

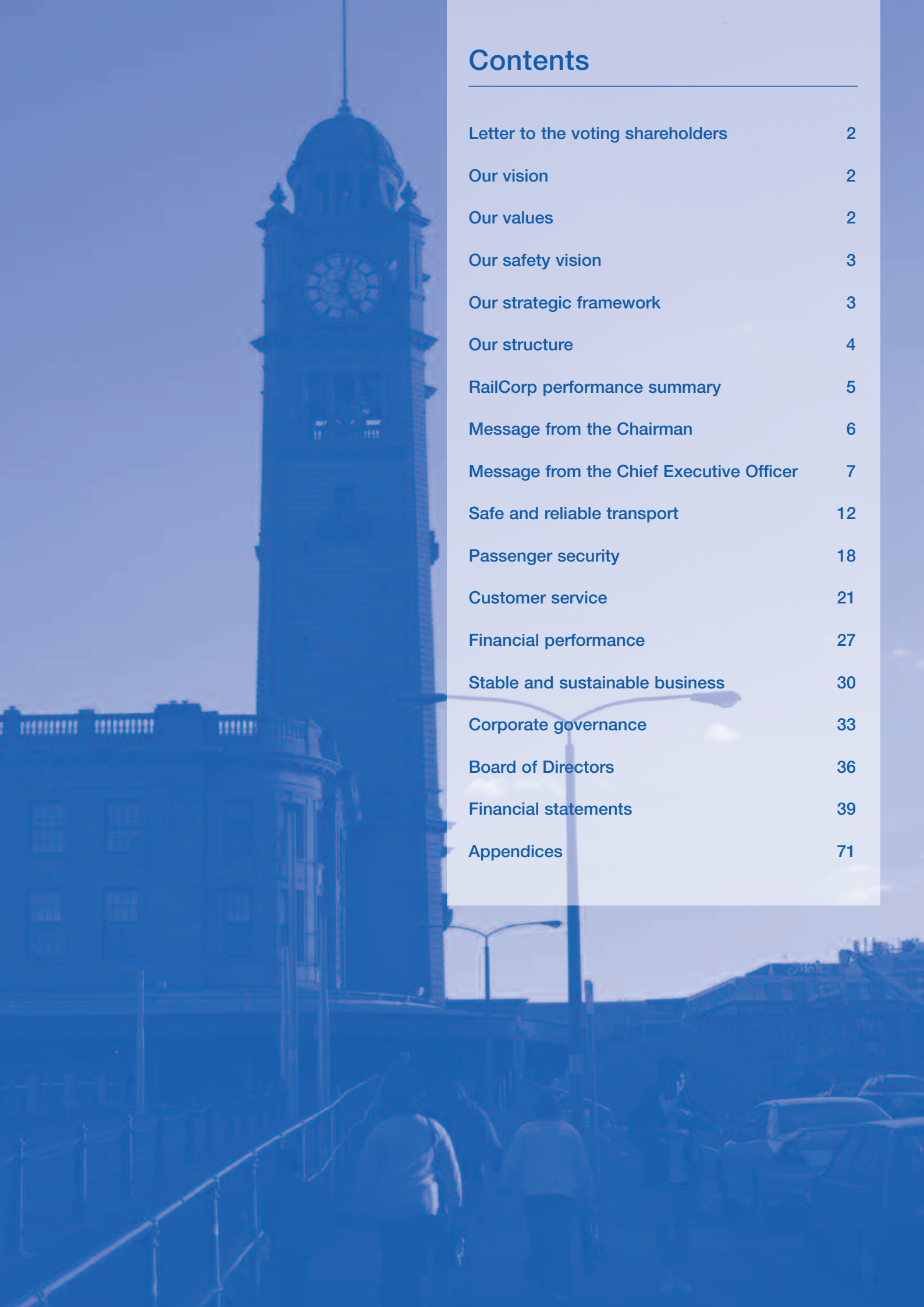
Rail Corporation New South Wales **2004-05** **Annual Report**



Safe, clean and reliable passenger services



RailCorp



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31 October 2005

The Hon. Morris Iemma, MP
Premier
Treasurer
Minister for Citizenship
Level 40, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

The Hon John Della Bosca, MLC
Assistant Treasurer
Special Minister of State, Minister for Commerce, Minister for
Industrial Relations, Minister for Ageing, Minister for Disability
Services, Vice-President of the Executive Council
Level 30, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Treasurer and Assistant Treasurer

We have pleasure in submitting, for your information and presentation to Parliament, the Rail Corporation New South Wales Annual Report for the period 1 July 2004 to 30 June 2005.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Regulation 2005*, the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983*, and exemptions under those acts.

Yours sincerely



BUNYON
Chairman



VINCE GRAHAM
Chief Executive Officer

ROSS

About RailCorp

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

Our vision

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

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

Our values

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

Our organisation

Our safety vision

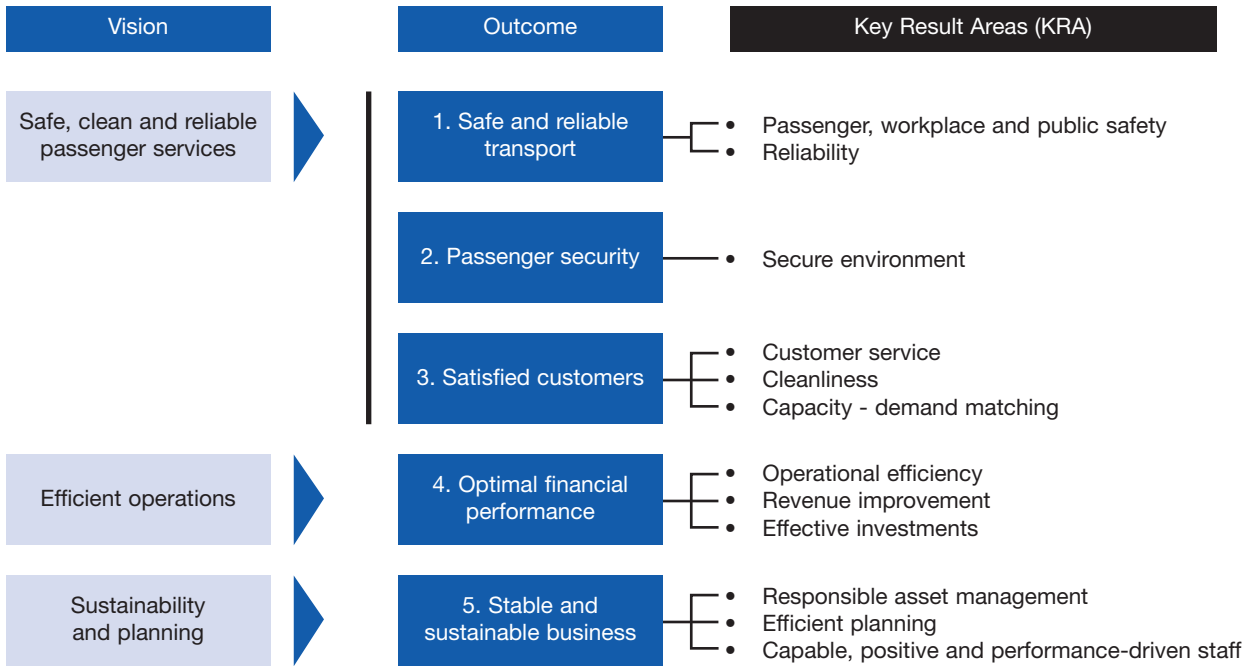
A safe railway

A safe workplace

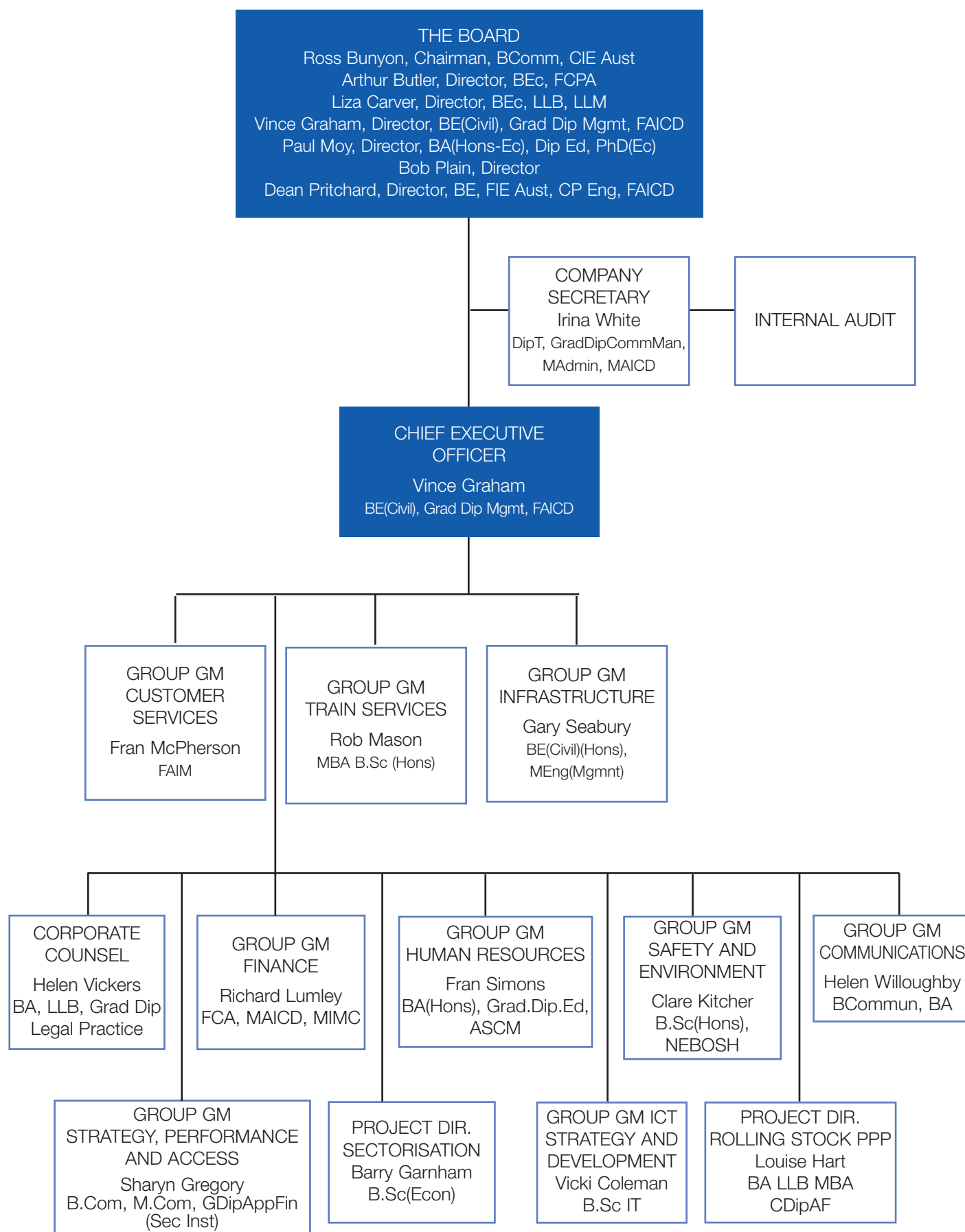
A safe culture

Our strategic framework

The RailCorp strategic framework underpins all of our current and future plans. This Annual Report documents work towards our key performance outcomes since 1 July 2004. The outcomes form part of our strategic framework, as defined in the RailCorp Corporate Plan.



Our Structure



Our organisation

Performance summary tables

Service Provision

	Notes	00-01	01-02	02-03	03-04	04-05
CityRail passenger journeys (millions)	1, 6	302.6	276.4	273.4	273.3	270.3
Suburban trains on time (%)	2	89.7	92.6	90.9	71.6	61.5
Intercity trains on time (%)	2	91.0	92.6	91.1	77.6	72.4
CityRail customer service index	3	N/A	78	66	66	N/A
CountryLink passenger journeys (millions)	4	2.1	2.2	2.1	1.9	1.77
CountryLink trains on time (%)	5	69.3	80.4	79.3	74.6	71.2

Notes

- Figures for 2000/01 have not been adjusted to exclude the effect of the Sydney 2000 Olympic and Paralympic Games.
- CityRail on-time running statistics for 2001-02, 2002-03, 2003-04 and 2004-05 exclude delays due to force majeure events.
- The Independent Transport Safety and Reliability Regulator (ITSRR) assumed responsibility for satisfaction surveys in 2004. ITSRR no longer issue a Customer Service Index number.
- CountryLink passenger journeys include all train and intercity and feeder coach services.
- CountryLink on-time running is reported for train services only. Coach services are excluded.
- Figures for 2004-05 include estimated Pensioner Excursion Ticket sales

Finance

	2004-05	2003-04
Passenger revenue (\$ millions)	520.1	259.8
Social program funding (\$ millions)	1041.5	401.4
Total revenue excluding government funding (\$ millions)	721.2	335.9
Operating expenditure (\$ millions)	2269.7	985.6
Capital program (including capital grants to RIC) (\$ millions)	540.6	316
Cost per passenger journey	8.44	7.29

Notes

- Cost per passenger journey includes both CityRail and CountryLink passenger journeys

Budget

RailCorp achieved an Earnings Before Interest, Income and Depreciation financial surplus of \$517 million compared to a budget of \$326 million. The actual result was significantly higher than budget because of :

- A favourable actuarial assessment of \$102 million in the superannuation position, ie an improvement in the superannuation position (superannuation assets less liabilities) between 30 June 2004 and 30 June 2005, and
- Capitalisation of \$81 million of major periodic maintenance expenditure in accordance with accounting standards.

Message from the Chairman

The focus for the RailCorp Board and management team during the 2004-05 financial year was to deliver a safer, cleaner and more reliable passenger rail system in line with the expectations of our customers and our corporate vision. We also embarked on a number of important projects as a result of the Government's commitment to record investment in new infrastructure and rolling stock.

Significant progress has been made towards achieving an improved focus on customer service, including the implementation of a new Safety Management System and initiatives to improve service reliability such as the development of new timetables for the CityRail and CountryLink networks. We have continued to implement the recommendations accepted by the Government in response to Justice Peter McInerney's final report of the Special Commission of Inquiry into the Waterfall Rail Accident, and have instituted a random drug and alcohol testing regime that is equal to or better than any other industry.

To improve reliability and customer comfort in early 2005 we invited a short list of consortia to tender for the replacement of 498 older, non-air-conditioned rail carriages as part of a Public Private Partnership. Tenders close before the end of 2005 and we expect to be in a position to award a contract, or contracts, around the middle of next year. We are also on schedule to see delivery of the first Outer Suburban Rail Cars and new Hunter Valley Rail Cars during 2006.

The Macdonaldtown turnback facility was completed and commissioned in March 2005 - the first of 15 infrastructure projects being delivered under the \$1 billion Rail Clearways Plan. The Clearways Plan will separate what is currently one of the world's most complex rail systems into five discrete routes, further improving the reliability of CityRail services, while building capacity for growth.

Since RailCorp's inception in January 2004, the organisation has faced many challenges including addressing driver shortages. By the end of the 2004-05 financial year we had trained hundreds of new drivers, ensuring our readiness for the introduction of the new CityRail timetable on 4 September 2005.

In early 2005, two senior appointments were made to head our Train Services and Safety divisions. Rob Mason, previously the Service Director for London Underground's Jubilee, Northern and Piccadilly Lines, and Clare Kitcher, who held a senior executive position with the UK's First Great Western railway, have brought considerable expertise in the operations of large passenger rail systems to RailCorp. Both have already made considerable contributions to our organisation.

With the building blocks now in place for improved safety and reliability, the next major challenge for RailCorp is improving other aspects of customer service. Throughout the coming financial year significant resources will be applied to staff training, improving passenger information and ensuring our business planning is fully orientated towards the customer. At the same time we will continue to drive down costs to deliver value to Government, customers and other stakeholders by removing duplication and streamlining administrative processes, as well as introducing greater efficiencies into our operational areas.



Ross Bunyon
Chairman

Message from the Chief Executive Officer

RailCorp's primary focus during 2004-05 was developing an integrated Safety Management System and preparing for the implementation of the new CityRail timetable that came into effect on 4 September 2005.

Throughout this financial year, RailCorp has been working hard to implement major safety reforms, particularly in light of the final report from the Special Commission of Inquiry into the Waterfall Rail Accident, released on 17 January 2005.

Safety focus

RailCorp's safety vision is "A safe railway, a safe workplace, a safe culture". Since its inception, RailCorp has been working to create a strong, risk-aware safety culture in all staff from the Board to the front line. The development and substantive implementation of a new RailCorp integrated Safety Management System has been fundamental to this renewed safety focus. It is anticipated to lead to full rail safety accreditation from the Independent Transport Safety and Reliability Regulator (ITSRR) by the end of 2005.

RailCorp undertakes a number of actions to continuously improve the safety of our operations. We benchmark our safety systems and performance against the best organisations in comparable, complex, high-risk industries. We seek to continuously identify, understand and manage our risks, and we always strive to learn the lessons from accidents and incidents - both those in Australia and abroad. To this end, of the 88 recommendations of the Special Commission of Inquiry into the Waterfall Accident that require RailCorp action or review, 42 have already been reported to ITSRR as complete. The balance for RailCorp are under active management.

With key elements of our Safety Reform Agenda now well advanced, there is a more systemic approach to safety management throughout all levels of the organisation.

In order to achieve full safety accreditation from ITSRR, RailCorp developed a 19-element Safety Management System, which is directly linked to our Safety Strategic Plan.

