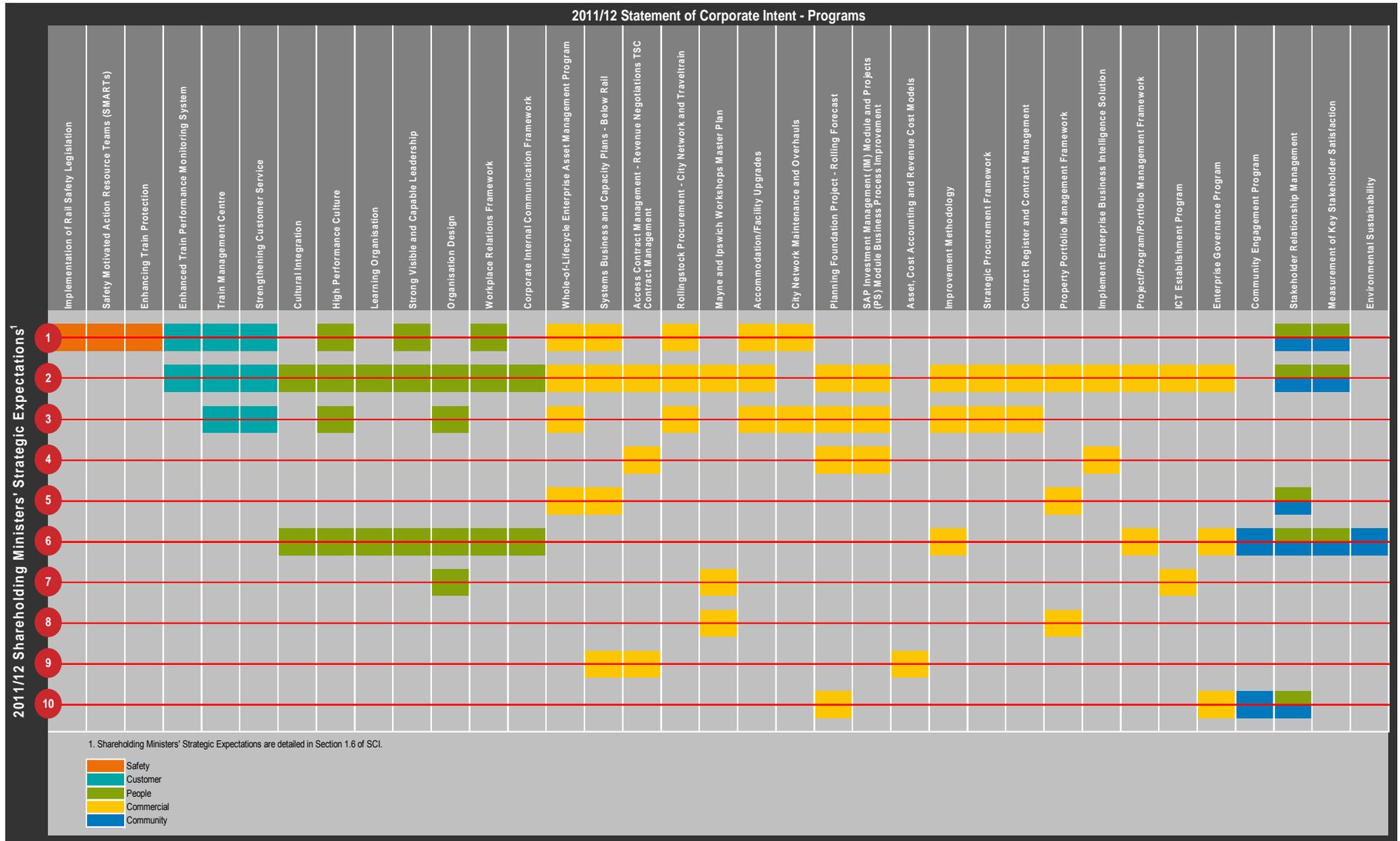
1. Shareholding Ministers' Strategic Expectations (SSE) for Queensland Rail – refer Section 1.6 above.



Initiative	Description	Benefits	Start Date	End Date	2011/12 SSE ¹
Community Engagement Program	Identifies and implements various corporate citizenship programs to engage internal and external stakeholders.	Enhance the communities we operate in and to build goodwill in those regions.	Ongoing		6,10
Environmental Sustainability	Develop and embed processes which enhance sustainability and innovation integration across the Queensland Rail business.	Active party in creating and maintaining a more sustainable environment in Queensland.	Ongoing		6

1. Shareholding Ministers' Strategic Expectations (SSE) for Queensland Rail – refer Section 1.6 above.

The following matrix outlines the alignment between the above initiatives, the SSE and Queensland Rail's strategic pillars.



3.7 Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements

Consistent with the *Corporate Entertainment and Hospitality Guidelines* and Queensland Rail's Corporate Entertainment and Hospitality Policy, Queensland Rail has budgeted the following total amounts for Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements for 2010/11. Full details of the budgeted expenditure are provided in Attachment 3 to the SCI.

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

Activity ¹	2010/11	2010/11	2011/12
	Forecast ²	Est. Actual ²	Forecast
	\$	\$	\$
Sponsorship	606,920	369,884	517,000
Advertising	3,228,000	1,893,035	5,394,228
Corporate Entertainment	223,450	66,780	108,795
Donations	-	-	-
Other Related Activities	3,463,000	3,034,596	939,526
Total	7,521,370	5,364,295	6,959,549

1. Includes all activities both above and below \$5,000.

2. Expenditure is GST exclusive.

Although overall forecast expenditure has decreased from 2010/11 to 2011/12, advertising costs have increased as a result of significant expenditure on rebranding and brand awareness activities resulting from the separation from QR Limited and the establishment of Queensland Rail. In addition to brand awareness, expenditure for 2011/12 will focus on product advertising, community events and various customer engagement programs.

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.

3.8 Other

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

3.8.1 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.

3.8.2 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 of the Corporation, the overall debt will be managed to ensure that Queensland Rail maintains the appropriate credit rating or other rating as directed by shareholding Ministers. Queensland Rail's Board will ensure Queensland Rail complies with this.

3.8.3 Weighted Average Cost of Capital (WACC)

The Queensland Rail Board will ensure that Queensland Rail reviews its WACC on an annual basis. As part of the SCI negotiation process, Queensland Rail's beta and optimal capital structure have been determined in consultation with shareholder representatives. Separate WACCs have been calculated for those parts of Queensland Rail's operations that face differing business risk profiles. WACC rates for TSC funded products will be assumed to be the appropriate rate of return for those products.

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.

Details of Queensland Rail's WACC calculations are provided in Attachment 4 to the SCI.

3.8.4 Dividend Policy and Payment

While the dividend process is governed by the *GOC Act* and the *Corporations Act 2001 (Cth)*, the Queensland Rail Board will also ensure that Queensland Rail's dividend policy takes into account the return its shareholders expect on their investments. Queensland Rail's policy is to recommend and pay a dividend amount equivalent to 80% (or the percentage approved by shareholding Ministers, if different) of Queensland Rail's adjusted consolidated profit for 2011/12.

