

# 2020-2021 ANNUAL REPORT

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# General information

This is the consolidated Annual and Financial Report 2020-2021 (“the report”) of Queensland Rail (ABN 68 598 268 528) and its subsidiaries, Queensland Rail Limited (ABN 71 132 181 090) (QRL) and On Track Insurance Pty Ltd (ABN 18 095 032 670) (OTI). Queensland Rail is a statutory authority established under the *Queensland Rail Transit Authority Act 2013* (Qld) (QRTA Act) and is a statutory body for the purposes of the *Financial Accountability Act 2009* (Qld) and the *Statutory Bodies Financial Arrangements Act 1982* (Qld).

Queensland Rail’s functions are detailed in Section 9 of the QRTA Act. Queensland Rail discharges its statutory functions through its wholly owned subsidiary QRL. QRL does not employ any personnel, but owns all non-employee related assets and contracts. It performs the role of rail transport operator under the *Transport (Rail Safety) Act 2010* (Qld).

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

Unless the context otherwise requires, Queensland Rail together with its subsidiaries QRL and OTI, are collectively referred to as “Queensland Rail” for the purposes of the report. A general description of the nature of Queensland Rail’s operations and principal activities is included in the report.

This report is available, along with other useful resources, via the Queensland Rail website: [queenslandrail.com.au](http://queenslandrail.com.au)

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## Translation and interpreting assistance

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If you have difficulty in understanding the report, please contact Queensland Rail on 13 16 17 and we will arrange an interpreter to share the report with you.



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The Honourable Cameron Dick MP  
Treasurer  
Minister for Investment Member for Woodridge  
1 William Street  
Brisbane Qld 4000

The Honourable Mark Bailey MP  
Minister for Transport and Main Roads Member for Miller  
1 William Street  
Brisbane Qld 4000

Dear Treasurer and Minister

**Queensland Rail Annual and Financial Report 2020-2021**

I am pleased to submit for presentation to Parliament the Queensland Rail Annual and Financial Report 2020-2021. I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009 (Qld)* and the Financial and Performance Management Standard 2019 (Qld),
- the *Queensland Rail Transit Authority Act 2013 (Qld)* and the *Corporations Act 2001 (Cth)*, and the detailed requirements set out in the Annual Report requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be found on pages 50-51 of this annual report. As outlined in the report, a dividend of \$183.5 million was declared for the year ended 30 June 2021.

The Board unanimously endorses the Queensland Rail Annual and Financial Report 2020-2021.

Yours sincerely

David Marchant AM

Chair

6 September 2021

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## About us

Founded in 1865, Queensland Rail has a proud history of connecting Queensland communities and supporting local jobs, industries and economies. We are committed to providing a customer-focused, safe, modern and world-class rail service for Queenslanders.

With total assets valued at \$8 billion, and a network that extends more than 6,600 kilometres across the state, we are also focused on providing customers and Queenslanders with an efficient and value for money service.

Our 7,500 strong workforce delivers services across our South East Queensland and Regional networks, including Travel and Tourism services and Regional Freight.

Our South East Queensland team provides 8,392 services each week, supporting our customers to reach their destination safely and on time. In 2020-2021, 33.3 million passenger trips were taken on the South East Queensland network (a decrease of 24.3 per cent compared to 2019-2020, associated with the impact of COVID-19).

The regional commuter and rail tourism markets are serviced by the Travel and Tourism products. These comprise of eight services connecting regional communities across Queensland with other regional centres and the South East Queensland corner. These services support the Queensland tourism industry through the provision of unique rail tourism experiences, including special events and charters aboard our small fleet of heritage services.

Our Regional Network and Freight team provides rail access for freight operators and other Queensland Rail supply chain

customers to enable the critical transport of resources and general freight across the state.

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

Established under the *Queensland Rail Transit Authority Act 2013* (Qld) (QRTA Act), Queensland Rail is a statutory authority for the purposes of the *Financial Accountability Act 2009* (Qld) and the *Statutory Bodies Financial Arrangements Act 1982* (Qld).

The QRTA Act sets out the functions of Queensland Rail. These include:

- Management of railways
- Provision of rail transport services, including passenger services
- Construction and maintenance of rail transport infrastructure.

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

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## Chair's report

On behalf of the Board, I am pleased to present Queensland Rail's Annual Report for the 2020-21 financial year (FY21), showcasing our teams' hard work over the past year to deliver a safe, reliable, modern and world-class railway for Queenslanders.

This year will be remembered as one impacted by the continued COVID-19 pandemic. As with many industries around the world, our response to this ever-evolving situation tested our people and operations, but it also showcased their resilience, adaptability and agility. Queensland Rail teams can be proud of how they embraced opportunities to keep our customers safe and support the Queensland Government's broader response to, and recovery from, the pandemic's impacts. In South East Queensland (SEQ), this meant permanently adding extra services in shoulder-peaks, to further support physical distancing and altered working patterns. Across regional Queensland, the organisation safely reintroduced Travel and Tourism services and promoted initiatives to help tourism partners and regional towns get back on their feet.

The Queensland Rail priorities of putting safety first and working as '1TEAM' were also evidenced this financial year in response to several flooding and cyclone events that forced track closures in Central and North Queensland. Teams came together from across the state to work tirelessly, often through challenging conditions, to safely restore passenger services and supply chains as quickly as possible.

Despite these ongoing challenges, Queensland Rail's efforts to run reliable services and maintain and improve the rail network continued at pace. Queensland Rail reliably delivered a record-high number of weekly SEQ services and met its stringent on-time running target for the financial year. An investment of more than \$400 million in vital below rail maintenance, together with an ongoing capital works program, is facilitating the continued improvement of our infrastructure, operations and customer service offering. We are proud to outline many of these initiatives within this Annual Report.

Notably, this financial year also marked the finalisation of Queensland Rail's response to the train crewing Practices Commission of Inquiry (COI), with all 31 recommendations assigned to the organisation now closed out. Queensland Rail methodically addressed each of these with rigour, seeking the best outcomes for the people of Queensland.

Queensland Rail realigned its governance to integrate a line of business model introduced in FY20. Portfolios were also restructured to better reflect the accountabilities for each line of business, supporting better integrated planning.

Queensland Rail has undergone significant transformation in recent years and its focus is firmly on the future, including supporting the implementation of game-changing projects such as Cross River Rail (CRR) and the European Train Control System (ETCS) in SEQ, and opportunities to attract more freight on to rail in our regions. Queensland Rail is also making significant strides to ensure all members of the community can safely access rail services, with ongoing investment and progress in station accessibility upgrades across the state.

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These initiatives demonstrate Queensland Rail’s drive to deliver on its vision to provide a world-class experience. I would like to acknowledge Chief Executive Officer Nick Easy, and his Executive Leadership Team, for their work to champion this vision, and for their strong leadership during FY21. I would also like to thank our Responsible Ministers, the Treasurer and Minister for Investment the Honourable Cameron Dick MP and Minister for Transport and Main Roads the Honourable Mark Bailey MP, for their ongoing support and guidance on behalf of all Queenslanders.

Finally, I would like to sincerely thank the Queensland Rail workforce for their hard work and acknowledge their significant achievements this year. I look forward to working together to achieve new heights for our customers in FY22.

**David Marchant AM**  
Chair

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## CEO's report

Queensland Rail's ethos of 'safety comes first, always' was perhaps more prevalent in FY21 than ever before, as we – like many Queensland businesses – continued to operate with the backdrop of the unprecedented COVID-19 pandemic.

The wellbeing of our employees and customers remained our core priority, as we continued social distancing measures and new ways of working across our work sites; rolled out heightened cleaning regimes at stations and onboard trains; and took steps to support regional tourism wherever possible and in line with health advice.

Notably, our SEQ team introduced an extra 105 weekly train services in August 2020 to aid social distancing and to support the changing working patterns of SEQ workers. Despite now operating more weekly services than ever before, I was proud to see Queensland Rail achieve its on-time running targets, with 96.96 per cent of services arriving on time in SEQ throughout the year (adjusted for force majeure), and some of the highest customer satisfaction results in recent years.

In the regions, we were pleased to reinstate 100 per cent seated capacity across all Travel and Tourism services from April-June 2021 following expert health advice. Further measures, including special fares, were also implemented to support local tourism across the state, as many local businesses continued to feel the effects of the pandemic. Queensland Rail acknowledges the key role it plays in connecting communities and regions across the state and in FY21, this also meant supporting the movement of more than 15 billion gross tonne kilometres of freight across our state, including essential goods.

Despite our strong focus on supporting the response against COVID-19, our vision of delivering a modern, world-class rail service for Queenslanders now, and into the future, did not waver.

In SEQ, many of our customers would have seen construction ramping up on the much-anticipated Cross River Rail project. Queensland Rail continues to work closely with the Cross River Rail Delivery Authority to accommodate the construction of the 10.2km tunnel and new and upgraded stations, ensuring we limit the impact to our customers as much as possible.

Significant investment continued to be made to our existing station facilities to improve accessibility for everyone in our communities, with more than \$500 million being invested to upgrade various stations in SEQ, in addition to planning for the upgrade of Rockhampton and Maryborough West stations in our regions.

As the Chair acknowledged, FY21 saw the completion of Queensland Rail's 31 recommendations in response to the COI which marks the completion of a major transformation in the way we manage, forecast and plan for our traincrew supply requirements. Notably, this included the largest traincrew recruitment and training program in Queensland Rail's history, which has seen 345 drivers and 588 guards trained and operating services on the SEQ network, with a further 70 trainee drivers and 20 trainee guards in training as at 30 June 2021.



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Reflecting further on our performance in FY21, while there are many highs, we know there are also areas of improvement we can continue to focus upon moving into FY22, including reducing the number of customer injuries across our network, Total Recordable Injuries, and the rate of Signals Passed at Danger (SPAD) as our services increase.

While our SPAD results remain in line with, or better than, industry standards, we will continue to be proactive in our approach to this industry-wide issue in line with best practice. The introduction of the European Train Control System will add an additional technology control to effectively remove the risk of SPADs in the future.

Before closing, I'd like to acknowledge the devastating passing of one of the Queensland Rail team – who tragically passed away at the scene of a train collision at Westwood in Central Queensland on 18 June. Everyone deserves to come home safely from their workplace and Queensland Rail continues to work closely with all relevant parties to support ongoing investigations into this incident. Our thoughts continue to be with the families, friends, and colleagues of those involved in this tragic incident.

When faced with challenges, the Queensland Rail team truly bands together and while it has been a challenging year at times, I am truly proud of the '1TEAM' spirit that has shone through. Our teams come to work each day knowing they are assisting Queenslanders who rely on our services, and in light of the COVID-19 pandemic, these services have often been more important than ever. As a business, we are looking forward to continuing to deliver for our customers, and Queenslanders, in FY22.

On behalf of the Executive Leadership Team, I share my appreciation for the efforts of our people. I am also grateful to the Board, which continues to ensure the organisation's strategic priorities are fit for the future, and the Executive Leadership Team for the guidance and expertise they continue to demonstrate as leaders of our business.

**Nick Easy**  
CEO

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# Year in review

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## July

- New multi-million-dollar electrical hub commissioned at Yeerongpilly station to safeguard reliability of the SEQ network. Building upon existing electrical infrastructure, the 32 tonne-structure improves Queensland Rail's ability to isolate the network's power supply and respond to unplanned electrical disruptions on the western lines.
- Launch of the 'Size Matters' campaign which seeks to prevent future collisions with rail bridges by encouraging SEQ heavy vehicle drivers to know their vehicle's height and load, and to plan their journey accordingly.
- Queensland Rail offers 60 per cent off long-distance services and 50 per cent off Kuranda Scenic Railway (KSR) tickets, to encourage Queenslanders to holiday at home from 13 June to 12 July 2020.

## August

- 105 additional weekly train services permanently introduced to the SEQ timetable, to support social distancing and customers working flexible hours during the COVID-19 pandemic.
- Hand sanitisers installed across all 152 SEQ stations.
- Launch of the second stage of Queensland Rail's 'High Voltage Can Jump' campaign during Rail Safety Week, which seeks to prevent serious incidents involving high voltage power lines.
- Major construction commenced on accessibility upgrades of Auchenflower and Cannon Hill stations.

## February

- After a pause due to COVID-19, Commuter Catch Ups recommenced, providing a forum to capture valuable insights to improve the customer experience.

## January

- Following extreme weather and the derailment of a third-party freight service, a taskforce of 50 employees worked through challenging conditions to repair and re-open the Mount Isa rail line in less than a week.
- Locals in Cairns and surrounding suburbs were offered 50 per cent off Kuranda Scenic Railway (KSR) services for travel on Australia Day.

## March

- Rail safety roadshow completed in the Darling Downs, during which vital rail safety messages were delivered to more than 2,000 local students and residents.
- New RailBus services delivered to Gympie North and Maryborough West, enabling improved, accessible connections between the stations and local towns.
- Major works get underway at Yeronga station as part of the CRR program.

## April

- Queensland Rail's long-distance Travel and Tourism trains commenced the progressive return to 100 per cent seated capacity, following approval from Queensland Health.

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## September

- Works completed on the \$21 million Toowoomba Range Slope Stabilisation project, to improve resilience of the line and reduce unplanned disruptions.
- Queensland Rail joins with its customers to celebrate the completion of station accessibility upgrades at Boondall, Morayfield and Strathpine stations.
- Works commenced on the \$43 million project to install the European Train Control System (ETCS) between Caboolture and Gympie North, to boost safety and reliability on the North Coast line.

## October

- Installation of a 15-tonne protection beam at the Muriel Avenue rail bridge, Rocklea, to prevent over-height vehicles colliding with this priority bridge.
- Accessibility upgrades announced for the next tranche of stations, including Lindum, Morningside, Burpengary, Bundamba, and Woolloowin stations, as part of an ongoing investment of more than \$500 million to improve accessibility of stations across SEQ.

## December

- Successful completion of major scheduled closures of the network between 25 and 29 December 2020, to allow vital CRR construction works.
- Launch of 'Hard Pass to Trespass' campaign, targeted at reducing trespass across the Queensland Rail network.
- KSR supported the first annual celebration of the Djabugay peoples' native title determination over traditional lands including the Barron Gorge National Park in the Wet Tropics.

## November

- Launch of a state-wide level crossing safety campaign targeting motorists, 'Trains Can't Stop Quickly - You Can', during National Road Safety Week between 15 and 22 November 2020.

## May

- Launch of 'Avoid Harm, Stop Before the Boom Arm' level crossing safety campaign to raise awareness among Queensland motorists of the risks and consequences of disobeying level crossing warning signs and signals.
- A 50 per cent discount was extended to locals on the KSR from 15 May until 25 June to encourage local tourism and support small businesses in the area.

## June

- Welcome to Country experience launched on the Bundaberg and Rockhampton Tilt Trains, through a partnership with the Gidarjil Central Queensland Language Centre to recognise and share First Nations culture and languages.
- Works completed on the \$46 million North Coast line timber bridge replacement program, with 17 bridges replaced between Townsville and Cairns to improve reliability and durability of the line.
- Six-month trial of bikes and e-scooters announced for all peak trains, to encourage active transport, health and wellbeing amongst customers.reliability and durability of the line.

# Operational performance

## Summary of non-financial measures

	Unit	2020-2021 Actual	2020-2021 Target
On-time running - Citytrain 24/7 (adjusted for Force Majeure)**	%	96.96	95.00
Reliability - Citytrain 24/7 (adjusted for Force Majeure)**	%	99.77	99.50
On-time arrival - Traveltrain (adjusted for Force Majeure)	%	85.10	75.00
Citytrain Customer Index	Index	4.29	4.10
Customer satisfaction – Traveltrain	Index	90.41	81.00
Capital Expenditure	\$M	716.38	919.66
Capital Plan Scheduling	%	80.90	80.00
Operational cost per Revenue Train Kilometres - South East Queensland Above Rail	\$	36.33	36.21
Operational cost per Revenue Train Kilometres - South East Queensland Below Rail	\$	9.88	10.72
Operational cost per Revenue Train Kilometres - Travel and Tourism	\$	71.88	67.63
Operational cost per thousand GTK - Regional	\$	15.77	15.09
Signal Passed At Danger per MTK - Operator*	Rate	2.42	1.77
Customer injuries per million passenger journeys*	Rate	10.30	8.00
Total Recordable Injury Frequency Rate~*	Rate	10.23	7.80
Safeworking breaches as a Rail Infrastructure Manager - 12MTD*	Count	97.0	60.0
Unscheduled absence (Days/FTE)*	Rate	13.35	10.25

• Safety KPIs are 12-month rolling, showing identical results for month and YTD.

\* Unscheduled Absence Days/FTE is 12-month rolling, showing identical results for month and YTD.

~ Improved reporting governance contributed to a rise in the TRIFR since Quarter Three FY2018/19.

\*\* This KPI includes NGR rollingstock delays/cancellations.

# Financial summary

## Consolidated income statement for the year ended 30 June 2021

	2020-2021 Actual \$M	2019-2020 Actual \$M
Revenue	2,222.5	2,115.0
Operating expenses	(1,427.1)	(1,383.1)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>795.4</b>	<b>731.9</b>
Depreciation and amortisation expense	(395.9)	(399.1)
<b>Earnings before interest and tax (EBIT)</b>	<b>399.5</b>	<b>332.8</b>
Net finance costs	(136.2)	(162.3)
Income tax expense	(76.8)	(51.2)
<b>Net profit</b>	<b>186.5</b>	<b>119.4</b>

Numbers include rounding.

The Queensland Rail consolidated entities' EBIT increased by \$66.7 million.

Revenue increased 5.1 per cent on the prior year mainly attributable to higher Rail Transport Service Contract revenue, partly offset by lower passenger revenue.

Operating expenses increased 3.2 per cent on the prior year as a result of higher labour costs due to the full year impact of Enterprise Agreement increases, an increase in full time equivalents and a decrease in capitalised labour, partially offset by a decrease in other expenses.

Depreciation and amortisation expense decreased 0.8 per cent mainly as a result of lower depreciation of plant and equipment and property, partially offset by higher depreciation of infrastructure.

A dividend of \$183.5 million was declared in respect of the year ended 30 June 2021. This dividend will be paid during FY2021/22.

## Financial performance measures compared to the FY2020/21 Operational Plan

	Unit	2020-2021 Actual	2020-2021 Target
Earnings before interest and tax	\$M	399.5	357.1
Net profit after tax	\$M	186.5	144.8
Return on operating assets	%	5.27	4.32
Long Term Debt to (Long Term Debt + Equity)	%	52.98	55.41

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

## Financial summary (cont.)

### Consolidated balance sheet as at 30 June 2021

	2020-2021 Actual \$M	2019-2020 Actual \$M
Current assets	148.0	180.3
Non-current assets	8,188.7	7,915.5
<b>Total assets</b>	<b>8,336.8</b>	<b>8,095.9</b>
Current liabilities	785.8	673.7
Non-current liabilities	4,258.9	4,125.0
<b>Total liabilities</b>	<b>5,044.7</b>	<b>4,798.7</b>
<b>Net assets</b>	<b>3,292.1</b>	<b>3,297.2</b>
Contributed equity	3,060.3	3,068.2
Reserves	-	0.1
Retained earnings	231.8	228.8
<b>Total equity</b>	<b>3,292.1</b>	<b>3,297.2</b>

The consolidated entities' current assets decreased 17.9% to \$148.0 million as a result of a decrease in cash assets and current trade and other receivables. Cash asset balances fluctuate based on working capital requirements.

The consolidated entities' current liabilities increased 16.6% to \$785.8 million as a result of an increase in dividend payable, expense accruals and short-term borrowings.

The consolidated entities' non-current liabilities increased 3.2% to \$4,258.9 million as a result of an increase in long-term borrowings, income in advance, deferred tax liabilities and provisions, partially offset by a decrease in lease liabilities.

The consolidated entities' contributed equity decreased 0.3% to \$3,060.3 million as a result of an equity transfer of land to the Department of Transport and Main Roads.

### Consolidated cash flows for the year ended 30 June 2021

	2020-2021 Actual \$M	2019-2020 Actual \$M
Net cash inflow from operating activities	603.5	485.1
Net cash (outflow) from investing activities	(583.0)	(518.9)
Net cash inflow/(outflow) from financing activities	(40.6)	51.8
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(20.1)</b>	<b>18.0</b>

The increase in cash inflows from operating activities in the current year is due to an increase in Rail Transport Service Contract revenue, a decrease in income tax and a decrease in net interest paid, partially offset by an increase in payments to suppliers and employees and GST remitted.

The increase in cash outflows from investing activities in the current year is a result of increased expenditure on property, plant and equipment and intangibles, partially offset by an increase in proceeds from sales of property, plant and equipment and intangibles.

The decrease in cash inflows from financing activities is attributable to reduced borrowings, partially offset by a decrease in dividend paid.

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## COVID-19 response and recovery

In response to the COVID-19 pandemic, Queensland Rail supported the Queensland Government's response and recovery program, seeking to keep communities safe and keep the state moving.

### Keeping Queensland moving

Despite the challenges presented by the unpredictability of the pandemic, Queensland Rail focused on delivering reliable, on-time services for all customers. Throughout the period, Queensland Rail maintained a full service SEQ timetable to support essential workers. To support staggered work hours and social distancing, Queensland Rail introduced an additional 105 extra weekly services.

Robust cleaning regimes remained in place for all stations and trains across the state, with an ongoing focus on cleaning hard surfaces and frequently touched locations including handrails and lift buttons. A fogging service was implemented to further disinfect rollingstock, including walls, doors, seating and window glazing. Hand sanitiser dispensers were also installed at all 152 SEQ stations during August 2020.

As the state's borders closed for periods, Queenslanders were encouraged to holiday at home, exploring their own backyards and supporting local tourism providers. To encourage domestic travel, Queensland Rail launched the Queensland Escape Sale, offering a discount of 60 per cent off adult and child fares on travel services, and 50 per cent off adult and child fares for tourism trains. This was in addition to the '2 for 1' Outback Rail fares sale on all western rail services and the KSR local resident discount which was extended to all North Queenslanders.

As part of a Queensland Government initiative to promote jobs available in regional Queensland, in sectors including tourism, hospitality and agriculture, Queensland Rail Travel also offered 60 per cent off one-way fares for travel across Queensland to regional jobs.

From April to June 2021, Queensland Rail was able to reinstate 100 per cent seated capacity across regional services, following advice from Queensland Health.

### A workforce adapting and responding

In FY21, Queensland Rail transitioned its initial COVID-19 emergency response practices to integrated and embedded protocols across the organisation. These protocols formed the basis for ongoing COVID-19 plans and safety measures for all Queensland Rail workplaces to ensure compliance with Government health advice and guidelines. Working closely with the organisation's Chief Medical Officer to understand and implement advice, Queensland Rail has managed restrictions and related impacts across its operations. This integrated and proactive approach continues to ensure Queensland Rail is prepared for the changing impacts of the COVID-19 pandemic and has proudly eliminated disruptions to customers whilst providing a safe workplace for its people.

This year also saw the introduction of a formalised hybrid working model to enable greater flexibility, accommodate social distancing, and ensure business continuity. More than 1,300 hybrid working agreements are now in place across the organisation as Queensland Rail continues to support flexible working for those employees whose roles can be performed remotely. Significant enhancements have also been made to digital platforms, with investment in new technology, expanded video conferencing facilities, and team collaboration rooms to ensure employees are connected regardless of their location.

### Financial relief for community groups

Queensland Rail was proud to provide rent relief to approximately 170 tenants based in Queensland Rail owned buildings across Queensland during the COVID-19 pandemic, helping support business, tourism and not for profit/community partners experiencing hardship. Tenants that benefited from the program included local community groups and small business owners (station kiosks, tourism partners etc) who lease Queensland Rail buildings, land or assets for the benefit of the community.

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## Customer focus

With customers at the heart of everything we do, Queensland Rail remained committed to delivering an exceptional customer experience. Throughout FY21, Queensland Rail continued to engage with customers, community, and stakeholders in the SEQ and Regional networks to understand their key priorities and any areas for improvement.

### Key highlights:

- Citytrain Customer Index (CCI) remained consistently strong at **4.29** against a target of **4.10**.
- Traveltrain Customer Satisfaction (CSAT) remained consistently strong at **90.41** against a target of **81.00**.
- 31 Commuter Catch-Up (CCU) events held across SEQ, with more than 2,100 customers engaged.
- Responded to more than 5,700 pieces of customer feedback, assisted with more than 2,400 social media enquiries, and managed more than 39,000 calls to our Ipswich Contact Centre.
- New Customer Information Screens installed at six stations, enabling real-time journey information.