Improving reliability

The safer but slower running that resulted from enhanced safety measures introduced out of the Waterfall inquiry continued to have a significant impact on our service reliability throughout 2004-05. This meant the running times of the pre-September timetable were not aligned with these safer operations, making it very difficult to meet on time running benchmarks.

The new timetable to be introduced on 4 September 2005 incorporates more realistic running times and added longer dwell times at stations for the safe boarding and alighting of passengers. The new timetable is anticipated to markedly improve RailCorp's on-time running, providing more recovery time from incidents and reducing the number of trains that have to skip stops or be cancelled.

By fast-tracking our driver training program we were also able through the 2004-05 financial year to ensure sufficient train crew for the introduction of the new timetable - a significant step from where we were 12 months earlier when the organisation was facing a critical driver shortage. At present, we expect to reach our target of 1,350 drivers by the end of 2005.

In the longer term, further timetable changes in 2008 and 2011 will build on the principles of the September timetable, and incorporate the benefits of the Epping to Chatswood Rail Link, planned to open in 2008, and the Rail Clearways Plan, designed to reduce the network's complexity.

This year the Government announced plans to expand the CityRail network with an \$8 billion rail line to serve Sydney's north-west and south-west and build a new rail crossing under Sydney Harbour.

Significant progress was also made this year toward the replacement of around a third of the suburban electric fleet through a Public Private Partnership. The PPP will see 498 older, non air-conditioned carriages on the network replaced with safer, more reliable rolling stock. Bidders have been identified for both single and double deck contracts, with a request for detailed proposals to be submitted by October 2005.

The NSW Government will invest around \$1.5 billion in design and manufacture of the new trains, which will deliver an improvement in customer service through the provision of modern air-conditioned carriages incorporating CCTV and on-board passenger information. Contracts for the new trains are expected to be awarded in 2006, with the new trains commencing delivery in 2008.

The Infrastructure Reliability Improvement Program has been developed to target specific areas on the network more likely to cause delays for passengers. Efficiencies in work practices during shutdowns and a new track possessions regime has increased the amount of work carried out when the track is closed. During the year, \$470 million was spent on infrastructure maintenance.

As well as the regular maintenance programs RailCorp undertakes, a targeted Fleet Reliability Improvement Program was implemented early in 2005, designed to address the types of mechanical problems that cause delays for our customers on the CityRail network and to improve reliability. In 2004-05, \$184 million was expended in maintaining our train fleet.

Customer service

The addition of mobile cleaning crews has significantly enhanced the cleanliness of the CityRail network. An estimated 179 tonnes of litter was removed from trains during the year, along with around 121,000 graffiti tags. The prompt removal of graffiti and the increased presence of Transit Officers is helping to minimise the impact of graffiti on our network, although this remains an area of significant challenge.

In 2004-05, RailCorp developed a five-year plan to improve passenger information by investing in new technology, streamlining communication processes and training staff to deliver quality customer service and information. Other measures to improve passenger information have included the introduction of electronic variable message screens at ten major stations in the CBD and suburbs, which display up-to-date information about the operating status of the network, including any disruptions affecting customer service.

Improving our communication with customers, particularly on trains and stations, will continue to be a major focus of the organisation throughout the 2005/06 financial year.

Secure services and infrastructure

RailCorp met its target for recruiting and training 600 Transit Officers during the 2004-05 financial year. The introduction of the Transit Officer program in October 2002 has coincided with falls in crimes against the person across the rail network with the Bureau of Crime Statistics reporting a 30.1% reduction based on comparison between April 02 to March 03 and April 04 to March 05.

RailCorp has a comprehensive security surveillance and monitoring system installed which includes 6,214 CCTV cameras and 733 Emergency Help Points at all CityRail stations. This provides RailCorp with the ability to coordinate a security response to incidents including the deployment of Transit Officers and other emergency response agencies if necessary. In April 2004, RailCorp signed a \$25 million contract with ADT for the upgrading of this vital security infrastructure.

During the financial year, we initiated a pilot program of a wireless CCTV system that will aid detection of certain types of offences as they occur. Targeting trains, stabling yards and maintenance centres, the program has the potential to reduce the incidences of vandalism, graffiti and trespass which can have a disproportionate impact on our ability to provide secure and reliable services for our customers.

RailCorp's emergency preparedness has taken a sharper focus in the past year, during which 18 major Field Evacuation Exercises were conducted and saw the roll out of the Station Operations Incident Management Plan which details appropriate responses to incidents to lessen the impact on both passengers and our network.

We have restructured the StateRail Fire Brigade to form an Emergency Response unit, specialising in underground incident management and emergency response training.

Celebrating 150 years of rail

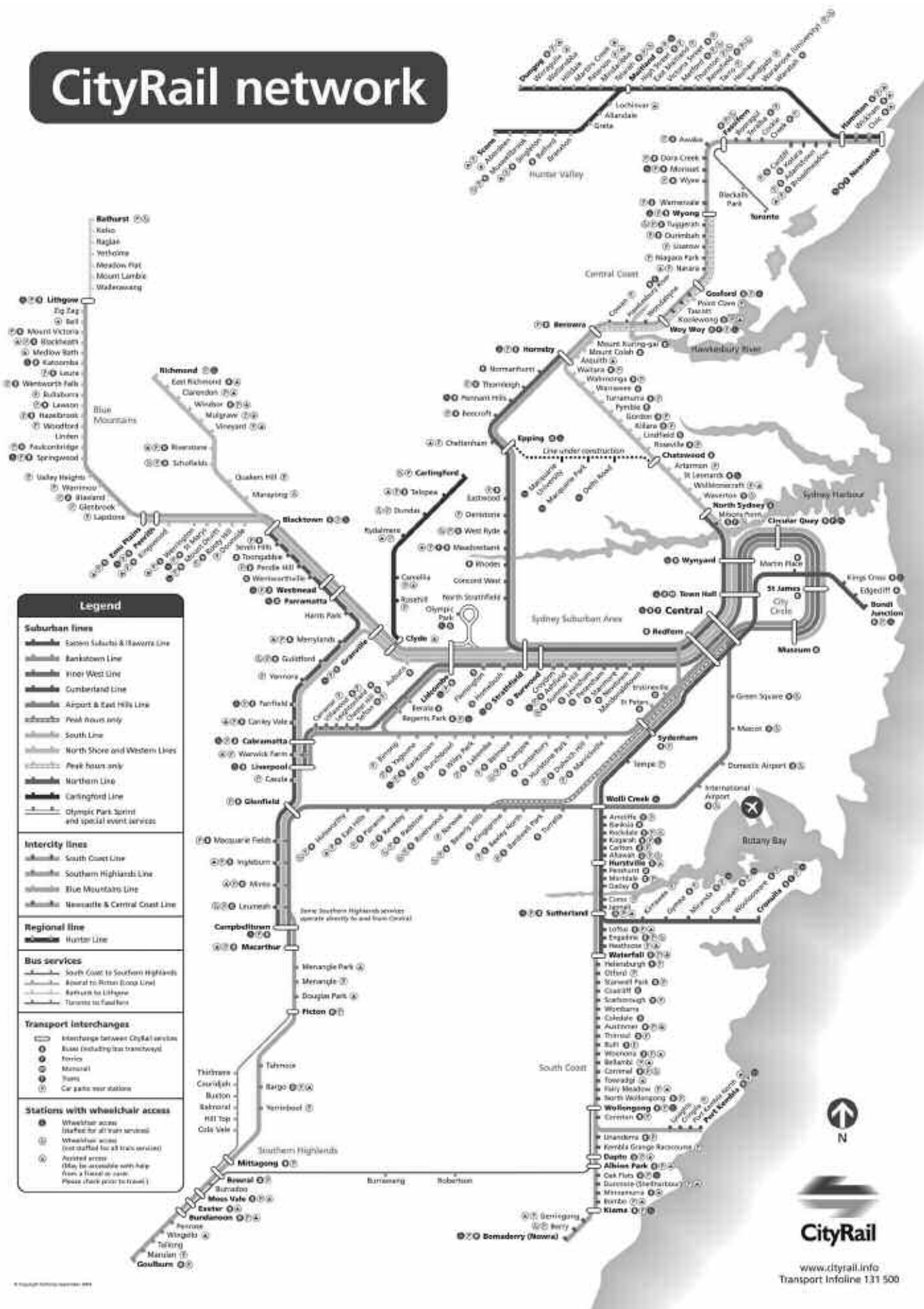
During 2004-2005 RailCorp played a leading role in celebrating the 150th anniversary of rail in New South Wales. From a modest 22km line between Sydney and Granville, our rail system in NSW has grown to a major network spanning 11,000km.

As part of the celebrations, RailCorp organised or significantly contributed to a variety of events celebrating the heritage of rail. These included the restoration of early steam engines and exhibitions through to the atmospheric re-enactment on 26 September 2005 of the first passenger rail journey in NSW. This celebration of our rich rail heritage was also a time to reflect on the many important initiatives undertaken during the financial year to enhance the safety of our rail network, and lay the foundations for improved service reliability.



Vince Graham
Chief Executive Officer

CityRail network







Times are changing.

The new, more
reliable timetable
starts 4 September.

www.cityrail.info
Transport Infoline 131 500
TTY (Teletypewriter Service for hearing
and speech impaired customers only)
1800 637 500



Safe and reliable transport

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

Key Result Areas

- Passenger, workplace and public safety
- Reliability

Objectives

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

Addressing the outcomes of the Waterfall Inquiry

The Special Commission of Inquiry (SCOI) into the January 2003 train accident at Waterfall reported in January 2005. The final report included 127 recommendations, with 114 of these being accepted by the NSW Government. Eighty-eight recommendations require RailCorp action or review and, as at 30 June 2005, 42 have already been reported to ITSRR as complete. The balance of recommendations for RailCorp are under active management and are at various stages of completion. Progress with recommendation implementation is reported to Government by ITSRR each quarter.

The Government's support for the recommendations is backed by a commitment of \$250 million over four years. This includes the \$33 million already spent on installing the vigilance controlled braking system, in response to the SCOI's interim report.

RailCorp seeks to improve continuously the safety of our operation by the understanding and management of our risks and by learning the lessons of accidents in Australia and internationally.

Both the accident and subsequent inquiry have acted as a focal point for changing RailCorp safety and management practices.

Safety Management System

The requirement for a new RailCorp Safety Management System (SMS) arose from the findings of the Waterfall Inquiry. Employing both internal and external expertise, a new 19-element SMS was developed. The new SMS is representative of contemporary safety management practices and as a consequence is an integrated risk-based system.

In accordance with related Independent Transport Safety & Reliability Regulator (ITSRR) milestones, the initial SMS development was completed by December 2004 and

included a Safety Risk Register and Baseline Safety Risk Profile. Internal approval of the system was gained in the first quarter of 2005 and ITSRR advised acceptance of the system in the middle of 2005.

Formal transition of the new SMS commenced in March 2005, and progress will be subject to a rigorous four week System Validation Audit by an internal audit team during August and September 2005. It is anticipated that the findings of this audit will be consistent with RailCorp achieving the requisite level of implementation to support the grant of full Safety Accreditation in the fourth quarter of 2005. Full implementation of the system will be achieved in 2006.

ITSRR conducted a system audit between August and October 2005, aligned with the internal systems validation audit, to enable a determination on accreditation.

Central to the philosophy of the SMS is the effective identification, management and control of safety risk. In this context, the ongoing application of the Hazard Action Planning (HAP) process is central. The process is being applied to all Priority Hazards identified within the Safety Risk Register. Outcomes of the process include validation of existing data and determinations as to whether these hazards are being managed to a level that is As Low As Reasonably Practicable.

Reliability improvement

RailCorp has established well-defined strategies and projects to ensure a continued improvement in the reliability of the infrastructure. These strategies cover short, medium and long term.

In addition to the ongoing Annual Works Program projects, additional projects were completed in 2004-05 that were targeted to improve the reliability of the infrastructure.

RailCorp conducted over 2000 inspections of turnouts, where trains switch tracks, across the network and ensured the provision of additional contractors to attend to issues identified during the inspections. Turnouts that will be frequently used in the new timetable were identified and additional work was carried out at these locations to ensure reliability.

RailCorp replaced 580 track circuit power supplies, which can be prone to failure in warmer months, and installed or upgraded lightning and surge protection equipment. Both measures will reduce incidents that impact on the network's reliability.

Timely removal of speed restrictions has been a focus this year. Standards relating to the placing of speed restrictions and weather conditions have been reviewed, leading to fewer restrictions being placed in cooler months. Quicker response to alleviate problems that necessitate temporary speed restrictions has led to the average number of temporary speed restrictions falling from 35 per month in January 2004 to 20 per month in June 2005.

Level crossings

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

The NSW Government has committed to an accelerated program of level crossing safety improvements throughout the state, with funding more than doubling from \$10 million to \$23 million over four years (2003-04 to 2006-07).

During 2004-05, the LCSC spent over \$5 million improving level crossing safety state-wide. Within RailCorp's network, major safety improvements were carried out at Adamstown and Kembla Grange, with the Adamstown Level Crossing Upgrade completed at a cost of \$1.5 million, and Kembla Grange's level crossing upgraded at a cost of around \$250,000.

In 2004-05, a further 10 level crossings state-wide were approved for closure by the Minister for Transport after consultation with stakeholders.

In addition to supporting the LCSC Safety Improvement Program, RailCorp will invest a further \$2 million in its Pedestrian Level Crossing Safety Program during the 2005/06 financial year. This program aims to improve pedestrian safety and provide better access for people with disabilities.

Vigilance controls

Following the recommendations of the Special Commission of Inquiry into the Waterfall Accident, installation of Vigilance control to the Electric Fleet was completed in December 2004. Vigilance controls provide a secondary emergency back-up braking system to improve train safety.

The upgrading of RailCorp's diesel fleet, the Xplorer and Endeavour and XPTs, is ongoing. The interim upgrade of XPT Vigilance Controls will be completed in August 2004.

The Endeavour and Xplorer fleets have task-linked vigilance controls, as was the case when they were commissioned in the early 1990s. On-train works, to prepare the trains for fitting of new Vigilance controls, are planned for completion by the end of 2005, with implementation across both fleets in 2006.

New timetable

The new CityRail timetable, to be introduced on 4 September 2005, has been designed to restore reliability to the majority of the network through accounting for more realistic running and station dwell times, and allowing more time to recover from minor delays. The new timetable should safely restore reliability to passenger rail services.

A draft of the 2005 timetable was issued for public and internal review in December 2004. Extensive detailed comments were received in respect to operation at major stations, yards and junctions. Liaison with freight and bus operators was also conducted as part of the consultation process.

A new benchmark of five minutes was introduced for metropolitan services in July 2005, following the findings of a report by the Independent Transport Safety and Reliability Regulator. This will bring the CityRail benchmark in line with other national and international passenger rail systems.

Fleet acquisition and replacement

In June 2005 the final Millennium train four car set, M35, was accepted. This marks the end of the design-and-build phase of the project with all 141 cars now in service.

Stage One of the contract for 41 Outer Suburban Cars (OSCs) progressed, with design continuing, and manufacturing commencing to the stage where 16 underframes and 14 carbody shells were complete as at 30 June 2005. Stage 2, a contract for a further 81 cars, was awarded to United Goninan on 7 April 2005. The delivery of the first set of OSCs is expected in mid-2006, with the final set due for delivery in mid 2008.

Design of the 14 new Hunter Cars continued during 2004-05. In addition, manufacturing was commenced and has progressed to the stage where all 14 underframes and 12 carbody shells were complete as at 30 June 2005. Delivery of the first set of cars is expected in early 2006, with all sets to be delivered by mid 2006.

The new Public Private Partnership (PPP) project is planned to replace all the remaining non air-conditioned electric cars, with tenders currently under evaluation. See the Stable and Sustainable section in this Report for more detail on the PPP.

Health Services Program

The Health Services Program comprises six initiatives to improve employee health and safety. The program is a key component of RailCorp's work to improve the health of the workforce and manage the impact of ill-health. This program contributes to improving overall workforce capability by reducing the number of safety incidents and Lost Time Injury Frequency Rates (LTIFR).

1. New health assessments for rail safety workers

On 2 February 2004, RailCorp adopted the (then draft) National Transport Commission's new National Health Assessment Standard for Rail Safety Workers. Train crew were the first group of employees to be assessed under the new standard with drivers prioritised based on risk factors like age, weight and other predictive factors. Since that time the standard has been progressively implemented across all of RailCorp, with completion of all high priority assessments expected by December 2005. By 30 June 2005, some 4,000 periodical health assessments were conducted. This includes 72% of train drivers and 77% of train guards. Approximately 98% of train drivers and 99% of guards successfully completed their assessment, allowing them to continue to perform safety duties. The remaining 2% of train drivers and 1% of train guards were classified as permanently unfit for their normal duties.

2. Fatigue management

RailCorp continued the management of workplace fatigue in accordance with the Rail Safety Act. In order to improve fatigue management, RailCorp participated in further research on workplace fatigue in conjunction with the Centre for Sleep Research (CFSR) of the University of South Australia. Two workplace studies were conducted, one involving signallers and train controllers, and the other, drivers and guards.

The objective of the studies is to develop insights into different job types and corresponding fatigue levels. Similar studies were conducted by CFSR in other rail entities around Australia. Study results are expected to be available by early 2006.