The Board adopts such a policy 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.

Queensland Rail's Board undertakes to adhere to the dividend policy.

The dividend letter provided by the Board to shareholding Ministers in May 2012, will provide an estimate of the dividend for the financial year ending 30 June noting the potential for adjustment and recommend a dividend as a percentage of adjusted consolidated profit for the financial year. 'Adjusted profit' is defined as:

- (a) the total of income less expenses (including income tax equivalent expense), excluding the components of other comprehensive income¹; and
- (b) adjusted for material non-cash items including any associated tax credit or expense.

Queensland Rail commits to providing information in its dividend letter to shareholding Ministers for 2011/12 that includes, but is not limited to, the following:

- a statement that:
 - the legal and accounting requirements for payment of the dividend under the Corporations Act 2001 have been taken into account at the time of providing the Board's recommendation in the dividend letter;
 - compliance by the Board with the requirements of section 254T (and any other applicable requirements) of the Corporations Act 2001 at the time of dividend payment will be necessary before the dividend is paid;
- the current estimated amount of consolidated profit for the financial year (excluding components of other comprehensive income);
- the current estimated amount of 'adjusted consolidated profit' for the financial year;
- details of adjustments made to determine the 'adjusted consolidated profit' from the estimated consolidated profit and a statement providing a breakdown of the value and reason for each adjustment;
- a statement that adjustment items or further adjustment items may be identified during the audited financial statement preparation;

¹ Other comprehensive income comprises items of income and expense that are not recognised in profit or loss as required or permitted by Australian Accounting Standards.

- Queensland Rail's recommended dividend as a percentage of the estimated 'adjusted consolidated profit';
- the current estimated dollar amount of the proposed dividend for the financial year ending 30 June;
- a statement that the dividend is to be declared out of profits;
- a statement that the dividend payment will be the dividend approved or directed as a percentage of adjusted audited consolidated profit; and
- a statement that any material differences between the estimated dollar amount of the dividend and the actual dividend to be paid for 2011/12 will be advised by Queensland Rail as soon as identified.

When determining the actual dividend to be paid based on the audited financial results, the Board will ensure shareholding Ministers are consulted through their Departments and that written agreement is received for any material changes to the adjustment items previously identified in May and for any subsequent new adjustment items identified. This written agreement is to be obtained by Queensland Rail prior to payment of the final dividend by the Board.

3.8.5 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 is in the process of reviewing all of the recommendations in the Corporate Governance Guidelines, and has implemented a number of these recommendations, with the intention to continue reviewing and implementing the remaining general principles of the recommendations as soon as possible.

Under the *Corporations Act 2001 (Cth)*, Directors have a duty to act in the best interests of Queensland Rail. The Board is committed to applying best practice corporate governance principles to the organisation. The Board will provide advice to the shareholding Ministers based on these principles.

3.8.6 Risk Management

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

The risk management framework is 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.

Risk management has been incorporated in Queensland Rail's budgetary and strategic planning processes.

3.8.7 Compliance with Government Policies

In accordance with section 114 of the *GOC Act*, Queensland Rail will comply with the following Government policies:

- Queensland Code of Practice for the Building and Construction Industry;
- Local Industry Policy;

- QFleet ClimateSmart Policy;
- State Procurement Policy; and
- Queensland Government Sport and Recreation Sponsorship Policy.

In particular, Queensland Rail will comply with the approval, notification, reporting and other requirements of the above stated policies.

Shareholding Ministers initially wrote to the Queensland Rail Board asking for advice on the application of the above policies to Queensland Rail. The Board of Queensland Rail advised of the potential adverse commercial impact on Queensland Rail from the application of some, if not all, of the policies. More importantly, the Board is of the view that the general application of the Government policies that Queensland Rail has now been directed to comply with, without certain safeguards, may be contrary to the commercial interests of Queensland Rail. The Board believes there is a way to manage the application of these policies to GOCs so that the risk of detrimental commercial impact is minimised, while still achieving consistent policy across state entities.

With regards to additional Government policies that Queensland Rail has not been Directed to comply with, Queensland Rail will comply as far as possible where the policies are in the commercial interests for both Queensland Rail and our shareholders. Queensland Rail will await further Directions on these policies.

3.8.8 Efficiency and Productivity Targets

Queensland Rail is committed to identifying and implementing a range of efficiency and productivity improvements to deliver on the shareholding Ministers' expectations for ongoing efficiency gains.

As detailed in Section 3.6 above, a number of tactical and strategic programs that will result in efficient business practices will be progressed and/or completed during 2011/12, including:

Organisation structure review – During 2011/12 Queensland Rail will complete the review of assets and resource requirements (including people), arising out of the separation from QR Limited, and will refine the design of our new organisation structure accordingly. Queensland Rail's new organisational structure is designed to break-down silos and assign clear accountabilities and responsibilities. In doing so, the organisation design will ensure any duplication of roles across the business is minimised so that cost of service delivery and associated efficiency improvements can be achieved.

Procurement of new generation rollingstock – The substantial investment program in new generation rollingstock for our City network will continue during 2011/12. The procurement of additional rollingstock will enable Queensland Rail to continue providing high service levels, meet forecast increase in passenger demand and respond to capacity constraints on some peak hour services.

Review of post-separation operational requirements – During 2011/12, Queensland Rail will complete its review of operational requirements for the assets and staff transferred from QR Limited as a result of the separation process. In doing so, Queensland Rail will remedy legacy structural and operational issues by developing company-wide functions that will underpin the drive to an integrated structure and deliver the desired outcomes, allowing the company to be more efficient and effective. The priority areas that are being addressed are:

- *Reporting and metrics* – review and refinement of existing reporting data to establish a 'single source of truth' in support of decision making as well as identifying and implementing improvement opportunities for reporting and metrics.
- *Program and project management* – development of a framework for evaluating projects throughout their lifecycle and a system to streamline reporting of strategic and operational projects.

- *Procurement* – improvement and change activities across Queensland Rail to enhance compliance, reduce supplier complexity, increase buying power and improve central control of procurement.
- *Governance* – assessment of the current state and development of a new governance framework and implementation roadmap.
- *Information, communication and technology (ICT)* – although the ICT establishment program is well underway to ensure Queensland Rail ICT is independent of QR National, a strategy is still required to set the future direction for Queensland Rail's ICT requirements. An integrated ICT strategy will be mapped-out with the aim of streamlining the complexity of the current IT environment and delivering real and quantifiable results in the two-to-five year horizon.
- *Telecommunications* – establish alignment of telecommunications across the business to improve efficiency and identify cost saving and revenue opportunities.
- *Financial performance management* – Queensland Rail will leverage existing knowledge and work closely within the business to build a value-driver model which integrates the financial and operational components of Queensland Rail. The output should also satisfy the requirement to deliver cost models to external parties.

Queensland Rail remains committed to providing safe, efficient, cost-effective services to customers and will continue to drive improvement initiatives to obtain maximum benefit for our employees, the Queensland Rail Board and our shareholding Ministers.