### Commuter Catch Ups

The CCU program recommenced face-to-face in February 2021, following a pause in 2020 due to the COVID-19 pandemic. CCUs remain a core customer engagement activity to help strengthen Queensland Rail's customer-centric mindset across the organisation and enable Queensland Rail to continue deliver improvements that meet our customers' expectations. From February-June, the team visited more than 25 locations on the SEQ network, engaging more than 600 customers face to face and obtaining more than 1,500 completed online surveys. All data and insights from CCUs help inform our key customer-focused pipeline of improvements such as the rollout of additional customer information screens and bicycle-centred improvements.

### Customer Reference Groups

The Customer Reference Group (CRG) initiative continued in FY21, providing a unique opportunity for customers to have in-depth discussions about Queensland Rail's service and product offering and share any feedback. The small focus groups also allow Queensland Rail to capture customer insights on specific subjects related to the customer experience.

Throughout the year, Queensland Rail hosted four CRG sessions of approximately 20 customers on a range of topics from timetable improvements, through to station sign changes.

### Cycling and train travel

Queensland Rail continues to collaborate with Bicycle User Groups and Bicycle Queensland to inform improvements which encourage active travel and intermodal connections. Queensland Rail delivered additional secure bike parking and storage at stations across the SEQ network to support bike riders and encourage intermodal transport connections. A range of bicycle-centred improvements were made throughout the year on the SEQ network, including additional secure enclosures installed at Toombul, Ebbw Vale, Ormeau, Virginia, Lawnton, Oxley, Woolloowin, Manly and Darra stations. In May, a trial of bikes and scooters in peak times in the first and last carriages in SEQ was also announced, commencing 1 July 2021 for a period of six months.

### Research and insights

We know making informed data-driven decisions is key to improving the customer experience across all Queensland Rail products and services. This ethos was strongly demonstrated through the various strategic research pieces conducted throughout the year. For instance, food and beverage research conducted for Travel and Tourism analysed customer preferences of the menu offering onboard the Spirit of Queensland and Spirit of the Outback services. These results will now be used to further improve and strengthen the product offering of these services.

### Improving customer information and communication

Queensland Rail has a dedicated customer communications team within its operations centre to provide customers with timely, transparent and consistent communication so they can make more informed travel decisions. Throughout FY21, the team worked collaboratively with our partner agency TransLink to provide timely service information and



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responded to more than 5,700 pieces of customer feedback and managed 2,400 social media enquiries.

To support Queensland Rail's customer experience, new digital customer information screens were installed at Boondall, Bald Hills, Deagon, Banyo, Dinmore and Redbank stations, enabling real-time journey information for more SEQ customers.

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## South East Queensland

Queensland Rail continues to deliver the largest number of services in the organisation's history, with 8,392 weekly services operating across SEQ. More than 96 per cent of these services ran on time, while the construction of Queensland's largest project started to take shape across the network.

### Key highlights:

- 96.96 per cent of services arrived on time, exceeding target of 95 per cent
- 99.77 per cent of services were delivered
- 33.3 million customer trips (down 24.3 per cent due to COVID-19)
- \$170 million invested into SEQ network maintenance.

### Record weekly service numbers and ongoing reliability

Queensland Rail is committed to providing a world-class rail service for South East Queenslanders. Despite introducing an extra 105 weekly services in August 2020, on-time running and reliability targets were exceeded, with 96.96 per cent of trains running on time and a service cancellation rate of 0.3 per cent. As part of an ongoing focus on the reliability and safety of the network, throughout the year Queensland Rail invested \$170.4 million in network maintenance and continued strict maintenance regimes for its SEQ train fleet.

Queensland Rail continued to invest in state-of-the-art technology, with new condition monitoring systems that deliver asset management insights to inform maintenance activities through the analysis of track and overhead condition information. This preventative approach allowed Queensland Rail to better predict and address maintenance requirements before they became issues, minimising impacts and delays to customers which underpinned the delivery of reliable services.

To maximise rollingstock availability, as well as expedite the timeframes and reduce costs for undertaking fleet overhauls, Queensland Rail's heavy maintenance program is completing component change out works on its fleet (IMU120/SMU220) in-house at Mayne Yard.

Additionally, this year Queensland Rail consolidated 22 existing stand-alone, largely single-discipline depots into 12 multi-discipline depots to reduce the operational footprint

and unlock efficiencies in asset management delivery, including improving the ability to respond quickly to disruptions during peak service periods.

To manage any unplanned disruptions, Queensland Rail's Rail Operations Response Unit (RORU) was deployed more than 600 times in FY21 from rapid response hubs located across the network from Gympie to the Gold Coast, enabling safe investigation, monitoring and resolution of a variety of disruptions as quickly and efficiently as possible.

### Cross River Rail construction ramps up

After years of preparation, major construction, including tunnelling, commenced on the CRR project which is being delivered by the CRRDA. The program reached a major milestone in December 2020, with the demolition of the Brisbane Transit Centre, paving the way for a new Roma Street station building - one of four new underground stations being delivered by CRRDA as part of the project.

In January 2021, Brisbane welcomed the two CRR tunnel boring machines, 'Else' and 'Merle', as they started their journey from Woolloongabba towards Dutton Park and Albert Street. The two machines, under the guidance of the CRRDA are creating the twin, 5.9km tunnels from Woolloongabba to the northern portal at Normanby.

Major works on the six southern station upgrades commenced in 2020 with site establishment at Yeronga in November. Upgrade works to the Exhibition station are also continuing, with the demolition of platform three occurring in the first quarter of 2021.

Queensland Rail has a critical role to play in supporting the delivery of CRR including preparing our people, systems, processes and infrastructure for the adoption and integration of the new system. This is in addition to supporting the construction and implementation of the tunnels, new and upgraded stations and yards, while maintaining effective

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operation of the current railway, and responsibilities for accreditation with the Office of National Rail Safety Regulator (ONRSR).

### **Readying the fleet for the European Train Control System**

CRR works continued along the Shorncliffe line to deliver the ETCS Level 2 in January 2021. Construction work between Sandgate and Shorncliffe stations saw crews undertake soil sampling, minor earthworks, concrete works including pouring foundations and the installation of conduit for new cabling.

To ensure the Queensland Rail fleet will be ready for the world-class signalling system, a significant project milestone was reached in April when Hitachi, the CRRDA and Queensland Rail teams successfully replaced the inner-city network's existing relay-based signalling interlocking control system with a modern computer-based Microlok interlocking system. The commissioning was a vital step to support the next phase of enabling works for the new CRR tunnel.

A key component for the delivery of CRR works is the planned track possessions resulting in network closures that provide safe working environments for major construction. The first major closure occurred in December 2020, followed by an extended track possession in April 2021. Both were highly successful, with planned works completed within designated timeframes. Taking a multi-agency approach to managing these disruptions, CRRDA, TransLink and Queensland Rail have collaborated in delivering timely, accurate disruptions information to customers so they can plan their journey.

Queensland Rail will continue to work closely with CRRDA and its delivery partners to achieve significant project milestones and deliver Queensland's biggest rail project.

### **Driver and guard training program**

Queensland Rail continued the recruitment of drivers and guards to ensure the delivery of sustainable and reliable services for SEQ customers.

Since the opening of the Redcliffe Peninsula line in October 2016, 345 drivers and 588 guards have been trained and are now fully qualified on the SEQ network, including 87 drivers and 122 guards who completed training in FY21. This represented a net increase of 230 drivers and 255 guards, taking into account attrition. A further 70 trainee drivers and 20 trainee guards were in training as at 30 June 2021. Drivers undertook modernised driver training programs which

involved the use of simulators and digital learning to expedite training timeframes, while maintaining a key focus on safety. The current average driver training timeframe is 10.82 months, down from a peak of 18 months in October 2016. As of June 2021, there had been four consecutive months from March to June when the average training duration for 28 trainees within this period was 8.29 months, under the target of nine months.

Improved processes are also in place to better forecast and to track changes to traincrew supply, including analytical five-year rolling forecast of traincrew demand and supply.

### **Improving accessibility at stations**

Ensuring all customers can travel safely is a key priority for Queensland Rail. As part of the State Government's more than \$500 million Station Accessibility Upgrade Program, 21 station upgrade projects are at various stages from planning and design, through to construction and completion.

In 2020, the next round of stations to be upgraded was announced, with customers at Banyo, Bundamba, Burpengary, Lindum, Morningside and Woolloowin next in line for new and improved facilities.

During FY21, major construction also commenced at Auchenflower, Cannon Hill, Dakabin and East Ipswich stations. While the scope varies for each station, these upgrades will provide improved access for customers through the station precinct, with new footbridges and lifts, and raised platforms at the assisted boarding points. Further improvements include upgrades to the audible loops, improved signage, and CCTV, new shelters and seating and new bicycle enclosures.

In addition to the station upgrades, a \$19.91 million program to partially raise low-level station platforms across the network continued during FY21. This program involves raising the height of station platforms at the assisted boarding points, making it safer and easier for our customers to board and disembark our trains, and significantly reduces the requirements for manual ramps to be deployed. During the year the program raised platforms at 37 stations across SEQ. By delivering this important program, Queensland Rail is working hard to ensure all customers can travel safely and easily, including those living with disabilities, seniors, parents with prams, people recovering from injury and those carrying luggage.

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## Regional

During FY21, Queensland Rail continued to invest in maintaining and modernising its vast network to ensure the ongoing safety and reliability of passenger and freight services that connect Queensland communities. The organisation also invested in new projects to grow capacity, increase opportunities for rail freight, open up new markets and future-proof the network against the threat of severe weather events.

### Key highlights:

- Supported the transportation of more than 15 billion gross tonne kilometres of freight across the state
- More than 3,500 passenger services operated
- \$233 million in below rail network maintenance works across regional Queensland.

### Mount Isa line flood recovery and flood resilience works

The Mount Isa line is an essential connection to North West Queensland, spanning more than 1,040 kilometres from Stuart to Mount Isa (including the Phosphate Hill branch) and carrying approximately five million tonnes of product per year. Queensland Rail is proud to employ 76 team members dedicated to maintaining the safety and reliability of this section. During the year, \$51.6 million was invested in operational maintenance to strengthen the reliability of the network, including \$30.9 million for capital works on the Mount Isa line. Planning is also underway for the upgrade of more than 50 kilometres of track over the next three years as part of a \$49 million investment.

### Strategic Partnership Agreement signed with Downer Maryborough

In FY21, Queensland Rail entered into a Strategic Partnership Agreement with Downer Group. This agreement identifies a pipeline of rail projects over a 10-year period, subject to business cases and funding, that will be brought to Maryborough, including the overhaul of electric and diesel Tilt Trains, as well as overhauls of the IMU160/SMU260 and IMU100/SMU200 Citytrain fleets. The agreement will ensure ongoing availability and reliability of Queensland Rail's passenger trains, as well as providing enhancements for customers on its long-distance and suburban services.

### Supporting local industries

During the year, the regional network transported more than 15 billion gross tonne kilometres of intermodal and general

freight across the state, including bulk minerals, acid, fertiliser, mining inputs, coal, sugar, grain and livestock.

This year also saw freight partner Watco commence operations from the new Morven freight hub, which was designed by the Murweh Shire Council and Watco.

Queensland Rail worked closely with partners to establish rail cattle loading infrastructure at this facility and enabled the first service to depart in September 2020.

### Toowoomba Range Slope Stabilisation Project

Queensland Rail completed the \$21 million Toowoomba Range Slope Stabilisation Project in September 2020, which has boosted the safety and reliability of this geographically challenging section of the rail network. The project commenced in FY2019-20 and involved the upgrade of culverts at two sites near Spring Bluff, where embankments were also excavated and rebuilt. The project has enhanced the Darling Downs rail corridor's resilience to both wet weather and unplanned disruptions.

Supporting approximately 140 jobs throughout construction, this project was successfully delivered ahead of schedule and under budget which was a major achievement to support the 224 trains that operate on the line each week.

The Toowoomba Range is a major link for coal transport to the Port of Brisbane and for travel between Brisbane and the South West via the Westlander. This project ensures freight transport via rail is a viable option for industries and businesses for years to come.

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### **North Coast line capacity improvements**

The North Coast line supports more than 6,600 train movements every year including the transport of general freight, livestock and fresh produce, in addition to a variety of passenger services that connect Queensland communities and tourism markets. During the year, work continued on the capacity improvement project to extend eight rail crossing loops between Rockhampton and Townsville.

The project reached a major milestone in February 2021, with five of the eight passing loops completed. The extended loops will enable travel for freight trains of up to 950 metres in length – an increase of more than 45 per cent – leading to significant greater efficiencies and helping lower the cost of rail freight haulage, making it a more viable option for industries.

The project is also delivering significant safety improvements, with automatic train protection system at the passing loops also being upgraded. Queensland-based Civil Mining and Construction has been enlisted to undertake the earthworks, design and construction elements on behalf of Queensland Rail, while our track and signalling teams undertake the tie-in, testing and commissioning works. Approximately 300 jobs have been supported throughout the project.

### **Timber bridge replacement program**

As part of Queensland Rail's commitment to modernising and improving the reliability of the regional network, work continued on the multi-million-dollar timber bridge replacement program which involves replacing timber bridges with more durable structures of steel or concrete.

In January 2021, Queensland Rail awarded the design and construction contract for a \$9.9 million project to replace five and repair 36 timber bridges between Emerald, Winton, and Clermont on the Central West and Clermont lines. This is the

latest stage of the rolling Central West timber bridge upgrade program valued at more than \$44 million.

Works on the Alexandra Railway Bridge in Rockhampton started the following month as part of a \$2.2 million upgrade, with crews replacing aged parts to ensure the ongoing safety and reliability of one of Rockhampton's most recognised structures, spanning 242 metres across the Fitzroy River. Replacement of its 500 timber transoms is planned to be completed by late 2021.

A tender was issued in April 2021 for a new multi-million-dollar project to renew 18 ageing timber rail bridges between Rosewood and Miles on the Western line. Following a detailed design phase, the project will take place over three to four years, supporting jobs in the construction industry right through to 2024.

In June 2021, Queensland Rail completed works on a \$46 million project to upgrade 17 timber rail bridges between Cardwell and El Arish on the North Coast line ahead of the wet weather season. In addition to providing improved rail infrastructure, Queensland Rail was proud to provide a significant boost to the construction industry, having supported more than 150 jobs.

These significant investments will drastically reduce maintenance efforts and costs for the bridges moving forward, underlining Queensland Rail's commitment to future-proofing its infrastructure and providing a safe and reliable rail network for both freight and passenger services.

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# Travel and Tourism

Operating the largest network of long distance and tourist trains in Australia, Queensland Rail's Travel and Tourism business experienced a suspension of services and up to a 50 per cent reduction in capacity due to the ongoing COVID-19 pandemic during the year. Despite this, a focus on enhancing the customer experience and supporting local tourism continued, with promotions and fare sales, alongside efforts to keep customers and employees safe. The year ended positively, with the resumption of 100 per cent capacity for all Travel and Tourism services being gradually returned.

## Key highlights:

- More than 375,500 customers travelled on Queensland Rail's Travel and Tourism network
- 85.10 per cent of Travel and Tourism trains arrived at their destination on time, exceeding target of 75 per cent
- Consistently exceeded Customer Satisfaction targets, achieving a score of 90.41
- Active market engagement with three major ticket promotions to encourage travel to regional Queensland
- More than 3,500 services operated across the Travel and Tourism network throughout the year.

## Return to 100 per cent seated capacity

In a boost for regional tourism, Queensland Rail's long-distance trains progressively returned to regular seated capacity from Saturday, 17 April until 1 June 2021, following approval from Queensland Health.

The move saw more than 4,500 extra weekly seats made available, supporting regional communities and tourism providers who had been doing it tough during COVID-19.

Patronage onboard Queensland Rail's most popular tourist service, the KSR, hit an all-time high since the start of the COVID-19 pandemic, with a record number of customers hopping onboard for the Easter long weekend.

## Improving the onboard customer experience

Providing a comfortable and enjoyable onboard experience for customers is a key priority for Queensland Rail and during the year investment continued for a range of initiatives to improve our offering. The ongoing overhaul of the Inlander, Westlander and Spirit of the Outback carriages ensures regional customers will continue to benefit from improvements including onboard entertainment systems,

wi-fi, new flooring and seat coverings as well as upgrades to kitchen and toilet facilities.

## Future travel fleet improvements

Queensland Rail is committed to improving the accessibility of rail services for all customers and recognises how important it is for all customers to be able to access long-distance services without barriers. As a critical link between regions, the travel fleet currently offers some accessible options, however, planning is underway to facilitate accessible journeys on all services in the future. The State Government has committed to an investment of \$1 million to commence initial planning which will explore the replacement of carriages to ensure the ongoing availability of Queensland Rail's regional fleet in the future, as well as accessibility enhancements, and dining and lounge car improvements.

## New Railbuses for Maryborough West and Gympie North

Following feedback from the community, Queensland Rail made improvements to the RailBus Coach Connection service from Gympie and Maryborough West stations. Two new accessible buses were introduced to allow all customers to access the service with built in ramps and priority seating available.

The modern buses, which connect Hervey Bay and Gympie with Queensland Rail's long-distance services, now boast improved security features, luggage compartments and built-in storage. Rolled out in March, the new and improved coach connection service was delivered eight months ahead of schedule.

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### **Supporting local tourism on the iconic Kuranda Scenic Railway (KSR)**

From October to December 2020, Queensland Rail launched a brand-new KSR discount for North Queensland locals, offering up to 25 per cent off fares. After what had been a tough year for many, the discounted fares sought to encourage locals to jump onboard the experience and support the KSR community and businesses as they rebounded from the impacts of COVID-19. In January 2021, half-price heritage fares were reintroduced on the KSR for travel on Australia Day, Tuesday 26 January, for Far North Queenslanders.

In May, Queensland Rail furthered its commitment to support Kuranda tourism and increased the locals' discount on KSR fares from 20 per cent to 50 per cent. The offer was also extended to all North Queensland residents from Townsville to Mount Isa, to the tip of Cape York. The 50 per cent discount was available for travel between 15 May and 25 June 2021 inclusive, to help incentivise local travel and provided a

welcome boost to Cairns and Kuranda tourism operators in the lead up to the winter season.

### **Welcome to Country initiative welcomed onboard Tilt Trains**

In recognition of Queensland's rich indigenous cultures, Queensland Rail partnered with the Gidarjil Central Queensland Language Centre to launch a Welcome to Country experience onboard the Rockhampton and Bundaberg Tilt Trains in May 2021.

Launched as part of the Year of Indigenous Tourism and Reconciliation Week 2021, video and audio messages are now proudly played onboard the trains as they enter Bundaberg, Miriam Vale and Gladstone in recognition of the Bailai, Gurang, Gooreng Gooreng, Taribelang and Toolooa Peoples' enduring connection to country.



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## Safety and security

At Queensland Rail, safety comes first. Always. To ensure the safety of its employees and customers, in FY21 Queensland Rail implemented various new technologies and drove safety awareness campaigns to combat various safety priorities across our business or involving our network.

### Key highlights:

- Assisted the Queensland Police Service COVID Command and Queensland Health with several COVID-19 contact tracing investigations
- Awarded three major industry awards for the innovative campaign *'High Voltage Can Jump'*, in addition to launching new community education campaigns to target bridge strikes, trespass and level crossing incidents
- Assisted the Queensland Police Service Railway Squad with more than 700 operations
- More than 1,500 deployments of Queensland Rail Authorised Officers for customer safety
- Conducted 14 security and emergency preparedness exercises
- More than 115,000 guardian train patrol hours through the guardian train initiative
- Installed a \$1.85 million protection beam at one of South East Queensland's most frequently struck rail bridges.

and the tools to ensure the protection is adequate for the work being conducted.

This demonstrated an approximate 20 per cent reduction in workload for workers applying track protection by using the TAS system. TAS is scheduled for implementation in December 2021.

### Train collision at Westwood

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

Queensland Rail is working collaboratively with all relevant parties including Aurizon, the Australian Transport Safety Bureau, and the Office of the National Rail Safety Regulator in relation to this incident. This includes assisting ATSB and ONRSR in their investigations.

## Employee and contractor safety

### Track safety

In FY21 Queensland Rail introduced Network Lockout and an update to our Network Rules and Procedures – both key pillars in a safety improvement program linked to trackworker safety. Network lockout is a control that prevents the unintentional release of track protection while workers are on track, using a secured safety measure to reduce safe working incidents and keep employees safe. Network Rules and Procedures were simplified and refined following extensive collaboration and consultation across the business over the past three years.

A Phase 1 Trial of a Track Access System (TAS) has also been completed, which will improve communication and identification of location between work groups. TAS is a tablet-based system that provides Protection Officers in the field an improved overview of their requested track protection

## Safety in the community

### Klaxon usage review

In response to community feedback, in FY21 Queensland Rail continued a review into the efficacy and use of klaxons (train horns) as a risk control for railway operations. Train horns are a necessary safety measure for warning people on or near the track of approaching rail traffic, but can also be a source of noise pollution for the wider community.

Rail traffic, level crossing operation and the population density mean additional noise caused by train horns can adversely impact those living close by to railway operations. As a result of work to date, Queensland Rail has been able to reduce klaxon usage by 75 per cent as part of train preparation in the SEQ network stabling locations. During the financial year the organisation successfully trialled the introduction of express



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whistle boards at 36 SEQ level crossing locations in close proximity to stations. This change reduced klaxon usage by 50 per cent at those 36 locations for all scheduled stopping services.

### **'High Voltage Can Jump' safety campaign and Rail Safety Week**

Queensland Rail launched the second stage of its innovative *High Voltage Can Jump* safety campaign in FY21, which aims to highlight the hidden dangers of overhead rail line equipment (OHLE) with young Queenslanders. Since its launch in August 2019, the campaign has proven highly effective, with no high voltage incidents recorded on the SEQ network.

For phase two of the campaign, Queensland Rail enlisted Brisbane rapper 'Lisi' as part of Rail Safety Week in August 2020 to further warn young people about the potentially life-threatening consequences of trespassing on the Queensland Rail network. Phase two achieved its goal to increase awareness of the OHLE dangers and prevent future incidents.

In October 2020, Queensland Rail was awarded three major industry awards for the campaign including the Australasian Railway Association's (ARA) 2020 TrackSAFE Foundation Award and the Creativity in Brand, Product or Servicing and Public Sector Marketing categories at the Australian Marketing Institute awards.

### **Bridge strike prevention**

In a bid to prevent customer delays, Queensland Rail continued its strong focus on reducing the likelihood and impact of road vehicles colliding with its road over rail bridges in FY21.

Since FY16, Queensland Rail has invested \$15.5 million to install bridge strike prevention beams on approach to 14 high priority bridges across SEQ.

In FY21, this included a \$1.8 million investment to install a 15-tonne beam on approach to the Muriel Avenue rail bridge in Rocklea. This has been one of the bridges most impacted by vehicle impacts in previous years on the SEQ network.

The installation of the beam followed the launch of Queensland Rail's *'Size Matters'* campaign in August 2020 which aimed to educate heavy vehicle drivers of the need to be aware of their vehicle's height and load and to plan their

journey around low-clearance bridges.

Works are currently underway at North Street, Toowoomba, to install an impact detection system and are scheduled for completion in early 2022.

### **Level crossing safety**

Queensland Rail is committed to ensuring safety and compliance at level crossings across Queensland. Works continued on a \$18 million program to upgrade level crossings across regional Queensland from passive protection such as warnings signs, to active protection which includes automatic warning devices such as flashing lights, warning sounds, and barriers or boom gates.

Queensland Rail also completed design works for the development of a more efficient and cost-effective technology – an optimised signalling system hardwired into the crossing infrastructure – to significantly improve the way it delivers regional level crossing upgrades including design, construction, monitoring and ongoing maintenance.

Following more than 200 incidents at Queensland Rail level crossings in FY21, in a bid to encourage road users to abide by the road rules, we launched the *'Trains Can't Stop Quickly. You Can.'* Campaign as part of National Road Safety Week (15-22 November 2020), highlighting the dangers of disobeying level crossing signs and signals.

### **Hard Pass to Trespass safety campaign**

In December 2020, Queensland Rail launched a new safety campaign *'Hard Pass to Trespass'* ahead of the holiday season to promote safer and smarter behaviour around the rail network.

The launch followed almost 3,000 trespass incidents on the rail network in the previous financial year including people illegally crossing railway tracks and risking their lives in front of oncoming trains.

The goal of the campaign was to ensure that next time someone contemplates whether or not to trespass, they will give it a 'hard pass' (decide against the action).

### **Prevention of signal passed at danger (SPAD) occurrences**

Queensland Rail continued its relentless commitment to safety on the network in FY21, including implementing new measures aimed at preventing signal passed at danger (SPAD) incidents in line with industry best practice.

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The SPAD rate per million train kilometres (12 months to date) for June 2021 was 2.42 which is above the Queensland Rail set target of 1.77. An increase in incidents on the SEQ network in FY21 prompted new preventative measures including increased driver and train controller engagement, as well as toolbox talks and human factors profiling.