3. Health and wellness

Health and wellness initiatives included:

- In the second half of 2004, more than 800 employees took the opportunity to attend free health assessments at RailCorp health fairs, which tested for blood pressure, glucose and cholesterol. Information was also made available on nutrition, how and why to quit smoking, and skin cancer checks. The next series of health fairs are scheduled for October and November 2005.
- In April/May 2005 free flu vaccinations were offered at 33 RailCorp work locations, with some 4,000 employees taking advantage of this initiative. This was a 9% increase over the prior year's program. Employees were given the opportunity to receive a subsidised vaccination from their own doctor if they were unable to attend a session at their work location.

- RailCorp's fitness incentive program continued to offer substantial discounts to employees who wish to take out gym memberships. These offers are regularly updated, and have currently attracted participation from over 140 fitness centres across NSW.

4. Random alcohol testing

The *Rail Safety (Drug and Alcohol Testing) Regulation* commenced on 8 August 2003, providing for random testing of railway employees who are performing or about to undertake railway safety work or who are involved in an irregular incident or accident such as derailments or collisions. RailCorp commenced random alcohol testing in October 2003, with over 43,000 tests conducted by 30 June 2005.

The majority of employees tested were alcohol free and compliant with the Regulation. Employees who test positive to alcohol are immediately removed from safety duties pending the outcome of a formal investigation. During this period, 17 employees and 10 contractors were dismissed following a positive test to alcohol. A further 19 employees were undergoing investigation or had other disciplinary action taken against them.

5. Random drug testing

Random drug testing commenced in February 2004 with 2,300 tests completed by 30 June 2005. Of these, the majority were drug free and compliant with the Regulation, however 48 employees returned a positive result. Employees who test positive to illicit drugs are immediately removed from safety duties pending the outcome of a formal investigation. Disciplinary action was taken against 30 employees who tested positive. The balance were still undergoing investigation as at 30 June 2005. RailCorp's random drug testing program was further facilitated by the introduction of a mobile testing clinic in July 2004. The mobile clinic serves to both standardise the testing process and minimise workplace disruption as a result of testing.

6. Return to work

Where employees are injured at work or are affected by ill-health, including drug and alcohol consumption, return to work services have been provided. These include:

- Workers compensation and injury management services, which were audited during the year by the NSW WorkCover Authority and resulted in RailCorp receiving its first full Self Insurer Licence.
- Self Identification for employees with drug and alcohol problems provided confidential counselling and rehabilitation to enable return to rail safety work.
- Employee assistance for employees experiencing personal issues provided confidential counselling and, where required, referral for further support.
- An injury notification Hot Line provided through a 1800 number to provide early notification of incidents and injuries to the business and case managers.

Absenteeism and overtime management

In 2004-05, a project commenced to improve attendance management and to reduce overtime costs related to unplanned absences. Implementation of the project will incorporate a two-phase strategy. Throughout the first phase, RailCorp will focus on short-term improvements to existing management arrangements, reports and support systems. Data has been collected to better understand absences and the occurrence of overtime, and how this might be better managed. In addition, a Train Crew pilot program has been developed to particularly focus on absence caused by injury.

The longer term strategy involves negotiating a new EBA policy provision to better facilitate positive attendance management and systems changes, as a product of functional agreements.

Mechanised track patrol

First introduced in 2003-04, the Mechanised Track Patrol project applies new processes and technology for inspecting track for defects. High resolution imaging cameras mounted on the RVX4 inspection car are used to conduct regular inspections of the track. The system has been enhanced by the addition of improved lighting and cameras, the upgrading of computer hardware, the development of side cameras for turnout tracks and by interfacing with track geometry measuring systems already mounted on the car.

Regular track patrols using the RVX4 are made from Central to St. Marys, Waterfall and Cronulla. These replace alternate foot patrols, reducing risks to the safety of staff on track. Assessment of mechanised track patrol as a substitute for foot patrols has been undertaken. A proposal is now being developed to obtain new inspection cars and extend mechanised track patrol to the entire CityRail network.

Public safety

RailCorp's fencing standards are designed to prevent unauthorised access to the rail corridor, and protect public safety. Standards are also in development for tighter security fencing at high-risk locations, where intentional access and/or vandalism are an issue.

A total of 24km of boundary fencing was replaced or installed along the metropolitan corridor during the year. Bat wings (anti-throw barriers) were installed at ten bridges as part of an ongoing program.

RailCorp ensures local communities are informed well in advance of any works to install fencing. Reviews of Environmental Factors are prepared to assess the impacts of installing a fence along the rail corridor, local stakeholders are identified and mitigation strategies prepared to ensure adverse impacts to neighbours and the local community are minimised.

Improving on-time running

CityRail's Peak On-time running performance for the year finished at 62.7%, below our target of 92%. Factors contributing to CityRail's decline in reliability in the 2004-05 financial year include crew shortages and the introduction of new safety procedures that slowed the system, rendering the pre-September 2005 timetable ineffective.

Measures which RailCorp undertook to improve timetable reliability in 2004-05 include significantly increased recruitment of drivers and planning for a new CityRail timetable for introduction in September 2005.

The decision to introduce a new timetable comprised one of the first steps in a wider plan to improve reliability and reflect the slower but safer operations of the network, it should deliver a marked improvement on CityRail on time running.



Safety performance indicators

Safety performance indicators pertain to the passenger rail side of our business and are regularly updated on the CityRail website.

The apparent increase in safety incidents is a consequence of two factors.

Firstly, since January 2004 this data has included incidents from the former StateRail and the former Rail Infrastructure Corporation. Before then the statistics related only to StateRail.

Secondly, as safety awareness has been progressively increased across RailCorp, and particularly as a consequence of the findings of the Waterfall Commission, there has been a corresponding (and expected) increase in propensity for staff to report incidents as a function of improved culture and confidence that reporting will lead to action. This propensity is expected to continue to increase as the cultural change program gains momentum.

In accordance with the expectations of the Safety Strategic Plan, the new RailCorp Safety Management System and the Safety Risk Management Framework safety hazards are undergoing reassessment. This detailed Hazard Action Planning process is to verify that safety hazards are being effectively controlled in order to bring the risk associated with them to a level As Low As Reasonably Practicable.

As the Hazard Action Planning process continues, the definition of safety hazards and incidents associated with them will change. As a consequence, the information reported against specific hazard categories will be more meaningful. As an example, the existing category of "Collisions" includes data relating to incidents where a motor vehicle collides with a perimeter fence. Because such data clearly does not relate to operational safety, those incidents will be removed from the definition of "Collisions".

The changes to hazard reporting will be introduced during 2005-06, as the Hazard Action Planning process is progressively finalised.

Safety performance indicators

Incident type		2004-05	2003-04
Reportable safety incidents	Collision	0.156	0.04
	Derailment	0.066	0.03
	Fall	5.796	3.86
	Strike	1.060	0.59
	Fire or explosion	0.483	0.26
SPAD (Signal Passed at Danger)	Low severity	295	180
	Medium severity	0	4
	High severity	0	1
	Total SPADs	295	185
Fatalities	Accident due to train operations	0	0
	Level crossing	0	3
	Trespass, suicides, falls from train, natural causes while travelling	22	28
	Total Fatalities	22	31

Occupational health and safety performance

The RailCorp Lost Time Injury Frequency Rate (LTIFR) is for the period 1 July 2004 to 30 June 2005. These figures comprise all employees of RailCorp and RIC (including Access Division and Country RIC) and those vested to RailCorp.

There were no prosecutions under the Occupational Health and Safety Act 2000 in 2004-05.

LOST TIME INJURY FREQUENCY RATE (LTIFR)

Corporate	Customer Services	Train Services	Infrastructure	RailCorp (with all RIC)
4.3	28.7	63.3	10.7	32.1

AVERAGE LOST TIME RATE (DAYS)

Corporate	Customer Services	Train Services	Infrastructure	RailCorp (with all RIC)
4	9.8	16.6	3.3	14.4

600 Transit Officers for your safety and security



There are now around 600 RailCorp Transit Officers patrolling the CityRail network to assist you in having a trouble free journey.

Their role is to ensure the safety and security of passengers and to provide customer service.

Working with the NSW Police, they have the authority to issue on-the-spot fines, have the power of arrest, the power to direct people to leave trains and stations, and the power to demand names and addresses.

www.cityrail.info

Transport Infoline 131 500

TTY (Teletypewriter service for hearing and speech impaired customers only) 1800 637 500



Passenger security

RailCorp considers the security of passengers, staff and infrastructure to be a primary concern. As such, every effort is made to ensure that staff are both vigilant and prepared for any security issues or threats that might occur.

Key Result Areas

- Secure environment

Objectives

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

During the 2004-05 year the NSW Government commitment to have 600 Transit Officers operational was met. These officers are deployed on an intelligence basis, provide high visibility on trains and stations and afford a high level of protection for our passengers.

Intelligence-based deployment of Transit Officers

RailCorp undertakes intelligence-based deployment to ensure that Transit Officer resources provide the greatest impact in addressing crime and anti-social behaviour on the rail network by being at the right place at the right time.

Strategic intelligence reports that outline trends in security incidents are regularly provided to the Transit Officer Function. This information forms the basis of decisions regarding day-to-day deployments.

Security and counter terrorism measures

The threat of terrorism has increased the challenge for RailCorp to deliver effective security services. This challenge has been met through a number of key security initiatives developed and implemented in partnership with key divisions within RailCorp.

A range of security improvements have taken place at identified critical infrastructure sites. Stations identified as 'high risk' have undergone physical security upgrades, including installation of extendable/removable barricades, removal of vending machines and bins, and installation of bollards. A review of lockers at railway stations has commenced, with modifications to the locations and designs of the lockers identified.

RailCorp's counter-terrorism committee, chaired by the Chief Executive Officer, meets regularly, ensuring RailCorp's incident management plans and procedures are regularly reviewed and updated as required.

RailCorp plays an active role in State and Federal government counter-terrorism related groups and committees.

In the past year, RailCorp conducted 18 major Evacuation Exercises. Approximately 1,740 station staff participated in these exercises, in addition to those with other state emergency agencies

In 2004-05, the StateRail Fire Brigade was restructured to form an Emergency Response Unit specialising in underground Incident Management and Emergency Response Training. At the same time, on-the-job Fire Management Training assessments were developed for underground Station Staff.

A pool of trained and equipped office staff has been developed to assist in CBD Emergency Evacuations and recruitment and training of volunteers has taken place, with test deployments carried out.

Emergency preparedness

All two-way radio blackspots have been identified at CBD and Central stations, with work to eliminate them scheduled for completion during 2005-06. Four hundred new two-way radios have been purchased to replace life-expired units to ensure effective and reliable staff communication during incidents and emergencies.

Security reporting system

In January 2005 RailCorp commissioned a new security reporting system database within its Security Division. This database contains details of all security incidents reported within RailCorp. The intelligence gathered is used to deploy Transit Officers and is provided to other agencies, particularly NSW Police to assist them in planning joint operations.

During the second half of 2005 the reporting with interface will be rolled out to all CityRail stations, which will enable on-line reporting of security incidents from those stations. This measure is expected to reduce the lead time between reporting and analysis of information which guides the deployment of security resources.

Transit Officer review

The Minister of Transport, the Hon. John Watkins, on 18 March 2005 announced a review of the Transit Officer Program.

The Transit Officer review has made recommendations for improvements to the Transit Officer Complaints Management System, policies and procedures, including those relating to the use of force and exercise of discretion, recruitment and selection processes and training programs.

Bureau of crime statistics and research

RailCorp uses data provided by the NSW Bureau of Crime Statistics and Research to measure trends in recorded offences against the person occurring on railway premises. These offences include assaults, robberies, steal from the person and sexual offences.

The latest available statistics released by the Bureau indicate that in the three-year period between April 2002 and March 2005 recorded offences "against the person" on railway premises have fallen by 30.5%.

In the same period there has been no statistically significant change in the recorded incidence of malicious damage on railway premises.

Categories	Year 1 Apr 02 to Mar 03	Year 2 Apr 03 to Mar 04	Year 3 Apr 04 to Mar 05	36 month trend
Robbery	709	492	383	Down 46%
Steal from person	1762	1294	989	Down 43.9%
Assaults	1458	1362	1319	Down 9.5%
Sexual offences	141	163	138	No statistically Significant change
Total	4070	3311	2829	
Malicious damage	1447	1157	1324	No statistically Significant change

Wireless closed circuit television cameras

RailCorp commenced a 12-month pilot program in 2004-05 which utilises wireless CCTV cameras and related equipment to assist Transit Officer operations involving surveillance on trains, in stabling yards, maintenance centres and other parts of the network. Operations will mainly target graffiti, vandalism and trespass offences.

The pilot program has been developed to take advantage of technology that has the potential to greatly improve the chances of detection of certain types of offences as they are occurring. This will increase the opportunity to deploy Transit Officers as a preventative measure to vandalism.



Every station a safe station



There are now **CCTV (security) cameras at every station** across the CityRail network. That's a total of **6,214** cameras for your safety.

And what's more, there's also high-intensity lighting on all stations to make each station a safer place.

www.cityrail.info

Transport Infoline 131 500

TTY (Teletypewriter service for hearing and speech impaired customers only) 1800 637 500



Customer service

The Customer Services Group was established to raise the organisational focus to deliver improved service to our customers. It is through this Group that RailCorp has delivered better customer service, relations and standards. Particular areas of achievement include cleaning, station operations, passenger information and continuous improvement within a strong safety culture.

Key Result Areas

- Customer service
- Cleanliness
- Capacity – demand matching

Objectives

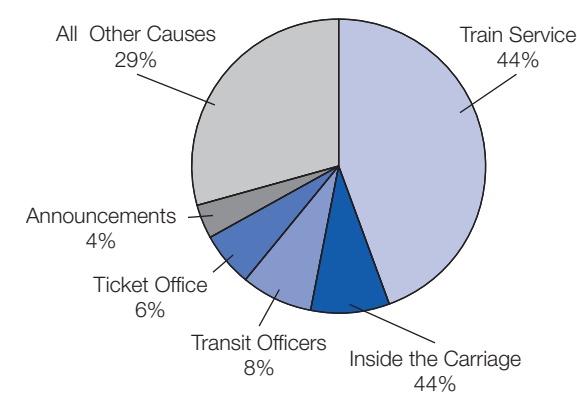
- To improve the standards of facilities, information and service at stations and on board trains while continuously improving customer satisfaction in these areas
- To enhance the cleanliness of stations, trains and other facilities, and to improve customer satisfaction
- To provide adequate service capacity to minimise overcrowding
- To balance off-peak capacity and load factors with cost

Customer feedback

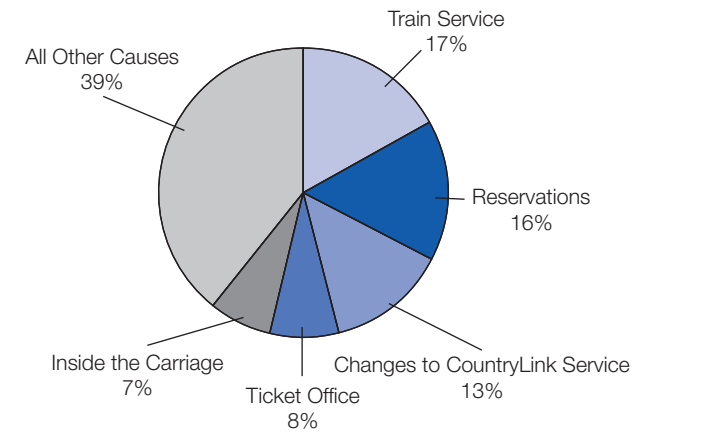
The 2004-05 financial year statistics reveal a decrease in total complaints, queries, compliments and suggestions compared to 2003-04.

- Total for 2004-05: 44,714 (Down 0.40% from 03-04)
- Total for 2003-04: 44,892 (Up 37.83% from 02-03)
- Total for 2002-03: 32,571

CityRail



CountryLink



Customer research

The Government established the Independent Transport Safety and Reliability Regulator (ITSRR) in January 2004, to facilitate the safe and reliable operation of transport services in NSW. As part of the Regulator's role, responsibility for the CityRail Customer Satisfaction Survey, previously carried out by StateRail, was transferred across to ITSRR.

The first survey conducted by ITSRR took place in July/August. The main areas of concern were on-time running and reliability, issues that RailCorp is addressing through the introduction of the September 2005 timetable and the Rail Clearways plan. Both of these initiatives are designed to offer customers a more reliable service within the context of sweeping rail reforms.

Community relations

RailCorp continued to foster strong relations with community groups and stakeholders throughout the year. Community consultation on the introduction of the September 2005 timetable was a major element of RailCorp's timetable strategy. The consultation process began in July 2004 with presentations to commuter groups and key stakeholders, including the NSW Commuter Council.

Over 150,000 brochures were distributed at CityRail stations in November to encourage passengers to provide feedback, and the proposed timetable was placed on the CityRail web site and hard copies placed in 23 libraries. Schools and universities that utilise the network were also encouraged to provide feedback.

The consultation period officially closed on 28 February 2005, although RailCorp did consider feedback received after this date in its development of the timetable. In total, 2,700 submissions were received. It should be noted the majority of responses received concerned existing services.

Examples of customer feedback that brought about changes in the timetable's development include the retention of a connecting bus service between Moss Vale and Goulburn and the retention of specific morning peak services between Rooty Hill and Doonside to the City. The 4.14pm fast service from Central to Penrith was also reinstated in response to customer concern.

Other community relations activities supported and participated to promote CityRail and CountryLink services included: Albury, Werris Creek and Parkes/Auburn Street Fairs; the Teddy Bears' Picnic at Rosehill; and NAIDOC celebrations at Jamison Park in Penrith. RailCorp also supports the NSW Railway Band at events such as the Royal Easter Show, Lakemba Street Festival and at city stations over the Christmas period.