4 Performance Agreement

Directors' Statement and Agreement of Shareholding Ministers

This SCI and all attachments, for 2011/12, 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 Minister for Finance and The Arts and the Minister for Transport and Multicultural Affairs, 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 2011/12.

This SCI is consistent with Queensland Rail's 2011/12 – 2015/16 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 2011/12.

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 20 May 2011>

Stephen Gregg
Chair

Date:

<signed 17 August 2011>

The Honourable Rachel Nolan MP
Minister for Finance and The Arts

Date:

<signed 4 August 2011>

The Honourable Anastacia Palaszczuk MP
Minister for Transport and Multicultural Affairs

Date:

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ATTACHMENT 1 – List of Financial and Non-Financial Target Definitions

Measures	Units	Definition
City network customer satisfaction – Queensland Rail Index	#	<p>The Index measures overall customer satisfaction for Queensland Rail's City network. It is an aggregated score out of 100, built from a number of critical metrics within Queensland Rail's control from TransLink's Customer Satisfaction Survey. Levels of 75 and above are classed as 'best practice' while 60 and above is considered 'satisfactory'.</p> <p>The Index is reported as part of the TSC reporting measures. The Index is calculated as a weighted average of all underlying attributes for this KPI. The weighting is based on the relative importance of each attribute to the overall satisfaction of the KPI (using correlation analysis). That is, attributes with a higher importance are given a larger weight, or contribution to the index. The Index also provides easy identification of which service aspects are driving satisfaction and dissatisfaction, allowing swifter response to specific areas of customer concern.</p> <p>The Index represented here is the Queensland Rail result, representing only those measures within the organisation's direct control. Metrics relating to goCard are excluded from the Queensland Rail Index calculation.</p>
City network on time running (OTR) – combined peak periods	%	<p>Punctuality as measured by the City network TSC, defined as 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.</p> <p>Delays due to Force Majeure events are not recorded as delays for TSC OTR reporting purposes.</p>
City network reliability 24/7	%	The percentage total of the completed portions of all scheduled services 24 hours a day, 7 days a week (i.e. 24/7).
City network revenue (excluding TSC)	\$M	Total revenue, excluding government TSC subsidy revenue, generated on City network from activities such as advertising, vending machines, etc.
City network rollingstock utilisation – combined peak periods	%	An overall efficiency measure of how many trains are being used at any one time, versus how many are owned thereby providing an indication of how hard the fleet is being worked. Calculated as the percentage of fleet available for combined peak revenue services.
City network train kilometres (TKM)	TKM ('000's)	Total City network service TKM for the period, presented in thousands, i.e. the sum of the distance the service travels from point-to-point regardless of the number of units allocated to the service.

Measures	Units	Definition
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.
Customer satisfaction trend	%	Percentage variance between target and actual for Network and passenger rail customers' perceptions of their experiences using Queensland Rail's services.
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). Excludes derailments that occur in yards and sidings and by third party operators.
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.
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> .
GhG emissions	tCO ₂ e	Greenhouse gas emissions (GhG) of carbon dioxide – measured as tonnes (t) of carbon dioxide (CO ₂) equivalent (e), i.e. tCO ₂ e. Includes all non-contractor greenhouse sources.
GhG intensity	t CO ₂ e/ Million TKM	Greenhouse gas intensity of carbon dioxide – measured as tonnes (t) of CO ₂ equivalent per City network train kilometre, i.e. tCO ₂ e/Million TKM City network. Includes all non-contractor greenhouse sources.
Growth in passenger and freight traffic	%	Year-on-year performance trend for Citytrain train kilometres (TKM) and freight gross tonne kilometres (GTK).

Measures	Units	Definition
Increase in network non-core revenue	%	Increase in revenue from non-rail access related services. This could include, but is not limited to telecom services 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) that have been added to the Queensland Rail network during the period, including track duplications.
Network gross tonne kilometres (GTKs)	# Billions	Network GTKs is the sum of external (non-Queensland Rail) coal, freight and passenger GTKs attributable to the entire Queensland Rail managed network.
Overall track condition index (OTCI)	#	A calculated index based on track geometric data collected by a geometric track recording vehicle for the whole Queensland Rail network that represents the condition of the track in relation to the ideal design parameters.
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.
Reputation index (media monitoring)	#	The measure looks at the 'tone of the media' and how it reflects on Queensland Rail's reputation. The calculation is based on 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 where: 1 is a negative reflection on 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.

Measures	Units	Definition
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 safe working 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 full-time equivalent (FTE) staff leaving the business in the period divided by total number of FTE staff at the end of the period. Planned turnover (such as employees on fixed term contracts, seasonal workers and terminations) are not included.
Traveltrain customer Satisfaction	%	Overall satisfaction rating of performance on Traveltrain services, expressed as a percentage. The questionnaire for Traveltrain customer satisfaction is conducted via a telephone survey to ensure Queensland Rail captures passengers' end-to-end journey experiences.
Traveltrain and Tourist Train revenue	\$M	All ticket sales revenue captured in the Queensland Rail SAP General Ledger for Traveltrain, Kuranda Scenic Railway and Gulflander services.

ATTACHMENT 2 – 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 align all E&IR initiatives with the corporation’s Values and Behaviours (see Table 1). The current Values and Behaviours are transferred from the restructure of QR Limited.

Queensland Rail continues to uphold the Values and Behaviours that were originally developed under QR Limited. In supporting Queensland Rail’s new positive company culture these Values and Behaviours will be reviewed and updated. This will be undertaken within the cultural integration program and will involve heavy engagement with our employees to create strong ownership and support.

Table 1: Queensland Rail’s Values and Behaviours

Safety and Environment	➤	<i>“Everyone’s responsibility”</i>
Customers	➤	<i>“We respond, we deliver”</i>
People	➤	<i>“Respect in all our actions”</i>
Leadership	➤	<i>“Inspiring and encouraging”</i>
Results	➤	<i>“Relentless pursuit of sustainable results”</i>
Creativity and Innovation	➤	<i>“New ideas powering our future”</i>

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.

Cultural Integration

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

To support the organisational aspiration of functioning as a cohesive business (“One Queensland Rail”), a significant cultural integration program commenced in 2010/11 and will continue through 2011/12. This program will align all employees to Queensland Rail’s vision, strategic objectives and organisational values and behaviours.

Strong, capable and visible leadership

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

- Defining our current skills, capabilities and knowledge against future requirements.
- Driving talent management and succession programs to create a stream of leaders and experts for all layers of the organisation.
- Embedding our leadership pipeline.

The key benefits of this initiative are stronger, more capable leadership at all levels leading to positive cultural change as well as higher staff engagement and retention levels. This initiative is aimed particularly at engagement and retention levels for key talent as well as decreasing the risk of losing critical knowledge due to the imminent retirement of our 'baby boomers'.

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.
- 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 the entire organisation.
- Creating a Queensland Rail Learning Access 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.

Organisational Design

Queensland Rail will review its organisational structure to ensure the design principles behind the organisational architecture are established and maintained to deliver an efficient and functionally accountable workforce.

Workplace Relations Framework

Queensland Rail will develop workplace relations instruments (agreements and policies) and positive relationships that enable a high performance culture and support employee engagement.