These actions build on a range of measures implemented by Queensland Rail's dedicated SPAD Prevention Taskforce since its establishment in 2017, including improved post-incident management, increased one-on-one driver engagement and physical infrastructure changes at a number of locations

The progressive rollout of ETCS, will further assist Queensland Rail with the prevention of SPADs, providing automated engineering controls that will ensure trains stop within the limits of their authority.

## Security in the community

### Queensland Police Service Railway Squad

In the past year, the 80-person strong Queensland Police Service (QPS) Railway Squad, dedicated to the rail network, undertook more than 700 targeted operations across the network to deter anti-social behaviour and target crime. While these operations were impacted due to COVID-19 restrictions, the team continued its efforts through remote-surveillance and subsequent intervention.

For the safety of customers, the CCTV analysis team was also required to assist Queensland Health with several COVID-19 contact tracing investigations.

The Railway Squad is supported by a range of other security personnel teams, including Queensland Rail Authorised Officers, Security Guards, Mobile Security Teams and TransLink Senior Network Officers.

### Fostering strong partnerships for emergency preparedness

Queensland Rail advanced its emergency preparedness program in FY21, continuing to foster strong partnerships with emergency services organisations and deliver on inter-agency initiatives.

A key achievement was supporting the installation of a simulated train station, complete with train and rail infrastructure, at the new, state-of-the-art QPS training facility at Wacol. This has enabled joint tactical training exercises specific to the rail environment, to assist better coordination and preparedness for potential emergency scenarios and responses on the network.

Queensland Rail also conducted familiarisation exercises with emergency services, including a rollingstock rescue simulation with the Queensland Fire and Emergency Services to develop improved knowledge and incident response strategies.

### Positive pARTnerships program

Queensland Rail's Positive pARTnerships program aims to produce high quality public artwork, foster community pride in rail infrastructure and reduce graffiti and vandalism.

To date, the Positive pARTnerships program has delivered 193 projects, covering more than 29,000 square metres of the Queensland Rail network including high-profile locations, such as the Pillars Project series beneath the Merivale Bridge in South Brisbane and the Airport line mural, seen by almost one million people each year.

Notable art installations from FY21 included a towering 10-metre mural on the twelfth pillar of the Merivale Bridge by renowned street artist 'Beastman' which added to one of the city's most iconic outdoor art galleries.

Wellington Point station was also transformed with a local wildlife inspired mural, delivered by one of the station's own, Wellington Point station master Christina Gardner.

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## People and culture

At Queensland Rail, our people are our greatest asset. We are committed to ensuring our workplaces are safe, inclusive environments where diversity is welcomed and celebrated, and we work together as 1Team to achieve our strategic and operational objectives.

### Key highlights:

- More than 1,300 hybrid working agreements implemented in response to COVID-19
- Seven new Enterprise Agreements approved
- More than 400 leaders upskilled via development programs
- 18 new apprentices and graduates brought onboard
- Seven inclusion community groups established to drive diversity initiatives across our organisation.

### Making Queensland Rail an employer of choice

Queensland Rail's goal is to provide a workplace where every employee feels safe, supported, and valued each and every day they come to work. This year, a series of initiatives were introduced to enhance the employee experience at Queensland Rail.

This year saw the introduction of Queensland Rail's new employee engagement program, called *QR Engage*, which seeks to deliver valuable feedback on employee experiences at Queensland Rail and provides insights, benchmarks and trends across key dimensions including strategic alignment, inclusion, engagement and leadership, which are critical to supporting our transformational outlook.

The FY21 engagement survey was the first conducted since 2016 and Queensland Rail achieved an engagement score of 69 per cent, versus an industry average of 70 per cent, and heard from more than 57 per cent of its employees. The survey results have been used to inform and shape Queensland Rail's Engagement Action Plan and People Experience Roadmap, re-enforcing the importance of mental health and wellbeing programs, increasing connection between employees and the organisation's strategy, and strengthening communication and collaboration across the business.

In November 2020, Queensland Rail successfully implemented the first phase of its digital people system transformation, People Connect. This system streamlined leaders' and employees' access to real-time data and information and a

single interface for employees to manage personal and payroll data, apply for leave, manage role transitions, and apply for career pathways.

### Encouraging diversity in the workplace

Diversity is a valued and critical imperative at Queensland Rail. By fostering an inclusive workplace, Queensland Rail aims to bring diversity of thought to create a richer understanding of the environment we work in and create a safe workplace where people can thrive. This ultimately leads to a range of positive operational and individual outcomes.

Queensland Rail strongly believes that every individual has a right to come to work and be who they are, feel valued and respected and be recognised for their contribution.

Like many organisations within the rail industry, Queensland Rail's current workforce profile provides an opportunity to reshape the workforce to reflect a more diverse age and gender profile, including increased representation from First Nations Peoples, people with a disability, and individuals from culturally and linguistically diverse backgrounds.

Queensland Rail FY21 workforce profile:

- 22.3 per cent age under 35
- 26.5 per cent over 55
- 24.1 per cent female and 23 per cent female leadership
- 7.1 per cent linguistically diverse
- 1.5 per cent identify Aboriginal and Torres Strait Islander
- 3.1 per cent people with disability.

Queensland Rail's Inclusion Council was formally established in August 2020 to strengthen executive sponsorship and continued alignment and focus across the seven key Inclusion Communities, including three newly established Communities in FY21:

- Gender – QRWomen and QRWomen Link
- First Nations
- LGBTIQ+ (established FY21)
- Young Professionals
- Domestic and Family Violence (DFV) Prevention

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- Cultural Diversity (established FY21)
  - Employees with Disability (established FY21)

Queensland Rail proudly supported a rich calendar of diversity focused initiatives and events throughout the year including, but not limited to, its QRWomen leadership development program; NAIDOC Week in recognition of our First Nations people and their cultures; Wear It Purple Day and the annual Brisbane Pride Stride and Fair Day in recognition of our LBGTIQ+ community and allies; Harmony Week to celebrate multiculturalism across our workforce and customer base, and The Darkness to Daylight Challenge to support the fight against family and domestic violence.

The QRWomen leadership development program continued to grow in FY21, expanding to over 80 participants. The program continues to unite female leaders across the organisation through a series of development workshops, roundtable discussions, and networking opportunities to connect and retain female leaders at Queensland Rail. This year's program featured QRWomen Labs which saw five winning ideas pitched to an Executive panel to implement solutions for enterprise-wide challenges.

Queensland Rail also proudly continued its partnership with Multicultural Development Australia to offer work experience and employment opportunities to people from refugee backgrounds. Although initially delayed due to COVID-19, six employees were successfully introduced into the program in FY21.

Domestic and family violence (DFV) in the community continues to be a concern that Queensland Rail is committed to preventing and reducing the impact of. With this, Queensland Rail renewed its White Ribbon Workplace accreditation status by re-signing with other Queensland Government agencies and has commenced reaccreditation preparations for May 2022. The ongoing education and training, awareness raising and support, continues to be a cornerstone of Queensland Rail's DFV program.

Queensland Rail has also increased its focus on resources and programs to support employees' mental health. Key to this was the establishment of a new Employee Assistance Program partnership with Converge International, extending the suite of offerings to not only employees but also their family members.

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## In the community

Queensland Rail recognises the important role it plays in connecting and supporting communities across Queensland and seeks to enhance and enrich Queensland towns and cities by lending a helping hand wherever possible. In FY21, the organisation continued its commitment to being a good corporate citizen through its support of a wide program of community events and initiatives.

### Key highlights:

- More than \$20,000 raised through fundraising and donations from employees and customers to support various charities.
- Employees raised more than \$10,000\* for organisations supporting families impacted by family and domestic violence
- Donated more than 15,000 unclaimed lost property items to charity organisations including Lifeline, Link Vision, St Vincent De Paul, Endeavour Foundation, Save the Children and the Salvation Army.
- The Community Partnerships team presented to more than 19,500 children, students, and community members about rail safety.

### Celebrating Queensland Rail's rich history

In FY21, Queensland Rail continued to work with local community and tourism groups to promote the connection between the story of the railways in Queensland and local townships.

Because of restrictions in place due to the pandemic, Queensland Rail's history moved into the virtual world, with a series of presentations, live forums and web-based tutorials facilitated, along with digital material for online and print publications. Community history forums were delivered for groups as diverse as the Royal Geographical Society of Queensland, Queensland Family History Society, Pine Rivers Library and other local community history associations. The move to a web-based format also provided a larger reach for the program and has now become firmly established as part of the organisation's community history work.

Historic storyboards were provided to community groups to recognise significant milestones and events around the state. Storyboards were provided to the Injune Visitors Centre to commemorate 100 years since the opening of the rail line to Injune in 1920. These boards were used for a community display to recognise the centenary and were placed into the

custodianship of the local community for display in the Injune Visitors Centre.

The Southern Downs Steam Railway Museum in Warwick was also provided storyboards to assist in the Museum's theming and various displays of railway memorabilia curated by volunteers.

### Heritage restorations supporting local jobs amid the pandemic

A Cairns-based company was contracted to restore five historic North Queensland railway stations along the North Coast line. Up to 20 specialist painters carried out works in Gordonvale, Babinda, Innisfail, Tully, and Ingham. The stations were repainted in their existing colour schemes to enhance their architectural and aesthetic value.

### Community education drives important safety messages and education

Despite the pandemic, Queensland Rail safely continued its important Community Education program in FY21 with safety presentations delivered to more than 100 schools, reaching in excess of 19,500 students, youth and community groups.

In particular, Queensland Rail spread important rail safety messaging in the Darling Downs region, visiting local schools and businesses following a series of safety incidents. In early March, the Community Partnerships team visited more than 15 schools, community groups, and businesses in the region, reaching more than 2,000 people. The sessions focused on the importance of paying attention to your surroundings, obeying signs and signals at level crossings and the risk of trespassing around trains and in the rail corridor. The requirement to carry out community engagement in the area was initiated following a 25 per cent increase in trespass and near miss incidents in the region for 2020 compared with 2019.

In late 2020, Queensland Rail's Community Partnerships team also ventured to the Wide Bay-Burnett region, including

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Bundaberg and Maryborough, to engage with local school students regarding level crossing and rail corridor safety and support the messages of the High Voltage Can Jump education campaign, focused on electrical safety. More than 9,000 students were reached through these efforts.

The Community Partnerships team also presented to a further 2,700 students between Toowoomba and Dalby along the Western Line throughout March and April 2021. More than 50 businesses and heavy vehicle-related companies were also engaged regarding the importance of safety.

#### **Rail Safety Orientation Days make train travel easier for many**

Queensland Rail, in partnership with TransLink, the QPS and Brisbane City Council were once again geared to host the quarterly Rail Safety Orientation Days (RSOD) in FY21.

RSODs give every participant the opportunity to familiarise themselves with train features, such as emergency intercoms, CCTV, priority seating plus other onboard and station safety devices.

The first of four days was held in February and was attended by 95 individuals, including students from Milpera State High School who are recent immigrants, as well as young people with disabilities.

Attendees were educated on the various roles of uniformed officers they might encounter on the network as well as appropriate etiquette for customers while using public transport.

Unfortunately, this was the only orientation day held in the period as, shortly afterward, the COVID-19 pandemic caused

the closures of schools throughout the region. All further RSOD events were cancelled as a result.

#### **Supporting Queensland charities during a challenging year**

Queensland Rail continued to proudly support charities and those experiencing hardship throughout FY21 with fundraising activities and various donations of materials no longer being used by the business.

Following the easing of COVID-19 restrictions, Queensland Rail provided fundraising opportunities at its stations for Guide Dogs Queensland, Muscular Dystrophy, and the ANZAC Day committee to raise much needed funds and awareness.

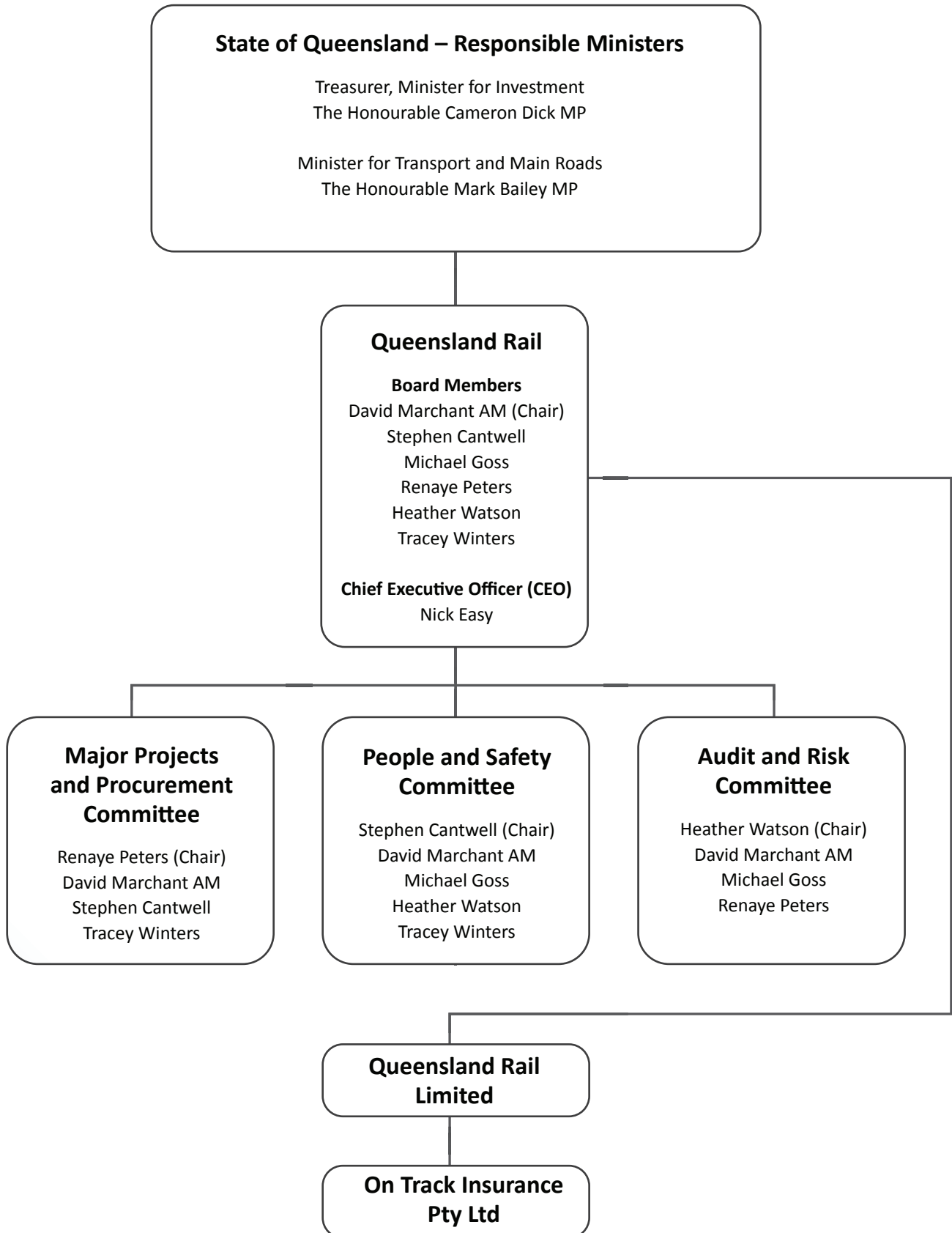
After the devastating bushfires experienced across Queensland in 2019, Queensland Rail employees also supported the Rural Fire Brigade (RFB) Association of Queensland, contributing to the purchase of a new fire truck in FY2020 -2021 for the Oman Ama RFB.

Materials were provided to Southern Downs Regional Council to assist in the construction of a mock level crossing at a learn to ride (bicycle) park in Warwick. A donation of redundant assets was also made to both the Australian Narrow Gauge Railway Museum and the Australian Railway Historical Society Queensland Division in late 2020.

With the Red Cross Blood Service in urgent need of blood donations in the lead up to Easter 2021, Queensland Rail used its social media reach to call for donations and continued support via an internal campaign, encouraging employees to donate blood and plasma.

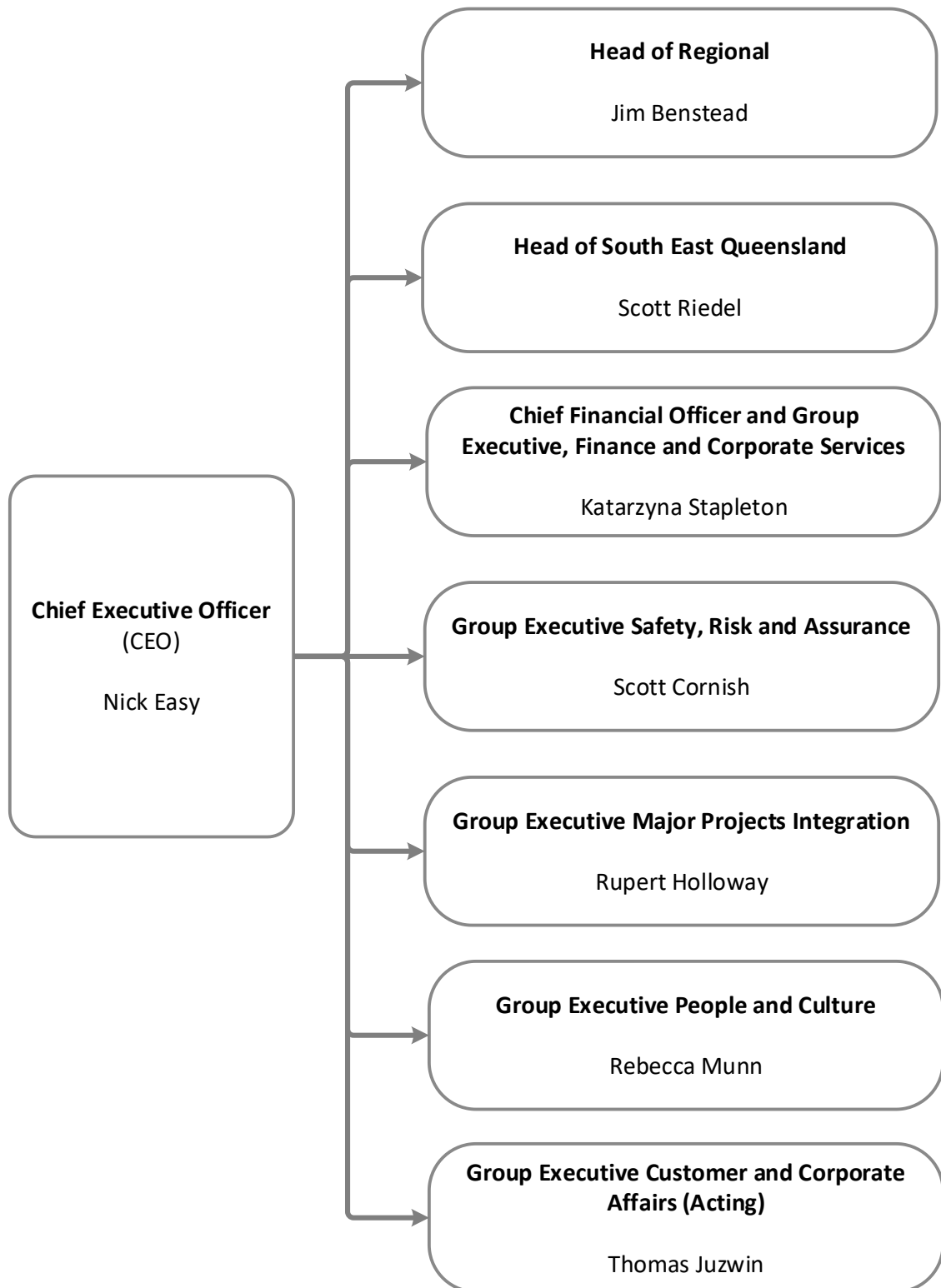
# Governance structure

(as at 30 June 2021)



# Organisational structure

(as at 30 June 2021)





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## Board

### David Marchant AM

Chair, Independent Non-Executive Director

Appointed 7 October 2015

Appointed Chair 15 October 2018

**Experience:** David has extensive Board experience and has held a number of executive and non-executive roles across a range of sectors, including rail, road, water, gas, electricity, logistics and supply chain management.

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

He has worked as Managing Director of Lend Lease Engineering and Managing Director of Lend Lease Infrastructure Services, and as a Director of the Hunter Valley Coal Chain Coordination Company Pty Ltd.

David was appointed a Member of the General Division of the Order of Australia in 2013 for significant service to the rail industry through national structural reform and infrastructure upgrades and has been a member of the Australian Institute of Company Directors since 2000.

**Qualifications:** GAICD

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

**Other Board and Committee Memberships:** Non-executive Director of Airservices Australia, Chair of its Technology and Investment Committee, and a member of its Audit and Risk Committee, Safety Committee, and Remuneration and Human Resources Committee; Non-executive Director of the Port Authority of New South Wales and a member of its Audit and Risk Committee.

### Stephen Cantwell

Independent Non-Executive Director

Appointed 1 October 2016

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

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

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

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

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

**Other Board and Committee Memberships:** Chair of Tasmanian Railway Pty Ltd, Chair of its Governance and Nomination Committee, and an ex-officio member of its Safety and Environment, Audit and Risk, and People and Remuneration Committees; Director of Port of Brisbane Pty Ltd and a member of its People and Performance Committee; and a Member of the Townville Industrial Development Board.

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## Michael Goss

### Independent Non-Executive Director

Appointed 1 October 2020

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

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

**Qualifications:** LLB

**Member of:** People and Safety Committee, Audit and Risk Committee

**Other Board and Committee Memberships:** Director of Metro South Hospital and Health Service (MSHHS) Board and member of its Audit and Risk Committee, Finance Committee, and Capital Works and Assets Committee; Non-Executive Director of Beaumont Care Group of companies.

## Renaye Peters

### Independent Non-Executive Director

Appointed 1 October 2016

**Experience:** Renaye was appointed as Vice-President (Campus Infrastructure and Services) at Monash University in October 2018. Prior to this, Renaye was the Director for South East Queensland, AECOM, and a Director at Conrad Gargett. She has more than 25 years of infrastructure experience, including senior executive roles with Leighton Contractors, Brisbane Airport and Visionstream.

Experienced in building high performance teams to deliver results, Renaye has contributed to many significant infrastructure projects, such as Brisbane's Eastern Busway and Inner Northern Busway. She has worked on many major precincts/projects and is known for her ability to offer innovative approaches to complex and sensitive tasks. An outspoken advocate for delivering more to communities when delivering infrastructure, she highlights the importance of weaving infrastructure back into the urban fabric, creating added economic benefits and engagement with the community.

Renaye has contributed to the development of Queensland and Brisbane through board and committee roles such as the Queensland Government Precinct Advisory Committee (Chair), Brisbane City Council Infrastructure Committee (Chair), the Urban Land Development Authority and the University of Queensland Senate.

Her contributions are sought by government and industry to address key industry and state-wide issues such as skill development, innovation and collaboration. She has worked closely with CEOs, board members, Ministers and Directors General to establish shared understanding of industry macro and micro economic impacts.

**Qualifications:** B. Arch (Hons), B. App.Sci, Grad Dip Project Management, Registered Architect, FAICD

**Member of:** Major Projects and Procurement Committee (Chair), Audit and Risk Committee

**Other Board and Committee Memberships:** Director of Monash Accommodation Services.

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## Heather Watson

### Independent Non-Executive Director

Appointed 6 June 2018

**Experience:** Heather is a lawyer and governance consultant bringing more than 30 years' experience as a private sector lawyer and partner in regional and metropolitan practice in Queensland. For the last decade her specialist focus has been providing legal and governance strategic advice across charitable, non-profit and public sectors.

Her industry expertise covers aged care, health and community services, affordable housing and Indigenous communities.

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

**Qualifications:** LLB, GradCertBus, MAICD

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

**Other Board and Committee Memberships:** Member of Children's Health Queensland Hospital and Health Service Board; Chair of Uniting (NSW and ACT) Board; Director of Uniting (Victoria and Tasmania); Director of Australian Regional and Remote Community Services Ltd; Chair of Community Services Industry Alliance Ltd Reform Council; Director of National Affordable Housing Consortium Ltd; Chair of Epic Good Foundation; Advisory Council Member of Queensland Family and Child Commission (QFCC) and Chair of the QFCC Audit and Risk Committee; Advisory Board Member of Australian Charities and Not for Profit Commission.

## Tracey Winters

### Independent Non-Executive Director

Appointed 1 October 2020

**Experience:** Tracey is a senior executive with more than 30 years' experience in the resources and energy sectors. She has held senior corporate roles in issues management, government and regulatory affairs, media and communications, environment, land access, project commercialisation and construction, and asset management.

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

Tracey joined Santos in 2017 as Strategic Adviser External Affairs, responsible for government engagement and strategic communications.