Passenger information

RailCorp has been working to provide better passenger information, both in day-to-day running of the network and during incidents or delays. During 2004-05 plans were developed to improve passenger information over the next five years through significant investment in new technology, streamlining of communication processes, and further training and development of staff in providing customer service.

Also, during the year, immediate improvements were made in accordance with the development of this five year plan.

Computers were installed at 58 stations to provide staff with access to the Train Location System (TLS). This has reduced the need for station staff to rely on telephone calls to signal boxes to obtain the location of trains. The TLS provides visibility of trains in the train-described areas, enabling station staff to more accurately predict the arrival time of trains for their customers.

LCD Variable Message Screens were installed at the entrances of 10 major stations in the Sydney CBD and suburbs. The screens display messages about major delays on the network, and are updated in real-time from the Rail Management Centre.

A Rail Management Centre staff restructure has improved the flow of information to passengers during major incidents, while the introduction of a 'volunteer' program has seen the training of more than 100 office staff to assist with crowd management during emergencies in the CBD.

Work commenced on the development of a Line Information Controller, which will enable passenger information to be distributed in real time to all stations on a line. Once the software has been completed, a trial of the Line Information Controller is proposed on the Bankstown line, the implementation of which is planned for 2006.

A project was initiated to improve announcements at stations. The first phase of this project entailed research into the delivery mechanisms for different types of announcements. The research phase of the project identified needs to develop station-specific aids for staff who make announcements, and to provide formal training in the use of the public announcement and digital voice announcement systems.

The second phase of the project is to develop and trial training aids at Central Station before rolling them out to other stations, and further, to re-align recruitment and training of station staff to better meet customers' requirements for clear and timely announcements.

Cleaning reform

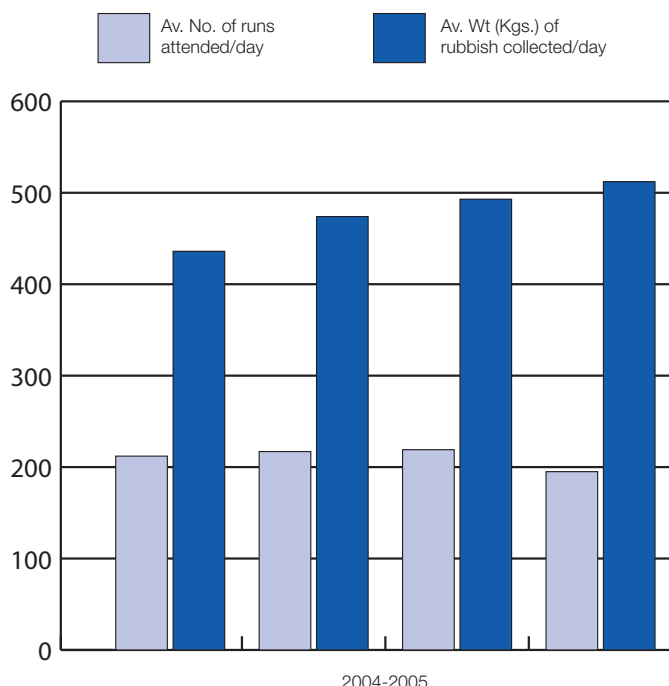
RailCorp has established a single division responsible for all cleanliness aspects of both trains and stations. There are two elements to this reform program: the extraction of train cleaning responsibility from Passenger Fleet Maintenance, accomplished in January 2004; and station cleaning from Station Operations. The latter will enable Station Staff to focus on the provision of higher standards of customer service.

The first phase of the Station cleaning reform will focus on the stations from North Sydney to Bondi and the City Circle, commencing in November 2005 and then progressively rolling out across the network during 2005/06.

Cleaning improvements

60 Rover Cleaners joined the existing team of 567 Train Cleaners, removing an estimated 179 tonnes of litter, or an average 683 kilograms per day, from trains; an improvement of 2.8% on last year (being a reduction in the amount of litter removed). At the same time, customer complaints regarding train cleanliness were reduced by 11% over the year.

Rover Cleaner Statistics for 2004-2005



Graffiti abatement, removal & prevention

RailCorp has continued to tackle the problem of graffiti. A total of \$817,500 was spent on a graffiti abatement program in 2004-05, which aimed to reduce, remove and prevent incidences of graffiti on RailCorp property. A major tactic employed is the use of murals in areas and on sites that have been identified as suffering high rates of graffiti. Murals have been painted on signal locations, bridge abutments and other buildings and structures.

New cleaning products were identified and acquired that removed 121,000 graffiti tags in 2004-05, an improvement of 19% on last year (being a reduction in the number of graffiti tags).

A second component of the graffiti strategy has been to identify the best available measures for cleaning and protection. This has included:

- Identification and procurement of effective graffiti-cleaning agents;
- Establishment of universal cleaning procedures across all presentation worksites;
- Exploration of preventative 'protective coatings' for application to train and station walls;
- Examination of the modification of vinyl to include an anti-graffiti agent, and
- Specification of appropriate carriage materials for floors, walls, seat covers from a maintenance and cleaning perspective.

Following the identification of these agents, materials and measures, implementation is expected to take place in 2005-06.

The Blue Mountains by train

Two hours, too easy!

**New 3 day
ExplorerLink
available!**

Explore...

- Three Sisters and Echo Point
- Scenic Railway, Rainforest Boardwalk and Flyway at Scenicworld
- Leura Village
- Katoomba Cascades
- Gordon Falls
- Toy Museum

The **Blue Mountains ExplorerLink** includes return (on the same day) CityRail travel to Katoomba Station with all day access to the 'get-on-get-off' Explorer Bus (the red double decker) stopping at 30 attractions around the Blue Mountains. Prices from \$36 for an adult and \$14.50 for a child.

The **3 day Blue Mountains ExplorerLink** includes return CityRail travel to the Blue Mountains (anywhere between Wentworth Falls and Zig Zag stations) as well as CityRail train travel between Wentworth Falls and Zig Zag stations over the three days and access on the Blue Mountains Explorer Bus over the three days. Prices from \$51 for an adult and \$22 for a child.

Please note: these tickets are unavailable to half fare concession holders and Pension fares are only available on the one day ExplorerLink. Price includes a discounted return rail ticket from Central Station to Katoomba and Explorer Bus tour. Please note that both ExplorerLink tickets can be purchased 7 days a week, any time of the day and from most stations.

www.cityrail.info

Transport Infoline **131 500**

TTY (Teletypewriter Service for hearing and speech impaired customers only) **1800 637 500**



Improving access for customers with a disability

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

Stations

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

- 80 CityRail stations (26%) are independently wheelchair accessible, with an additional 63 stations (21%) wheelchair accessible with the help of a friend or carer.
- \$18.56 million invested in the Easy Access program 2004-05 to improve station accessibility - 5 stations under construction and an additional 14 stations in design.
- Progressive installation of tactile tiles to assist vision impaired passengers (\$390,000).
- Portable boarding ramps available at 99% of CityRail platforms. Ramps carried on-board Endeavours to Southern Highlands / South Coast and all Hunter and CountryLink services.
- \$1.9 million invested in progressive platform-train gap reduction.
- 93% of CountryLink stations are wheelchair accessible via level access or ramps.

Trains

All metropolitan and outer suburban CityRail services are wheelchair accessible and 48% of non-metropolitan services are accessible with the deployment of boarding ramps. Initiatives to further improve the accessibility of the CityRail fleet included:

- \$90.3 million invested to complete commissioning of 141 accessible Millennium train carriages for suburban service.
- Ongoing planning, design, manufacturing and consultation for new accessible rail carriages:
- 122 outer-suburban double-deck cars with accessible toilet (Stage 1 - 41 cars \$63.5 million)
- 14 single deck cars with accessible toilets to replace the 620/720 class Hunter Valley cars (\$48.7 million)
- PPP tender specification - expressions of interest sought for 498 suburban cars (\$8.2 million)
- Ongoing program to colour contrast the outside of doors in the suburban fleet (37% complete)
- Application of accessibility symbols on the outside of accessible intercity cars.

RailCorp continues to consult with peak disability organisations and independent access consultants to maximise the accessibility of all new rail cars.

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

CountryLink rail services have allocated wheelchair spaces for mobility aids up to 70cm wide by 130cm long, and priority seating for passengers with disabilities.

Attendants provide assistance to access services / facilities where wheelchair access is limited. All services carry a portable boarding ramp.

All CountryLink rural coach services are wheelchair accessible. North Coast services require a minimum of 48 hours booking notice prior to travel with a mobility aid.

Communications

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

- Four websites provide information about RailCorp services and facilities:
 - www.cityrail.info
 - www.countrylink.info (upgraded to meet most priority 3 accessibility checks of the W3C Guidelines)
 - www.railcorp.info
 - www.131500.com.au
- Transport Infoline 131 500 includes:
 - rail service information
 - complaint management
 - reporting of equipment faults
 - tele-typewriter facility.
- Accessing CityRail brochure comprehensively updated and available at major stations.
- CountryLink's brochure Travelling Made Easy available from CountryLink Customer Relations (ph: 02 9379 4850).
- Information on altered service / trackwork is communicated prior to the service change via a range of media including a free subscription email advice service (register via www.cityrail.info).
- All new stations and trains are designed to have accessible audio and visual passenger information.
- Passenger destination information is progressively being upgraded on CityRail stations:
- 55% of CityRail passengers have access to electronic signage
- 98% of passengers have access to DVA / long line PA
- 81% of CityRail booking offices have hearing induction loops.

- CityRail information available in accessible formats on request via:

Information Centre on country concourse at Central Station (ph: 02 9379 1977).

TTY: 1800 637 500.

fax: 02 8202 2855.

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

- CityRail services - register service / equipment complaints / feedback via:

phone: Transport Infoline (131 500 - option 5).

email: feedback@railcorp.nsw.gov.au

websites: www.131500.com.au or www.cityrail.info (contacts).

post: RailCorp Customer and Government Relations.

CityRail website: www.cityrail.info to register feedback electronically on website accessibility.

CountryLink service complaints:

phone or post to CountryLink Customer Relations Unit (ph: 02 9379 4850).

website: www.countrylink.info

email: customers@CountryLink.nsw.gov.au

TTY service (ph: 1800 637 500) - register complaints / feedback on both CityRail and CountryLink services

Employment and training

183 staff with disabilities.

55 staff require work-related adjustments and/or specialised equipment.

Community relations

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

- The design and development of 3 new stations on the Chatswood-Epping Rail Link.
- Major station upgrades - Epping and Parramatta stations.
- New train design and development of suburban (PPP), Hunter and outer-suburban cars.
- Braille signage.

Disability Action Plan

- Transport portfolio Accessible Transport Action Plan includes integrated planning of key public transport agencies including RailCorp:
- copies provided to NSW Department of Ageing, Disability and Home Care and the Human Rights and Equal Opportunity Commission (HREOC).
- regularly updated (June 2005) and released as a public document on Ministry of Transport web site (link via www.cityrail.info).
- regular consultation with peak disability organisations regarding ongoing strategies, targets and actions.

Financial performance

RailCorp's goal is to be successful as both a service provider and business. We strive to achieve fiscal efficiency through responsible use of our human and physical resources. We will seize all opportunities to further this goal.

Key Result Areas

- Operational efficiency
- Revenue improvement
- Effective investments

Objectives

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

Patronage and sales data

CityRail

The total CityRail patronage figure of 270.3 million for 2004-2005 was slightly lower (by 1.1%) than the 273.3 million achieved in 2003-2004. CityRail's farebox revenue for 2004-2005 declined by \$4.6 million (0.9%) compared to the previous year. Factors that contributed to this decrease included the poor On Time Running and reliability issues during the year, and the Fare Free Day on 22 November 2004. There was no CityRail fare increase in the 2004-05 financial year.

There were 96.6 million tickets issued in 2004-2005, a decrease of 3.8% on the previous financial year. In part this was due to a reduction in issues of Pensioner Excursion Tickets (PET). This may also indicate that Transit Officers are having a positive effect by encouraging the purchase of full-fare tickets instead of improper use of concession tickets. Also, a new flat fare \$2.50 PET was introduced in January 2005 as part of the NSW Government's Fairer Fares plan. This new ticket extends to private bus operators in the Sydney metropolitan area and covers all day travel around Sydney and Newcastle. With the extension to private bus operators, many pensioners now purchase their PET on private buses before reaching a station, resulting in a reduced number of PETs sold by CityRail.

It should be noted that CityRail patronage is calculated from ticket issues. As noted above, many PET are now purchased on private buses instead of at CityRail stations. Annual patronage data has been adjusted based on station electronic gate usage to compensate for this.

CountryLink

CountryLink patronage fell by eight per cent to 1.75 million passenger journeys from 1.82 million in 2003-04. The North corridor experienced the largest reductions in patronage (six%) with smaller reductions on the other lines. CountryLink ticket revenue (fare box) declined by 15% to \$32.1 million from \$37.9 million in 2003-04.

While the ticket revenue is down on last year, revenue is above the budgeted figure by nine%. New sales and marketing strategies have increased the patronage on CountryLink by 83,000 and revenue by \$1.68 million over forecast for 2005.

CountryLink review

RailCorp undertook a business review of its CountryLink services following the Ministerial inquiry by Dr Tom Parry into the sustainability of public transport. The CountryLink reform process is pursuing a number of initiatives, including reform in the way CountryLink collects revenue, sales and distribution reform and technology upgrades.

The reform process is analysing options for the:

- Restructuring sales and booking of CountryLink tickets;
- Restructuring country station and travel centre staffing to better meet community and business needs in consultation with trade unions
- Reviewing discount rules, concessions and fares applying to CountryLink and considering a co-payment on CountryLink travel vouchers
- Reviewing CountryLink timetables to ensure it best meets the needs of country commuters.
- Monitoring future CountryLink patronage, costs and revenue and review after 12 months.

CountryLink now offers customers the option of booking tickets online via the CountryLink website. The system began service on 30 May 2005, and in the month of June ticket sales totalled \$230,000, some seven% of CountryLink revenue.

In response to the Parry Report recommendation that CountryLink decentralise its employment base to regional and country NSW, RailCorp relocated the Sydney Central Reservation Centre to Newcastle, and 21 on-board crew positions from Sydney to Grafton. The Newcastle call centre now manages around 90 per cent of all CountryLink calls.

In 2004-05 RailCorp implemented the "Microster" system for crew rostering. Once additional modifications are made to the system to account for RailCorp's fatigue management business rules, the system will act as a workforce management tool for CountryLink staff.

Enterprise Resource Planning system

RailCorp's Enterprise Resource Planning (ERP) system is an integrated software package containing information relating to, among others, human resources, finance, payroll, maintenance and supply.

The consolidation and upgrade of RailCorp's major corporate integrated ERP systems onto a common platform will be a major outcome from the transition process. The new system will allow business improvement initiatives to be implemented through the effective and optimal use of the ERP asset.

The program necessitated upgrading the StateRail and RIC ERP systems onto the same version, before merging data into a single system for RailCorp. This is due for completion in December 2005.

RailCorp will develop a Business Improvement Strategy and Plan to fully utilise RailCorp's investment in its ERP System. This will include identifying and reducing the need for peripheral or stand-alone systems which are similar to the existing ERP.

Major plant and equipment upgrade program

In 2004-05, RailCorp completed the fourth year of a program to upgrade and replace track maintenance and construction plant. To date, RailCorp has expended \$69 million of the projected \$92 million relating to this program.

Finalisation of delivery and commissioning of some major elements of the program occurred in 2004-05, including:

- RM900 ballast cleaner and its associated conveyor wagons. This \$28.5 million project provides benefits through a higher production rate, increased recycling and ability to return track to appropriate top and line.
- Robel rail handling train, a \$4.7 million project, which improves manual handling issues, quicker delivery and recovery process, and reduced labour.

- Turnout tamper functional and technical upgrade. Comprising \$0.5 million of a \$1.5 million project, this represents the first machine delivered and commissioned (second machine delivery programmed for October 2005). Benefits include enhanced life to machine and its productivity, plus the integration of new technology, design functionality and consistent travel capability which all enhance safety aspects.

RailCorp is also progressing the delivery or part commissioning of turnout handling equipment. Final component delivery will occur in February 2006. However, most other components have been delivered, reflecting delivery of \$4.5 million of a \$5 million project. Benefits include improved site safety and handling practice for turnout components, from manufacture to installation in the track.

Integral with these purchases is a common theme of improving worker safety and practice, improved productivity and production, and the integration of modern day technology.

Tcard trials

Under the supervision of the NSW Ministry of Transport, a new integrated ticketing system is currently undergoing trials. The Tcard system is expected to replace the existing ticketing systems across all modes of transport, using a credit card sized device which is embedded with a microchip.

More durable than the present tickets, the Tcard will allow customers to 'load' cash or ticket products onto it. The device is currently being trialed by approximately 250,000 school students.

RailCorp, along with the State Transit Authority, Sydney Ferries Corporation and the Bus and Coach Association is participating in the development of the new system.



*Celebrating
the first rail journey*



150 years of rail celebrations

24 – 26 September 2005 at Central Station

• Saturday 24th to Sunday 25th

150 years of rail celebration at Central Station

- Heritage rolling stock, model trains
- Artefacts, stalls and information displays
- Steam train rides with historic locomotives 3801, 3830, 3526 and 3112 – departing Central Station – all day Saturday plus, Sunday morning
- See the famous Southern Aurora and the legendary Indian Pacific trains – Saturday only
- Visit historic Mortuary Station and take a heritage CPH rail motor shuttle ride around the metropolitan goods lines – all day Saturday plus, Sunday morning
- Go to the Powerhouse Museum and see the first engine in NSW, Locomotive No.1, plus other rail displays and activities
- Vintage buses will operate on both days between Central and Mortuary stations and the Powerhouse Museum.