2. Significant and Emerging Issues for 2011/12

Separation

As a consequence of the Government announced proposal for the public float of QR National, Queensland Rail undertook significant activity in 2009 and 2010 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 Government Owned Corporation (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 service and commercial activities. [REDACTED]

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 2011/12. 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.

Establishment of Queensland Rail administrative office at Ipswich

As part of the Sale of Assets, the Government announced that the administrative office for Queensland Rail will be established at Ipswich. The Minister for Transport has subsequently announced that all positions relocated to Ipswich will be on a voluntary basis until 30 June 2012.

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 joint working party will be established with the unions to support the employee consultation.

A voluntary relocation program will be available until 30 June 2012 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) (Fair Work Act).*
- *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 the *Fair Work Act 2009*, and the Corporation's terms and conditions exceed the "safety net" provisions of the National Employment Standards which are incorporated in the *Fair Work Act 2009*.

- ***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 enterprise 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 so as to ensure any outcome determined by third party arbitration is consistent with the Code and Guidelines obligations. This agreement, the *Infrastructure Projects Union Collective Workplace Agreement 2009*, was for the Infrastructure Services arm of Queensland Rail (i.e. the part of the business that would undertake nationally funded projects). This amendment has not been implemented in any of the other agreements, as the national funding issues are not applicable. 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.

Public Interest Disclosure Act 2010 (Qld)

Queensland Rail is committed to complying with the provisions of the *Public Interest Disclosure Act 2010 (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 the necessary 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, under an employer of choice strategy.
- 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, Aboriginal and Torres Strait Islander people, people from a non-English speaking background and people with a disability.

Queensland Rail's focus for 2011/12 will be to:

- Deliver a Diversity Program which continues to provide innovative and supportive initiatives that foster an inclusive, safe and flexible working environment.
- Deliver a workplace intervention framework which facilitates and supports effective and efficient management and resolution of workplace issues.

Specifically, Queensland Rail will be developing and implementing a suite of initiatives and programs aimed at achieving the above deliverable, including:

- Developing and implementing innovative policies and tools, induction and awareness packages to assist Queensland Rail in creating a fair and inclusive culture that is free from harassment and discrimination and inappropriate behaviour.
- Establishing reporting systems and metrics to support and inform the development and implementation of the Diversity Program as well as ensuring legislative compliance.
- Developing and implementing programs and initiatives to support and facilitate improved employee work-life balance and integration.

- Developing and implementing programs and initiatives to address issues associated with an ageing workforce and multi-generational workforce management.
- Developing programs that support and promote women in leadership in Queensland Rail.
- Reviewing and implementing policies and tools that support the effective and efficient management and resolution of workplace issues.

In addition, Queensland Rail will remain open to participating in external initiatives (such as Government Programs) which promote opportunities for people from diverse backgrounds.

These strategic programs and initiatives will continue to ensure that Queensland Rail's recruitment and selection processes encourage a diverse applicant pool and that all applicants are treated on their merits. Programs and initiatives will also ensure all employees are being treated fairly and with respect.

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 January 2011.

Non-Executive Directors	Director's Fees (\$)	Committee Remuneration (\$)	Superannuation Contribution (\$)	Total Emolument (\$)
Stephen Gregg	117,554	-	10,579	128,123
Maureen Hayes	33,798	4,166	3,417	41,381
Dr Leo Keliher AO	33,798	4,166	3,417	41,381
Merren McArthur	33,798	4,166	3,417	41,381
Denise McMillan-Hall	33,798	5,556	3,542	42,896
Dawson Petie	33,798	5,556	3,542	42,896
Julie-Anne Schafer	33,798	4,166	3,417	41,381

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 January 2011 (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	319,614	17,000	34,220		268,394	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 August 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 Enterprise 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 September 2010* (as attached) and will ensure adherence to such principles subject to the terms of any Enterprise Agreements.

4. Employment Conditions

Queensland Rail complies with its obligations under:

- Legislative provisions governing employment and enterprise arrangements.
- The Queensland Government's policy, *Guidance for Chief Executive Officers – Agreement Making and Industrial Relations in Government Owned Corporations* (2010).

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

All wage increases, productivity payments and key allowances contained in the current workplace agreements (those scheduled to occur prior to 2010/11) have already been implemented.

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 September 2010* ("the Schedule").

For example, Queensland Rail will comply with the Schedule's requirement that *new individual contracts should only be executed where the total fixed remuneration equates to or exceeds the following remuneration envelopes:- where the total fixed remuneration equates to the equivalent of the Queensland Public Service AO8 level per annum plus 12.75% plus the equivalent of annual leave loading plus any overtime component) and/or the respective GOC enterprise agreement remuneration envelope (top rate from the agreement plus applicable superannuation and annual leave components).*

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 enterprise agreement. The conditions in their enterprise agreement would continue to apply where there are any inconsistencies and this is explicitly stated in the written contract.



Significant features of current enterprise 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 2011.

Agreement	Coverage	N ^o Employees ¹	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 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 the *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.

Productivity Initiatives

Table 5 on the following pages provides a summary of those workplace agreements that have specific productivity payment performance outcomes to date. Note this does not include the market relativity component for Engineering Trade (ET) and Civil Infrastructure (CI) streams (All-purpose Allowance) as approved by Cabinet Budget Review Committee.

Table 5: Productivity Initiatives by industrial agreement.

Agreement	Amount	Productivity Initiative (including Target)	Progress and achievements
Trackside Systems Union Collection Workplace Agreement	Total of 4%	2% - holding qualification (e.g. blue tickets) and associated licenses for operation of on track machinery. Up to 4% - based on quality and quantity of tasks completed.	[REDACTED]
QR Passenger Pty Ltd Traincrew Union Collection Workplace Agreement 2009	Equivalent of 12.75% <i>(Made up of wage increases and other benefits)</i>	Increased attendances. Improvements in Rostering (Lunchbreaks). Introduction of part-time employees.	[REDACTED] [REDACTED] [REDACTED]
QR Limited Traincrew Union Collective Workplace Agreement 2009	Equivalent of 12.75% <i>(Made up of wage increases and other benefits)</i>	Annualised hours. Improvements in Rostering.	[REDACTED] [REDACTED]
Services Infrastructure Projects Union Collective Workplace Agreement 2009	3.25% yr 1 4.25% yr 2	For plant maintenance employees who hold plum tickets or operator competencies. 2% for Trackside System Construction Overhead Traction Power Workers ET employees who hold qualifications (Blue) Ticket and associated licenses. Up to 4% - For Trackside employees based on quality and quantity of tasks completed.	[REDACTED]
Passenger Pty Ltd Rollingstock Assets Union Collective Workplace Agreement 2009	Only one of the seven schedules contains a 3% payment.	Introduction of new workplace practices and rostering methodologies. <ul style="list-style-type: none"> Reduce overtime working Increased productive contact hours Reduced penalty rates / payments Reduction in peak fatigue scores. 	[REDACTED]
Passenger Pty Ltd Customer Service Union Collective Workplace Agreement 2009	1% for 2 of the competencies required; 2% for 3 of the competencies required.	Being multi-skilled in different competencies (see below) to provide flexibility and increase in customer service, willing and able to perform additional tasks/roles. The relevant competencies are: <ul style="list-style-type: none"> Operations (Guest Service Attendant or Station Assistant) Reservations Catering and Merchandise including Gold Class Service Assistant to Operational Manager Safe working Sales and Marketing. 	[REDACTED]