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

**Qualifications:** BSc

**Member of:** People and Safety Committee, Major Projects and Procurement Committee

**Other Board and Committee Memberships:** Nil

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## Executive Leadership Team

### Nick Easy

#### Chief Executive Officer (CEO)

An experienced Chief Executive Officer with a record of driving cultural and operational change, Nick has more than three decades of leadership experience in complex organisations across the transport, logistics and emergency services industries.

At Queensland Rail, Nick continues to lead a strategic transformation program focused on delivering a modern, customer-focused, reliable and accessible rail network for customers.

Nick was previously CEO of the Port of Melbourne, Australia's largest container and general cargo port, where he managed \$10 billion of land and sea assets. Nick also served as the CEO of the Metropolitan Fire and Emergency Services Board from June 2011 until February 2014 and was responsible for leading the 2,200-strong organisation through a period of sector reform.

### Jim Benstead

#### Head of Regional

Jim has more than 30 years' experience in the transport and logistics industries. Throughout his executive career, he has specialised in driving business improvement, delivering transformational change and leading outcome-focused commercial teams.

As Head of Regional, Jim is responsible for Queensland Rail's Regional operating business, including the valuable services we deliver to our Travel and Tourism and freight customers.

### Scott Riedel

#### Head of South East Queensland

Recognised as someone who continually strives to build strong teams and develop leading edge performance underpinned by building people capability with a continuous improvement, customer centric and focused mindset, Scott brings more than 30 years' experience to Queensland Rail.

As Head of South East Queensland, Scott is responsible for the operational and strategic management of Queensland Rail's South East Queensland network. His team ensures Queensland Rail provides safe and reliable services for the people of Queensland and delivers efficiencies and commercial outcomes for our stakeholders.

Prior to joining the Queensland Rail Executive Leadership Team, Scott was the Vice President Network Operations with Aurizon.

### Katarzyna Stapleton

#### Chief Financial Officer (CFO) and Group Executive Finance and Corporate Services

Recognised as a high impact, agile and driven leader, Katarzyna (Kat) has extensive global and domestic executive experience in finance, commercial and operational roles.

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

Prior to Queensland Rail, Kat has held a number of executive roles with NBN Co Limited and was Group CFO for Bahrain Telecommunications Company. As CFO Kat is responsible for providing commercial leadership to achieve organisational financial goals, while also ensuring the organisation's compliance to relevant financial regulations, government policies and legislation.

### Scott Cornish

#### Group Executive Safety, Risk and Assurance

Scott has over 30 years' experience in the oil and gas, transport and logistics industries for major producers and railway operators across

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the globe and joined the Queensland Rail team in mid-2018.

He has held senior management roles focused on operations, health, safety and environment, risk management, security and the community.

Scott is a highly experienced leader with an outstanding track record of implementing innovative strategies and initiatives that deliver safety outcomes in high-risk operating businesses.

As Group Executive Safety, Risk and Assurance, Scott is responsible for workplace health and safety, rail safety assurance and risk and compliance activities across Queensland Rail.

## **Rupert Holloway**

### **Group Executive Major Projects Integration**

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

As Group Executive Major Projects Integration, Rupert is accountable for integrating the Cross River Rail and ETCS Projects into the SEQ Network.

## **Andrew MacDonald**

### **Group Executive Strategy, Planning and Transformation**

Andrew is an accomplished senior executive with more than 20 years' experience in the transport and logistics industries. He specialises in developing high performing teams in the rail industry and has a strong commitment to safety.

Throughout his senior leadership career, Andrew has focused on driving strategy and transformation, commercial leadership, business development, enterprise-wide project management, mergers and acquisitions and relationship management.

As Group Executive Strategy, Planning and Transformation, Andrew is responsible for providing senior leadership of

Queensland Rail's enterprise strategy and strategic operational plans and overseeing the organisation's transformation.

## **Rebecca Munn**

### **Group Executive People and Culture**

An adaptable, tenacious and experienced executive with more than 20 years' experience, Rebecca has held senior roles, both globally and locally. She has worked across public, government and private organisations and is passionate about building strong, smart and committed teams with a passion for achieving results.

Rebecca has led large-scale change projects, system implementations, complex Industrial Relations and Enterprise Agreement negotiations, organisational restructures and worked across a diverse range of industries, including hospitality, government, education, a statutory authority, law enforcement, manufacturing and mining services.

As Group Executive People and Culture, Rebecca is responsible for people capability, employee relations, people services, planning our future workforce, providing and analysing people data, supporting engagement and wellbeing at Queensland Rail.

## **Thomas Juzwin**

### **(Acting) Group Executive Customer and Corporate Affairs**

Thomas is an accomplished senior leader who thrives in complex operational environments, with experience across the aviation and travel industries prior to joining Queensland Rail in 2018. He held key management roles focused on operations, transformation and strategy at QANTAS Airways, as well as roles in finance and change management at Jetstar.

Recognised for developing and leading enterprise-wide strategic plans, Thomas is passionate about building teams and leveraging strong stakeholder relationships to deliver benefits for customers and the business.

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As Acting Group Executive Customer and Corporate Affairs, Thomas champions a customer-focused strategy and culture across Queensland Rail. He is responsible for the Customer Experience, Accessibility and Corporate and Government Affairs functions.

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# Corporate governance

Queensland Rail is committed to ensuring that its systems, procedures and practices reflect the highest standards of corporate governance. Processes have been established to ensure that Queensland Rail's corporate governance practices are reviewed regularly and are continually refined in accordance with its enterprise governance framework.

## Guidelines

While Queensland Rail is a statutory authority, it continues to apply the Corporate Governance Guidelines for Government Owned Corporations, issued by the Queensland Government.

The guidelines reference the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations, and they provide the framework for government owned corporations to develop, implement, review and report on their corporate governance arrangements.

An overview of existing corporate governance practices in line with the above guidelines is set out below.

## Corporate governance statement FY21

### Principle 1 – Foundations for management and oversight

The roles and responsibilities of the Board and individual members are defined in the Board Charter. These roles and responsibilities are reviewed by the Board at least biennially and a copy of the charter is available at [queenslandrail.com.au](http://queenslandrail.com.au)

In accordance with section 15 of the *Queensland Rail Transit Authority Act 2013* (QRTA) the Board's specific functions include:

- Deciding the strategies and the operational, administrative and financial policies of Queensland Rail.
- Ensuring Queensland Rail performs its functions and exercises its powers in a proper, effective and efficient way.
- Ensuring that, so far as is practicable, Queensland Rail acts under, and achieves the objects in its strategic and operational plans.
- Accounting to the responsible Ministers, as required under the QRTAA Act, for the performance of Queensland Rail.

- Reviewing the performance of the Chief Executive Officer on an annual basis.

In exercising its functions and powers, the Board's key responsibilities include:

- Business strategy and expenditure
- Delegation of authority to senior executive
- Relations with responsible Ministers and key stakeholders
- Financial matters and risk management
- Ethics, governance and policy
- Senior executive appointments.

The Board has delegated responsibility for the day-to-day operation of Queensland Rail to the CEO including the implementation and delivery of the Board's strategic direction. The CEO is supported by the senior executive team with management responsibilities clearly defined and documented through formal position descriptions, performance plans and the Board approved Authorities, Approvals and Accountabilities Policy.

Newly appointed members are taken through a formal induction process to provide them with an overview of business operations, strategies and information in relation to the Board and committee functions. The induction process assists the members to understand their roles and responsibilities within Queensland Rail and includes an overview of key corporate expectations, existing governance arrangements and the culture and values of the organisation. Two new members were appointed during the reporting period.

Members are issued with a comprehensive Board handbook that details Queensland Rail and Board operational information, governance requirements and policies. The Board handbook assists with the induction process and also supports existing members with their ongoing governance responsibilities. The handbook is reviewed and updated annually.

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## Corporate governance (continued)

Performance evaluations for the CEO and senior executives are carried out each financial year in accordance with Queensland Rail's remuneration framework. The performance evaluation for the CEO is conducted by the Board and is based on the achievement of agreed Key Performance Indicators (KPIs), which are set annually by the Board and are linked to the strategic and operational objectives of Queensland Rail. The performance evaluation for senior executives is carried out in accordance with the same process based on the achievement of agreed KPIs. The evaluation is conducted by the CEO and the Board.

The outcome of annual performance evaluations for the CEO and senior executives are provided to responsible Ministers in accordance with the Policy for Government Owned Corporation Chief and Senior Executives Employment Arrangements.

### Principle 2 – Structure the Board to add value

All members of the Board, including the Chair, are non-executive members. Queensland Rail Board members are appointed by the responsible Ministers in accordance with the *Queensland Rail Transport Authority Act 2013* (QRTA). As such, the size and composition of the Board is determined by the responsible Ministers.

The Board considers that all Board members who held office during the year are independent as defined under the Australia Securities Exchange (ASX) Corporate Governance Principles and Recommendations. In assessing the ongoing independence of each member, the Board considers the assessment criteria outlined in the ASX recommendations. Materiality in relation to independence is considered on a case-by-case basis with reference to each member's individual circumstances.

Board members are required to keep the Board advised, on an ongoing basis, of any business interests and other directorship and employment roles that may conflict with those of Queensland Rail.

In circumstances where a conflict is believed to exist, the member concerned does not take part in any decision or consideration of the issue. In addition, the member will not receive copies of the relevant Board papers. Members must notify the Board via the Company Secretary of changes to

business interests and appointments which could potentially conflict with their role as Board member for Queensland Rail.

Details of the current Board members' experience and expertise are disclosed in this annual report as is information on attendance at Board and committee meetings. Information in relation to composition of the Board and terms of appointment for all members who held office during the financial year is set out on pages 31 and 33-35 of the Annual and Financial Report 2020-21.

A process is in place whereby members, either collectively or individually, may seek independent professional advice where it is considered necessary to fulfil their duties and responsibilities. This is done at Queensland Rail's expense. A member wishing to seek such advice must first obtain approval from the Chair.

Members are encouraged to further their knowledge through participation in industry, governance and government forums and attend seminars hosted by the Australian Institute of Company Directors, Governance Institute of Australia and other peak professional bodies. In addition to peer review, interaction and networking with other directors and industry leaders, Queensland Rail Board members participate in Queensland Rail leadership forums and actively engage with Queensland Rail employees and visit Queensland Rail operations to gain an understanding of operational employee requirements, challenges and issues.

The ongoing provision of timely and relevant information to the Board is of critical importance in enabling the Board to effectively discharge its obligations in accordance with the requirements of the QRTA Act. The structure, format and content of Board agendas and Board papers presented to Board members for consideration and approval, along with Board paper quality and timeliness, is reviewed on an ongoing basis.

The Board reviews its own performance and that of the committees of the Board on a regular basis to ensure they are working effectively. The Board participates in regular Board member-only sessions that provide an opportunity for the Board members to review and analyse their current performance as a Board and discuss any issues that may exist.



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## Corporate governance (continued)

The Board undertakes performance evaluations on a periodic basis to achieve and maintain corporate governance best practice and continual improvement. The purpose of the evaluation is to assess the performance of the Board as a whole, the Chair and the effectiveness of the Board committees. An external consultant is engaged on a periodic basis to assist the evaluation and provide an independent review of Board performance. An independent Board evaluation was undertaken in June 2021 and considered a range of issues including Board role, strategy, monitoring performance, risk and compliance oversight, stakeholder engagement and Board processes and decision making. Written advice on the outcomes of the evaluation has been provided to responsible Ministers.

### **Principle 3 – Promote ethical and responsible decision making**

Queensland Rail has well established policies, procedures and practices that seek to promote ethical standards of behaviour and a culture of compliance that is risk aware and embraces good governance practices in accordance with corporate, legal and community obligations.

These expected standards of integrity, honesty and accountability are reflected in the formal Code of Conduct, which applies to all Board members, employees, consultants and contractors and is aligned with the organisation's strategic objectives. The Code of Conduct is supported by other policy related documents in relation to ethics, privacy, dealing with conflicts of interest, trading in securities and official misconduct.

While, as a statutory authority, Queensland Rail does not issue securities, the organisation has established standards and procedures that set out the legal duties that apply to members and employees in relation to the potential misuse of information including the insider trading prohibition under the *Corporations Act 2001* (Cth).

Ongoing training in relation to ethical business practices is provided by the organisation and the Queensland Rail Code of Conduct also forms part of the induction process for new employees, consultants and contractors. A copy of the Code of Conduct is available on the Queensland Rail website.

Queensland Rail also has in place related processes and policy documents setting out the requirements of the *Public Interest Disclosure Act 2010* (Cth), which facilitates disclosure of public interest information and provides protection for those who make public disclosures.

### **Principle 4 – Safeguard integrity in financial reporting**

The Board has established an Audit and Risk Committee that reviews the integrity of Queensland Rail's financial reporting systems. The committee is governed by its own charter, which is approved by the Board and reviewed biennially. A copy of the Audit and Risk Committee charter is available on the Queensland Rail website. The committee assists the Board by reviewing and monitoring assurance activities over business operations, the effectiveness of internal controls, regulatory reporting, financial risks, compliance issues and enterprise risk management frameworks. The committee is responsible for oversight and monitoring both internal and external audit functions.

The role of the Chair of the committee is not held by the Chair of the Board and all committee members are independent non-executive members. Membership of the committee and details of attendance at meetings is disclosed on pages 31 and 45 of the Annual and Financial Report 2020-21.

The CEO and CFO certify in writing that the Queensland Rail financial report represents a true and fair view of Queensland Rail's financial position and performance, and that it has been prepared in accordance with the appropriate Australian and Queensland Accounting Standards, Statement of Accounting Concepts, Interpretations and Framework for the Preparation and Presentation of Financial Statements in all material respects.

Queensland Rail's internal audit function provides independent assurance to key stakeholders including the Audit and Risk Committee, CEO and senior executives regarding the adequacy and effectiveness of the organisation's system of internal controls, risk management procedures and governance processes throughout the organisation.

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## Corporate governance (continued)

The internal audit function derives its independence from its direct reporting relationship to the Audit and Risk Committee. The Senior Manager Internal Audit also has unrestricted access to the Committee and to the Committee Chair. The internal audit function is governed by an internal audit charter which is consistent with relevant audit and ethical standards and approved by the Audit and Risk Committee.

Queensland Rail has a detailed internal audit plan that is managed by the Senior Manager Internal Audit. The risk based internal audit plan is developed through extensive internal and external consultation and review of the organisation's enterprise risks. This plan is ultimately approved and monitored by the Audit and Risk Committee through regular reporting provided by the Senior Manager Internal Audit. In addition to the annual internal audit plan the internal audit function completes management request audits throughout the year.

In accordance with the *Auditor-General Act 2009 (Qld)*, the external audit function of Queensland Rail is performed by the Queensland Audit Office. The Audit and Risk Committee monitors the review and implementation of recommendations made by the internal audit function and external auditors.

### **Principle 5 – Make timely and balanced disclosure**

Queensland Rail has established communication protocols and standards in relation to the disclosure of public information and regularly assesses the information needs of all stakeholders to ensure that they continue to be informed about activities in a timely and accurate manner.

In addition, the organisation has a dedicated Corporate and Government Affairs team to assist with management of government and regulatory relationships and the coordination of information and reporting requests.

Regular communications are initiated with key stakeholders including responsible Ministers and government representatives. The Chair and CEO meet with responsible Ministers and/or their representatives on a regular basis. Queensland Rail management also meets with representatives of the responsible Ministers after each Board meeting to provide an update on the key issues and

discuss any relevant governance matters. Information needs of these stakeholders are also discussed at Board meetings. As required by the QRTA Act, detailed quarterly reports are provided to responsible Ministers and their representatives, as well as individual ministerial briefings on specific issues. These reports include information regarding financial performance, updates on major capital programs, key operational matters, risk management and governance issues as well as information required to be given in accordance with Queensland Rail's operational and strategic plans.

### **Principle 6 – Respect the rights of shareholders**

Queensland Rail respects the rights of responsible Ministers as the ultimate owners of the business. The Board and senior executives of Queensland Rail engage with responsible Ministers and their representatives on a regular basis. As at 30 June 2021, Queensland Rail's responsible Ministers were the Honourable Cameron Dick, Treasurer and Minister for Investment; and the Honourable Mark Bailey MP, Minister for Transport and Main Roads. Queensland Rail is committed to ensuring that responsible Ministers and their representatives are provided with information to make informed assessments of Queensland Rail's operational and financial performance and position.

Queensland Rail prepares an operational plan and strategic plan for responsible Ministers' approval in accordance with the QRTA Act. The operational plan and strategic plan are formal performance contracts between Queensland Rail and the responsible Ministers detailing proposed undertakings and target performance for the year ahead.

In line with the requirements of the QRTA Act, responsible Ministers are advised in a timely manner of all issues likely to have a significant financial, operating, employee, community or environmental impact including those matters that may prevent or significantly affect achievement of the performance objectives outlined in the operational plan.

Approval of responsible Ministers is sought for major investments and expenditure outlays, as well as Queensland Rail's entry into significant supply or customer contracts in accordance with government Investment Guidelines.

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## Corporate governance (continued)

### Principle 7 – Recognise and manage risk

Queensland Rail recognises that effective risk management and compliance frameworks are a key element of an organisation's corporate governance processes. The Board has approved a Risk Management Policy which is underpinned by a Risk Management framework that supports a structured approach.

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

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

The approach defined within the Risk Management Policy is consistent with the Australian and New Zealand risk management standards (AS/NZS ISO 31000:2018). The framework is designed to ensure risks are regularly identified, assessed, monitored and reported to the Audit and Risk Committee and Board on a periodic basis.

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

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

The Board has assigned management with the responsibility for managing risk within the organisation and the implementation of mitigation measures, under the direction of the CEO and supported by senior executives. The Safety Risk and Assurance Group Function, led by the Group Executive, Safety, Risk and Assurance facilitates the process

by providing a centralised role in advising the various business functions on executing risk, compliance and assurance management, as well as consolidating reporting to Executive Risk Committee, Audit and Risk Committee and the Board.

The CEO and CFO have declared in writing to the Board that Queensland Rail's risk management and control system is operating efficiently, effectively and economically in all material respects based on representations by management.

### Principle 8 – Remunerate fairly and responsibly

The Board has established a People and Safety Committee that, among other things, oversees and monitors Queensland Rail's remuneration framework. The committee is governed by its own charter, which is approved by the Board and reviewed biennially. A copy of the People and Safety Committee charter is available on the Queensland Rail website. The committee assists the Board in the effective discharge of its governance and oversight responsibilities relating to human resource and safety practices. It achieves this, in part, by reviewing, overseeing and providing recommendations on the recruitment, termination, retention, succession planning and annual remuneration and performance review of the CEO and senior executives including the establishment of appropriate performance measures.

Membership of the committee and details of attendance at meetings are disclosed on pages 31 and 45 of the Annual and Financial Report 2020-21. Queensland Rail recognises that the achievement of its corporate objectives is dependent on the efforts of its people and has established remuneration policies, procedures and frameworks designed to attract and retain high calibre employees and to align individual and team efforts to agreed KPIs linked to the operational and strategic plans of the organisation.

The senior executive remuneration arrangements are subject to approval or endorsement by the Board in accordance with the Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements.

Remuneration for Board members is established by the responsible Ministers in accordance with the QRTA Act.

## Corporate governance (continued)

Details of the nature and amount of payments to each Queensland Rail Board member and specified Queensland Rail senior executives are set out in the Financial Report 2020-21.

### Government policies and guidelines

Queensland Rail complies with relevant government policies and guidelines in accordance with the requirements of the responsible Ministers.

### Board meetings

The Board held 10 meetings during the financial year. Typically, at Board meetings, the agenda will include the following:

- Disclosure of member interests
- Minutes of the previous meeting and any outstanding issues raised by members at previous meetings
- CEO and CFO reports
- Ongoing strategic business improvement
- Standing reports on lines of business and key major projects and initiatives.
- Transactions requiring Board approval in accordance with the delegations framework
- Updates from committee chairs on matters considered at committee meetings
- The minutes of previous committee meetings
- Board correspondence and Ministerial briefing notes.

An in-camera session involving only non-executive Board members is held at the beginning of each Board meeting and is chaired by the Chair. The CEO, CFO, General Counsel and Company Secretary are also present at all Board meetings. Senior executives attend Board meetings when an issue under their area of responsibility is being considered or as otherwise requested by the Board.

Member attendance at FY21 Board meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
David Marchant AM (Chair)	10	10
Stephen Cantwell	10	10
Michael Goss <sup>1</sup>	8	8
Renaye Peters	9	10
Heather Watson	10	10
Tracey Winters <sup>1</sup>	8	8

<sup>1</sup>Appointed as Board Member 1 October 2020

### Board committees

The Board has established three standing committees to assist with meeting its responsibilities: the Audit and Risk Committee, the People and Safety Committee, and the Major Projects and Procurement Committee. Each of these committees is governed by its own charter.

The membership of each Board committee is made up of a minimum of three members from the Board. The CEO and senior executives attend meetings at the discretion of the committee.

### Audit and Risk Committee

The Audit and Risk Committee is a Board committee created to assist the Board in the effective discharge of its governance and oversight responsibilities relating to the financial reporting and risk management of Queensland Rail.

The committee oversees and monitors the preparation of financial statements, internal control structures, compliance and risk management frameworks and the internal and external audit functions of Queensland Rail.

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

## Corporate governance (continued)

Committee member attendance at FY21 Audit and Risk Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Heather Watson (Chair)	4	4
Michael Goss <sup>1</sup>	3	3
David Marchant	4	4
Renaye Peters	4	4

<sup>1</sup>Appointed as Committee Member 16 October 2020

### People and Safety Committee

The People and Safety Committee is a Board committee created to assist the Board in the effective discharge of its governance and oversight responsibilities relating to the human resources and safety practices of Queensland Rail.

The committee oversees and monitors the remuneration and performance framework for Queensland Rail's senior executives and other employees the development of human resources policies and practices to enhance employee engagement and workforce productivity and performance. The committee also provides strategic direction and oversight of Queensland Rail's safety policies, frameworks and practices.

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

Committee member attendance at FY21 People and Safety Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Stephen Cantwell (Chair)	4	4
Michael Goss <sup>1</sup>	3	3
David Marchant AM	4	4
Heather Watson	4	4
Tracey Winters <sup>1</sup>	3	3

<sup>1</sup>Appointed as Committee Member 16 October 2020

### Major Projects and Procurement Committee

The Major Projects and Procurement Committee is a Board committee created to assist the Board in the effective discharge of its governance and oversight responsibilities relating to the delivery of major projects and procurement decisions within Queensland Rail.

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

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

Committee member attendance at FY21 Major Projects and Procurement Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Renaye Peters (Chair)	4	4
Stephen Cantwell	4	4
David Marchant	4	4
Tracey Winters <sup>1</sup>	2	2

<sup>1</sup>Appointed as Committee Member 16 October 2020

### Notifications by Responsible Ministers

#### 1. Transfer of freehold property

By letter dated 7 September 2020, pursuant to section 12 of the QRTA Act, Queensland Rail was directed to transfer the freehold assets, identified as land that forms the whole of Lot 101 on SP105842 (880 Fairfield Road, Yeerongpilly) (also known as Clapham Yard), registered in the name of Queensland Rail Limited, from Queensland Rail's equity to the TMR, in support of the CRR project.

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## Corporate governance (continued)

### Queensland Rail dividends

By letter dated 29 June 2021, pursuant to section 56(2) of the QRTA Act, the responsible Ministers directed Queensland Rail pay a dividend equal to 100 per cent of Queensland Rail Group's adjusted Net Profit after Tax (NPAT) for FY21, subject to Queensland Rail's final audited financial results. The dividend is to be paid to the Consolidated Fund no later than 30 November 2021.

### Information Management

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

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

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

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

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

### Open data

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

### Corporate Entertainment and Hospitality

There was one event related to corporate entertainment and hospitality that exceeded \$5,000 during the year. NAIDOC Week Celebrations in 2020 encouraged employees to learn the history, culture and achievements of First Nations peoples. Corporate entertainment and hospitality was valued at \$5,500.

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## Human Rights Act

Queensland Rail is committed to embedding the principles of the *Human Rights Act Qld (HRA)* into the decisions made and services delivered across Queensland.

During this financial year Queensland Rail:

- continued to review Queensland Rail decision-making processes for matters covered by the HRA, with a goal of ensuring human rights are appropriately considered
- assessed new, relevant policies and procedures for compatibility with the HRA, making changes where necessary
- continued an awareness-raising campaign to educate employees about the HRA and its effect on Queensland Rail's operations
- created and implemented an HRA 'toolbox talk' for to be delivered annually to Travel and Tourism onboard customer service employees
- conciliated one human rights complaint that was combined with a discrimination complaint via the Queensland Human Rights Commission conciliation process.