• Monday 26th

Re-enactment of the official 26 September 1855 rail journey

The historic commemorative train will be hauled from Central to Parramatta by steam locomotives 1709 and 1210 – NSW's oldest operating main line locomotives.

Heritage rolling stock from through the ages will form a cavalcade of rail history, travelling parallel with the commemorative train on adjacent tracks from Central to Homebush.

• Tuesday 27th to Saturday 1st October

Heritage rolling stock display at Olympic Park Station

Bring the family to see historic diesel locos, freight and passenger cars.

Steam and heritage electric train shuttle rides from Lidcombe on Friday 30 September and Saturday 1 October.



The popular Locomotive No. 3526 departing Central Station

Visit www.railcorp.info/150years

Events and dates listed were correct at the time of printing, but may be subject to change.

Daily Telegraph

ph powerhouse museum
about a change



RailCorp

Stable and sustainable

RailCorp will, through a program of corporate planning, conduct its business efficiently. Corporate planning will be undertaken on a day-to-day basis, as well as to ensure the satisfaction of the future needs of our customers, stakeholders and workforce. Effective management of assets will ensure a continued ability to meet our business objectives.

Key Result Areas

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

Objectives

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

Rail Clearways Plan

The rail network in New South Wales is one of the most complex in the world. The Rail Clearways Plan, announced in April 2004, will simplify the network and remove bottlenecks to provide a more reliable rail service for passengers. The 15 projects total over \$1 billion and will improve reliability and increase capacity to meet growth on the metropolitan network.

Funding of \$531 million has been approved for nine Clearways projects up until 2008. Details relating to the remaining six planned projects are being finalised. The projects are at different stages of development (see table).

Epping to Chatswood Rail Link

During 2005, substantial progress was made on tunnelling works between Epping and Chatswood, which included completing the Lane Cove River Crossing and the excavation of underground station caverns.

Planning approval was obtained for design improvements to the Chatswood Transport Interchange, and commencement of preliminary work for the Chatswood redevelopment.

Clearways Plan overview

Clearway 1 – Eastern Suburbs & Illawarra

- > **Bondi Junction turnback**
Currently under construction and will be operational early 2006
 - > **Cronulla branch line duplication**
Planned construction timeframe: 2006-2008.
- #### Clearway 2 – Bankstown
- > **Lidcombe turnback and platform**
Planned construction timeframe: 2006-2008.
 - > **Two extra tracks, Sydenham – Erskineville**
Planned construction timeframe: 2007-2010.
 - > **Liverpool turnback and platform**
Planned construction timeframe: 2005-2008.

Clearway 3 – Campbelltown express

- > **Extra tracks, Kingsgrove – Revesby**
Planned construction timeframe: 2006-2009.
 - > **Extra platform at Macarthur**
Planned construction timeframe: 2008-2010.
- #### Clearway 4 – Airport & South
- > **Macdonaldtown turnback**
Complete
 - > **Homebush turnback and platform**
Planned construction timeframe: 2005-2007.
 - > **Revesby turnback and platforms**
Planned construction timeframe: 2006-2008.
 - > **Macdonaldtown stabling**
Planned construction timeframe: 2006-2007.

Clearway 5 – North-West

- > **Extra platform at Berowra**
Planned construction timeframe: 2005-2006.
- > **Epping to Chatswood route**
(Separately funded from Clearways package)
Currently under construction and is planned to be operational in 2008.
- > **Extra platform at Hornsby**
Planned construction timeframe: 2005-2008.
- > **Quakers Hill to Schofields duplication**
Planned construction timeframe: 2007-2010.
- > **Carlingford line upgrade**
Planned construction timeframe: 2009 – 2010.

Fleet replacement

RailCorp is replacing 498 non-air-conditioned carriages, about a third of the suburban electric fleet, through a Public Private Partnership (PPP). Around \$1.5 billion will be invested in replacing these carriages.

The Public Private Partnership will cover the financing, design, manufacture and maintenance support of the new trains. Maintenance will be carried out at new facilities to be constructed at Auburn.

The new trains will represent a real improvement to customer service, with features including air-conditioning, interior electronic displays for passenger information, improved seating and improved safety and security through better emergency exits and CCTV cameras.

The contracts will be awarded in 2006, for delivery of the new trains from 2008.

Asset management

In March 2005, a review was commissioned to consider the high level approach to be adopted for asset management of the below-rail infrastructure. This review recommended that clear accountability for asset management required reinforcement through the creation of a separate division responsible for the asset strategies and maintenance decision making.

In response, RailCorp has established a Strategic Asset Management Division responsible for the development of asset management policy, frameworks and procedures as well as specific below-rail technical strategies, asset planning and asset performance management.

The Division is driving a functional RailCorp Asset Management Strategic Plan, and methods to better measure asset performance for improved monitoring and reporting to stakeholders.

The Asset Maintenance Management Plan is part of the overall Asset Management Plan for rollingstock. The plan identifies safety-critical assets with maintenance plans designed to maximise rollingstock safety. Incidents are tracked and trends are identified to achieve improved fleet reliability. A management tool has been introduced that is comprehensive and auditable, containing a database of all maintenance activities. As a result of these improved systems over the course of the year, the major periodic maintenance backlog was reduced.

Track possessions

The possession program for 2004-05 was successful in delivering the Infrastructure Group's Asset Management Plan and Annual Works Program. The second year of the new possession regime, 2004-05 saw a number of major closedowns completed in addition to the weekend configurations including:

- Four on the Main North to carry out track reconstruction between Gosford and Adamstown;

- Two on the Main West between Westmead and Blacktown to carry out track reconstruction and overhead wiring rebuild;
- Nine on the Blue Mountains to carry out Tunnel Slab reconstruction on the Zig Zag tunnels, track reconstruction and track circuit renewals;
- One on the North Shore to carry out Interface works at Chatswood for the Epping to Chatswood Railway and overhead wiring rebuild;
- One on the Bankstown Line for track reconstruction, resignalling and overhead wiring rebuild; and,
- One between Edgecliff and Bondi for construction of the Bondi Junction Turnback.

All possession planning was carried out with a view to maximising the amount of work completed while reducing the impact on customers. Our commitment to provide services to support special events (normally held on weekends when trackwork is also scheduled) posed a major challenge in the planning cycle. Late notice of special events required the program to be recast a number of times. Despite these challenges the Infrastructure Group was able to complete its schedule of works.

In addition Infrastructure Group has developed the Major Possession Program for 2005-06, 2006-07 and 2007-08 to ensure that the infrastructure associated with the Rail Clearways Plan is in place prior to the implementation of a new timetable in 2008.

2005-10 RailCorp corporate plan

The 2005-10 RailCorp five year corporate plan, that outlines RailCorp's strategic direction, was formally launched by the CEO in November 2004. A summarised version of this plan was issued to all staff.

Based on this plan, the Groups developed their business plans for 2005-06 implementation, consistent with the directions set out in the corporate plan. The group plans were then collectively reviewed by the Executive Management team..

As there have not been any significant changes to the operating environment since the development of the last corporate plan and because of critical issues such as safety and reliability remaining as RailCorp's key focus, the 2005 - 10 version of the corporate plan is a refinement of last year's version, primarily with updated project and performance measurement information. The organisation vision, Key Result Areas and values remain unchanged.

New rail infrastructure

The Government has announced plans for an \$8 billion rail line to serve Sydney's north-west and south-west. The 15-year plan will include a south-west line from Glenfield to Leppington by 2012, an underground city line and a tunnel under the harbour, a north-west rail line by 2017 and an extension to Bringelly in the south-west and Vineyard in the north-west, by 2020.

The projects will include 13 kilometres of surface track and 25 kilometres of tunnel and will be financed by a combination of Government funding, borrowing and the private sector. Treasury is considering which sections of the plan would be suited to public-private partnerships.

Train crewing

Increased recruitment during the year has provided appropriate numbers of crew to operate services and, in particular, the new 2005 timetable. The increase in the numbers of drivers towards RailCorp's target of 1,350 has also increased reliability.

RailCorp has continued to focus on ensuring appropriate training for its train crew. This year a training plan has been developed and implemented which included scheduled safety refresher training as well as targeted team training sessions and training in support of key RailCorp projects such as vigilance control, traction interlocking and on board digital voice announcements.

In-cab assessments have been conducted throughout the year and RailCorp has provided significant levels of training staff to support training for new crew. This included a special training program so that train crew are competent to operate Millennium trains, and to support the new 2005 timetable.

In order to continuously improve the quality of driver training delivered by RailCorp, a review of driver training is to be conducted to verify that the current program is consistent with best practice benchmarks.

Work is well advanced on a new structure for train crewing, which aligns with the sectorisation initiative. The restructure aims to provide a closer relationship between management and crew members, further improve safety and crew competency, and ensure greater focus on reliability and customer service delivery.

Workforce planning

Workforce planning is essential to ensure the ongoing delivery of rail services and preparation for future demands, as well as to accommodate demographic shifts in RailCorp's workforce.

This year workforce planning processes continued to underpin the planning of recruitment campaigns and training courses for frontline staff, including Drivers, Guards, Station Staff, Cleaners, Transit Officers), Area Controllers, and Signallers. Workforce Planning also continued for the Passenger Fleet Maintenance trades and the Infrastructure trades.

Scenario planning was incorporated into forecasts for the Infrastructure trades and engineering disciplines, in response to the anticipated increase in capital works by external contractors.

The first cycle of team competency planning for Infrastructure Workers was completed, and competency gaps identified. Competencies were mapped to training courses and prioritised, enabling an overall training plan to be prepared. The requirement for developing additional training programs was also identified.

The size and composition of the 2006 intake of apprentices and engineering graduates were determined in conjunction with the business, using long-term forecasts of gaps in trade streams and engineering disciplines.

The workforce planning functions of StateRail and RIC were further integrated into Corporate Human Resources. The business processes used to maintain forecasts were reviewed, streamlined and documented in order to improve efficiency and reliability for providing forecasts to the operating groups.



Corporate governance

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

The principal objectives of RailCorp are:

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

The other objectives of RailCorp are:

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

RailCorp has a Board of Directors responsible and accountable to the two Voting Shareholders who each hold one share for and on behalf of the New South Wales Government: the Premier and the Treasurer. In 2004-05 these were the Hon Robert J Carr (Premier), the Hon Michael R Egan (Treasurer to 21 January 2005) and the Hon Andrew J Refshauge (Treasurer from 21 January 2005).

The Portfolio Ministers in 2004-05 were the Hon Michael Costa to 21 January 2005, and the Hon John A Watkins from that date.

The Board

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

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

The Board has a Corporate Governance Charter that reflects current legislation and best practice principles. It provides a framework for the Board decision-making processes and addresses the key factors that affect Board effectiveness and efficiency. The Board also has a Code of Conduct, which is included at appendix 10 of this report.

Board membership

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

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

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

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

Directors' accountabilities

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

In summary, Directors must:

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

Board committees

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

During the Board's annual review process it determined that two new Board Committees were required to focus on emerging issue areas within RailCorp. These two new Board Committees were established in March 2005 and are the:

- Information Communications and Technology (ICT) Board Committee
- Transition and Expenditure Review Board Committee.

Audit and risk board committee

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

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

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

Safety and environment board committee

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

In discharging its responsibilities the Committee:

- Ensures the Corporation has effective safety and environment policies, systems and programs in place to meet all legislative responsibilities and to develop and sustain a safety and environment culture across all areas of operation.
- Ensures programs are in place to effectively identify and manage safety and environment risks across all operations.

- Monitors and reviews performance through comprehensive reporting relating to environmental management and the safety of infrastructure, train operations and OH&S.
- Monitors safety and environment audit and investigation reports and the implementation of actions arising from such reports.
- Takes other actions, which it sees as appropriate to meet the Corporation's safety and environment objectives.

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

Human resource and remuneration board committee

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

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

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

ICT board committee

The ICT Board Committee assists the Board in discharging its responsibilities relating to the development and implementation of ICT Strategies focussed on:

- ICT governance and controls;
- Consolidation of enterprise ICT responsibilities;
- Strengthened ICT processes; and
- Information systems support.

In addition, the Committee also undertakes a periodic review and revision of the ICT Strategic Plan.

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

Corporate governance

Transition and expenditure review board committee

The Transition and Expenditure Review Board Committee is established to assist the Board in discharging its responsibilities relating to:

- The transition of the remaining StateRail and Rail Infrastructure Corporation employees, assets and functions as required by RailCorp;
- Monitoring the success of management's strategic and tactical initiatives to achieve improved financial performance whilst achieving other business objectives;
- Overseeing reform of corporate business processes and structural reviews to improve organisational performance and efficiency.

The Committee may seek input from both RailCorp employees and other relevant parties. These parties may

include the Chief Executive Officer, Group General Manager Finance, Group General Manager Human Resources, Program Director Corporate Improvement and General Manager State Rail Authority.

Conflicts of interest

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

MEETINGS OF THE BOARD

Board member	Board meetings		Audit and risk board committee meetings		Human resource and remuneration board committee meetings		Safety and environment board committee meetings	
	Eligible*	Attended	Eligible*	Attended	Eligible*	Attended	Eligible*	Attended
Ross Bunyon	20	19	5	5	5	5	–	–
Arthur Butler	20	20	5	5	–	–	–	–
Liza Carver	20	18	–	–	5	5	5	5
Vince Graham	20	20	5	4	5	4	5	5
Paul Moy	20	18	5	5	–	–	–	–
Bob Plain	20	20	–	–	–	–	5	4
Dean Pritchard	20	18	–	–	5	5	5	2

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

MEETINGS OF THE BOARD (CONTINUED)

Board member	ICT board committee meetings		Transition & expenditure review board committee meetings	
	Eligible*	Attended	Eligible*	Attended
Ross Bunyon	3	2	4	3
Arthur Butler	–	–	–	–
Liza Carver	3	1	4	2
Vince Graham	3	3	4	4
Paul Moy	3	3	4	4
Bob Plain	–	–	–	–
Dean Pritchard	–	–	–	–

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

BOARD OF DIRECTORS

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

Member of the audit and risk board committee, human resources and remuneration board committee, ICT board committee and the transition and expenditure review board committee

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

Arthur Butler, BEc, FCPA

Chair of the audit and risk board committee

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

Paul Moy, BA, Dip Ed, PhD(Ec)

Chair of the ICT board committee and the transition and expenditure review board committee and member of the audit and risk board committee

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

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

Chief Executive Officer

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

Liza Carver, BEc, LLB, LLM

Chair of the human resources and remuneration board committee and member of the safety and environment board committee, ICT board committee and the transition & expenditure review board committee

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

Bob Plain

Member of the safety and environment board committee

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

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

Chair of the safety and environment board committee and member of the human resources and remuneration board committee

Mr Pritchard was appointed a Non Executive Director on 19 December 2003 to 1 January 2008. He is a former Non Executive Director of the Rail Infrastructure Corporation, the State Rail Authority of New South Wales and Rail Services Australia. He is the Chairman of Steel and Tube Holdings Limited (New Zealand) and ICS Global Limited. He is a Non Executive Director of OneSteel Limited, Zinifex Limited and Eraring Energy. He has over 30 years experience in the engineering and construction industry, and over six years' experience as a Non Executive Director.