Agreement	Amount	Productivity Initiative (including Target)	Progress and achievements
Passenger Pty Ltd Citytrain Network Stations Union Collective Workplace Agreement 2009	2% yr 2 2% yr 3	Increased flexibility and deployability of employees to meet the customer service requirements of Citytrain Network Stations. In addition the following has been bought out and rolled up: <ul style="list-style-type: none"> • Brisbane relief allowance • Station housing allowance • Bed allowance • Travelling time provisions – with exceptions as contained in Agreement • Waiting time provisions • Meal allowance provisions – with exceptions as contained in the Agreement. 	
Coal and Regional Freight Logistics Union Collective Workplace Agreement 2009	1.88% based on 30 September base rate	Payment to be made for: <ul style="list-style-type: none"> • Changed rostering provisions • Labour arrangements encouraging job flexibility and multi-skilling • Modified classification structure • Employees performing lower level maintenance activities. 	

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.

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 6: 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 January 2011 is 7,184. 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 (which became 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 January 2011) for these issues follow.

Employment Type

- Permanent full-time employment represents approximately 81.89% of all employment in Queensland Rail.

Diversity

- 46% of Queensland Rail's workforce is older than 45 years of age.
- Females in Queensland Rail are under-represented, comprising approximately 21% of the workforce as compared to 50.43% of the Queensland community and 62% of the Queensland Public Sector.
- The representation of people from Non-English-Speaking Backgrounds within Queensland Rail is 7.57%, compared to approximately 15% within the Australian population and 9.1% within the Queensland Public Sector*.
- Aboriginal and Torres Strait Islanders represent 1.95% of Queensland Rail's workforce as compared to 2% of the Queensland Public Sector*.

- People with a disability comprise 6.41% of the Queensland Rail workforce as compared with 5.3% of the Queensland Public Sector*.

* These figures are based on self-identification.

Regional Location

- Almost 24.29% of all Queensland Rail employees are employed at a location other than Brisbane or Ipswich.

7. Type of Employment and Workforce Planning

Table 7: Employee numbers by employment type as at 1 January 2011.

Employment Category	1 January 2011
Total Headcount	7,184

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:

- Safety Motivated Action Resource Teams (SMARTs)
- Integrated Safety Management System
- Enhancing Train Protection
- Protecting People Trackage (Alignment to Rules)
- Trackage Safety
- Open Level Crossing Protection Strategy
- SEQ SMART Program (TSC)
- Bemerside: Valet crossing innovation
- 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.

Queensland Rail will continue to appoint a qualified person as workplace health and safety officer in its workplaces where 30 or more workers are normally employed at the workplace. Queensland Rail will also continue to work with Workplace Health and Safety Queensland within 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 2011/12. Comparable performance outcomes for 2010/11 are not available as Queensland Rail is a new Government Owned Corporation operating under a different business model to QR Limited.

Table 8: 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 required medical treatment administered by a registered medical practitioner 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. An external audit regarding workplace health and safety will be conducted prior to 30 June 2011.

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.

9. Equal Employment Opportunity and Anti-Discrimination

Queensland Rail strives to be a vibrant learning organisation where safety comes first and our people and customers are central to everything we do. Queensland Rail is an Equal Employment Opportunity (EEO) employer and we are committed to attracting and recruiting a workforce that reflects the diverse community that we serve.

Queensland Rail has developed and implemented a range of diversity policies, strategies and programs to:

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

Among current initiatives, Queensland Rail is taking a number of steps to attract and support a 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 people with diverse backgrounds and experiences.
- Retention – supporting employees to succeed and have rewarding careers in Queensland Rail through the development of 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 – embedding diversity principles in all aspects of the employee life cycle.
- Project 2800 – an initiative to provide 2,800 indigenous employment opportunities in the public sector by 2013.

Queensland Rail will continue to develop and implement programs and strategies to ensure good practice in Diversity management whilst ensuring that Queensland Rail continues to meet its legislative and industrial responsibilities.

Queensland Rail will continue to monitor and report on this progress and report to the Public Service Commissioner in accordance with sections 30 and 31 of the *Public Service Act 2008* no later than three months after financial year end.

10. Interstate Acquisitions/Operations

Interstate Operations

Queensland Rail presently has a small team of personnel based in Western Australia who are providing rail infrastructure (sidings) maintenance services for ARG (a subsidiary of QR National Limited). During 2011/12, Queensland Rail will also be bidding for subcontractor work with [REDACTED] for the provision of rail infrastructure expertise and services on the Regional Rail Link in Victoria.

11. Joint Venture Projects

Queensland Rail currently has no joint venture projects.

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 weeks to consider the offer. Generally, the employee leaves Queensland Rail within 28 days. The employee's manager may extend this period. The employee currently receives a severance payment of three 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 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*. Table 9 provides information on the number of employees contributing to the various superannuation funds.

Table 9: Employee contributors to superannuation funds by allocation entity as at 1 January 2011.

QSuper Accumulation Plan	3,071
QSuper Defined Benefits	2,250
Rail Super	1,856
State Super	7
Total	7,184

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

Table 10: 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 (September 2010)*, Queensland Rail will write 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 2012. 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**

September 2010

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 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 maintained, and that standards within GOCs reflect community and Government sector standards (i.e. GOC employment and industrial relations policies). These principles were introduced in order to ensure that there is some certainty regarding minimum employment standards, industrial relations practices and job security, especially with GOCs operating in the federal industrial relations jurisdiction.

Objective

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

As a general principle, GOCs, including any GOC subsidiaries within Queensland, should maintain employment arrangements and policies without 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 accordance with the *Government Owned Corporations Act 1993*. Departure from this approach should only be undertaken where there is a legal requirement to do so.

Principles

1. 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. This should be the case 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.

2. No Disadvantage

It is the position of the Government that GOCs must ensure the rates of pay and conditions of employment in an industrial instrument will meet the federal legislation approval requirements. Additionally, conditions of employment in existing GOC industrial instruments are not to be reduced, except as required by relevant federal legislation or as agreed between the relevant industrial parties.

3. Enterprise Agreements

GOCs must comply with the relevant legislation and Government policies and principles for bargaining, such as the Government Wages Policy.

The following conditions of employment and practices shall continue.

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

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

Enterprise Agreements should not include unlawful content (such as discriminatory or objectionable terms).