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# Summary of the FY21 Operational Plan

The Operational Plan is the formal statement of Queensland Rail's strategic direction, including objectives, strategies and performance outcomes for FY21 and represents the performance agreement between the Board of Queensland Rail and responsible Ministers' departments. The Operational Plan is consistent with Queensland Rail's Strategic Plan and reflects the strategic activity in year one of this planning horizon.

The Annual Report provides a summary of Queensland Rail's performance outcomes against the FY21 Operational Plan relating to the delivery of strategic and operational objectives.

Queensland Rail measures performance against these objectives to focus efforts upon achieving its strategy. Key performance indicator measures and related targets were identified within the Operational Plan to track the success of strategies during this financial year. Key components of the FY21 Operational Plan are summarised below.

## Performance Monitoring

The FY21 Operational Plan contained a performance agreement between Queensland Rail and the Government.

The Plan contains mandatory financial and non-financial performance indicators to present a balanced perspective on Queensland Rail's overall performance.

Queensland Rail reports to its responsible Ministers on a quarterly basis in relation to performance against each of its Operational Plan Key Performance Indicators.

## Government Revenues and Funding

The FY21 Operational Plan reflected funding under the Transport Service Contract agreement for:

- SEQ
- Travel and Tourism
- Regional Network (including Freight)

The FY21 Operational Plan highlighted Queensland Rail's commitment to delivering the strategic imperatives of Customers, People and Stakeholders, underpinned by a continued focus on safety, operational excellence and integrated planning.

The primary focus for SEQ in FY21 was delivering a reliable and sustainable timetable for customers, with a sufficient pipeline of traincrew to sustain these levels into the future.

With the impacts of COVID-19, Queensland Rail ensured the safety of its customers and employees through modified service practices and significantly enhanced cleaning regimes.

In addition to this, implementation of Queensland Rail's Customer and Accessibility programs progressed in FY21 to deliver ongoing improvements in customer experiences on board trains, at stations and online.

Planning and preparation for the integration of CRR and the ETCS projects continued, with ongoing high levels of collaboration between Queensland Rail and the TMR and the CRRDA.

In FY21, enhancement of regional connectivity and accessibility for Travel and Tourism customers was a key focus as Queensland Rail continued to progress travel rollingstock overhaul programs and regional station upgrades.

Queensland Rail also continued to collaborate with supply chain partners to identify and implement growth opportunities in rail freight volumes, supporting farmers, graziers and industry across the State.

## Employment and Industrial Relations

The Operational Plan included an employment and industrial relations plan, which aligned all related initiatives with the organisation's values and the Government Owned Corporations - Wages and Industrial Relations Policy 2015. The Plan: supported the achievement of the Queensland Rail vision by:

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



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### **Modifications to the Operational Plan**

The QRTA Act requires that Queensland Rail's Annual Report include particulars of any direction given to Queensland Rail to modify its Operational Plan during the relevant year. Queensland Rail did not modify its Operational Plan during this financial year.

# Compliance checklist

Summary of requirement	Basis for requirement	Annual report reference
<b>Letter of compliance</b>	<ul style="list-style-type: none"> <li>A letter of compliance from the accountable officer or statutory body to the relevant Minister/s</li> </ul>	ARRs – section 7 Page 3
<b>Accessibility</b>	<ul style="list-style-type: none"> <li>Table of content</li> <li>Glossary</li> </ul>	ARRs – section 9.1 Page 4 Pages 52-53
	<ul style="list-style-type: none"> <li>Public availability</li> </ul>	ARRs – section 9.2 Page 2
	<ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>	<i>Queensland Government Language Services Policy</i> Page 2
		ARRs – section 9.3
	<ul style="list-style-type: none"> <li>Copyright notice</li> </ul>	<i>Copyright Act 1968</i> Page 2
	ARRs – section 9.4	
	<ul style="list-style-type: none"> <li>Information Licensing</li> </ul>	<i>QGEA – Information Licensing</i> N/A
		ARRs – section 9.5
<b>General information</b>	<ul style="list-style-type: none"> <li>Introductory Information</li> </ul>	ARRs – section 10.1 Page 5
	<ul style="list-style-type: none"> <li>Machinery of Government changes</li> </ul>	ARRs – section 10.2, 31 and 32 N/A
	<ul style="list-style-type: none"> <li>Agency role and main functions</li> </ul>	ARRs – section 10.2 Pages 2, 5
	<ul style="list-style-type: none"> <li>Operating environment</li> </ul>	ARRs – section 10.3 Pages 5, 15, 18-23
<b>Non-financial performance</b>	<ul style="list-style-type: none"> <li>Government's objectives for the community</li> </ul>	ARRs – section 11.1 Pages 12, 29-30
	<ul style="list-style-type: none"> <li>Other whole-of-government plans / specific initiatives</li> </ul>	ARRs – section 11.2 Pages 6-9, 15, 19
	<ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>	ARRs – section 11.3 Pages 12, 16, 17, 18, 20, 22
	<ul style="list-style-type: none"> <li>Agency service areas and service standards</li> </ul>	ARRs – section 11.4 Pages 10, 48
<b>Financial performance</b>	<ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>	ARRs – section 12.1 Pages 13-14
<b>Governance – management and structure</b>	<ul style="list-style-type: none"> <li>Organisational structure</li> </ul>	ARRs – section 13.1 Page 32
	<ul style="list-style-type: none"> <li>Executive management</li> </ul>	ARRs – section 13.2 Pages 36-38
	<ul style="list-style-type: none"> <li>Government bodies (statutory bodies and other entities)</li> </ul>	ARRs – section 13.3 Page 2
	<ul style="list-style-type: none"> <li>Public Sector Ethics</li> </ul>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 N/A
	<ul style="list-style-type: none"> <li>Human Rights</li> </ul>	<i>Human Rights Act 2019</i> ARRs – section 13.5 Page 47
	<ul style="list-style-type: none"> <li>Queensland public service values</li> </ul>	ARRs – section 13.6 Pages 16-17, 27-28
<b>Governance – risk and accountability</b>	<ul style="list-style-type: none"> <li>Risk management</li> </ul>	ARRs – section 14.1 Pages 39-46
	<ul style="list-style-type: none"> <li>Audit committee</li> </ul>	ARRs – section 14.2 Pages 39-45
	<ul style="list-style-type: none"> <li>Internal audit</li> </ul>	ARRs – section 14.3 Pages 39-45
	<ul style="list-style-type: none"> <li>External scrutiny</li> </ul>	ARRs – section 14.4 Pages 39-45
	<ul style="list-style-type: none"> <li>Information systems and recordkeeping</li> </ul>	ARRs – section 14.5 Pages 39-45
<b>Governance – human resources</b>	<ul style="list-style-type: none"> <li>Strategic workforce planning and performance</li> </ul>	ARRs – section 15.1 Pages 27-28
	<ul style="list-style-type: none"> <li>Early retirement, redundancy and retrenchment</li> </ul>	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2 N/A

<b>Open Data</b>	Statement advising publication of information	ARRs – section 16	Page 46
	Consultancies	ARRs – section 33.1	Page 46 <a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	Overseas travel	ARRs – section 33.2	Page 46 <a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	Queensland Language Services Policy	ARRs – section 33.3	Page 46 <a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
<b>Financial statements</b>	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARR – section 17.1	Pages 54-109
	Independent Auditor’s Report	FAA – section 62 FPMS – sections 46 ARRs – section 17.3	Pages 105-109

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# Glossary and Acronyms

## Glossary

### **1TEAM**

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

### **Customer**

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

### **Freight**

General freight not transported in a bulk train and does not include intermodal and industrial products

### **Network**

Queensland's rail system, including all main railway lines, marshalling yards, bulk freight loading and unloading points and customer stations

### **Positive pARTnerships Program**

A Queensland Rail program involving work with community groups, local schools and stakeholders to collaborate and produce high-quality public artwork projects on Queensland Rail property

### **Return on Assets (ROA)**

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

### **Return on Equity (ROE)**

Defined as operating profit after tax divided by average equity

### **Rollingstock**

Rail locomotives and wagons

### **SEQ network**

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

### **TransLink**

A division of the Department of Transport and Main Roads that facilitates passenger transport services for Queenslanders and aims to provide a single integrated transport network accessible to everyone

### **Travel and Tourism network**

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

## Acronyms

### **ASX**

Australian Securities Exchange

### **ARA**

Australasian Railway Association

### **CCC**

Crime and Corruption Commission

### **CCTV**

Closed Circuit Television

### **CEO**

Chief Executive Officer

### **CFO**

Chief Financial Officer

### **Corporations Act**

*Corporations Act 2001 (Cth)*

### **CRR**

Cross River Rail

### **CRRDA**

Cross River Rail Delivery Authority

### **DDA**

*Disability Discrimination Act 1992 (Cth)*

### **DFV**

Domestic and Family Violence

### **EBIT**

Earnings Before Interest and Tax

### **EBITDA**

Earnings Before Interest, Tax, Depreciation and Amortisation

### **EMU**

Electric Multiple Unit

### **ETCS**

European Train Control System

### **FAA**

*Financial Accountability Act 2009 (Qld)*

### **FPMS**

*Financial and Performance Management Standard 2019*

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**FTE**

Full-time equivalent (employee)

**GTKs**

Gross Tonne Kilometres

**HRA**

*Human Rights Act 2019 (Qld)*

**KPIs**

Key Performance Indicators

**KSR**

Kuranda Scenic Railway

**NGR**

New Generation Rollingstock

**OHLE**

Overhead power line equipment

**OTI**

On Track Insurance Pty Ltd

**QCA**

Queensland Competition Authority

**QPS**

Queensland Police Service

**QRL**

Queensland Rail Limited

**QRTA Act**

*Queensland Rail Transit Authority Act 2013 (Qld)*

**RORU**

Rail Operations Response Unit

**SEQ**

South East Queensland

**SPAD**

Signal Passed at Danger

**TRIFR**

Total Recordable Injury Frequency Rate

# **Queensland Rail**

ABN 68 598 268 528

## **Financial report for the year ended 30 June 2021**

**Queensland Rail**  
ABN 68 598 268 528  
**Financial report - 30 June 2021**

## Contents

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These financial statements cover Queensland Rail and its controlled entities.

Queensland Rail is a statutory body established under the *Queensland Rail Transit Authority Act 2013*.

The statutory body is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the statutory body is:

Level 14, Rail Centre 1  
305 Edward Street  
Brisbane Qld 4000

A description of the nature of the statutory body's operations and its principal activities is included in the notes to the financial statements.

**Statements of comprehensive income  
for the year ended 30 June 2021**

	Notes	Consolidated 2021 \$'000	2020 \$'000	Parent 2021 \$'000	2020 \$'000
Revenue from operations	1	2,218,925	2,111,705	1,259,240	1,151,762
Other income		3,570	3,305	-	-
<b>Total revenue and other income</b>		<b>2,222,495</b>	<b>2,115,010</b>	<b>1,259,240</b>	<b>1,151,762</b>
Supplies and services	2	(432,059)	(427,243)	-	-
Employee benefits expense	3	(974,674)	(931,339)	(1,072,482)	(1,032,023)
Depreciation and amortisation		(395,913)	(399,122)	-	-
Other expenses		(20,392)	(24,477)	(294)	(381)
<b>Total expenses</b>		<b>(1,823,038)</b>	<b>(1,782,181)</b>	<b>(1,072,776)</b>	<b>(1,032,404)</b>
<b>Operating profit</b>		<b>399,457</b>	<b>332,829</b>	<b>186,464</b>	<b>119,358</b>
Finance income		112	196	-	-
Finance expenses	4	(136,353)	(162,468)	-	-
<b>Net finance costs</b>		<b>(136,241)</b>	<b>(162,272)</b>	<b>-</b>	<b>-</b>
<b>Profit before income tax</b>		<b>263,216</b>	<b>170,557</b>	<b>186,464</b>	<b>119,358</b>
Income tax expense	5	(76,752)	(51,199)	-	-
<b>Profit for the year</b>		<b>186,464</b>	<b>119,358</b>	<b>186,464</b>	<b>119,358</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Changes in the fair value of cash flow hedges		(170)	(298)	-	-
Income tax relating to components of other comprehensive income	5	51	89	-	-
<b>Other comprehensive expense for the year</b>		<b>(119)</b>	<b>(209)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>186,345</b>	<b>119,149</b>	<b>186,464</b>	<b>119,358</b>

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



**Balance sheets**  
as at 30 June 2021

	Notes	Consolidated 2021 \$'000	2020 \$'000	Parent 2021 \$'000	2020 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,282	21,428	-	-
Trade and other receivables		22,901	38,979	500,494	446,633
Prepayments		15,698	11,921	-	-
Inventories	6	107,202	107,956	-	-
Current tax assets		953	-	953	-
Other assets		-	61	-	-
<b>Total current assets</b>		<b>148,036</b>	<b>180,345</b>	<b>501,447</b>	<b>446,633</b>
<b>Non-current assets</b>					
Receivables		-	-	37,178	29,753
Prepayments		3,325	5,039	-	-
Inventories	6	38,427	32,236	-	-
Property, plant and equipment	7	7,955,393	7,690,570	-	-
Intangible assets	8	99,445	90,069	-	-
Right-of-use assets	9	92,117	97,630	-	-
Deferred tax assets	10	-	-	90,216	88,925
Investment in subsidiary		-	-	2,845,324	2,845,324
Other assets		42	2	3,465	3,465
<b>Total non-current assets</b>		<b>8,188,749</b>	<b>7,915,546</b>	<b>2,976,183</b>	<b>2,967,467</b>
<b>Total assets</b>		<b>8,336,785</b>	<b>8,095,891</b>	<b>3,477,630</b>	<b>3,414,100</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	11	469,259	369,056	217,190	163,126
Borrowings	18	8,814	-	-	-
Lease liabilities	9	12,896	12,334	-	-
Provisions	12	286,392	281,299	282,651	277,878
Current tax liabilities		-	2,959	-	2,959
Other liabilities		8,438	8,070	202	186
<b>Total current liabilities</b>		<b>785,799</b>	<b>673,718</b>	<b>500,043</b>	<b>444,149</b>
<b>Non-current liabilities</b>					
Borrowings	18	3,710,000	3,630,000	-	-
Lease liabilities	9	87,730	92,616	-	-
Provisions	12	43,037	33,660	37,178	29,752
Deferred tax liabilities	13	380,603	357,989	-	-
Other liabilities		37,539	10,719	22,370	17,167
<b>Total non-current liabilities</b>		<b>4,258,909</b>	<b>4,124,984</b>	<b>59,548</b>	<b>46,919</b>
<b>Total liabilities</b>		<b>5,044,708</b>	<b>4,798,702</b>	<b>559,591</b>	<b>491,068</b>
<b>Net assets</b>		<b>3,292,077</b>	<b>3,297,189</b>	<b>2,918,039</b>	<b>2,923,032</b>
<b>EQUITY</b>					
Contributed equity		3,060,256	3,068,249	2,821,662	2,829,655
Reserves		19	138	-	-
Retained earnings		231,802	228,802	96,377	93,377
<b>Total equity</b>		<b>3,292,077</b>	<b>3,297,189</b>	<b>2,918,039</b>	<b>2,923,032</b>

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

**Statements of changes in equity**  
for the year ended 30 June 2021

Consolidated	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2020</b>		<b>3,068,249</b>	<b>138</b>	<b>228,802</b>	<b>3,297,189</b>
Profit for the year		-	-	186,464	186,464
Other comprehensive expense		-	(119)	-	(119)
<b>Total comprehensive income / (expense) for the year</b>		<b>-</b>	<b>(119)</b>	<b>186,464</b>	<b>186,345</b>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions of equity		(7,993)	-	-	(7,993)
Dividends provided	14	-	-	(183,464)	(183,464)
		<b>(7,993)</b>	<b>-</b>	<b>(183,464)</b>	<b>(191,457)</b>
<b>Balance at 30 June 2021</b>		<b>3,060,256</b>	<b>19</b>	<b>231,802</b>	<b>3,292,077</b>
<b>Balance at 1 July 2019</b>		<b>3,068,249</b>	<b>347</b>	<b>235,651</b>	<b>3,304,247</b>
Adjustment on adoption of AASB 16 Leases	9	-	-	(6,849)	(6,849)
<b>Restated total equity at the beginning of the financial year</b>		<b>3,068,249</b>	<b>347</b>	<b>228,802</b>	<b>3,297,398</b>
Profit for the year		-	-	119,358	119,358
Other comprehensive expense		-	(209)	-	(209)
<b>Total comprehensive income / (expense) for the year</b>		<b>-</b>	<b>(209)</b>	<b>119,358</b>	<b>119,149</b>
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided	14	-	-	(119,358)	(119,358)
		<b>-</b>	<b>-</b>	<b>(119,358)</b>	<b>(119,358)</b>
<b>Balance at 30 June 2020</b>		<b>3,068,249</b>	<b>138</b>	<b>228,802</b>	<b>3,297,189</b>

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

**Statements of changes in equity**  
for the year ended 30 June 2021 (continued)

Parent	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2020</b>		<b>2,829,655</b>	-	<b>93,377</b>	<b>2,923,032</b>
Profit for the year		-	-	186,464	186,464
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>186,464</b>	<b>186,464</b>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions of equity		(7,993)	-	-	(7,993)
Dividends provided	14	-	-	(183,464)	(183,464)
		<b>(7,993)</b>	<b>-</b>	<b>(183,464)</b>	<b>(191,457)</b>
<b>Balance at 30 June 2021</b>		<b>2,821,662</b>	-	<b>96,377</b>	<b>2,918,039</b>
<b>Balance at 1 July 2019</b>		<b>2,829,655</b>	-	<b>93,377</b>	<b>2,923,032</b>
Adjustment on adoption of AASB 16 Leases	9	-	-	-	-
<b>Restated total equity at the beginning of the financial year</b>		<b>2,829,655</b>	<b>-</b>	<b>93,377</b>	<b>2,923,032</b>
Profit for the year		-	-	119,358	119,358
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>119,358</b>	<b>119,358</b>
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided	14	-	-	(119,358)	(119,358)
		<b>-</b>	<b>-</b>	<b>(119,358)</b>	<b>(119,358)</b>
<b>Balance at 30 June 2020</b>		<b>2,829,655</b>	-	<b>93,377</b>	<b>2,923,032</b>

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

**Statements of cash flows**  
for the year ended 30 June 2021

		Consolidated		Parent	
	Notes	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of GST)		362,112	361,152	1,072,776	1,032,404
Receipts from Rail Transport Service Contract (inclusive of GST)		2,123,347	1,960,117	-	-
Dividends received from subsidiaries		-	-	119,358	141,525
Interest received		115	189	-	-
Payments to suppliers and employees (inclusive of GST)		(1,527,280)	(1,459,124)	(1,071,299)	(999,397)
Interest and other costs of finance paid		(163,687)	(180,022)	-	-
GST input tax credits		91,090	91,462	695	643
GST remitted		(224,180)	(211,569)	-	-
Other		1	(7)	1	(7)
Income taxes paid		(57,998)	(77,100)	(57,998)	(77,100)
<b>Net cash inflow from operating activities</b>	15	<b>603,520</b>	485,098	<b>63,533</b>	98,068
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment and intangibles		(608,778)	(527,763)	-	-
Proceeds from the disposal of property, plant and equipment and intangibles		25,756	8,895	-	-
Repayments of loans by related parties		-	-	55,825	43,456
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(583,022)</b>	(518,868)	<b>55,825</b>	43,456
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	17	88,814	203,552	-	-
Repayments of principal element of lease liabilities	17	(10,100)	(10,276)	-	-
Dividends paid	14	(119,358)	(141,524)	(119,358)	(141,524)
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(40,644)</b>	51,752	<b>(119,358)</b>	(141,524)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(20,146)</b>	17,982	-	-
Cash and cash equivalents at the beginning of the financial year		21,428	3,446	-	-
<b>Cash and cash equivalents at end of year</b>		<b>1,282</b>	21,428	-	-

The above statements of cash flows should be read in conjunction with the accompanying notes.

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## Notes to the statements of comprehensive income

### 1 Revenue from operations

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<i>Revenue from contracts with customers</i>				
Rail Transport Service Contract revenue	1,912,421	1,794,252	-	-
Network access revenue	202,498	200,283	-	-
Passenger transport revenue	45,707	59,150	-	-
Other revenue from customer contracts	33,496	31,953	-	-
Operating lease revenue	23,899	23,127	-	-
Managed services revenue	-	-	1,072,776	1,032,404
<i>Other revenue</i>				
Other revenue	904	2,940	-	-
Inter-company dividend revenue	-	-	186,464	119,358
	<b>2,218,925</b>	<b>2,111,705</b>	<b>1,259,240</b>	<b>1,151,762</b>

The consolidated entity recognises revenue as performance obligations are satisfied and it is probable that future economic benefits will flow to the consolidated entity. Revenue shall be measured at an amount that reflects the fair value of the consideration received or receivable.

#### (a) Rail Transport Service Contract

A Rail Transport Service Contract (TSC) was entered into between Queensland Rail Limited and the State of Queensland on 20 July 2015. This was a three year contract with two extension options of 12 to 24 months each. The second option was executed in June 2020 for a period of 24 months commencing 1 July 2020.

Revenue for the provision of agreed services is fixed under the contract. This contract covers revenue to Queensland Rail Limited from the Department of Transport and Main Roads (DTMR), on behalf of the State of Queensland, for services provided by Queensland Rail Limited associated with:

- **Citytrain and City Network Services**  
Queensland Rail Limited earns revenue for the delivery of train services on the City Network in accordance with the timetable and for maintenance of the City Network infrastructure. Scheduled services and non-scheduled services for Citytrain are the separately identifiable performance obligations for Citytrain and City Network services. The maintenance of the City Network infrastructure are ancillary costs of providing reliable and safe Citytrain services.
- **Travel and Tourism Services**  
Queensland Rail Limited earns revenue associated with travel services provided to the public on Travel and Tourism Services. Scheduled services are the separately identifiable performance obligations for Travel and Tourism Services.
- **Regional Infrastructure Services**  
Queensland Rail Limited earns revenue for the maintenance of the Regional Network infrastructure. The separately identifiable performance obligation for Regional Network is the continued maintenance of the regional infrastructure to a safe and fit for purpose standard throughout the year. Revenue generated is recognised as the services are provided over time.

#### (b) Network access

Revenue generated from rail network access is calculated based on a number of operating parameters (such as tonnage hauled) applied to either regulator approved tariffs or negotiated access agreements. In some circumstances where paths are not utilised by customers, a take or pay fee is charged. This fee is subject to individual access contracts. Revenue generated from the utilisation of the Access Rights is recognised as the services are provided. Take or pay revenue is recognised at a point in time.

## 1 Revenue from operations (continued)

### (c) Passenger transport

Other train passenger service revenue comprises ticket and related sales on Travel and Tourism Services. Traveltrain and Tourist train revenues are recognised at the time the service is provided and income relating to future services is accounted for as a liability. The sale of catering items is recognised when the goods have been transferred to the customer.

### (d) Managed Services Agreement

Revenue generated from the provision of personnel services to Queensland Rail Limited includes direct and indirect costs as per the Managed Services Agreement. All employees within the consolidated entity reside in Queensland Rail. The Managed Services Agreement facilitates the invoicing of all employee related costs, including their associated leave entitlement expenses, to Queensland Rail Limited. Revenue generated from the Managed Services Agreement is recognised as the services are provided.

### (e) Income in advance from contracts with customers

<b>Consolidated 2021</b>	<b>Passenger transport revenue \$'000</b>	<b>Other revenue from customer contracts \$'000</b>	<b>Total \$'000</b>
Opening balance	3,538	1,904	5,442
Revenue recognised from the opening balance as performance obligations are satisfied	(3,538)	(1,904)	(5,442)
Income in advance recognised as performance obligations not yet satisfied	40,755	61,038	101,793
Revenue recognised as performance obligations are satisfied	(37,285)	(41,728)	(79,013)
Closing balance	<u>3,470</u>	<u>19,310</u>	<u>22,780</u>
2020			
Opening balance	5,329	2,823	8,152
Adjustment on adoption of AASB 16 <i>Leases</i>	-	(131)	(131)
Restated opening balance	<u>5,329</u>	<u>2,692</u>	<u>8,021</u>
Revenue recognised from the opening balance as performance obligations are satisfied	(5,329)	(2,692)	(8,021)
Income in advance recognised as performance obligations not yet satisfied	54,223	10,696	64,919
Revenue recognised as performance obligations are satisfied	(50,685)	(8,792)	(59,477)
Closing balance	<u>3,538</u>	<u>1,904</u>	<u>5,442</u>

The parent entity does not have any income in advance.