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GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

RAIL CORPORATION NEW SOUTH WALES

To Members of the New South Wales Parliament

Audit Opinion

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

- (a) presents fairly the Corporation's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

The Board's Role

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

The Auditor's Role and the Audit Scope

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

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

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

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

My opinion does not provide assurance:

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

Audit Independence

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

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

R J Sendt
Auditor-General

SYDNEY
12 September 2005

Financial report

(Start of audited financial report)

Statement of Financial Performance for the year ended 30 June

	Note	2004-05 \$000	6 months to 30.6.2004 \$000
Revenues			
Revenues from ordinary activities	2.1	2 362 286	990 596
Expenses			
Payroll		497 030	119 572
Other employee benefits		74 189	22 644
Depreciation	7.3	431 356	196 633
Borrowing costs	3.2	-	7
Other expenses	3.1	1 267 130	646 788
Total expenses from ordinary activities		2 269 705	985 644
Net surplus from ordinary activities before income tax equivalent expense		92 581	4,952
Income tax equivalent expense	1(s)	-	-
Net surplus from ordinary activities after income tax equivalent expense		92 581	4 952
Total changes in equity other than those resulting from transactions with owners as owners		92 581	4 952

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

Statement of Financial Position as at 30 June

	Note	30.6.2005 \$000	30.6.2004 \$000
Current assets			
Cash assets	4	274 576	103 713
Receivables	5	140 438	86 924
Other financial assets (security deposits)		487	785
Inventories	6	21 175	2 219
Tax assets		21 925	18 180
Other	8	8 081	5 533
Total current assets		466 682	217 354
Non-current assets			
Inventories	6	19 254	-
Property, plant and equipment	7	11 616 514	11 009 197
Other	8	85 205	53 920
Total non-current assets		11 720 973	11 063 117
Total assets		12 187 655	11 280 471
Current liabilities			
Payables	9	439 690	199 306
Provisions	10	95 246	27 993
Tax liabilities		13 101	3 371
Total current liabilities		548 037	230 670
Non-current liabilities			
Payables	9	5 631	-
Provisions	10	168 615	39 670
Tax liabilities		7 363	1 895
Total non-current liabilities		181 609	41 565
Total liabilities		729 646	272 235
Net assets		11 458 009	11 008 236
Equity			
Contributed equity	11	11 360 476	11 003 284
Retained earnings	12	97 533	4 952
Total equity		11 458 009	11 008 236

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

Statement of Cash Flows for the year ended 30 June

	Note	2004-05 \$000	6 months to 30.6.2004 \$000
Operating activities			
<i>Cash received</i>			
Passenger services		520 105	256 960
Other receipts from customers and others		281 699	92 346
Government reimbursements for services		1 041 505	401 383
Government contributions received		176 188	81 285
Interest received		6 939	8 841
Total cash received		2 026 436	840 815
<i>Cash used</i>			
Payments to suppliers, employees and others		1 754 155	772 962
Borrowing costs		-	7
Total cash used		1 754 155	772 969
Net cash from operating activities	4.2	272 281	67 846
Investing activities			
<i>Cash received</i>			
Capital grants		422 147	170 797
Plant and equipment disposals		2 212	44
Investments redeemed		298	94
Total cash received		424 657	170 935
<i>Cash used</i>			
Property, plant and equipment acquisitions		526 106	168 516
Total cash used		526 106	168 516
Net cash from (used by) investing activities		(101 449)	2 419
Net increase in cash held		170 832	70 265
Cash at the beginning of the period		103 713	-
Cash received as a result of rail industry restructuring		31	33 448
Cash at the end of the period	4.1	274 576	103 713

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

Notes to and forming part of the financial report

Note 1 Summary of significant accounting policies

a) Principal activities and comparative information

Rail Corporation New South Wales (RailCorp) is a statutory State owned corporation constituted under the Transport Administration Act 1988. Its principal objectives are:

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

RailCorp commenced operations on 1 January 2004 and various assets, rights and liabilities of Rail Infrastructure Corporation and the StateRail Authority of NSW were transferred to it during 2004, principally on 1 January and 4 September. Because RailCorp only operated for six months (and was not fully resourced) during 2003-04, and because of the transfer of staff to RailCorp in 2004-05, the transactions and cash flows for 2004-05 and the assets, liabilities and equity items at 30 June 2005 are not directly comparable with those of the previous year. See note 11.

b) Basis of accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group consensus views, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, and specific directions issued by the Treasurer.

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

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

Despite current liabilities exceeding current assets at year end, RailCorp's continued operation and ability to pay its debts are assured because the annual Appropriation Act (given assent in June 2005) has allocated funds for the Government to support RailCorp in delivering services, offering fare concessions and undertaking capital works during the ensuing year.

c) Consistency of accounting policies

The accounting policies adopted are consistent with those of the previous year.

d) Transition to new accounting standards

New, Australian equivalents to International Financial Reporting Standards (AIFRS) apply from 1 July 2005.

The transition to the new standards is the responsibility of the Group General Manager Finance and is monitored by the Audit & Risk Board Committee. Implementation is well advanced.

The significant accounting policy differences between AIFRS and existing AASB requirements (AGAAP) have been identified. Where AIFRS permit optional accounting treatments, NSW Treasury has indicated it is likely to mandate particular options to ensure consistency in the NSW Public Sector.

Note 1 Summary of significant accounting policies (continued)

Had the 2004-05 financial statements been prepared under AIFRS, only one new requirement would have had a financial impact on the operating result or equity:

- AASB 119 *Employee Benefits* requires defined benefit obligations to be discounted using the government bond rate as at each reporting date rather than the long-term expected rate of return on plan assets. In 2004-05 this would have decreased the amount of the superannuation asset and changed the amount of employee benefits expense.

At the date of this report, management's best estimate of the financial impact of this requirement, as at the date of transition to AIFRS (1 July 2004) and for the year ended 30 June 2005, is as follows:

Reconciliation of equity	Standard	30.6.2005 \$000	1.7.2004 \$000
Total equity under AGAAP		11 458 009	11 008 236
Conversion of superannuation asset to liability	AASB 119	(94 167)	(20 145)
Total equity under AIFRS		11 363 842	10 998 091

Reconciliation of operating result	Standard	2004-05 \$000
Net surplus under AGAAP		92 581
Increase in employee benefits expense	AASB 119	(74 022)
Net surplus under AIFRS		18 559

However, the actual effects of the transition may differ from this estimate because of pending changes to AIFRS and/or emerging accepted practice in their interpretation and application.

The adoption of AIFRS will also necessitate reclassifying a number of items on the face of the income statement or balance sheet and making certain changes to disclosures in the financial report.

In addition, AASB 139 *Financial Instruments: Recognition and Measurement* requires the recognition of financial instruments that were previously off balance sheet, including derivatives. A mixed measurement model is adopted requiring financial instruments held for trading and available for sale to be measured at fair value (rather than cost) and valuation changes to be recognised in profit or loss or equity respectively. This may increase the volatility of the operating result and balance sheet. The standard also includes stricter rules for the adoption of hedge accounting, and where these are not satisfied, movements in fair value will impact the income statement. AASB 1 permits, and NSW Treasury is likely to mandate, the adoption of AASB 139 to be effectively deferred until 1 July 2005 and the presentation of the comparative information for 2004-05 to be presented on a pre-AIFRS basis.

Accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Accounting policies may also be affected by proposed changes to accounting for grants as set out in Exposure Draft ED 125 *Financial Reporting by Local Governments*. Instead of recognising all grants when they are controlled (as at present), the proposals would in some cases delay revenue recognition until either goods or services are supplied (where grants are in-substance agreements for the provision of goods or services) or conditions are satisfied. However, at this stage, the applicability and impact of these amendments are uncertain.

Note 1 Summary of significant accounting policies (continued)

e) Foreign currency translation

(i) Translation

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

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

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

(ii) Exchange differences

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

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

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

f) Cash assets

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

g) Receivables

(i) Recoveries

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

(ii) Doubtful debts

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

See note 5.

h) Inventories

Inventories comprise materials and supplies to be consumed in operations. They are measured at the lower of cost and net realisable value on an item by item or group basis.

Cost comprises materials, labour and an appropriate proportion of fixed and variable overheads and is assigned to individual items or groups by using their weighted average cost.

Items expected to be consumed after more than one year are classified as non-current.

The carrying amount of inventories sold is recognised as an expense when the related revenue is recognised. The amount of any write-down of inventories to net realisable value and any other loss relating to inventories is recognised as an expense in the year in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction of the expense relating to inventories in the year in which the reversal occurs.

See Note 6.

Note 1 Summary of significant accounting policies (continued)

i) Other financial assets

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

j) Property, plant and equipment

(i) Recognition

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

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

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

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

(ii) Valuation

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

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

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

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

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

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

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

(iii) Depreciation

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

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

Note 1 Summary of significant accounting policies (continued)

The expected useful lives are as follows:

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

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

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

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

(iv) Disposals

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

(v) Assets leased

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

(vi) Capital work in progress

Capital work in progress represents property, plant and equipment in the course of construction.

See note 7.

k) Payables

Trade and other payables are recognised for goods and services provided and remaining unpaid. The amounts are unsecured and, unless otherwise agreed with the creditor, are usually settled by the end of the month following the month in which an invoice or statement is received. See Note 9.

l) Provisions

(i) Provisions generally

Provisions are made for unavoidable liabilities of uncertain amount or uncertain timing of settlement. They comprise employee benefits, workers' compensation claims, public liability claims, legal claims, Airport Line asset replacement, and quarry site restoration.

Note 1 Summary of significant accounting policies (continued)

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

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

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

(ii) Employee benefits

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

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

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

See notes 3, 8 and 10.

m) Contributed equity

RailCorp is a statutory State owned corporation having a share capital of \$2. As at 30 June 2005, the Premier and the Treasurer were the voting shareholders and each has an equal shareholding.

A transfer of assets (or liabilities) from another NSW public sector entity as a result of a Ministerial order to give effect to industry restructuring is treated as a contribution by (or distribution to) the Government and recognised as a direct adjustment to contributed equity.

See Note 11.

n) Revenue

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

(i) Services

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

(ii) Contributions

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

The Government reimburses the cost of providing certain agreed services and concessions.

Note 1 Summary of significant accounting policies (continued)

(iii) Disposal of assets

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

(iv) Rents

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

(v) Interest

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

o) Leases

(i) Details of leasing arrangements

Various operating leases are in place.

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

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

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

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

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

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

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

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

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

(ii) Accounting treatment

Minimum lease payment and contingent rental revenue or expense is recognised in the reporting period in which it is earned or incurred, respectively. See note 3.3.

Where RailCorp is the lessor under an operating lease, the asset leased is classified as a non-current asset, and any initial direct costs of the lease are deferred and amortised over the lease term in proportion to the rental revenue recognised in each reporting period. See note 8.1.

p) Financial instruments

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

Note 1 Summary of significant accounting policies (continued)

(i) Derivative financial instruments

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

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

Forward foreign exchange contracts or foreign currency option contracts are used to hedge against fluctuations in exchange rates in relation to purchase orders denominated in a foreign currency. All such commitments are hedged in this manner.

These contracts entail a right to receive a fixed amount of foreign currency at a specified future date, which is offset by an obligation to pay a fixed amount of domestic currency at that time.

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

(ii) Financial guarantees and obligations

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

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

(iii) Accounting treatment

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

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

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

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

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

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

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

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

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

Note 1 Summary of significant accounting policies (continued)

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

(iv) Valuation

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

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

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

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

See note 15.

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

Airport Link Company Pty Limited designed, financed, constructed and commenced operating four stations on the Airport Line, which runs from Central to Turrella via Sydney Airport. The company is to operate the stations until 2030 and then offer to transfer the ownership to RailCorp. The company went into receivership in November 2000. A new agreement with the company is being negotiated and is nearing completion. See Note 14.

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

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

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

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

See note 8.1.

r) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position. However, where practicable, an estimate of their estimated potential financial effect is disclosed in the notes. They are measured and reviewed similarly to provisions. See notes 1(l) and 14.

Note 1 Summary of significant accounting policies (continued)

s) Taxes

(i) *Income tax equivalents*

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

Under the TER, RailCorp's taxable profit or loss is its accounting profit or loss excluding any (i) capital grant revenue and (ii) actuarial adjustment in relation to superannuation. The tax equivalent payable (if any) is calculated by multiplying the taxable profit (if any) by the prevailing company tax rate. No tax is payable if there is a tax loss. A tax loss in one year cannot be carried forward to be offset against a future year's taxable profit.

(ii) *Goods and services tax*

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

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

t) Rounding

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

u) Segment reporting

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

v) Comparative information

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

Note 2 Revenues

Note	2004-05	6 months to 30.6.2004
	\$000	\$000

2.1 Revenue from ordinary activities

Revenue from operating activities		
Passenger services	520 105	256 960
Government reimbursement for services	1 041 505	401 383
Total revenue from rendering of services	1 561 610	658 343
Capital and other Government contributions	2.2 599 550	253 343
Rents	27 663	12 505
Operating lease contingent rentals	838	275
Net foreign exchange gains	54	1 288
Other (operating)	91 670	11 248
Total revenue from operating activities	2 281 385	937 002
Revenue from non-operating activities		
Asset disposals	2 212	44
Interest	6 939	8 841
Other (non-operating)	71 750	44 709
Total revenue from non-operating activities	80 901	53 594
Total revenue from ordinary activities	2 362 286	990 596

2.2 Capital and other Government contributions

Capital grants from NSW Government		
Funding for capital works	422 147	170 797
Transfer of assets from Ministry of Transport	345	1 261
Total capital grants	422 492	172 058
NSW Government operating subsidies		
Major periodic maintenance	174 800	81 200
Training schemes	1 388	85
Total NSW Government operating subsidies	176 188	81 285
Commonwealth Government operating subsidies		
Training schemes	870	-
Total Commonwealth Government operating subsidies	870	-
Total capital and other Government contributions	599 550	253 343

2.3 Economic dependency

RailCorp depends on the Minister for Transport for a significant volume of financial support for services, capital works and major periodic maintenance. Approximately 69% [2003-04: 66%] of revenue was derived from this source.

Note 3 Expenses

	Note	2004-05 \$000	6 months to 30.6.2004 \$000
3.1 Other expenses			
Operating lease expense	3.3	115 705	35 074
Contract and general expenses*		1 101 641	605 304
Workers' compensation	10.9	22 887	5 300
Consultants		1 888	738
Inventory write-downs or losses		179	7
Audit fees		595	200
Doubtful debts expense		1 283	85
Written down value of equipment disposed of		22 952	80
Total other expenses		1 267 130	646 788

*Includes expenses of \$486.518m [2003-04: \$458.843m] paid to Rail Infrastructure Corporation and StateRail.

3.2 Borrowing costs

Interest	-	7
Total borrowing costs	-	7

3.3 Operating lease expenses

Minimum lease payments under rail access agreements	15 272	6 718
Minimum lease payments under other leases	97 646	27 982
Contingent rentals under operating leases	2 787	374
Total operating lease expenses	115 705	35 074

3.4 Components of net superannuation expense

Accruing liability recognised as payroll on cost	66 094	14 430
Actuarial adjustment	(102 812)	(8 169)
Net superannuation (credit)/expense	(36 718)	6 261

Note 4 Cash

Note	30.6.2005 \$000	30.6.2004 \$000
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4.1 Cash assets

Cash at bank	2 026	1 291
Cash in hand	6 031	6 722
Cash in Treasury Corporation "hourglass" investments	266 519	95 700
Total cash assets	274 576	103 713

4.2 Reconciliation of net surplus with net cash from operating activities

Net surplus	92 581	4 952
Cash capital grants	(422 147)	(170 797)
Non-cash capital grants	(345)	(1 261)
Loss on sale of assets	20 740	36
Airport line lease premium	(3 700)	(1 765)
Capital WIP expensed	21 185	-
Depreciation	431 356	196 633
Doubtful debts expense	1 283	80
Net movements in assets and liabilities applicable to operating activities:		
(Increase)/decrease in receivables	(52 975)	(82 192)
(Increase)/decrease in inventories	1 623	(304)
(Increase)/decrease in other assets	(104 575)	(29 690)
Increase/(decrease) in payables & provisions	287 255	152 154
Net cash from operating activities	272 281	67 846

4.3 Non-cash investing activities

During 2004-05 the Minister for Transport transferred assets and liabilities from Rail Infrastructure Corporation and StateRail to RailCorp. The net transfer of assets represents a non-cash contribution of \$357.161m by the Government. See Note 11.2

4.4 Credit standby arrangements and loan facilities

An \$80m "come and go" loan facility with the NSW Treasury Corporation is available until June 2006. None of this facility had been used as at 30 June 2005.

Note 5 Receivables

	Note	30.6.2005 \$000	30.6.2004 \$000
5.1 Analysis of receivables			
Current receivables			
Trade and other debtors*		142 080	87 259
Less allowance for doubtful debts		1 642	335
Total current receivables		140 438	86 924

*Includes \$52.732m [2004: \$49.978m] receivable from Rail Infrastructure Corporation and StateRail.

5.2 Minimum lease rentals receivable on non-cancellable operating leases

Not later than 1 year	21 455	30 054
Later than 1 year and not later than 5 years	49 609	47 071
Later than 5 years	203 149	209 867
Total non-cancellable lease rentals receivable	274 213	286 992

No other operating lease commitments were receivable from lessees.