GOCs may use flexibility terms, including existing alternative employment arrangements, as a mechanism for providing additional or different terms and conditions to individual employees. These will not result in terms and conditions which undercut legislated minima or minimum conditions as set by the Government. For example, GOCs must not provide less than the minimum entitlement to annual leave in exchange for additional remuneration. Parties should be better off overall under the resulting arrangement. GOCs are required to provide the Government Department responsible for Industrial Relations with details on the number and terms of individual flexibility or alternative employment arrangements entered into, as requested from time to time.

b) New individual common law contracts may only be made for enterprise agreement covered employees where the total fixed remuneration equates to or exceeds:

- (i) the respective GOC enterprise agreement remuneration envelope (top rate from the agreement plus applicable superannuation and annual leave components); and/or
- (ii) the equivalent of the Queensland Public Service AO8 level per annum plus 12.75% plus the equivalent of annual leave loading plus any overtime component;

unless otherwise negotiated within an enterprise agreement.

4. Union Encouragement

GOCs will facilitate access for their employees to union representatives in a fair and reasonable way. Arrangements should take into account the specific circumstances of the GOC to support the efficient operation of, or service provision by the GOC.

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, including during the agreement making process.

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.

5. 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 relevant legislation.

Written notice may be required to be given by the official before entering a workplace and should be provided in accordance with the requirements outlined under the relevant legislation. Further, the legislation provides the conditions upon which the permit holders must abide, including complying with reasonable occupational health and safety requests, acting in a proper manner and not interrupting 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 other essential infrastructure installations.

6. 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. A written application shall be made 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. The granting of such leave is subject to it not unreasonably interfering 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.

7. 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.

8. 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. The Government Department responsible for

Industrial Relations should be consulted prior to the offer of voluntary redundancy arrangements. There shall be no forced redundancies of award or agreement staff, or contract employees who would ordinarily be subject to awards or agreements, at GOCs without the explicit and written sanction of relevant shareholding Ministers.

Enterprise agreements and/or workplace arrangements should contain provisions relating to redeployment, retraining and last resort redundancy for excess employees. In general, existing redundancy entitlements should not be enhanced unless it is necessary to do so in order to comply with the minimum redundancy entitlements contained within the relevant legislation.

9. 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 for 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.

10. Termination of Employment

Responsible and defensible policies and procedures regarding the management of performance, conduct and capacity of staff should be in place and adhered to, 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 given an opportunity to respond formally to any allegation about their conduct, capacity or performance; and
- (ii) ensure the employee is formally warned about the conduct, capacity or performance and is given reasonable opportunity to rectify any deficiency; and
- (iii) ensure the employee has a right to be represented through all parts of the process.

b) If dismissal is subsequently determined:

- (i) provide the employee with a clear reason for dismissal, detailing the process followed 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.

c) If an employee is in their probationary period the legislative provisions and GOC policy relevant to probation are to apply.

11. Resolution of Disputes

Dispute resolution is the process by which disputes within the workplace are finalised between, or for the parties, 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. Disputes should be resolved following the same principles as the good faith bargaining requirements.

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 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).

Under the *Fair Work Act 2009* (Cth) the dispute resolution provision of an enterprise agreement must include a procedure that requires or allows Fair Work Australia (FWA), or another person who is independent of the employer, employees or employee organisations covered by the agreement to settle disputes.

The parties to the enterprise agreement are to reach agreement about the dispute resolution provider. If agreement can not be reached about the dispute resolution provider the default provider should be FWA.

The *Industrial Relations Act 1999* (IR Act) was amended in 2007 to provide for parties in the federal industrial relations jurisdiction to have access to the Queensland Industrial Relations Commission (QIRC), by mutual agreement, to conciliate and/or arbitrate matters in dispute. The QIRC is still available as an option for parties to agree to be the dispute resolution provider under an enterprise agreement.

A party to a dispute can then refer the matter to the FWA tribunal, QIRC or the relevant agreed dispute resolution provider if discussions at the workplace level do not achieve a resolution.

The procedure must provide for dealing with disputes about any matters arising under the agreement or in relation to National Employment Standards. The procedure must also allow for the representation of employees covered by the agreement for the purposes of dispute resolution. Where the legislation provides a model dispute resolution procedure the GOC must ensure their procedure as a minimum covers all matters provided for in the model procedure.

GOCs are reminded of the requirement to liaise with and inform the Government Department responsible for Industrial Relations matters in accordance with the policy, 'Guidance for Chief Executive Officers - Agreement Making and Industrial Relations in Government Owned Corporations'. Due to the sensitive nature of industrial disputes and the potential impact of industrial action threatened or taken, GOCs are expected to advise and inform the Government Department responsible for Industrial Relations as a priority.

ATTACHMENT

GUIDELINES: Establishing a Dispute Resolution Procedure

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

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 Dispute Resolution Process [including QIRC assistance if relevant]

Who

The disputes procedure shall list the nominated tribunal or person(s) agreed between the parties to assist in resolving disputes. Tribunals or person/s may include Fair Work Australia, the Queensland Industrial Relations Commission (QIRC) or, alternatively a person who is independent of the employers, employees and industrial organisation(s) covered by the agreement.

How

*The parties may determine the appropriate approach to disputes generally and must agree in their enterprise agreement how the dispute is to be resolved. If the parties agree to utilise the QIRC, the parties must submit a **referral agreement** to the QIRC as to how disputes are 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 resolution procedure must be agreed between the parties. 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; and
- (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 the Government Department Responsible for Industrial Relations as a priority.

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.

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ATTACHMENT 3 – Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements

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

Activity	Description / Benefit	2010/11	2010/11	2011/12	Quarter 2011/12 ³				2011/12
		Forecast	Est. Actual	Forecast	Sept	Dec	Mar	Jun	Per Head Budget
		\$	\$	\$	\$	\$	\$	\$	\$
Sponsorship									
Co-sponsorship with Queensland Police Service and Crime Stoppers	Co-sponsorship with Queensland Police Service and Crime Stoppers.	10,000	-	15,000	3,750	3,750	3,750	3,750	
Industry Awards Sponsorships	Promote Queensland Rail's tourism and travel products to industry and suppliers through sponsorship of the Regional Tourism Authorities' Award dinner.	20,000	31,700	35,000	5,000	-	-	30,000	
Tourism Awards	Promote tourism products to industry and suppliers.	21,920	-	-	-	-	-	-	
South Bank Corporation	Promote Queensland Rail's service and products through tourism industry alliance.	10,000	-	-	-	-	-	-	
Disability Sponsorship	Partner in promotional activities and events to encourage positive attitudes towards people with a disability and improve access.	10,000	-	-	-	-	-	-	
Brisbane Marketing	Promote Queensland Rail's service and products through tourism industry alliance.	25,000	-	-	-	-	-	-	
National Customer Service Awards	Promote Queensland Rail's service and products through industry awards.	10,000	-	-	-	-	-	-	
2010/11 Sponsorship Portfolio	Establish a range of corporate wide sponsorship initiatives to deliver on community and commercial brand objectives across the State and localised operational areas. This is a three tier program and involves sponsorships such as the Ipswich Mayor's Festival Ball and QRI Townsville Ball.	500,000	-	-	-	-	-	-	
Mining Expo (joint with ARG)⁴	Sponsorship of industry event.	-	15,000	-	-	-	-	-	
"Engineer your future" Sponsorship⁴	"Engineer your future" sponsorship.	-	12,500	-	-	-	-	-	
Regional Fire Brigade⁴	Sponsorship of Regional Fire Brigade.	-	5,000	5,000	-	5,000	-	-	
QLD Rail Bulls Masters	Already established major naming rights sponsorship. Sponsorship of a not-for-profit organisation with wide-reaching community benefits whilst incorporating Queensland Rail brand advocacy.	-	159,684	202,000	30,000	100,000	25,000	47,000	
Community Initiatives	Establish a range of corporate wide sponsorship initiatives to deliver on community and commercial objectives across the state and localised operational areas. This is tier two of a three tier program.	-	86,000	150,000	37,500	37,500	37,500	37,500	