## 2 Supplies and services

	Consolidated	
	2021	2020
	\$'000	\$'000
Materials and consumable items	139,049	142,491
Trade services	104,600	95,732
Professional services and fees	52,264	52,606
Traction electricity and train fuel	37,997	36,969
Lease and hire charges	30,090	26,983
Utilities	24,597	25,195
Other supplies and services	17,460	13,723
Vehicle running expenses	15,152	15,541
Capital and external works	10,850	18,003
	<b>432,059</b>	<b>427,243</b>

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

## 3 Employee benefits expense

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	699,981	663,317	791,115	757,953
Annual leave	72,812	71,269	72,812	71,269
Long service leave	17,612	24,119	17,612	24,119
Superannuation				
Defined benefit superannuation expense	14,694	14,640	14,694	14,640
Defined contribution superannuation expense	74,879	71,032	74,879	71,032
Other employee benefits	32,584	31,632	32,584	31,632
Employee related expenses	62,112	55,330	68,786	61,378
	<b>974,674</b>	<b>931,339</b>	<b>1,072,482</b>	<b>1,032,023</b>

In accordance with accounting standards and Queensland Rail capitalisation policy, all employee expenses directly attributable to the acquisition or construction of an asset are recognised directly in property, plant and equipment.

The consolidated entity's total employee benefits expense was \$1,092.3 million (2020: \$1,052.0 million). Of this \$117.6 million (2020: \$120.7 million) was recognised directly in property, plant and equipment leaving \$974.7 million (2020: \$931.3 million) reported as employee benefits expense.

The number of full-time equivalent (FTE) employees as at reporting date was 7,442.1 (2020: 7,389.2). FTEs include full-time, part-time and casual employees based on a thirty-eight hour week.

## 4 Finance expenses

	Consolidated	
	2021	2020
	\$'000	\$'000
Interest and finance charges on borrowings	134,437	160,767
Interest on lease liabilities	1,819	1,598
Other interest	97	103
	<b>136,353</b>	<b>162,468</b>

The parent entity does not incur any finance expenses.



## 5 Income tax expense

Income tax expense comprises current and deferred tax and is recognised in the statements of comprehensive income except to the extent that it relates to items recognised directly in equity. The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

### (a) Income tax expense

		Consolidated		Parent	
	Notes	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current tax		<b>59,137</b>	51,743	<b>1,291</b>	3,978
Deferred tax		<b>17,990</b>	(430)	<b>(1,291)</b>	(3,978)
Adjustments for current tax of prior periods		<b>(2,266)</b>	(8)	-	-
Utilisation / (recognition) of unused capital tax loss		<b>1,891</b>	(106)	-	-
		<b>76,752</b>	51,199	-	-
Deferred income tax expense / (benefit) included in income tax expense comprises:					
(Increase) / decrease in deferred tax assets	10	<b>5,066</b>	(18,247)	<b>(1,291)</b>	(3,978)
Increase in deferred tax liabilities	13	<b>12,924</b>	17,817	-	-
		<b>17,990</b>	(430)	<b>(1,291)</b>	(3,978)

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

		Consolidated		Parent	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Profit from continuing operations before income tax expense		<b>263,216</b>	170,557	<b>186,464</b>	119,358
Tax at the Australian tax rate of 30% (2020: 30%)		<b>78,965</b>	51,167	<b>55,939</b>	35,807
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:					
Entertainment		<b>3</b>	5	-	-
Dividends received from subsidiaries		-	-	<b>(55,939)</b>	(35,807)
Capital gains not recognised		-	1	-	-
Luxury car tax		<b>49</b>	32	-	-
Other		<b>1</b>	2	-	-
Adjustments for current tax of prior periods		<b>(2,266)</b>	(8)	-	-
		<b>(2,213)</b>	32	<b>(55,939)</b>	(35,807)
Total income tax expense		<b>76,752</b>	51,199	-	-

## 5 Income tax expense (continued)

### (c) Amounts recognised directly in equity

	Notes	Consolidated 2021 \$'000	2020 \$'000	Parent 2021 \$'000	2020 \$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:					
Net deferred tax - debited / (credited) directly to equity	10, 13	(51)	(89)	-	-
		<u>(51)</u>	<u>(89)</u>	<u>-</u>	<u>-</u>

### (d) Income tax consolidation

Queensland Rail and its wholly owned Australian subsidiaries Queensland Rail Limited and On Track Insurance Pty Ltd are entities which are members of the Queensland Rail National Tax Equivalents Regime (NTER) income tax consolidated group. Income tax equivalent payments are made to the Queensland Government.

In accordance with Interpretation 1052 the specified subsidiary members each recognise the tax effect of their own transactions in their financial statements and the head entity recognises the aggregate current income tax liability of the consolidated entity and the benefit of any tax losses arising in the consolidated entity in its financial statements.

The income tax consolidated group compensates Queensland Rail for any current tax payable assumed and is compensated by Queensland Rail for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Queensland Rail under income tax consolidation legislation. The funding amounts are recognised as non-current inter-company receivables or payables.

## Notes to the balance sheets

### 6 Inventories

Consolidated	2021			2020		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Raw materials and stores	118,756	38,427	157,183	120,707	32,236	152,943
Work in progress	380	-	380	289	-	289
Less: allowance for inventory obsolescence	(11,934)	-	(11,934)	(13,040)	-	(13,040)
	<b>107,202</b>	<b>38,427</b>	<b>145,629</b>	<b>107,956</b>	<b>32,236</b>	<b>140,192</b>

The parent entity does not hold any inventories.

#### (a) Inventory expense

Inventory recognised as expense during the year ended 30 June 2021 amounted to \$69.4 million (2020: \$59.9 million). Inventory capitalised to property, plant and equipment during the year ended 30 June 2021 amounted to \$69.1 million (2020: \$61.6 million).

#### *Judgements and estimates*

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

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

## 7 Property, plant and equipment

### (a) Movements in property, plant and equipment

Consolidated	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Major plant and equipment \$'000		Infrastructure \$'000	Total \$'000
					equipment \$'000	and \$'000		
<b>At 1 July 2020</b>								
Cost	577,432	101,375	848,173	418,931	2,100,900	7,036,463	11,063,274	
Accumulated depreciation and impairment losses	-	(690)	(312,673)	(172,460)	(1,132,201)	(1,774,680)	(3,392,704)	
Net book amount	577,432	100,685	535,500	246,471	968,699	5,261,783	7,690,570	
<b>Year ended 30 June 2021</b>								
Opening net book amount	577,432	100,685	535,500	246,471	968,699	5,261,783	7,690,570	
Additions	670,290	-	-	153	-	-	670,443	
Transfers between asset classes	(307,442)	-	5,891	(4,872)	59,419	247,004	-	
Transfers to supplies and services	(11,594)	-	-	-	-	-	(11,594)	
Transfers to State Government	-	(7,924)	-	-	-	-	(7,924)	
Disposals	-	(4)	315	(3,896)	(348)	(14,192)	(18,125)	
Depreciation expense	-	-	(30,281)	(28,447)	(77,916)	(231,333)	(367,977)	
Closing net book amount	928,686	92,757	511,425	209,409	949,854	5,263,262	7,955,393	
<b>At 30 June 2021</b>								
Cost	928,686	93,447	839,900	395,691	2,053,634	7,256,110	11,567,468	
Accumulated depreciation and impairment losses	-	(690)	(328,475)	(186,282)	(1,103,780)	(1,992,848)	(3,612,075)	
Net book amount	928,686	92,757	511,425	209,409	949,854	5,263,262	7,955,393	

## 7 Property, plant and equipment (continued)

### (a) Movements in property, plant and equipment (continued)

	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Major plant and equipment \$'000	Infrastructure \$'000	Total \$'000
<b>At 1 July 2019</b>							
Cost	469,590	103,022	809,323	402,035	2,208,003	6,733,879	10,725,852
Accumulated depreciation and impairment losses	-	(690)	(281,208)	(175,110)	(1,183,192)	(1,570,356)	(3,210,556)
Net book amount	469,590	102,332	528,115	226,925	1,024,811	5,163,523	7,515,296
Adjustment on adoption of AASB 16 Leases	-	-	(262)	-	-	-	(262)
Restated net book amount	469,590	102,332	527,853	226,925	1,024,811	5,163,523	7,515,034
<b>Year ended 30 June 2020</b>							
Restated opening net book amount	469,590	102,332	527,853	226,925	1,024,811	5,163,523	7,515,034
Additions	592,824	-	-	-	-	-	592,824
Transfers between asset classes	(463,070)	-	46,113	60,929	27,076	328,952	-
Transfers to supplies and services	(21,912)	-	-	-	-	-	(21,912)
Disposals	-	(1,647)	(3,672)	(9,862)	(313)	(6,690)	(22,184)
Depreciation expense	-	-	(34,794)	(31,521)	(82,875)	(224,002)	(373,192)
Closing net book amount	577,432	100,685	535,500	246,471	968,699	5,261,783	7,690,570
<b>At 30 June 2020</b>							
Cost	577,432	101,375	848,173	418,931	2,100,900	7,036,463	11,083,274
Accumulated depreciation and impairment losses	-	(690)	(312,673)	(172,460)	(1,132,201)	(1,774,680)	(3,392,704)
Net book amount	577,432	100,685	535,500	246,471	968,699	5,261,783	7,690,570

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

## 7 Property, plant and equipment (continued)

### (b) Initial recognition

Items of expenditure which are expected to provide future economic benefits are recognised as an item of property, plant and equipment, when in excess of:

- \$1 for land;
- \$5,000 for plant and equipment and major plant and equipment;
- \$10,000 for infrastructure and building assets; and
- \$20,000 for capital spares.

Expenditure that does not meet the definition of an asset is treated as an operating expense in the period in which the expenditure is incurred. If capital spares cost less than \$20,000, the item is recorded in inventory.

Property, plant and equipment is measured at cost less accumulated depreciation.

#### *Work in progress*

The cost of property, plant and equipment constructed by the consolidated entity includes the cost of all materials used in construction, direct labour, site preparation, interest and foreign currency gains and losses incurred where applicable and an appropriate proportion of variable and fixed overheads based on direct labour hours.

The transfers between asset classes represents property, plant and equipment commissioned during the period.

The transfers to supplies and services represent expenditure incurred over the life of capital projects that are expensed in the current year on the basis that they are operational in nature or comprise expenditure on capital works on behalf of third parties in accordance with the consolidated entity's capitalisation policy.

#### *Land*

The *Transport Infrastructure Act 1994* stipulates that the consolidated entity only retains ownership of its non-corridor land. As such, only non-corridor land is recorded in these accounts. Ownership of corridor land remains with the Department of Resources on behalf of the State. This land is leased to the Department of Transport and Main Roads and subsequently subleased to the consolidated entity for no cost. The sublease term is for an initial term of 100 years with a renewal option for an additional 100 years.

#### *Major plant and equipment*

Rollingstock is considered to be major plant and equipment.

#### *Gifted and donated assets*

Assets received from government at no cost are measured at fair value and recognised as income in advance which is subsequently amortised to government grants revenue over the useful life of the asset. Fair value means the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### (c) Subsequent and maintenance costs

Costs related to repairs and maintenance activities are expensed when performed. Subsequent costs are only recognised as property, plant and equipment when there is an increase in the original assessed capacity or service potential of an asset, it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

### (d) Depreciation

Assets are depreciated from the date of acquisition, or, in respect of internally constructed or manufactured assets, from the time an asset is completed and held ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate.

Buildings, plant and equipment, major plant and equipment and infrastructure are depreciated on a straight-line basis over the useful life net of the residual value. Motor vehicles are depreciated using the diminishing value basis (percentages range from 13.64% to 35.00%).

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

## 7 Property, plant and equipment (continued)

### (d) Depreciation (continued)

Major spares purchased specifically for particular assets are recognised as an item of property, plant and equipment and depreciated in line with standard asset class lives.

Land and work in progress are not depreciated.

The depreciation rates used during the year were based on the following range of useful lives:

Infrastructure 6 - 100 years including:

Rail	45 - 50 years
Sleepers	17 - 70 years
Ballast	30 years
Civil works	20 - 100 years
Bridges	20 - 100 years
Electrification	15 - 50 years
Field signals	15 - 40 years
Telecommunications	6 - 20 years

Buildings 5 - 50 years including:

Structures	25 - 50 years
Lifts and escalators	10 - 50 years
Air conditioning units	10 - 25 years
Fire and security equipment	5 - 30 years
Fit outs	15 years

Major plant and equipment 10 - 40 years including:

Country and suburban cars	35 - 40 years
Locomotives	30 - 40 years
Overhauls	10 years

Plant and equipment 4 - 25 years

Remaining useful lives of assets are reviewed annually.

#### *Judgements and estimates*

On initial recognition management estimates the useful lives and residual value of property, plant and equipment. The useful life is based on the expected period of time over which economic benefits from use of the asset will be derived and the residual value is based on the consideration that may be received from a willing buyer at the end of the asset's useful life. Management reviews useful life and residual value assumptions on an annual basis having given consideration to variables including historical and forecast usage rates, technological advancements, changes in legal and economic conditions, condition of the asset and movement in market indices and prices. Any change in useful lives and residual values of property, plant and equipment is accounted for prospectively.

The rollout of the New Generation Rollingstock (NGR) fleet is expected to take several years. Management have been monitoring the transition to the NGR and existing Queensland Rail owned rollingstock are gradually being retired. The NGR assets are provided by the Department of Transport and Main Roads and operated by Queensland Rail in accordance with the Rail Transport Service Contract.

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

### (e) Impairment

Assets (including work in progress) are tested for impairment annually to determine if there are indications that the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash generating unit (CGU).

For the purposes of assessing impairment, assets are grouped into CGUs at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Queensland Rail identified three CGUs being South East Queensland, Regional and Mt Isa.

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

## 7 Property, plant and equipment (continued)

### (e) Impairment (continued)

#### *Judgements and estimates*

Value in use calculations require the use of assumptions. These assumptions include the allocation of management's assessment of future cash flows for the next five years for the consolidated entity to each CGU and the discounting of nominal amounts using the weighted average cost of capital applicable to that CGU. The cash flows include a terminal value which is determined using a perpetuity calculation after adjusting for annual growth.

Management has adopted an expected cash flow approach when assessing future cash flows in accordance with accounting standards. The expected cash flow approach represents expectations about possible future cash flows. Probabilities were assigned to transport service contract revenue and were weighted in accordance with their likelihood. This approach has provided management certainty in determining the recoverable amount of Queensland Rail's assets.

### (f) Non-current assets pledged as security

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

### (g) Cross River Rail

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

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

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

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

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

#### *Judgements and estimates*

Queensland Rail will own and manage a portion of the assets associated with the CRR program including the ETCS Inner City network and RIS. Queensland Rail, CRRDA and the Department of Transport and Main Roads are working collaboratively on the financial governance associated with this program. The balance of Work in Progress includes costs incurred directly associated with this program that is expected to generate future economic benefits to Queensland Rail. Expenditure that does not meet the asset recognition criteria under the accounting standards and policies of Queensland Rail is recognised as capital works expense when incurred.

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



## 8 Intangible assets

Consolidated	Software under development \$'000	Software \$'000	Total \$'000
<b>At 1 July 2020</b>			
Cost	22,980	187,597	210,577
Accumulated amortisation and impairment losses	-	(120,508)	(120,508)
Net book amount	22,980	67,089	90,069
<b>Year ended 30 June 2021</b>			
Opening net book amount	22,980	67,089	90,069
Additions	25,772	-	25,772
Transfers between asset classes	(15,188)	15,188	-
Transfers to supplies and services	(558)	-	(558)
Disposals	-	(34)	(34)
Amortisation expense	-	(15,804)	(15,804)
Closing net book amount	33,006	66,439	99,445
<b>At 30 June 2021</b>			
Cost	33,006	199,303	232,309
Accumulated amortisation and impairment losses	-	(132,864)	(132,864)
Net book amount	33,006	66,439	99,445
<b>At 1 July 2019</b>			
Cost	17,181	188,015	205,196
Accumulated amortisation and impairment losses	-	(108,620)	(108,620)
Net book amount	17,181	79,395	96,576
<b>Year ended 30 June 2020</b>			
Opening net book amount	17,181	79,395	96,576
Additions	10,179	-	10,179
Transfers between asset classes	(2,275)	2,275	-
Transfers to supplies and services	(2,105)	-	(2,105)
Amortisation expense	-	(14,581)	(14,581)
Closing net book amount	22,980	67,089	90,069
<b>At 30 June 2020</b>			
Cost	22,980	187,597	210,577
Accumulated amortisation and impairment losses	-	(120,508)	(120,508)
Net book amount	22,980	67,089	90,069

The parent entity does not hold any intangible assets.

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits are recognised as intangible assets. Costs recognised as intangible assets include external direct costs of materials and service and direct payroll related costs of employees' time spent on the project. Software under development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the consolidated entity has an intention and ability to use the asset. Software has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the useful life which varies from 4 to 20 years.

Intangible assets have a threshold of \$100,000. If intangibles cost less than \$100,000, expenditure is not recognised as an intangible asset and is treated as an operating expense in the period in which the expenditure is incurred.

## 9 Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 9 Leases (continued)

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

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

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

#### *Judgements and estimates*

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

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

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

##### *Right-of-use assets*

<b>Consolidated</b>	<b>Land and buildings \$'000</b>	<b>Infrastructure \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Total \$'000</b>
<b>At 1 July 2020</b>	<b>82,035</b>	<b>15,595</b>	-	<b>97,630</b>
Additions	3,577	-	287	3,864
Remeasurement	4,561	(877)	(26)	3,658
Depreciation / amortisation expense	(10,618)	(1,489)	(25)	(12,132)
Derecognised	(903)	-	-	(903)
<b>At 30 June 2021</b>	<b>78,652</b>	<b>13,229</b>	<b>236</b>	<b>92,117</b>
<b>At 1 July 2019</b>	<b>49,511</b>	<b>17,286</b>	-	<b>66,797</b>
Additions	10,017	-	-	10,017
Remeasurement	32,037	128	-	32,165
Depreciation / amortisation expense	(9,530)	(1,819)	-	(11,349)
<b>At 30 June 2020</b>	<b>82,035</b>	<b>15,595</b>	-	<b>97,630</b>

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

## 9 Leases (continued)

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

#### Lease liabilities

Consolidated	Land and buildings \$'000	Infrastructure \$'000	Plant and equipment \$'000	Total \$'000
<b>At 1 July 2020</b>	<b>91,980</b>	<b>12,970</b>	-	<b>104,950</b>
Additions	3,364	-	287	3,651
Remeasurement	4,561	(877)	(26)	3,658
Lease payments	(11,132)	(1,322)	(23)	(12,477)
Interest expense	1,572	247	-	1,819
Derecognised	(975)	-	-	(975)
<b>At 30 June 2021</b>	<b>89,370</b>	<b>11,018</b>	<b>238</b>	<b>100,626</b>
<b>At 1 July 2019</b>	<b>61,127</b>	<b>14,348</b>	-	<b>75,475</b>
Additions	10,017	-	-	10,017
Remeasurement	32,037	128	-	32,165
Lease payments	(10,852)	(1,784)	-	(12,636)
Interest expense	1,320	278	-	1,598
Derecognised	(1,669)	-	-	(1,669)
<b>At 30 June 2020</b>	<b>91,980</b>	<b>12,970</b>	-	<b>104,950</b>

The parent entity does not have any lease liabilities.

#### (ii) Net investment in subleases

Consolidated	Land and buildings \$'000	Infrastructure \$'000	Plant and equipment \$'000	Total \$'000
<b>At 1 July 2020</b>	-	-	-	-
Remeasurement	-	-	-	-
Amortised interest	-	-	-	-
Payments received	-	-	-	-
Derecognised	-	-	-	-
<b>At 30 June 2021</b>	-	-	-	-
<b>At 1 July 2019</b>	<b>1,867</b>	-	-	<b>1,867</b>
Remeasurement	(23)	-	-	(23)
Amortised interest	11	-	-	11
Payments received	(785)	-	-	(785)
Derecognised	(1,070)	-	-	(1,070)
<b>At 30 June 2020</b>	-	-	-	-

The parent entity does not hold any net investment in subleases.

## 9 Leases (continued)

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

(iii) Amounts recognised in the statements of comprehensive income

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Depreciation charge of right-of-use assets</b>		
Land and buildings	<b>10,618</b>	9,530
Infrastructure	<b>1,489</b>	1,819
Plant and equipment	<b>25</b>	-
	<b>12,132</b>	11,349
Lease liability - interest expense	<b>1,819</b>	1,598
Other - rental expense*	<b>597</b>	894

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

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

(iv) Amounts recognised in the statements of cash flows

The total cash outflow for leases in 2021 was \$10.6 million (2020: \$12.6 million).

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

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

The consolidated entity routinely leases out land and buildings and telecommunication infrastructure. The lease terms are up to 30 years and are non-cancellable. Refer to note 22(b).

In the prior reporting period, the consolidated entity subleased floor space within 295 Ann Street Brisbane which expired September 2020. This sublease was originally for the remaining term of the head lease and recognised as a net investment in sublease. The head lease was renegotiated to a 5-year agreement and subsequently, the sublease was then classified as an operating lease.

The total cash inflow for leases in 2021 was \$22.3 million (2020: \$9.4 million).

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

## 10 Deferred tax assets

	Notes	Consolidated 2021 \$'000	2020 \$'000	Parent 2021 \$'000	2020 \$'000
<b>The balance comprises temporary differences attributable to:</b>					
Accrued expenses		5,493	18,842	868	543
Capital losses		-	997	-	-
Provisions		97,336	94,281	89,348	86,837
Lease liabilities		30,188	31,485	-	-
Superannuation contributions		-	1,545	-	1,545
Unearned revenue		12,115	3,989	-	-
Foreign exchange gains		-	55	-	-
Total deferred tax assets		145,132	151,194	90,216	88,925
Set-off of deferred tax liabilities pursuant to set-off provisions	13	(145,132)	(151,194)	-	-
Net deferred tax assets		-	-	90,216	88,925
<b>Movements:</b>					
Opening balance		-	-	88,925	84,947
Adjustment on adoption of AASB 16		-	-	-	-
Leases		-	21,378	-	-
Prior year adjustments		894	2,805	-	-
Credited / (charged) to the statements of comprehensive income	5	(5,066)	18,247	1,291	3,978
Recognition of unused capital tax loss		-	106	-	-
Utilisation of capital losses		(1,891)	-	-	-
Set-off of deferred tax liabilities pursuant to set-off provisions	13	6,063	(42,536)	-	-
Closing balance at 30 June		-	-	90,216	88,925
Deferred tax assets expected to be recovered within 12 months		-	-	83,543	83,852
Deferred tax assets expected to be recovered after more than 12 months		-	-	6,673	5,073

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the assets and settle the liability simultaneously.

### *Judgements and estimates*

The consolidated entity's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be subject to a tax. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheets. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only when it is considered probable that they will be recovered. Recoverability is dependent on the generation of sufficient future taxable profits.

## 11 Trade and other payables

	Consolidated		Parent	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade payables	279,473	229,064	33,625	33,458
Dividend payable	183,464	119,358	183,464	119,358
Other payables	1,313	11,982	164	10,317
	<b>464,250</b>	<b>360,404</b>	<b>217,253</b>	<b>163,133</b>
GST input tax credits receivable	(12,539)	(8,929)	(63)	(7)
GST payable	17,548	17,581	-	-
	<b>5,009</b>	<b>8,652</b>	<b>(63)</b>	<b>(7)</b>
Total trade and other payables	<b>469,259</b>	<b>369,056</b>	<b>217,190</b>	<b>163,126</b>

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. Trade and other payables are measured initially at the transaction price and subsequently at amortised cost due to the current nature of these liabilities. The amounts are unsecured and are usually paid within the terms set by the supplier.

## 12 Provisions

Consolidated	2021			2020		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Employee benefits	275,069	21,280	296,349	271,387	16,911	288,298
Litigation and workers' compensation provision	9,492	16,747	26,239	7,728	13,376	21,104
Land rehabilitation provision	1,831	4,975	6,806	2,184	3,373	5,557
Make good provision	-	35	35	-	-	-
	<b>286,392</b>	<b>43,037</b>	<b>329,429</b>	<b>281,299</b>	<b>33,660</b>	<b>314,959</b>
Parent	2021			2020		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Employee benefits	275,069	21,280	296,349	271,387	16,911	288,298
Litigation and workers' compensation provision	7,582	15,898	23,480	6,491	12,841	19,332
Land rehabilitation provision	-	-	-	-	-	-
Make good provision	-	-	-	-	-	-
	<b>282,651</b>	<b>37,178</b>	<b>319,829</b>	<b>277,878</b>	<b>29,752</b>	<b>307,630</b>

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## 12 Provisions (continued)

### (a) Employee benefits

Employee obligations are presented as current liabilities in the balance sheets if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur. The remaining non-vested employee obligations are included as non-current liabilities. Employee benefits include wages and salaries, annual leave, leave loading, long service leave, retiring allowance and related on-costs (where applicable). Sick leave is not provided for on the grounds that it is non-vesting.