Note 6 Inventories

Current inventories		
Materials and supplies, at cost	20 068	2 219
Work in progress tota; current inventories	1 107	-
Total current inventories	21 175	2 219
Non-current inventories		
Materials and supplies, at cost	19 155	-
Materials and supplies, at net realisable value	99	-
Total non-current inventories	19 254	-
Total inventories	40 429	2 219

Note 7 Property, plant and equipment

Note	30.6.2005 \$000	30.6.2004 \$000
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7.1 Property, plant and equipment classes

Land

Gross amount	2 910 049	2 730 794
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Buildings

Gross amount	2 115 024	1 938 169
Less accumulated depreciation	39 193	11 067
Total buildings	2 075 831	1 927 102

Rollingstock

Gross amount	2 911 275	2 732 221
Less accumulated depreciation	267 090	87 165
Total rollingstock	2 644 185	2 645 056

Plant and machinery

Gross amount	349 696	205 254
Less accumulated depreciation	71 720	18 211
Total plant and machinery*	277 976	187 043

Trackwork and infrastructure

Gross amount	3 358 312	3 236 931
Less accumulated depreciation	246 108	80 190
Total trackwork and infrastructure	3 112 204	3 156 741

Capital works in progress

Trackwork and infrastructure work in progress	315 941	195 211
Other work in progress	280 328	167 250
Total capital works in progress	596 269	362 461

Total property plant and equipment	11 616 514	11 009 197
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*Includes quarry assets of \$6.832m [2004: nil]

7.2 Valuation basis

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

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Note 7 Property, plant and equipment (continued)

7.3 Asset class movements

	Land	Buildings	Rollingstock	Plant and machinery	Trackwork & infrastructure	Capital works in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2004-05							
Carrying amount at start of period	2 730 794	1 927 102	2 645 056	187 043	3 156 741	362 461	11 009 197
Additions	38	37 317	138 982	79 524	145 571	141 476	542 908
Disposals	(145)	(283)	-	(3 248)	(19 276)	-	(22 952)
Transfers (to)/from RIC or StateRail	79 838	138 982	36 964	72 306	(2 282)	116 433	542 241
Depreciation expense	-	(27 281)	(179 850)	(54 616)	(169 609)	-	(431 356)
Other movements	(476)	(6)	3 033	(3 033)	1 059	(24 101)	(23 524)
Carrying amount at end of period	2 910 049	2 075 831	2 644 185	277 976	3 112 204	596 269	11 616 514
2003-04							
Carrying amount at start of period	-	-	-	-	-	-	-
Additions	3	36 177	91 696	22 824	183	71 593	222 476
Disposals	(74)	-	-	(6)	-	-	(80)
Non Vesting equity adjustments	4 980	-	-	-	-	-	4 980
Transfers (to)/from RIC or StateRail	2 725 885	1 901 992	2 640 525	182 436	3 216 694	308 441	10 975 973
Depreciation expense	-	(11 067)	(87 165)	(18 211)	(80 190)	-	(196 633)
Other movements	-	-	-	-	20 054	(17 573)	2 481
Carrying amount at end of period	2 730 794	1 927 102	2 645 056	187 043	3 156 741	362 461	11 009 197

Note 8 Other assets

	Note	30.6.2005 \$000	30.6.2004 \$000
Current other assets			
Prepayments		8 081	5 533
Total current other assets		8 081	5 533
Non-current other assets			
Net superannuation asset	8.2	73 455	45 870
Earned portion of right to receive Airport Line stations		11 750	8 050
Total non-current other assets		85 205	53 920
Total other assets		93 286	59 453

Note 8 Other assets (continued)

8.2 Superannuation

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

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

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

The net superannuation asset in relation to the schemes comprises:

	SASS \$000	SANCSS \$000	SSS \$000	Total \$000
30.6.2005				
SES and Non-SES schemes				
Investment reserve	509 973	90 285	5 297	605 555
Less gross liability	460 718	67 519	3 863	532 100
Net superannuation asset	49 255	22 766	1 434	73 455
30.6.2004				
Non-SES schemes				
Investment reserve	220 701	32 363	-	253 064
Less gross liability	182 229	24 943	-	207 172
Net superannuation asset in Non SES schemes	38 472	7 420	-	45 892
SES officer schemes				
Gross liability	727	89	-	816
Less investment reserve	707	87	-	794
Net superannuation liability in SES schemes	20	2	-	22
Net superannuation asset in all schemes	38 452	7 418	-	45 870

The gross superannuation liability for each scheme at period end was assessed by a consulting actuary, William Mercer Pty Limited, using membership databases as at 31 March 2005. The actuary assumed an interest rate of 7% (2004: 7%) per annum, a salary growth rate of 4% (2004: 4%) per annum, and a Consumer Price Index increase of 2.5% (2004: 2.5%) per annum.

Note 9 Payables

	Note	30.6.2005 \$000	30.6.2004 \$000
Current payables			
Trade creditors		42 136	62 545
Capital works accruals		69 299	55 180
Accrued salaries and wages		71 923	3 258
Other creditors and accruals*		256 332	78 323
Total current payables		439 690	199 306
Non-current payables			
Accrued salaries and wages on-costs		5 631	-
Total non-current payables		5 631	-
Total payables		445 321	199 306

*Includes \$99.251m [2004: \$12.964m] payable to Rail Infrastructure Corporation and StateRail.

Note 10 Provisions

10.1 Total provisions

Current provisions			
Annual leave		49 152	16 845
Long service leave	10.3	15 925	4 370
Pay in lieu of certain holidays worked		8 853	2 944
Wages and salaries		-	3 053
Total current employee benefits		73 930	27 212
Workers' compensation	10.4	3 380	711
Public liability claims	10.5	430	-
Legal claims	10.6	1 016	70
Airport Line asset replacement	10.7	16 490	-
Total current provisions		95 246	27 993
Non-current provisions			
Annual leave		23 274	3 446
Long service leave	10.3	120 996	31 608
Total non-current employee benefits		144 270	35 054
Workers' compensation	10.4	20 047	3 620
Public liability claims	10.5	70	996
Quarry restoration	10.8	4 228	-
Total non current provisions		168 615	39 670

Note 10 Provisions (continued)

10.2 Employee benefits and related on-costs

	Note	30.6.2005 \$000	30.6.2004 \$000
Current liabilities			
Employee benefits provisions	10.1	73 930	27 212
Accrued wages and salaries	9	71 923	3 258
Payroll and fringe benefits taxes		13 101	3 318
Total current employee benefits and related on-costs		158 954	33 788
Non-current liabilities			
Employee benefits provisions	10.1	144 270	35 054
Payroll tax		7 363	1 895
Accrued wages and salaries on-costs	9	5 631	-
Total non-current employee benefits and related on-costs		157 264	36 949
Total employee benefits and related on-costs		316 218	70 737

10.3 Long service leave

The liability for long service leave was assessed in June 2005 by a consulting actuary, Mr G. Holley FIAA of Mercer Human Resource Consulting. The actuary assumed an interest rate of 5.1% (2004: 5.75%) per annum and a salary growth rate of 4% (2004: 4%) per annum.

10.4 Workers' compensation

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

The workers' compensation liabilities at period end were assessed by McMahon Actuarial Services using a "central" estimate and assuming an interest rate of 5.8% (2004: 5.8%) per annum and a future wage inflation rate of 4% (2004: 4%) per annum. The liabilities are inherently uncertain due to doubts over the existence and quantum of individual claims and due to time lags between reporting date and settlement date.

10.5 Public liability claims

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

Any claim recoverable from RailCorp's insurer is also recognised as a receivable or disclosed as a contingent asset, depending on its probability of settlement. See note 14.

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

10.6 Legal claims

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

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

Note 10 Provisions (continued)

10.7 Airport line asset replacement

The Airport Line Asset Replacement Provision recognises RailCorp's contractual obligation to fund the replacement of major track and tunnel assets on the Airport Line, by the line's maintenance contractor during the term of the contract to 2030. Any unused balance of the provision remaining in 2030 will be shared equally with the maintenance contractor.

The liability at period end is the unused portion of the contractually-specified maximum sum to be provided. The quantum and timing of payments are inherently uncertain as they are based on unpredictable future claims by the maintenance contractor.

10.8 Quarry restoration

The Quarry Restoration Provision recognises RailCorp's legal obligation to restore quarry sites when operations cease.

The liability at period end was assessed by management undertaking site investigations and estimating the cost of the necessary restoration work. The liability is inherently uncertain due to the time likely to elapse before the restoration is required.

10.9 Movements in provisions

	Workers' compensation \$000	Public liability claims \$000	Legal claims \$000	Airport Line asset replacement \$000	Quarry restoration \$000
2004-05					
Carrying amount at start of period	4 331	996	70	-	-
Transfers from RIC	-	-	-	15 175	3 954
Increases in provision	24 989	-	1 068	1 315	274
Subtotal	29 320	996	1 138	16 490	4 228
Payment of claims	6 849	422	122	-	-
Remeasurements and no-cost settlements	(956)	74	-	-	-
Carrying amount at end of period	23 427	500	1 016	16 490	4 228
2003-04					
Carrying amount at start of period	-	-	-	-	-
Increases in provision	5 300	1 000	70	-	-
Subtotal	5 300	1 000	70	-	-
Payment of claims	969	4	-	-	-
Carrying amount at end of period	4 331	996	70	-	-

Note 11 Contributed equity

	Note	30.6.2005 \$000	30.6.2004 \$000
11.1 Contributed equity			
Contributed equity at start of period		11 003 284	-
Net assets contributed by Government	11.2	357 192	10 998 304
Transfer of land from the Crown		-	4 980
Contributed equity at end of period		11 360 476	11 003 284

11.2 Net assets contributed by the Government

As part of the restructuring of the NSW rail industry, the Minister for Transport ordered the transfer of the following assets and liabilities from Rail Infrastructure Corporation or StateRail to RailCorp during the year. The net transfers have been treated as equity contributions by the Government and recognised as direct adjustments to contributed equity.

Assets transferred

Cash assets	31	33 448
Receivables (current)	1 822	4 812
Other financial assets	-	879
Inventories	39 832	1 915
Other current assets	3	4 994
Property, plant and equipment	542 241	10 975 973
Other non-current assets	(70 700)	41 184
Total assets	513 229	11 063 205

Liabilities transferred

Payables (current)	13 032	4 718
Provisions (current)	69 756	45 002
Tax liabilities (current)	2 797	1 497
Payables (non-current)	1 680	-
Provisions (non-current)	64 537	11 816
Tax liabilities non-current	4 235	1 868
Total liabilities	156 037	64 901

Net assets contributed	357 192	10 998 304
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Note 12 Retained earnings

Retained earnings at start of period	4 952	-
Transactions other than with owners as owners		
Net result from operating activities for the period	92 581	4 952
Total transactions other than with owners as owners	92 581	4 952
Retained earnings at end of period	97 533	4 952

Note 13 Expenditure commitments

	Note	30.6.2005 \$000	30.6.2004 \$000
13.1 Expenditure commitments			
Rail access fees			
Within 12 months		10 472	12 903
12 months or longer but not longer than 5 years		33 118	60 348
Total rail access fees		43 590	73 251
Leasing (excluding rail access fees)			
Within 12 months		23 720	43 284
12 months or longer but not longer than 5 years		66 479	93 215
Longer than 5 years		21 309	6 780
Total leasing (excluding rail access fees)		111 508	143 279
Capital			
Within 12 months		323 708	239 950
12 months or longer but not longer than 5 years		73 529	116 018
Total capital		397 237	355 968
Other (excluding inventories)			
Within 12 months		256 177	288 854
12 months or longer but not longer than 5 years		482 135	611 253
Longer than 5 years		31 345	310 808
Total other (excluding inventories)		769 657	1 210 915
Total			
Within 12 months		614 077	584 991
12 months or longer but not longer than 5 years		655 261	880 834
Longer than 5 years		52 654	317 588
Total expenditure commitments		1 321 992	1 783 413

The expenditure commitments include any associated Goods and Services Tax. Related input tax credits of \$120.181m (2004: \$162.128m) are expected to be recoverable from the Australian Taxation Office.

13.2 Minimum lease payments committed under non-cancellable operating leases

Not later than 1 year	19 203	12 903
Later than one year and not later than 5 years	59 451	60 348
Longer than 5 years	345	-
Total committed	78 999	73 251

Minimum lease payment commitments include any associated Goods and Services Tax. Related input tax credits of \$7.182m (2004: \$6.659m) are expected to be recoverable from the Australian Taxation Office.

Note 14 Contingent liabilities and contingent assets

	Note	30.6.2005 \$000	30.6.2004 \$000
Contingent liabilities			
Contingent infrastructure borrowings		1 336 700	-
Contractual and other claims		105 857	98 261
Public liability claims		361	-
Total contingent liabilities		1 442 918	98 261
Contingent assets			
Contingent infrastructure assets		1 940 300	-
Contractual and other recoveries		500	-
Total contingent assets		1 940 800	-

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

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

As a result of claims made against RailCorp or StateRail by the operator of the four privately-owned stations on the Airport Line a new agreement between RailCorp and the company is nearing completion. This may result in the waiving of all outstanding claims and provide for a settlement amount to be paid by RailCorp progressively over a number of years. The contingent liability for the total settlement amount is estimated to be approximately \$105.857m.

The Minister for Transport Services vested the Parramatta Rail Link Project land, rights and contractual obligations in the Transport Infrastructure Development Corporation (TIDC) effective 1 January 2004. RailCorp has agreed to acquire from TIDC the completed Parramatta Transport Interchange in 2006 and the Epping to Chatswood railway in 2008. The contingent assets are estimated to be \$1 724.900m for the railway and \$215.400m for the interchange. The contingent liabilities (borrowings) for the interchange are estimated to be \$1 336.700m and are supported by a NSW Government guarantee.

Contractual and other recoveries represent claims made by RailCorp against others in relation to contractual breaches or prosecutions in relation to other matters. The existence or quantum of each claim is usually in dispute.

Note 15 Financial instruments

15.1 Credit risk

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

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

The maximum credit risk in relation to forward foreign exchange contracts, foreign currency option contracts and commodity swap contracts is the fair value of the contracts, as set out in note 15.3.

The only significant concentration of credit risk at period end arises in respect of receivables of \$252 000 (2004: \$16.125m) from Rail Infrastructure Corporation and \$52.480m (2004: \$33.853m) from StateRail. Despite the size of the credit risk exposure, the risk of loss is considered to be minimal due to the nature and general financial standing of the debtor.

15.2 Interest rate risk

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

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

	Average interest rate		Principal amount	
	2005 %	2004 %	30.6.2005 \$000	30.6.2004 \$000
Timing of exposure				
Not later than 1 year				
Cash assets	5.7	5.2	274 576	103 713
Total principal exposed			274 576	103 713

15.3 Valuation of financial instruments

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

	Carrying/contract value		Fair value	
	30.6.2005 \$000	30.6.2004 \$000	30.6.2005 \$000	30.6.2004 \$000
Assets (current and non-current)				
Favourable commodity swap contracts	11 704	4 422	14 915	4 835
Favourable forward foreign exchange and option contracts	18 076	37 822	17 519	39 109
Financial guarantees receivable	110 379	80 826	110 379	80 826
Liabilities (current and non-current)				
Unfavourable commodity swap contracts	1 199	4 439	1 228	4 359
Unfavourable forward foreign exchange and option contracts	23 207	11 381	21 290	11 350

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

15.4 Maturity profile of commodity swap contracts

	Notional contract value	
	30.6.2005 \$000	30.6.2004 \$000
Maturity profiles		
Not later than 1 year	12 903	8 861
Total commodity swap contracts	12 903	8 861

Note 15 Financial Instruments (continued)

15.5 Foreign currency hedging

At period end \$41.283m (2004: \$58.124m) of overseas purchase orders were exposed to fluctuations in foreign exchange rates. Forward foreign exchange contracts or foreign currency option contracts were used to hedge all of these purchases.

Maturity profiles	Weighted average exchange rate		Contract value	
	30.6.2005	30.6.2004	30.6.2005 A\$000	30.6.2004 A\$000
Contracts denominated in Euros				
Not later than 3 months	0.5911	0.5814	8 690	5 592
Later than 3 months and not later than 12 months	0.5791	0.5697	8 942	9 780
Later than 12 months	---	0.5628	-	1 622
Total hedged Euro contracts			17 632	16 994
Contracts denominated in US dollars				
Not later than 3 months	0.6884	0.6768	2 903	2 041
Later than 3 months and not later than 12 months	0.7461	0.6873	8 404	9 705
Later than 12 months	---	0.6846	-	260
Total hedged US dollar contracts			11 307	12 006
Contracts denominated in New Zealand dollars				
Not later than 3 months	---	1.1429	-	1 154
Later than 3 months and not later than 12 months	---	1.1426	-	230
Total hedged New Zealand dollar contracts			0	1 384
Contracts denominated in Japanese yen				
Not later than 3 months	75.44	75.97	6 323	3 042
Later than 3 months and not later than 12 months	77.51	75.31	4 103	6 780
Later than 12 months	---	73.49	-	6 021
Total hedged Japanese yen contracts			10 426	15 843
Contracts denominated in Swiss francs				
Not later than 3 months	0.9619	0.8827	90	96
Later than 3 months and not later than 12 months	---	0.8598	-	299
Total hedged Swiss franc contracts			90	395
Contracts denominated in pounds sterling				
Not later than 3 months	0.4025	0.4066	1 828	1 036
Later than 3 months and not later than 12 months	---	0.3854	-	1 501
Later than 12 months	---	0.3860	-	104
Total hedged pounds sterling contracts			1 828	2 641
Total hedged purchases			41 283	49 263

Note 16 Directors' remuneration

There were seven directors, including six non-executive directors, during the year. Total non-executive directors' remuneration was \$515 000 [2004: \$243 000 accrued for the six months ended 30 June 2004]. The 2004-05 remuneration includes \$55 000 unpaid directors remuneration from 2003-04 that was not approved until February 2005. There was one executive director who did not receive separate remuneration as a director.

Note 17 Reporting exemptions

The Treasurer has granted the following exemptions from the reporting requirements of the Public Finance & Audit Act 1983 or the Public Finance and Audit Regulation 2005 because RailCorp is not in competition.

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

Note 18 Event occurring after reporting date

On 1 July 2005, further RIC and StateRail assets, rights, liabilities and staff were transferred to RailCorp as part of the continuing restructuring of the NSW rail industry referred to in note 1(a). The transferred assets and liabilities mainly comprise property, plant and equipment, borrowings and the employee benefits of 461 transferred staff. As the transfer occurred after the reporting date its financial effect has not been recognised in 2004-05. It is not possible to reliably estimate the net financial effect at present because the value of the transferred employee benefit liabilities has yet to be assessed.

(Finish of audited financial report)

Statement by directors for the year ended 30 June 2005

Pursuant to section 41C(1B) of the Public Finance and Audit Act 1983 and clause 11 of the Public Finance and Audit Regulation 2005 and in accordance with a resolution of the Board of Rail Corporation New South Wales, we state that:

- (a) The accompanying financial report, read in conjunction with the notes thereto, exhibits a true and fair view of the financial position of Rail Corporation New South Wales as at 30 June 2005 and its performance for the year ended on that date.
- (b) The accompanying financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, Australian Accounting Standards and applicable Treasurer's directions.
- (c) At the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.
- (d) We are not aware, as at the date of this statement, of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

Signed in accordance with a resolution of the directors.



Ross Bunyon
Chairman
12 September 2005



Vince Graham
Chief Executive Officer
12 September 2005

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Appendix 1

CityRail customer service commitment

The following outlines CityRail's commitment to provide safe, reliable and clean rail services in 2004-05. It describes what customers can expect when they travel on CityRail. We aim to continuously improve our services and report our progress.