Activity	Description / Benefit	2010/11	2010/11	2011/12	Quarter 2011/12 ²				2011/12
		Forecast	Est. Actual	Forecast	Sept	Dec	Mar	Jun	Per Head Budget
		\$	\$	\$	\$	\$	\$	\$	\$
Community Partnering Program	Establish an umbrella program for a range of small regional sponsorship to deliver on commercial and community brand objectives across regional operational areas. This is tier three of a three tier program.	-	60,000	100,000	25,000	25,000	25,000	25,000	
Total OVER \$5,000		606,920	369,884	507,000	101,250	171,250	91,250	143,250	
Other (total) below \$5,000		-	-	10,000	3,750	3,750	3,750	3,750	
Total Sponsorship		606,920	369,884	517,000	105,000	175,000	95,000	147,000	
Advertising									
Events and Charters	Opportunity to earn revenue outside of TSC arrangements through private charters to individual companies utilising City network services as a unique charter experience. This can also be combined with Traveltrain products. Program of work is still to be d								
Planned Line Closure Marketing	Necessary marketing to notify the public in relation to planned track line closures.	-	-	100,000	25,000	25,000	25,000	25,000	
Regional and City Network Community Reference Group	Regional and City network Community Reference Group.	-	-	30,000	7,500	7,500	7,500	7,500	
DDA Community Engagement	DDA related community engagement activities (front line staff training, printing and reference groups).	-	-	50,000	12,500	12,500	12,500	12,500	
DDA Frontline Staff Training DVD	DDA front line staff training DVD.	-	-	10,000	2,500	2,500	2,500	2,500	
Safety and Security Engagement Activities	Safety and security engagement activities.	-	-	50,000	12,500	12,500	12,500	12,500	
Sponsorship Support (Security Brochures)	Sponsorship support (security brochures).	-	-	25,000	6,250	6,250	6,250	6,250	
Security Video	CCTV information video to be developed and approved.	-	-	30,000	7,500	7,500	7,500	7,500	
Positive Partnerships	Positive Partnerships brochures, books and exhibitions etc.	-	-	50,000	12,500	12,500	12,500	12,500	
Education Program and Station Activities	Stations visits, posters and merchandise.	-	-	50,000	12,500	12,500	12,500	12,500	
Traveltrain Product Advertising (Traveltrain)	Advertising to support business growth through acquisition and retention of customers for Traveltrain.								
Traveltrain Program Advertising	Advertising to support business growth through acquisition and retention of customers for Queensland Rail's tourism packages.								
Industry Events and Tradeshow (Travel Industry Sales)	Support business growth by promoting Queensland Rail's tourism products and services.								
Traveltrain Marketing and Promotional Material (Traveltrain)	Marketing collateral for distribution and support of Traveltrain campaigns.								
Tourist Train Advertising	Advertising to support business growth through acquisition and retention of customers for Queensland Rail tourism packages.								

Activity	Description / Benefit	2010/11	2010/11	2011/12	Quarter 2011/12 ³				2011/12
		Forecast	Est. Actual	Forecast	Sept	Dec	Mar	Jun	Per Head Budget
		\$	\$	\$	\$	\$	\$	\$	\$
Important Notices regarding alterations, traffic impacts, track closures, and noise	Service alterations - key customer communication.	-	634,379	1,006,135	273,269	243,442	239,272	250,151	
"Trackside Safety" Campaign	"Trackside Safety" campaign.	-	13,745	-	-	-	-	-	
Community Newspapers - Project Related	Project related communication to public via community newspapers.	-	-	-	-	-	-	-	
Project Related Communications	Project related communication to public.	-	-	-	-	-	-	-	
World Environment Day	Promote environmental awareness to achieve behavioural change within the organisation.	-	20,000	20,000	5,000	5,000	5,000	5,000	
Earth Hour	Promote awareness of energy savings to achieve behavioural change within the organisation.	-	4,000	4,000	1,000	1,000	1,000	1,000	
Train Safety Campaign	Promote awareness and behavioural change within the community regarding rail safety via education campaigns such as Railsmart, Rail Safety education and railway level crossing.	-	16,007	20,538	5,135	5,135	5,135	5,135	
Safety Motivated Action Resource Teams (SMARTs)	Promote safety awareness and behavioural change through team effort that benefits the organisation.	-	-	302,400	75,600	75,600	75,600	75,600	
Safety Excellence	Promote excellence in safety in the workplace as part of Queensland Rail's five pillars.	-	-	3,330	219	483	1,021	1,609	
Personal Hygiene	Promote safety through personal hygiene in the workspace.	-	10,000	18,444	4,611	4,611	4,611	4,611	
Customer Engagement Programs	Provide a comprehensive communication and stakeholder engagement program to support the introduction of new timetables and other customer initiatives across the City network.	-	176,107	150,000	37,500	37,500	37,500	37,500	
Queenslander Weekender - Regional	Promote Queensland Rail's tourism and travel products through sponsorship of a specialist media program targeting the local tourism market.	130,000	-	-	-	-	-	-	
Employee Marketing	Promotional and marketing materials to employees supporting the five pillars, including ZERO Harm.	40,000	-	-	-	-	-	-	
Rail Safety Education Campaigns	Promote awareness and behavioural change within the community regarding rail safety via education campaigns such as Railsmart, Rail Safety education and railway level crossing.	350,000	-	-	-	-	-	-	
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	-	-	-	-	-	-	
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.	100,000	-	-	-	-	-	-	
Total over \$5,000		3,228,000	1,869,394	5,100,668	1,267,101	1,271,689	1,235,330	1,326,549	
Other (total) below \$5,000		-	23,641	293,560	72,158	79,260	70,763	71,378	
Total Advertising		3,228,000	1,893,035	5,394,228	1,339,259	1,350,949	1,306,093	1,397,928	