Retirement allowance is payable to employees that retire or are paid according to Voluntary Employee Redundancy Scheme (VERS) or Medical Separation who:

- are not members of a QSuper contributory or defined benefit superannuation fund;
- were employed prior to 1 February 1995;
- have 10 or more years of continuous service; and
- have reached the retirement attainment age of 55.

#### (i) Short-term employee benefit obligations

Short-term liabilities are benefits expected to be settled wholly within 12 months after the end of the reporting period. These liabilities are in respect of employees' services up to the reporting date and are measured at their vested amount plus on-costs.

#### (ii) Long-term employee benefit obligations

Long-term liabilities are benefits not expected to be settled wholly within 12 months after the end of the reporting period. These liabilities are measured using the expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future long-term payments are discounted using market yields at the reporting date on Australian high-quality corporate bonds (G100) with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### Judgements and estimates

The determination of the provisions required is dependent on a number of assumptions including expected wage increases, probability of meeting the conditions of the benefit and the estimation of the length of time before the benefit is utilised. Wage increases are based on the current agreements in place and both the probability of meeting the conditions and the estimated time until utilised are based on the three year history.

#### Superannuation

Contributions are expensed as they are made.

The entity pays an employer subsidy to the Government Superannuation Office in respect of employees who are contributors to either the Public Sector Superannuation (QSuper) scheme or State Service Superannuation.

Employer contributions to the Super Defined Benefit Fund are determined by the State Actuary. The rate of employer contribution is reviewed at each triennial actuarial investigation, however the Treasurer announced in the 2015/16 State Budget that investment of employer contributions into the Employer Fund would be suspended for five years until 2019/20 due to there being sufficient funds to meet payment obligations to members of the defined benefit scheme. From 1 July 2020, the investment of employer contributions recommenced at 7.75% of salary plus 1 x member contributions. No liability is recognised for accruing superannuation benefits as this liability is held on a Whole-of-Government basis and reported in the Whole-of-Government consolidated financial statements. The entity also makes superannuation guarantee payments into the QSuper Accumulation Fund (RailSuper) and QSuper Accumulation Fund (Contributory) administered by the Government Superannuation Office.

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

### (b) Litigation and workers' compensation provision

Provision is made for the estimated liability for workers' compensation and litigation claims. Independent actuarial valuations are used to estimate the provisions required for self-insured workers' compensation. Litigation claims are assessed separately for common law, statutory and asbestos claims. The outstanding liability is determined after factoring future claims inflation and discounting future claim payments.



## 12 Provisions (continued)

### (b) Litigation and workers' compensation provision (continued)

#### *Judgements and estimates*

The determination of the provisions required is dependent on a number of assumptions including the total future cost to finalise existing open claims, wage increases that will impact existing claims, inflation and the amount of claims that have been incurred but not yet reported. Estimates are made based on the average number of claims and average claim payments over a specified period of time. Claims Incurred But Not Reported (IBNR) are also included in the estimate. Claims are expected to be paid over a period exceeding more than one year.

### (c) Land rehabilitation provision

This provision recognises the estimated costs to remediate contaminated land in accordance with the consolidated entity's constructive obligations per the environmental sustainability policy. These estimated costs have arisen as a result of past events.

The provision for land rehabilitation is the present value of management's best estimate of the expenditure required to settle the land rehabilitation present obligation at the reporting date. The provision was originally recognised in 2010 based on advice from external consultants and management's best estimate of likely remediation costs. In the current reporting period external consultants were engaged to provide updated valuations. Management gave consideration to the most recent valuation and the likelihood of their remediation within the foreseeable future.

#### *Judgements and estimates*

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

### (d) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

<b>Consolidated 2021</b>	<b>Litigation and workers' compensation provision \$'000</b>	<b>Land rehabilitation provision \$'000</b>	<b>Make good provision \$'000</b>	<b>Total \$'000</b>
<b>Current and non-current</b>				
Carrying amount at start of year	21,104	5,557	-	26,661
Charged / (credited) to profit or loss				
- additional provisions recognised	14,659	1,156	35	15,850
- unwind discount	-	93	-	93
Amounts used during the year	(9,524)	-	-	(9,524)
Carrying amount at end of year	<u>26,239</u>	<u>6,806</u>	<u>35</u>	<u>33,080</u>

<b>Parent 2021</b>	<b>Litigation and workers' compensation provision \$'000</b>	<b>Land rehabilitation provision \$'000</b>	<b>Make good provision \$'000</b>	<b>Total \$'000</b>
<b>Current and non-current</b>				
Carrying amount at start of year	19,332	-	-	19,332
Charged / (credited) to profit or loss				
- additional provisions recognised	13,215	-	-	13,215
- unwind discount	-	-	-	-
Amounts used during the year	(9,067)	-	-	(9,067)
Carrying amount at end of year	<u>23,480</u>	<u>-</u>	<u>-</u>	<u>23,480</u>

### 13 Deferred tax liabilities

	Notes	Consolidated 2021 \$'000	2020 \$'000
<b>The balance comprises temporary differences attributable to:</b>			
Accrued income		596	-
Consumables and spare parts		7,619	10,851
Property, plant and equipment		489,687	468,848
Right-of-use assets		27,635	29,289
Prepayments		190	136
Cash flow hedges		8	59
Total deferred tax liabilities		<u>525,735</u>	509,183
Set-off of deferred tax liabilities pursuant to set-off provisions	10	<u>(145,132)</u>	(151,194)
Net deferred tax liabilities		<u>380,603</u>	357,989
<b>Movements:</b>			
Opening balance		357,989	362,276
Adjustment on adoption of AASB 16 Leases		-	20,600
Prior year adjustments		3,678	(79)
Charged to the statements of comprehensive income	5	12,924	17,817
Cash flow hedges		(51)	(89)
Set-off of deferred tax liabilities pursuant to set-off provisions	10	<u>6,063</u>	(42,536)
Closing balance at 30 June		<u>380,603</u>	357,989
Deferred tax liabilities expected to be settled within 12 months		(90,248)	(99,942)
Deferred tax liabilities expected to be settled after more than 12 months		470,851	457,931

The parent entity does not have any deferred tax liabilities.

### 14 Dividends

	Consolidated 2021 \$'000	2020 \$'000	Parent 2021 \$'000	2020 \$'000
Dividend declared	183,464	119,358	183,464	119,358
Dividend paid	119,358	141,524	119,358	141,524

All dividends declared / paid were unfranked.

## Notes to the statements of cash flows

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

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Profit for the year	<b>186,464</b>	119,358	<b>186,464</b>	119,358
Depreciation and amortisation	<b>395,913</b>	399,122	-	-
Losses on sale of non-current assets	<b>2,844</b>	10,357	-	-
Unrealised gain on derivatives	<b>(184)</b>	(36)	-	-
Impairment of trade receivables	<b>781</b>	2,814	-	-
Inventory obsolescence	<b>(17)</b>	891	-	-
Change in operating assets and liabilities:				
(Increase) / decrease in trade debtors	<b>12,780</b>	12,313	<b>(67,107)</b>	22,167
(Increase) in inventories	<b>(5,419)</b>	(20,429)	-	-
(Increase) / decrease in other operating assets	<b>(3,871)</b>	21,863	<b>(55,039)</b>	(54,540)
Increase / (decrease) in trade creditors	<b>(47,049)</b>	(17,579)	<b>(10,042)</b>	10,513
Increase / (decrease) in other liabilities	<b>46,843</b>	(65,735)	<b>(2,942)</b>	(22,568)
Increase in other provisions	<b>14,435</b>	22,159	<b>12,199</b>	23,138
Net cash inflow from operating activities	<b>603,520</b>	485,098	<b>63,533</b>	98,068

### 16 Non-cash investing and financing activities

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

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

### 17 Reconciliation of liabilities arising from financing activities

Consolidated	Borrowings \$'000	Leases \$'000	Total \$'000
At 1 July 2020	3,630,000	104,950	3,734,950
Cash flows	88,814	(10,100)	78,714
Non-cash lease swaps	-	(558)	(558)
Acquisitions - finance leases	-	3,651	3,651
Revaluations - finance leases	-	3,658	3,658
Release - finance leases	-	(975)	(975)
At 30 June 2021	<u>3,718,814</u>	<u>100,626</u>	<u>3,819,440</u>
At 1 July 2019	3,426,448	-	3,426,448
Adjustment on adoption of AASB 16 Leases	-	75,475	75,475
	<u>3,426,448</u>	<u>75,475</u>	<u>3,501,923</u>
Cash flows	203,552	(10,276)	193,276
Non-cash lease swaps	-	(762)	(762)
Acquisitions - finance leases	-	10,017	10,017
Revaluations - finance leases	-	32,165	32,165
Release - finance leases	-	(1,669)	(1,669)
At 30 June 2020	<u>3,630,000</u>	<u>104,950</u>	<u>3,734,950</u>

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

## Risk

### 18 Financial risk management

#### (a) Financial instruments categories

Financial instruments are categorised into one of three measurement bases - amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets and financial liabilities are recognised in the balance sheets when the consolidated entity becomes party to the contractual provisions of the financial instrument. The consolidated entity has the following categories of financial assets and financial liabilities:

	Consolidated		Parent	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
<i>Financial assets at AC</i>				
Cash and cash equivalents	1,282	21,428	-	-
Trade and other receivables	22,901	38,979	537,672	476,386
<i>Financial assets at FVOCI</i>				
Derivative assets	42	63	-	-
<b>Total financial assets</b>	<b>24,225</b>	<b>60,470</b>	<b>537,672</b>	<b>476,386</b>
<b>Financial liabilities</b>				
<i>Financial liabilities at AC</i>				
Trade and other payables	469,259	369,056	217,190	163,126
Borrowings	3,718,814	3,630,000	-	-
Lease liabilities	100,626	104,950	-	-
<i>Financial liabilities at FVOCI</i>				
Derivative liabilities	14	51	-	-
<b>Total financial liabilities</b>	<b>4,288,713</b>	<b>4,104,057</b>	<b>217,190</b>	<b>163,126</b>

#### (b) Risks arising from financial instruments

The consolidated entity's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. All cash and cash equivalents, derivative financial instruments and borrowings are held and recognised by Queensland Rail Limited. The Queensland Rail parent entity is not exposed to any market, credit or liquidity risk within the consolidated entity.

Financial risk management is carried out by the consolidated entity under policies approved by the Members of the Board (the Board).

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

##### (i) Market risk

##### *Foreign exchange risk*

The consolidated entity is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), the Euro (EUR) and the Japanese Yen (JPY).

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

Consolidated	30 June 2021			30 June 2020		
	USD \$'000	EUR €'000	JPY ¥'000	USD \$'000	EUR €'000	JPY ¥'000
Cash and cash equivalents	39	176	315	224	123	37,509
Forward exchange contracts (qualifying for hedge accounting)	97	-	897,170	1,192	1,790	-
<b>Net exposure</b>	<b>136</b>	<b>176</b>	<b>897,485</b>	<b>1,416</b>	<b>1,913</b>	<b>37,509</b>

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## 18 Financial risk management (continued)

### (b) Risks arising from financial instruments (continued)

The consolidated entity uses derivative financial instruments such as foreign exchange contracts to hedge risk exposures. The derivative financial assets and liabilities held by the consolidated entity have been classified as level 2 on the fair value hierarchy as values are indirectly derived from market indices. Trading for profit is strictly prohibited.

The consolidated entity's foreign exchange risk management policy dictates the level of hedging to be undertaken within the Board approved limits.

Derivatives are recognised at fair value. The consolidated entity applies hedge accounting to transactions which are highly probable.

#### *Interest rate risk*

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. The Queensland Treasury Corporation (QTC) has been authorised to manage the interest rate risk of the consolidated entity within limits in accordance with the risk profile approved by the Board.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### Financial liabilities at amortised cost

The fair value of borrowings is provided by the QTC. Fair value is calculated using the market value of the underlying debt portfolio, or in the case of fixed rate loans on a discounted cash flow basis. The carrying amounts and fair values of borrowings at reporting date are:

Consolidated	2021		2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<i>Non-traded financial liabilities</i>				
Current lease liabilities (secured)	12,896	12,896	12,334	12,334
Non-current lease liabilities (secured)	87,730	87,730	92,616	92,616
Current borrowings (unsecured)	8,814	8,814	-	-
Non-current borrowings (unsecured)	3,710,000	4,084,281	3,630,000	4,138,068
	<b>3,819,440</b>	<b>4,193,721</b>	<b>3,734,950</b>	<b>4,243,018</b>
Weighted average interest rate	4.0%		5.0%	

The carrying amount of current borrowings in the current year of \$8.8 million represents the drawdown of funds from the working capital facility with QTC. In the prior period the working capital facility was in credit to the amount of \$18.6 million and is included in cash and cash equivalents.

## 18 Financial risk management (continued)

### (b) Risks arising from financial instruments (continued)

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

Consolidated 30 June 2021	Carrying amount \$'000	Interest rate risk			
		-1%	Equity	+1%	Equity
		Profit \$'000	\$'000	Profit \$'000	\$'000
Client Specific Debt Pool	3,710,000	2,781	2,781	(2,480)	(2,480)
Total increase / (decrease)		2,781	2,781	(2,480)	(2,480)
30 June 2020					
Client Specific Debt Pool	3,630,000	3,175	3,175	(2,985)	(2,985)
Total increase / (decrease)		3,175	3,175	(2,985)	(2,985)

Debt is drawn from facilities with QTC incorporating fixed and floating debt and is initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Interest is accrued and paid monthly.

The short-term borrowing arrangements with QTC are interest bearing. The borrowing arrangements are subject to annual review.

Borrowing costs which are directly attributable to the construction of material qualifying assets are recognised as part of the cost of the asset. Qualifying assets are assets not funded from other sources with a cost of more than \$1.0 million and which take a substantial period of time to prepare for intended use or sale. The rate used to determine the amount of borrowing cost to be capitalised is the QTC interest rate applicable to the consolidated entity's outstanding borrowings during the year, in this case 4.02% (2020: 5.00%). During the year, interest costs of \$25.0 million were capitalised (2020: \$17.5 million).

#### (ii) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, net of any allowances for impairment of those assets, as disclosed in the balance sheets and notes to the consolidated financial statements.

Policies are in place to ensure that sales of products and services are only made to customers with an appropriate credit history.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions and are approved by the Board. The consolidated entity has policies that limit the amount of credit exposure to any one financial institution.

The consolidated entity utilises a working capital facility with Queensland Treasury Corporation (QTC), investing any surplus daily. QTC has a rating of AA+, therefore the credit risk is minimal unless the ratings decrease significantly.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity, other than amounts owing by the State of Queensland.

#### (iii) Liquidity risk

Liquidity risk management within the consolidated entity ensures sufficient cash to meet short-term and long-term financial commitments.

#### Financing arrangements

The amount of undrawn working capital facilities with QTC available at reporting date is \$241.2 million (2020: \$150.0 million).

Long-term borrowings are sourced from the Client Specific Debt Pool subject to annual approval of the Queensland State Treasurer. The consolidated entity may draw up to the amount of the approved borrowing program.

## 18 Financial risk management (continued)

### (b) Risks arising from financial instruments (continued)

Borrowings are not secured.

#### Maturity analysis

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

QTC long-term borrowings are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of this loan has been included in the over five years time band with no interest payment assumed in this time band.

Consolidated 30 June 2021	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>Non-derivatives</b>				
Trade payables	285,795	-	-	285,795
Borrowings	125,285	465,516	3,710,000	4,300,801
Lease liabilities	11,632	38,528	10,208	60,368
Total non-derivatives	<u>422,712</u>	<u>504,044</u>	<u>3,720,208</u>	<u>4,646,964</u>
30 June 2020				
<b>Non-derivatives</b>				
Trade payables	249,698	-	-	249,698
Borrowings	139,808	558,599	3,630,000	4,328,407
Lease liabilities	11,399	47,020	13,993	72,412
Total non-derivatives	<u>400,905</u>	<u>605,619</u>	<u>3,643,993</u>	<u>4,650,517</u>

## 19 Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The responsible Ministers advise the appropriate methodology in determining the dividend payable annually.

The consolidated entity monitors capital on the basis of the total debt to total capital ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as borrowings and lease liabilities as shown in the balance sheets. Total capital is calculated as equity as shown in the balance sheets plus total debt.

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

	Consolidated 2021 \$'000	2020 \$'000
Borrowings	3,718,814	3,630,000
Lease liabilities	100,626	104,950
Total debt	<u>3,819,440</u>	<u>3,734,950</u>
Total equity	3,292,077	3,297,189
Total capital	<u>7,111,517</u>	<u>7,032,139</u>
<b>Total debt to total capital ratio</b>	<b>Consolidated 54%</b>	53%

## 19 Capital risk management (continued)

The consolidated entity is also required by QTC to maintain an Earnings Before Interest and Tax (EBIT) Interest Coverage of greater than 1.25:1, except where the total debt to total capital is greater than 70%, in which case the EBIT Interest Coverage must be at least 2:1. The consolidated entity has complied with this requirement for both the current and prior reporting periods.

## 20 Correction of errors and revision of estimates

There have been no corrections of errors in the current reporting period.

There were no material revisions of estimates during the current reporting period.

## Unrecognised items

### 21 Contingencies

Contingencies comprise guarantees either held or issued by the consolidated entity and assets and liabilities not qualifying for recognition at reporting date. A majority of the guarantees held relate to performance guarantees on construction contracts provided by third parties.

The consolidated entity had contingencies at reporting date in respect of:

#### (a) Contingent assets

<b>Consolidated</b>	<b>2021 Fair value \$'000</b>	<b>2020 Fair value \$'000</b>
Non-qualifying assets	225	13,676
Third party guarantees	81,000	81,000
Bank guarantees	108,541	124,411
Insurance company guarantees	830	830
	<b>190,596</b>	<b>219,917</b>

The parent entity does not hold any guarantees.

#### (b) Contingent liabilities

Issues relating to common law claims and product warranties are dealt with as they arise. There were no material contingent liabilities requiring disclosures in the financial statements other than as set out below.

<b>Consolidated</b>	<b>2021 Fair value \$'000</b>	<b>2020 Fair value \$'000</b>
Non-qualifying liabilities	39,499	38,119
Bank guarantees	30,405	26,298
	<b>69,904</b>	<b>64,417</b>

The parent entity has not issued any guarantees.

#### *Litigation*

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



## 21 Contingencies (continued)

### (b) Contingent liabilities (continued)

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

	Consolidated 2021	2020	Parent 2021	2020
Number of cases before the Federal Circuit Court	1	1	-	-
Number of cases before the Supreme Court	1	-	-	-
Number of cases before the District Court	5	7	-	-
Number of cases before the Magistrates Court	1	-	-	-

It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time.

#### (i) Environmental incident - Mt Isa

Following unprecedented flooding inundating a third party operator's stowed train upon the Mt Isa Line in February 2019, resulting in release of transported product to the environment, Queensland Rail Limited continues to work closely with the Department of Environment & Science (DES), the third party operator and the product owner to progress requirements under the Clean-up Notice as issued to the three parties by DES under the provisions of the *Environmental Protection Act 1994*. Assessments to monitor any temporal changes, and consequent risk exposures following the completion of clean-up activities show no ongoing impact or migration. Request to close out the Clean-up Notice will be lodged early FY2021/22. Liaison with affected stakeholders is ongoing, including actions to mitigate stakeholder business impacts as a result of the incident.

#### (ii) Environmental incident - third party pipeline

Queensland Rail Limited continues to maintain liaison with DES regarding a third party abandoned pipeline that traverses the rail corridor, with repairs conducted by a third party in May 2021.

## 22 Commitments

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

### (a) Commitments payable

Consolidated	2021 Capital \$'000	2020 Capital \$'000
Within one year	367,584	105,770
Later than one year but not later than five years	74,831	246,680
	<b>442,415</b>	<b>352,450</b>

The parent entity does not have any commitments payable.

### (b) Commitments receivable

Consolidated	2021 Lease \$'000	2020 Lease \$'000
Within one year	4,159	3,265
Later than one year but not later than five years	12,679	10,720
Later than five years	22,897	23,062
	<b>39,735</b>	<b>37,047</b>

The parent entity does not have any commitments receivable.

## 23 Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

## Other items

### 24 Key management personnel disclosures

#### (a) Responsible Ministers

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The consolidated entity does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet.

The responsible Ministers of Queensland Rail and its subsidiaries during the year ended 30 June 2021 were:

- C Dick MP  
Treasurer and Minister for Investment  
(appointed Treasurer 11 May 2020)
- M Bailey MP  
Minister for Transport and Main Roads

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

Compensation and other terms of employment for the specified executives are formalised in service agreements.

Details of the compensation of each specified Member, Director and executive are as follows:

	<b>2021</b>	2020*
	<b>\$'000</b>	\$'000
Short-term benefits	<b>4,928</b>	4,353
Post-employment benefits	<b>393</b>	487
	<b>5,321</b>	4,840

\* The prior year aggregate includes all compensation provided to individuals who held a key management personnel role, however, the remuneration tables for Members, Directors and specified executives only includes information for individuals holding key management personnel roles during the current reporting period.

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

## 24 Key management personnel disclosures (continued)

### (c) Key management personnel compensation

#### (i) Members and Directors of Queensland Rail and subsidiaries

2021		Short-term benefits	Post- employment benefits	Total
Members		Member fees and allowances \$'000	Super- annuation \$'000	\$'000
D Marchant AM	Chair	132	13	145
Reappointment date: 1 October 2018 Reappointment term: 3 years				
S Cantwell*	Member	46	4	50
Reappointment date: 1 October 2019 Reappointment term: 3 years				
M Goss	Member	31	3	34
Appointment date: 1 October 2020 Appointment term: 3 years				
R Peters	Member	46	4	50
Reappointment date: 1 October 2019 Reappointment term: 3 years				
H Watson	Member	46	4	50
Reappointment date: 1 October 2020 Reappointment term: 3 years				
T Winters	Member	31	3	34
Appointment date: 1 October 2020 Appointment term: 3 years				
Total		332	31	363

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

2020		Short-term benefits	Post- employment benefits	Total
Members		Member fees and allowances \$'000	Super- annuation \$'000	\$'000
D Marchant AM	Member	132	13	145
S Cantwell	Member	46	4	50
R Peters	Member	46	4	50
H Watson	Member	46	4	50

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

## 24 Key management personnel disclosures (continued)

### (c) Key management personnel compensation (continued)

J Benstead ceased as Managing Director of On Track Insurance Pty Ltd on 25 March 2021. As an employee of Queensland Rail, J Benstead did not receive remuneration in his capacity as Director of On Track Insurance Pty Ltd.

N Jones ceased as Director of On Track Insurance Pty Ltd on 25 March 2021. As an employee of former parent company, Aurizon Operations Limited (formerly QR National Limited), N Jones did not receive remuneration in his capacity as Director of On Track Insurance Pty Ltd.

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

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

These amounts are not in addition to the amounts disclosed in the Key Management Personnel note of the Queensland Rail Limited financial statements as they were recharged by the entity in accordance with the Managed Services Agreement.

Members' and Directors' remuneration and terms of appointment are set by responsible Ministers. Members' and Directors' remuneration is subsequently reviewed on a periodic basis by responsible Ministers.

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

#### (ii) Specified executives of the consolidated entity

2021	Short-term benefits		Post-employment benefits	Total
	Cash salary and fees \$'000	Non-monetary benefits \$'000	Super-annuation \$'000	
<b>Specified executives</b>				
N Easy Chief Executive Officer Appointment date: 3 April 2017 Appointment term: 5 years	799	5	25	829
J Benstead* Head of Regional	453	5	58	516
S Cornish* Group Executive Safety, Risk & Assurance	394	5	50	449
R Holloway* Group Executive Major Projects Integration	476	5	61	542
T Juzwin Acting Group Executive Customer & Corporate Affairs (from 15 March 2021)	66	2	7	75
A MacDonald* Group Executive Strategy, Planning and Transformation	518	5	22	545
R Munn* Group Executive People & Culture	479	5	25	509
S Riedel* Head of SEQ	646	5	25	676
N Roach* Group Executive Customer & Corporate Affairs (until 12 March 2021)	316	4	38	358

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## 24 Key management personnel disclosures (continued)

### (c) Key management personnel compensation (continued)

2021	Short-term benefits		Post-employment benefits	Total \$'000
	Cash salary and fees \$'000	Non-monetary benefits \$'000	Super-annuation \$'000	
<b>Specified executives</b>				
K Stapleton* Chief Financial Officer and Group Executive Finance & Corporate Services	403	5	51	459
<b>Total</b>	<b>4,550</b>	<b>46</b>	<b>362</b>	<b>4,958</b>

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

2020	Short-term benefits		Post-employment benefits	Total \$'000
	Cash salary and fees \$'000	Non-monetary benefits \$'000	Super-annuation \$'000	
<b>Specified executives</b>				
N Easy Chief Executive Officer	727	5	93	825
J Benstead Head of Regional	296	3	35	334
S Cornish Group Executive Safety, Risk & Assurance	387	5	49	441
R Holloway Group Executive Major Projects Integration	449	5	57	511
A MacDonald Group Executive Strategy, Planning and Transformation	62	1	8	71
R Munn Group Executive People & Culture	446	5	57	508
S Riedel Head of SEQ	581	5	25	611
N Roach Group Executive Customer & Corporate Affairs	406	5	52	463
K Stapleton Chief Financial Officer and Group Executive Finance & Corporate Services	333	4	42	379

The appointment authority for all specified executives is section 35 of the *Queensland Rail Transit Authority Act 2013*, with the exception of the Chief Executive Officer who is appointed under section 29. The responsibilities for each specified executive position are detailed in the Annual Report.