Activity	Description / Benefit	2010/11	2010/11	2011/12	Quarter 2011/12 ³				2011/12
		Forecast	Est. Actual	Forecast	Sept	Dec	Mar	Jun	Per Head Budget
		\$	\$	\$	\$	\$	\$	\$	\$
Corporate Entertainment									
Client Share Business Lunch	Customer relationship hosting and entertainment - four events.	-	-	-	-	-	-	-	As per Queensland Rail Corporate Hospitality and Entertainment Guidelines
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.	30,000	-	-	-	-	-	-	
Townsville Family Staff Day	Staff engagement functions planned in compliance with the Corporate Entertainment and Hospitality Guidelines.	6,000	-	-	-	-	-	-	
Rockhampton Family Staff Day	Staff engagement functions planned in compliance with the Corporate Entertainment and Hospitality Guidelines.	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.	75,000	-	-	-	-	-	-	
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	-	-	-	-	-	-	
Total over \$5,000		157,000	-	-	-	-	-	-	
Other (total) below \$5,000		66,450	66,780	108,795	108,795	27,199	27,199	27,199	
Total Corporate Entertainment		223,450	66,780	108,795	108,795	27,199	27,199	27,199	
Donations									
Total over \$5,000		-	-	-	-	-	-	-	
Other (total) below \$5,000		-	-	-	-	-	-	-	
Total Donations		-	-	-	-	-	-	-	
Other Related Activities									
Station Signage and Rebranding	Signs and branding in stations.	2,500,000	1,997,146	-	-	-	-	-	
Media Events/General Advertising	Promote awareness and safety in the community through such activities as Level Crossing Safety Blitz, "What would you miss" campaigns as well as general ad hoc campaigns, such as "Santa Express" and various station signage and promotions.	-	35,000	35,000	8,750	8,750	8,750	8,750	
Leveraging of Sponsorship Portfolio	Promote public image and business growth by leveraging community events and sponsorship portfolio.	50,000	49,500	50,000	12,500	12,500	12,500	12,500	
Corporate Social Responsibility (CSR) Community Programs	Promote Queensland Rail as a socially responsible organisation which contributes economically to the growth of Queensland through proactive and reactive public image initiatives.	-	75,000	100,000	25,000	25,000	25,000	25,000	
Leveraging for Partnerships	Promote public image and business growth by leveraging partnerships to deliver sales opportunities for Traveltrain.	-	48,309	54,526	14,000	13,000	14,000	13,526	

Activity	Description / Benefit	2010/11	2010/11	2011/12	Quarter 2011/12 ³				2011/12
		Forecast	Est. Actual	Forecast	Sept	Dec	Mar	Jun	Per Head Budget
		\$	\$	\$	\$	\$	\$	\$	\$
Marketing and promotional collateral	Marketing collateral for distribution and support of corporate branding campaigns.	322,000	320,224	100,000	25,000	25,000	25,000	25,000	
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	160,000	250,000	150,000	-	-	100,000	
Safety Education - Railsmart	Promote awareness and behavioural change within the community regarding rail safety through school visitation and community programs.	150,000	349,417	350,000	87,500	87,500	87,500	87,500	
CEO Challenge	Community and staff engagement to raise awareness of safety and other implications of domestic violence.	30,000	-	-	-	-	-	-	
Industry Events and Trade Shows	Support business growth by promoting Queensland Rail's commitment to safety, productivity and teamwork.	111,000	-	-	-	-	-	-	
External Communication Support	Develop and support external communications through improvements to websites, database management and customer relationship management systems.	50,000	-	-	-	-	-	-	
Total over \$5,000		3,463,000	3,034,596	939,526	322,750	171,750	172,750	272,276	
Other (total) below \$5,000		-	-	-	-	-	-	-	
Total Other Related Activities		3,463,000	3,034,596	939,526	322,750	171,750	172,750	272,276	
TOTAL		7,521,370	5,364,295	6,959,549	1,875,805	1,724,898	1,601,042	1,844,402	

1. Expenditure is GST exclusive.

2. The variances (zero spend) between 2010/11 Est. Actual and 2011/12 Forecast occur due to differences in approach for activity classification and consolidation.

3. These figures are not cumulative.

4. Sponsorship activities that were carried forward from QR Limited's QR Network and QR Services and were previously included in the 2010/11 Sponsorship Portfolio.

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

Activity	2010/11	2010/11	2011/12	2011/12	Quarter 2011/12 ²			
	Forecast (\$)	Est. Actual (\$)	No. of Activities	Forecast (\$)	Sept	Dec	Mar	Jun
Corporate Entertainment Total								
• Staff Functions	44,935	35,765	107	33,980	8,495	8,495	8,495	8,495
• Business Development	7,010	5,550	33	10,220	2,555	2,555	2,555	2,555
• Board Related	6,255	8,723	11	3,730	933	933	933	933
• Stakeholder and Community Engagement	8,250	16,743	30	60,865	15,216	15,216	15,216	15,216
Total UNDER \$5,000	66,450	66,780		108,795	27,199	27,199	27,199	27,199

1. Expenditure is GST exclusive.

2. These figures are not cumulative.

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ATTACHMENT 5 – Acronyms

AIFR	All Injury Frequency Rate
AUD	Australian Dollar
B	Billion
BSMS	Business Safety Management System
CCTV	Closed-circuit Television
CEO	Chief Executive Officer
CI	Civil Infrastructure
CO ₂	Carbon Dioxide
CO ₂ e	Carbon Dioxide Equivalent
CPI	Consumer Price Index
CSMS	Core Safety Management System
Cth	Commonwealth
CTT	Cairns Tilt Train
DDA	<i>Disability Discrimination Act 1992</i>
DJAG	Department of Justice and Attorney General
DTMR	Department of Transport and Main Roads
E	Efficiency
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
ET	Engineering Trade
FWA	Fair Work Australia
FTE	Full-Time Equivalent
G	Growth
GhG	Greenhouse Gas
GOC	Government Owned Corporation
<i>GOC Act</i>	<i>Government Owned Corporations Act (Qld) 1993</i>
GST	Goods and Services Tax
GTKs	Gross Tonne Kilometres
HR	Human Resources
I	Integration
ICSS	International Customer Service Standards
ICT	Information Communication Technology
IM	Investment Management
IR	Industrial Relations
KM	Kilometres
KPIs	Key Performance Indicators
KSR	Kuranda Scenic Rail
LTIDR	Lost Time Injury Duration Rate
LTIFR	Lost Time Frequency Rate
M	Million
MTIFR	Medically Treated Injury Frequency Rate
MTK	Million Train Kilometres
NA	Not Available
NGR	New Generation Rollingstock
NPAT	Net Profit After Tax
OBST	On-Board Service Technicians
OGOC	Office of Government Owned Corporations
OTCI	Overall Track Condition Index
OTR	On Time Running
PS	Projects
QLD	Queensland
QIRC	Queensland Industrial Relations Commission
RACS	Rollingstock and Component Services

ATTACHMENT 5 – Acronyms (Continued)

ROA	Return on Operating Assets
ROE	Return on Equity
SCI	Statement of Corporate Intent
SEQ	South East Queensland
SES	Senior Executive Service
SEQIPP	South East Queensland Infrastructure Plan and Program 2010-2031
SERT	Safety and Environment Resource Team
SFA	Separation Facilitation Agreement
SMARTs	Safety Motivated Action Resource Teams
SMS	Safety Management System
SPADs	Signals Passed at Danger
SSE	Shareholding Ministers' Strategic Expectations
t	Tonnes
TKM	Train Kilometres
TODs	Transit Oriented Developments
TSC	Transport Service Contract
TTA	TransLink Transit Authority
WACC	Weighted Average Cost of Capital