These amounts are not in addition to the amounts disclosed in the Key Management Personnel note of the Queensland Rail Limited financial statements as they were recharged by the entity in accordance with the Managed Services Agreement.

## 24 Key management personnel disclosures (continued)

### (c) Key management personnel compensation (continued)

The above are the key executives representing the consolidated entity. These executives provide advice in relation to strategy and future direction of the consolidated entity under the business model adopted. On Track Insurance Pty Ltd does not have any senior executives who are involved in setting strategy or future direction for the entity and no On Track Insurance Pty Ltd executives are disclosed above for this reason.

Termination of the employment of an executive can be made by Queensland Rail to the specified executive either with notice, without notice or due to the incapacity of the specified executive. The formal policy concerning the termination of employment of Queensland Rail chief and senior executives is the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements v 2.0*. This policy was issued by the Government in the 2014/15 period and is applicable to arrangements issued from this period.

#### Chief Executive provisions

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

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

- any accrued leave; and
- salary for the balance of the notice period (if Queensland Rail elects to make payment in lieu of the notice period).

No other termination or compensation payments are payable to the Chief Executive.

The employment of the Chief Executive may be terminated by Queensland Rail immediately, and without compensation, if the Chief Executive engages in misconduct or other unethical behaviour.

#### Senior Executive provisions

Under the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements v 2.0*, all new appointments to senior executives are on an ongoing (tenured) basis with no specific end date. Termination by notice can be made by the specified executive or Queensland Rail at any time by either party giving to the other 1 month written notice. When such termination occurs, specified executives that are tenured are entitled to the following:

- any accrued leave;
- salary for the balance of the notice period (if Queensland Rail elects to make payment in lieu of the notice period); and
- if the termination is by Queensland Rail in circumstances other than serious misconduct, a termination payment of 3 months' salary.

Queensland Rail reviews the total fixed remuneration of eligible employees on 1 July each year. Senior Executives' individual remuneration reviews require Board approval under the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements v 2.0*. Under these provisions, the Board has the discretion to approve annual total fixed remuneration increases in accordance with annual performance reviews.

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

## 24 Key management personnel disclosures (continued)

### (c) Key management personnel compensation (continued)

#### (iii) Performance Payments

There are no Chief or Senior Executive positions that are eligible for Performance Payments.

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

- Organisational Key Performance Indicators (KPIs) are aligned to Operational Plan performance targets including On Time Running (OTR), Reliability - Citytrain, Signals Passed at Danger, Customer Injuries, Customer Satisfaction - Citytrain and Customer Satisfaction - Traveltrain. Queensland Rail must achieve the threshold for all KPIs where a Transport Services Contract (TSC) abatement applies before any performance payment is considered and Queensland Rail must meet the enterprise wide organisational KPIs (as per measurement determined by the Board).
- The Queensland Rail businesses and functions must meet the Functional KPIs (as per measurement determined by the Board).
- Individual KPIs set by the employee's manager and approved by the Chief Executive Officer on the recommendation of the relevant executive member.
- KPI results are reviewed by the Board and the Chief Executive Officer on an annual basis to ensure payments are aligned with the achievement of individual and organisational performance objectives. Individual performance of eligible employees must be assessed at a level above "meets expectations", for the consistent demonstration of the Queensland Rail Values; and
- Board and Chief Executive Officer discretion is reserved in the payment against the scheme based on consideration of performance as well as community and shareholder expectations.

There remain 12 specified award employees and 1 employee currently on an Enhanced Remuneration Package eligible for performance based, at risk, incentive bonus compensation.

Performance bonus compensation paid to employees is granted upon approval by the Chief Executive Officer or in accordance with a subsidiary agreement. The amount of the compensation is determined by performance against key performance indicators set at the start of the year for employees or conditions of a subsidiary agreement for work units.

During the current and prior reporting period, no performance bonus compensation was paid to key management personnel. At the end of the current period, no performance based compensation to key management personnel was accrued for.

### (d) Transactions with key management personnel

During the current and prior reporting periods, S Riedel, specified executive of Queensland Rail and Queensland Rail Limited, was a Director of Move Bank. Queensland Rail Limited provided rental accommodation to Move Bank during these periods. During the current and prior reporting periods, the nephew of S Riedel provided electrical works to Queensland Rail Limited through his company South East Electrical and Airconditioning.

During the current and prior reporting periods, S Cornish, specified executive of Queensland Rail and Queensland Rail Limited, was an Industry Director at Rail Industry Safety and Standards Board (RISSB). Queensland Rail Limited paid corporate membership and conference fees to RISSB during these periods.

During the current reporting period, R Peters, Member of Queensland Rail and Director of Queensland Rail Limited, was the Vice President (Campus Infrastructure and Services) of Monash University. Queensland Rail Limited engaged Monash University for project services during the current period.

During the current and prior reporting periods, N Easy, specified executive of Queensland Rail and Queensland Rail Limited, was a Director of Australasian Railway Association and a Director of TrackSAFE Foundation. Queensland Rail Limited paid corporate membership and conference fees to Australian Railway Association and a contribution to TrackSAFE Foundation during these periods.

During the current reporting period, M Goss, Member of Queensland Rail and Director of Queensland Rail Limited from 1 October 2020, was a Director of Metro South Hospital and Health Services. Queensland Rail Limited paid for medical services to Metro South Hospital and Health Services during this period.

During the prior reporting period, C Gregg, specified executive of Queensland Rail and Queensland Rail Limited from 17 December 2019 until 4 May 2020, was a director of the company Tracklogic Pty Ltd that provided consultancy services to Queensland Rail and Queensland Rail Limited.

## 24 Key management personnel disclosures (continued)

### (d) Transactions with key management personnel (continued)

During the current and prior reporting periods, D Marchant, Member of Queensland Rail and Director of Queensland Rail Limited, was a Director of Airservices Australia. Queensland Rail Limited provided telecommunication services to this organisation during these periods.

All figures displayed below are exclusive of GST.

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Electrical works - South East Electrical and Airconditioning	427	153
Corporate membership and conferences - Rail Industry Safety and Standards Board	178	291
Project services - Monash University	88	-
Corporate membership and conferences - Australasian Railway Association	82	120
Contribution - TrackSAFE Foundation	60	60
Medical services - Metro South Hospital and Health Services	56	-
Consultancy fees - Tracklogic Pty Ltd	-	226
Rental revenue - Move Bank	(127)	(121)
Telecommunications revenue - Airservices Australia	(67)	(64)
	<b>697</b>	<b>665</b>

## 25 Related party transactions

The consolidated entity does not have any related party transactions or loans to disclose as these transactions and balances are eliminated on consolidation.

### (a) Transactions with related parties

The following transactions occurred with related parties:

	<b>Parent</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Sale of goods and services to subsidiaries	1,072,776	1,032,404
Dividend revenue from subsidiaries	186,464	119,358
Dividend receivable from subsidiaries	186,464	119,358
Receivables from subsidiaries - current	314,030	327,275
Receivables from subsidiaries - non-current	37,178	29,753
Shares in subsidiaries	2,845,324	2,845,324

### (b) Loans to / (from) related parties

	<b>Parent</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<i>Loans to / (from) subsidiaries</i>		
Beginning of the year	(13,702)	12,836
Loans advanced	74,728	53,886
Loans repayments received	(79,931)	(80,424)
End of year	<b>(18,905)</b>	<b>(13,702)</b>



## 25 Related party transactions (continued)

### (c) Transactions and outstanding balances with State of Queensland controlled entities

The entity is a statutory body and is owned by the Queensland State Government.

All material related party transactions are negotiated under commercial terms.

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

	Notes	Consolidated		Parent		Nature of transaction
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	
Revenue from continuing operations	1	<b>1,973,382</b>	1,846,439	-	-	Rail Transport Service Contract, government concessions and sales
Supplies and services	2	<b>219,352</b>	125,535	-	-	Consumables
Employee benefits expense	3	<b>48,903</b>	46,818	<b>48,820</b>	46,814	Payroll tax
Other expenses		<b>4,787</b>	4,912	-	-	Land tax and audit fees
Finance income		<b>3</b>	-	-	-	Interest revenue
Finance expenses	4	<b>159,470</b>	177,626	-	-	Interest and financing costs
Income tax expense	5	<b>76,752</b>	51,199	-	-	Income tax
Cash and cash equivalents		-	18,628	-	-	Short-term investments
Trade and other receivables		<b>(11,836)</b>	7,010	-	-	Rail Transport Service Contract credit note and other accounts receivables
Current tax assets		<b>953</b>	-	<b>953</b>	-	Current tax receivable
Trade and other payables	11	<b>277,081</b>	197,448	<b>188,581</b>	125,282	Dividend, interest, capital works, consumables and payroll tax payables
Current borrowings	18	<b>8,814</b>	-	-	-	Short-term borrowings
Current tax liabilities		-	2,959	-	2,959	Current tax payable
Other current liabilities		<b>435</b>	752	-	-	Asset funding and other income in advance
Non-current borrowings	18	<b>3,710,000</b>	3,630,000	-	-	Long-term borrowings
Other non-current liabilities		<b>20,636</b>	10,719	-	-	Asset funding in advance
Contributed equity		<b>7,993</b>	-	<b>7,993</b>	-	Capital distributions
Dividend declared	14	<b>183,464</b>	119,358	<b>183,464</b>	119,358	Dividend declared

## 26 Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Queensland Rail as at reporting date and the results of the subsidiaries for the year then ended.

Name of entity	Country of incorporation	Class of shares	Equity holding 2021 %	2020 %
Queensland Rail Limited	Australia	Ordinary	100	100
On Track Insurance Pty Ltd	Australia	Ordinary	100	100

The principal activities of Queensland Rail Limited are to carry out the key objectives of its parent, Queensland Rail, in accordance with the *Queensland Rail Transit Authority Act 2013*. Queensland Rail Limited retains title of all non-employee related assets, liabilities and contracts. The management of its assets are effected through the provision of employee services from Queensland Rail under a Managed Services Agreement.

The principal activities of On Track Insurance Pty Ltd are the provision of insurance coverage for all claims relating to events for both former parent, Aurizon Operations Limited (formerly QR National Limited) and Queensland Rail Limited up until 30 June 2010.

The Auditor-General of Queensland is the auditor of Queensland Rail Limited.

Inter-company transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Non-current inter-company loans may not be demanded by the other entity and do not become payable other than through settlement of obligations associated with the loans or one of the entities exits the wholly-owned consolidated entity.

The Managed Services Agreement between Queensland Rail and its subsidiary, Queensland Rail Limited, permits all inter-company balances between both entities to be legally offset and settled on a net basis at the end of each reporting period.

Accounting policies have been adopted consistently across the consolidated entity.

Investment in the subsidiary is accounted for at cost in the financial records of the parent entity.

## 27 Remuneration of auditors

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

	Consolidated		Parent	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Queensland Audit Office</i>				
Audit of the financial statements	538	498	65	50
	<b>538</b>	498	<b>65</b>	50

## 28 Special payments

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Ex-gratia payments	<b>294</b>	381	<b>294</b>	381
	<b>294</b>	381	<b>294</b>	381

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

Special payments greater than \$5,000 include:

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

## 29 Climate change

Queensland Rail is aware of the Queensland Government's Climate Response, inclusive of the Queensland Climate Transition Strategy and Climate Adaptation Strategy. The consolidated entity's Energy & Emissions Strategy, which is progressively being implemented, recognises and seeks to align with the commitments of the Queensland Government's Climate Response and its Transition Strategy specifically. The consolidated entity has a broad understanding of the key climate change hazards, including physical and transition risks, relevant to its operations and asset base. Further risk review is currently underway.

The consolidated entity has not identified any material climate related risks relevant to the financial report at the reporting date.

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

## 30 Queensland Rail Limited consolidated financial information

The Queensland Rail Limited consolidated entity, comprising Queensland Rail Limited and its subsidiary, On Track Insurance Pty Ltd, is wholly owned by Queensland Rail.

Queensland Rail is required to provide the annual report, which includes the Queensland Rail financial statements, to responsible Ministers for tabling in Parliament. This is in accordance with section 62 of the *Financial Accountability Act 2009*.

The financial statements of Queensland Rail Limited are not required to be included in the Queensland Rail annual report.

The financial results of the Queensland Rail Limited consolidated entity are significant and represent a substantial portion of the Queensland Rail consolidated entity's results. This note is disclosed to provide users of these financial statements more clarity concerning the financial results of the Queensland Rail consolidated entity.

### 30 Queensland Rail Limited consolidated financial information (continued)

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

	2021 \$'000	2020 \$'000
<b>Consolidated statement of comprehensive income</b>		
Revenue	2,222,495	2,115,010
Expenses	(1,823,038)	(1,782,181)
<b>Operating profit</b>	<u>399,457</u>	<u>332,829</u>
Net finance costs	(136,241)	(162,272)
<b>Profit before income tax</b>	<u>263,216</u>	<u>170,557</u>
Income tax expense	(76,752)	(51,199)
<b>Profit for the year</b>	<u>186,464</u>	<u>119,358</u>
Other comprehensive expense for the year	(119)	(209)
<b>Total comprehensive income for the year</b>	<u>186,345</u>	<u>119,149</u>
	2021	2020
<b>Consolidated balance sheet</b>	<b>\$'000</b>	<b>\$'000</b>
Current assets	147,083	180,345
Non-current assets	8,211,119	7,932,713
<b>Total assets</b>	<u>8,358,202</u>	<u>8,113,058</u>
Current liabilities	786,250	676,202
Non-current liabilities	4,352,590	4,217,375
<b>Total liabilities</b>	<u>5,138,840</u>	<u>4,893,577</u>
<b>Net assets</b>	<u>3,219,362</u>	<u>3,219,481</u>
<b>Total equity</b>	<u>3,219,362</u>	<u>3,219,481</u>
	2021	2020
<b>Consolidated statement of changes in equity</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at the beginning of the financial year</b>	<u>3,219,481</u>	<u>3,226,539</u>
Adjustment on adoption of AASB 16 <i>Leases</i>	-	(6,849)
<b>Restated total equity at the beginning of the financial year</b>	<u>3,219,481</u>	<u>3,219,690</u>
Total comprehensive income for the year	186,345	119,149
Transactions with owners in their capacity as owners	(186,464)	(119,358)
<b>Balance at end of year</b>	<u>3,219,362</u>	<u>3,219,481</u>

### 30 Queensland Rail Limited consolidated financial information (continued)

	2021	2020
	\$'000	\$'000
<b>Consolidated statement of cash flows</b>		
Cash flows from operating activities	659,345	528,554
Cash flows from investing activities	(638,847)	(562,324)
Cash flows from financing activities	(40,644)	51,752
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(20,146)</b>	<b>17,982</b>
Cash and cash equivalents at the beginning of the financial year	21,428	3,446
<b>Cash and cash equivalents at end of year</b>	<b>1,282</b>	<b>21,428</b>

### 31 Summary of other significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Queensland Rail and its subsidiaries, Queensland Rail Limited and On Track Insurance Pty Ltd.

Queensland Rail is a for-profit statutory body domiciled in Australia and owned by the Queensland State Government. Queensland Rail is required to carry out its functions as a commercial enterprise, as specified in section 10 of the *Queensland Rail Transit Authority Act 2013*. These financial statements are denominated in Australian dollars.

Queensland Rail is referred to in this financial report as the "entity" or the "parent". Queensland Rail together with its subsidiaries, Queensland Rail Limited and On Track Insurance Pty Ltd, are collectively referred to as the "consolidated entity".

Queensland Rail's purpose is to provide a rail service that is: safe, customer-focused, reliable, on-time, integrated with the public transport system and benefits the community, supports industry and demonstrates value for money.

In the current reporting period Queensland Rail focused on driving cultural and structural changes in the business to deliver a more integrated public transport structure for Queensland.

The principal activities of the consolidated entity consists of:

- South East Queensland above and below rail services; and
- Regional above and below rail services including Travel and Tourism Services.

These financial statements were approved for issue by the Members on 30 August 2021. The Members have the power to amend and reissue the financial statements.

#### (a) Basis of preparation

##### (i) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB);
- the *Financial and Performance Management Standard 2019*;
- Queensland Treasury and Trade's *Financial Reporting Requirements for Queensland Government Agencies* to the extent relevant; and
- other authoritative pronouncements.

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

The consolidated entity has not applied any new standards for the first time for their annual reporting period commencing 1 July 2020. All new and amended standards mandatory from 1 July 2020 are not applicable to or do not impact the financial statements of the consolidated entity.

##### (iii) Early adoption of standards

Standards and amendments that are available for early adoption for the current financial year beginning 1 July 2020 were not early adopted and are not expected to have a material impact on the accounts of the consolidated entity in future periods.

## 31 Summary of other significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain assets which, as stated, are at fair value.

#### (v) Going concern

The financial report for the consolidated entity is prepared on a going concern basis. Current liabilities exceed current assets by \$637.8 million. The consolidated entity has access to short-term borrowing facilities up to the amount of \$250.0 million of which \$241.2 million are undrawn as at reporting date (refer note 18(b)(iii)). The consolidated entity has also secured approval from the Queensland Government to source additional long-term borrowings in the 2021/22 financial year up to the amount of \$480.0 million to fund operational, capital and dividend payments throughout that year. In addition revenue through the Rail Transport Service Contract, adequate interest coverage and a low total debt to total capital ratio provides further assurance of the consolidated entity's status as a going concern.

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

### (b) Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

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

### (c) Rounding of amounts / comparative restatements

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

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

### (d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Trade receivables and trade payables in the balance sheets are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheets.

Cash flows are presented in the cash flow statements on a gross basis, except for the GST component of investing or financing activities, which are disclosed as operating cash flow.

Queensland Rail and its subsidiaries are grouped for GST purposes. This means that any inter-company transactions within the Queensland Rail consolidated entity do not attract GST. Queensland Rail is the representative member of the GST group and is responsible for reporting all GST liabilities and credits on behalf of the consolidated entity.

### (e) Cash and cash equivalents

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

## 31 Summary of other significant accounting policies (continued)

### (f) Trade and other receivables

Trade and other receivables are initially recognised at the transaction price and are subsequently measured at and classified as amortised cost. Trade receivables generally have standard payment terms of 7 to 30 days. The consolidated entity applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which requires the use of the lifetime expected loss provision for all trade receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment of trade receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the debt. Trade receivables have not had a significant increase in credit risk since they were originated.

Other receivables are classified as current assets unless collection is not expected within the 12 months from the reporting date.

### (g) Contributed equity

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

### (h) Insurance

The consolidated entity insures against risks which are largely uncontrollable, have significant or catastrophic consequences for assets and / or revenue and the aggregate costs of which would exceed the limit of exposure the organisation is prepared to accept.

Insurance cover has accordingly been effected for a variety of such risks. Other areas of risk exposure are self-insured, including workers' compensation.

Until 30 June 2010, self-insurance and other underwriting activities were performed by Queensland Rail's wholly-owned subsidiary, On Track Insurance Pty Ltd. On Track Insurance Pty Ltd was transferred from Aurizon Operations Limited (formerly QR National Limited) on 6 October 2010 and will continue to provide cover for claims relating to events up until 30 June 2010 for both Queensland Rail and the Aurizon Operations Limited group.

### (i) Environmental regulation

The consolidated entity is subject to a variety of laws and regulations in the jurisdiction in which it operates or maintains land. Where remediation measures are probable and can be reliably measured, such costs incurred in complying with relevant laws and regulations are accounted for in accordance with the policy in note 12.

### (j) Coronavirus (COVID-19) Impact

The consolidated entity continued to operate through the impact of the COVID-19 pandemic in the current and prior reporting periods providing services to passengers with the number one priority being the health and safety of customers and employees. In South East Queensland a full timetable was maintained for Citytrain passengers ensuring customers, such as healthcare workers, could travel safely to and from work each day. Long-distance and tourism services were temporarily reduced or suspended in the prior reporting period and subsequently reinstated gradually with social distancing measures as travel restrictions were eased across the State. The regional freight network continued to operate as normal.

The consolidated entity worked with the Queensland Government to provide relief arrangements to support businesses as a result of the COVID-19 pandemic in the current and prior reporting periods. This comprised the waiving of property and advertising rental fees for small to medium businesses and not-for-profits, and the extension of payment terms on existing balances for tour operators and tenants facing financial hardship. The impact of these relief measures included a reduction in travel and tourism revenue and rental revenue along with an increase in the provision for doubtful debts. Freight services across the State remained strong despite the COVID-19 pandemic and the consolidated entity's network access revenue was not impacted.

The reduction in revenue in the current and prior reporting periods has not impacted the consolidated entity's going concern status as at the end of the reporting period. The impact of the COVID-19 pandemic has not been significant and the consolidated entity's assets remain unimpaired at reporting date.

## Management certificate

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material aspects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Queensland Rail and its controlled entities for the financial year ended 30 June 2021 and of the financial position of the consolidated entity at the end of that year.

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

N Easy  
Chief Executive Officer

Brisbane, Qld  
30 August 2021

D Marchant AM  
Chair

Brisbane, Qld  
30 August 2021



## INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Rail

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Queensland Rail (the parent) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2021, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards.

The financial report comprises the balance sheets as at 30 June 2021, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the parent and group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

**Depreciation expense (\$367.9 million)**

Refer to note 7(a) and 7(d) in the financial report

Key audit matter	How my audit addressed the key audit matter
<p>Depreciation expense is a significant balance that requires management to forecast the useful life of assets and their component parts.</p>	<p>My procedures included but were not limited to:</p> <p>Assessing the useful life estimates of assets and their component parts by:</p> <ul style="list-style-type: none"> <li>• reviewing management’s annual assessment of useful lives and condition assessments. This represents a comprehensive review of all assets</li> <li>• for a sample of remaining useful life reviews examining supporting documentation and confirming revised estimates to the fixed asset register</li> <li>• checking the consistency of useful lives compared to the prior year</li> <li>• comparing useful life assessments recorded in the fixed asset register to the disclosed accounting policy</li> <li>• reviewing for evidence of asset obsolescence, failure or disposals that could indicate a need to review useful life assumptions</li> <li>• reviewing for evidence that the entity will use assets for longer than the useful lives estimated for valuation and depreciation purposes</li> <li>• for a sample of assets, recalculating depreciation expense</li> <li>• evaluating remaining useful life estimates for reasonableness with reference to management’s documented assessments, historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.</li> </ul>

**Indicators of impairment of property, plant and equipment**

Refer to note 7(e) of the financial report

Key audit matter	How my audit addressed the key audit matter
<p>Management have considered the existence of impairment indicators during 2020–21 and performed an impairment test to ensure that the assets carrying value was greater than its value in use.</p> <p>The impairment assessment is complex and management adopts assumptions in developing inputs used in the discounted cashflow models to calculate an asset’s value in use.</p>	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• assessing the adequacy of management’s review of the impairment process</li> <li>• obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness for the impairment test with reference to common industry practice</li> <li>• challenging the reasonableness of key assumptions based on my knowledge of the entity and industry</li> <li>• assessing the identification of cash generating units, and input assumptions adopted by management in the value in use model.</li> <li>• evaluating the reasonableness of management’s documented considerations of indicators of impairment against my knowledge of the entity</li> </ul>

Key audit matter	How my audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• reviewing the accuracy of calculations used in the value in use model</li> <li>• reviewing the impairment model to assess the models used and the reasonableness of key assumptions applied in the assessment against my knowledge of the entity and industry</li> <li>• reviewing the asset impairment accounting policies disclosures in the financial statements for consistency with Australian Accounting Standards.</li> </ul>

### Other information

Other information comprises financial and non-financial information (other than the audited financial report).

Those charged with governance are responsible for the other information.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

### Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

### Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

### Prescribed requirements scope

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



Vaughan Stemmett  
as delegate of the Auditor-General

30 August 2021

Queensland Audit Office  
Brisbane