About CityRail

CityRail is the principal urban public transport provider in Sydney and the surrounding regions in NSW. It delivers suburban and intercity passenger train services in the Sydney, Hunter Valley, Central Coast, Blue Mountains, Southern Highlands and South Coast areas. Statistics on rail usage are published on the CityRail website: www.cityrail.info and in this annual report.

Our staff

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

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

Service reliability

CityRail is committed to providing safe, reliable and punctual train services. Our targets for 2004-05 are for:

- At least 99 out of every 100 peak services to run.
- At least 92 out of every 100 peak services to arrive at their terminus within 5 minutes of their scheduled arrival time [5 minutes and 59 seconds for Intercity services].
- Less than 1% of stations per day to be skipped during peak service provision to maintain on-time running. CityRail's performance is closely monitored and reported each week on the CityRail website: www.cityrail.info. In 2004-05 CityRail increased the amount of performance data displayed on its website. On-time running statistics were published for each line.

For more information on our performance, please see our service provision summary on page 5.

Our trains

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

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

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

Our stations

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

- Clean all attended stations daily.
- Conduct cleaning inspections at unattended stations on a regular basis.
- Maintain bright lighting.
- Fix equipment failures promptly and, when lifts or escalators are expected to be out of service for a considerable time, provide advice on expected restoration time and alternative arrangements. Our target is to have 98% of lifts and escalators in working order when train services are operating.
- Ensure toilets at stations are clean and unlocked wherever possible. If toilets are closed for security reasons, staff will unlock them on request. CityRail is continuously upgrading and improving stations, including the installation of Easy Access facilities. CityRail is progressively introducing electronic destination signage and digitised voice announcements at its stations.

Security

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

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

Appendices

Passengers with special needs

CityRail welcomes customers with special needs and is committed to providing a service that everyone can use. We are continuing to upgrade stations to improve access. All new stations and trains are designed to maximise functional accessibility for passengers with disabilities. The accessible features of our stations are listed in the 'Accessing CityRail' brochure, which is available on our website and at staffed stations.

Fares and tickets

CityRail's fares are distance based and are reviewed annually by the Independent Pricing and Regulatory Tribunal. We offer a large range of ticket products. Details can be found on the CityRail website and in the brochure 'Tickets to Ride', which is available from staffed CityRail stations. CityRail staff in ticket offices are happy to provide you with information regarding fares and ticketing. Tickets are available from ticket offices at busier stations and at ticket vending machines throughout the CityRail network. CityRail aims to have at least 98.5% of ticketing devices in operating order at all times. Performance against this target is available at www.cityrail.info.

Customer information

CityRail provides you with information on services through the Transport Infoline telephone service (131 500) and website (www.131500.com.au), the CityRail website (www.cityrail.info) and our station staff. The Transport Infoline, which operates from 6am until 10pm daily, aims to answer 95% of calls within 40 seconds. Our timetables, fares brochures and network maps are published annually and are available free of charge at staffed stations. The relevant timetables are displayed at all stations. Our target is to have 99% of public address systems working at all times. Performance against this target is available at www.cityrail.info. Real-time information about service disruptions is displayed on www.cityrail.info and recorded information is available 24 hours per day on 131 500.

Advice concerning service changes

Advising customers about track maintenance and service changes is a priority. CityRail displays posters at stations to advise passengers of maintenance work that will require trains to be replaced by buses. This information is also available from the Transport Infoline, the CityRail website and in local newspapers. In 2004-05 CityRail published a calendar of all planned weekend track closures. Customers can subscribe to CityRail's trackwork info service and have details of track closures emailed each week by registering their details on www.cityrail.info. When major works are planned requiring large-scale bus operations, CityRail will conduct a communications campaign to ensure the community is aware of service changes. Advertisements will be placed in the media, leaflets distributed to stations and posters displayed at stations. When unplanned disruptions occur, we aim to respond quickly and will make every effort to keep customers informed. Staff will make announcements

and the Transport Infoline and radio stations will be notified of the disruption and the alternative transport arrangements.

Feedback

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

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

- Provide customer service staff at the Transport Infoline to receive, record and answer your feedback between 6.00am and 10.00pm daily.
- Provide electronic feedback forms on the CityRail and Transport Infoline web sites.
- When required, follow up customer complaints by phone within five days.
- Respond to correspondence within 15 days.
- Audit and research customer satisfaction with feedback processes.
- Analyse your feedback and provide a summary of customer feedback on the CityRail website and in this Annual report.

Contact details

For train, bus and ferry timetable and ticketing information:

Transport Infoline:

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

CityRail:

- Website www.cityrail.info

For 24-hour assistance with ticket vending machines:

- Telephone 1800 808 822.

To report unclean train carriages or faulty equipment:

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

To report security issues:

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

For correspondence:

RailCorp Ministerial Correspondence and Customer Relations Division
Rail Corporation New South Wales
PO Box K349
Haymarket NSW 1238
Email: feedback@railcorp.nsw.gov.au

Appendix 2

Electronic service delivery

RailCorp recognises that the internet is an increasingly important source of information about its services and performance and has taken steps to ensure its capacity to effectively deliver information via web-based media.

Our CityRail website provides access to information such as timetables, trackwork, special events, service disruption and ticketing information and key performance indicators. In May 2005 a new CountryLink website was launched, offering timetable, service and service disruption information as well as enabling customers to book and pay for their tickets online.

RailCorp

www.railcorp.info
Most popular page: Recruitment and training – Job opportunities
1 Jul 2004 to 30 Jun 2005
Average visitors per day: 1,201
Total visitors: 438,188

CityRail

www.cityrail.info
Most popular page: Timetables
1 Jul 2004 to 30 Jun 2005
Average visitors per day: 12,757
Total visitors: 4,652,920

CountryLink

www.countrylink.info
Most popular page: Timetables
1 Jul 2004 to 30 Jun 2005
Average visitors per day: 2,824
Total visitors: 1,021,415

Appendix 3

Research and development

Commencing in 2004, the Communications Group, through the Product & Research unit, worked with the ITSRR to transfer the responsibility for the CityRail Customer Survey to ITSRR. The first ITSRR CityRail Customer Survey was conducted in September 2004. Enquiries in relation to the CityRail customer survey should be directed to ITSRR on telephone (02) 8263 7126.

The attention of the Product & Research unit for 2004-05 has been on a range of customer research initiatives with a focus on contributing to RailCorp being better informed by customer needs and insights.

A program of formal evaluation of communications and marketing campaigns was initiated in late 2004. In reference to general communication campaigns, the objectives of the evaluation are to measure their impact on the awareness, perceptions, attitudes and behaviour of the audience being targeted by the communication. The purpose of the evaluation is to determine if the campaigns achieve their objectives in terms of these criteria and to learn how to continually improve communication to customers and staff in terms of the stated criteria.

In reference to marketing campaigns, the objectives are more specifically focused on generating incremental increases in patronage and revenue, in addition to measuring impacts on awareness, attitudes, perceptions and behaviour. As such, the evaluation includes analysis of revenue and return on investment to assist determination of commercial viability of a campaign and the product or service initiative it promotes.

Campaign evaluation exercises in 2004-05 have included:

- The effectiveness of customer communication about CityRail service improvement initiatives;
- The effective communication of timetable information; and
- Price-led promotion of CountryLink rail and coach services as a cooperative marketing partner to Tourism NSW campaigns:
- Summer in Sydney 2004-05
- Easter in Sydney 2005
- Outback NSW
- North Coast NSW.

The unit also conducted a series of market research exercises including:

- The awareness of selected communities of level crossing safety issues and proper usage;
- CityRail customer perception of Transit Officer roles, responsibilities and effectiveness;
- CityRail customer attitudes toward the introduction of a CityRail customer newsletter.

Ticket product development

The unit contributed to the Integrated Ticketing/SmartCard project and investigated the potential of a number of proposed new ticket product initiatives. From that process, the three-day Blue Mountains ExplorerLink ticket was launched in June 2005.

Appendix 4

Heritage management

RailCorp met its obligations under the *Heritage Act* and various guidelines issued by the Heritage Council of NSW.

Strategic review

Having regard to the formation of RailCorp and the cessation of StateRail and Rail Infrastructure Corporation, the Board of RailCorp endorsed the process for the development of a Heritage Asset Management Strategy. A key element for this Strategy was the establishment of the Heritage Asset Management Strategy Steering Committee. The objective of the Committee was to develop a draft strategy for the viable, sustainable governance of the NSW railway heritage assets.

As part of the development of the strategy, a review was undertaken on all heritage items. Of special note was the establishment of a Rollingstock Selection Committee to review the existing assessments of each item and make recommendations on the retention or disposal of the moveable heritage assets. The committee included representatives from the NSW Heritage Office, Powerhouse Museum and the National Trust (NSW). By June 30, the Committee had concluded its review but its recommendations had not been considered by RailCorp.

Running parallel with the review of moveable heritage, RailCorp undertook an assessment of all items on the Section 170 Heritage and Conservation Registers of both StateRail and the Rail Infrastructure Corporation. The objective of the review was to consider the significance of items that should be placed on the RailCorp Section 170 Register.

Werris Creek

Apart from the review of heritage, the establishment of the Australian Railway Monument at Werris Creek continued during the year. This is a project to commemorate the deaths of staff and contractors killed during their work on the NSW railways. The project is aimed at the creation of an adaptive re-use for the large station structure at Werris Creek, which is now surplus to operational requirements.

General

Advice was provided to staff, contractors and the general public on a wide range of matters. This included the provision of heritage paint palettes for stations, advice on changes to physical fabric and on the nature of past rail activities in respect of projects involving a Review of Environment Factors.

During the year, restoration work was completed on steam locomotive 3526. This locomotive was handed over to the NSW Rail Transport Museum for use on excursion trains.

With the establishment of the Redfern-Waterloo Authority, RailCorp was advised that a timetable was being formulated for the eventual vacation of both the heritage store and the Large Erecting Shop, which is home to 3801 Ltd.

Appendix 5

Environmental performance

Contamination management

Contamination issues present commercial and operational risks to RailCorp property and associated assets. To facilitate a centralised and coordinated management approach to contamination issues, the RailCorp Contamination Management Policy was approved by the CEO in December 2004. The Policy states that all contamination matters will be managed by RailCorp's Environmental Projects Unit (EPU) and that the EPU will ensure that due consideration is given to soil, surface water, groundwater and hazardous building materials contamination for the RailCorp property portfolio.

In 2004-05, the EPU received approximately 30 new requests for the assessment and/or remediation of railway owned property and assets. Requests were generated from a variety of divisions including RailCorp Property, StateRail Property, Rail Development and Passenger Fleet Maintenance.

Completed environmental investigations facilitated the divestment and vesting of surplus railway land, commercial lease negotiations and landuse suitability assessments for rail-related development proposals. Due diligence monitoring and remediation programs for 'Significant Risk of Harm' sites were also completed, to ensure RailCorp's compliance with the *Contaminated Land Management Act, 1997*.

In addition to new requests, the EPU continued management of a large number of projects, which had commenced in previous years. On average, the EPU were managing 100 separate contracts at any one time, and approximately \$2.1 million was spent on environmental investigations and remediation programs throughout the course of the year.

The EPU also assisted with the handover of contamination management matters to the Australian Rail Track Corporation, as part of the lease and management agreement for the country property network. Files, management tools and, where possible, knowledge were handed over, to ensure the consistent management of contamination issues across the rail entities.

Environmental improvement at passenger fleet maintenance centres

RailCorp has been progressing with a number of ongoing projects within our Passenger Fleet Maintenance (PFM) area, including upgrading and/or replacing effluent treatment plants, upgrading bunding and storage of chemicals and fuels, upgrading and obtaining licenses for storage of dangerous goods, and licensing operations not previously licensed for waste activities. These projects, along with development of compliance assurance programs and environmental management programs, are guiding Rolling Stock Division (previously PFM) towards continuous improvement in environment performance.

Environmental training for rolling stock personnel

During 2004-05, rollout of rolling stock environmental training was continued within rolling stock and stations divisions. In 2003-04 the operational staff received the most comprehensive environmental training. To support this training, environmental awareness modules were developed and rolled out for "shop floor" personnel. Environmental training modules will continue to be developed and implemented as management systems and procedures are introduced, to ensure that all employees are kept informed of the changes being introduced.

Ballast recycling

RailCorp's Ballast Recycling Centre (BRC) at Chullora has operated since 1994, and is the organisation's only EPA licensed waste transfer depot.

During 2004-05, the BRC completed a record year for the recovery of spent ballast materials. Over 185,000 tonnes of material was received and processed (an 8% increase on 2003-04) with half of that material being converted to aggregates and road base for re-use.

The increased level of recycling is in part due to a recent (2003) capital upgrade, including a second front-end loader and a new weighbridge, as well as an increase in track reconstruction work. It also reflects a stronger commitment across the organisation to recycling and minimising the impact of rail operations on the environment.

Graffiti reduction

The Graffiti Abatement Program has continued with the practise of using murals to reduce the levels of graffiti on the CityRail network. Murals have been painted on a range of structures along the rail corridor, particularly structures near stations. A total of 12 have been completed in 2004-05 and include bridge abutments, signal locations, retaining walls and miscellaneous buildings and structures.

Environmental Management System (EMS)

RailCorp is developing a new Environmental Management System (EMS), which builds upon the EMSs that were in place in the former StateRail and Rail Infrastructure Corporation. During 2004-05, RailCorp undertook a review of the environmental management practices and procedures in the organisation. In response to the review findings, RailCorp is restructuring our EMS to better meet the needs of the new organisation and to achieve improved environmental performance.

Underpinning the EMS is our new Environmental Policy, which outlines RailCorp's environmental commitments and establishes our environmental direction. RailCorp is now developing and implementing an Environmental Risk Management Framework. As part of this process RailCorp will be reviewing our environmental risks and implementing environmental management programs and strategies to manage significant risks.

Pollution reduction programs

RailCorp currently operates under Environment Protection Licence (EPL) 12208 issued and regulated by the Department of Environment and Conservation (DEC). The EPL enables the operation and maintenance of the NSW Railway System. One of the licence conditions is for RailCorp to undertake Pollution Reduction Programs (PRPs).

The PRPs currently comprise a total of 38 noise mitigation actions on five rail lines identified as having the highest priority in terms of noise mitigation. Of the 38 actions, 28 are "Line Specific" and 10 are "Whole of Line" programs that apply across all five lines.

The PRP's progressed well this year with:

- 71% of the line specific actions completed; and
- 30% of the whole of line actions complete for the 5-year implementation period (ending 1 July 2006), with the other 70% progressing steadily over time.

PRP achievements for the reporting year include:

- Completion of a Noise Barrier Feasibility Study.
- 1 Ongoing implementation of Wheel Impact Load Detection units which targets general wheel defects. Approximately 90% of rail vehicle owners have access to this information, which can be utilised in maintenance regimes.
 - 2 Ongoing intensive investigations into improving the control of curve squeal.
 - 3 Completion of an investigation report focused on "On board wheel wear and wheel-rail noise assessment for the direction of track maintenance". This report addressed the following key tasks of the investigation:
 - Development and design of a prototype on-board noise monitoring device.
 - 1 The device provides for measurement of noise levels on a location basis (via a GPS) to identify areas where noise is above average.
 - 2 The device provides for identification of track generated noise features, including flanging, wheel squeal and wheel rail impact.

Appendices

Vegetation management

RailCorp maps vegetation along the rail corridors to ensure it is kept clear of the track and trackside structures (eg overhead wiring) and does not impact on the safe operation of trains. Regional staff classify vegetation by type and the information is converted by Geospatial Services into maps. In 2004-05, the whole Illawarra region was mapped in this way, as were sections on the North Shore, North Strathfield to Hornsby, Erskineville to Como and Wolli Creek to East Hills. This information will allow Operational Divisions to manage vegetation in a more efficient and environmentally sustainable manner.

Threatened species management plans

The Department of Environment and Conservation, National Parks and Wildlife Service Division (NPWS) has prepared a Recovery Plan for the protection of *Acacia pubescens* (Downy Wattle), a species listed as vulnerable on Schedule 2 of the *Threatened Species Conservation Act, 1995 (TSC Act)*.

As stated in section 70 of the TSC Act, "A public authority (including the Director-General but not including a council) identified in a recovery plan as responsible for the implementation of measures included in the plan must report on action taken by it to implement those measures in its annual report to Parliament".

RailCorp has been identified as one of the parties with management responsibility for sites identified in the recovery plan, and as such, report that the following actions have been completed for 2004-05 financial year.

- Annual monitoring of each of the sites in Metropolitan South, West and City Regions and the review of management tasks incorporated in the RailCorp (previous Rail Access Corporation) Threatened Species Management Plans for *Acacia pubescens* (August 2000).
- All management recommendations have been actioned for City Region Plan, including signage and altered slashing regime. No bush regeneration was undertaken this year, as this was a low priority at the Padstow Site.
- All management recommendations have been actioned for Metropolitan West Region Plan site at Rosehill including bush regeneration. Signage and fencing are already in place.
- Metropolitan South Region have, this year, installed new signage at all 16 sites and installed fencing at three critical sites. Bush regeneration has been undertaken this year at 11 of the sites, some being worked for the first time and other sites receiving follow up bush regeneration.

Metropolitan corridor clean up project

This project aims to clean up the corridor and, at the same time, capture previously unrecorded infrastructure materials in the inventory database for re-use or sale as scrap. These by-products of infrastructure renewal works build up over time along the Metropolitan rail corridor.

In February 2005, a special clean up team was formed to locate, photograph and record an inventory of a range of materials deposited along the rail corridor, at depots and at work sites. By July 2005, 350 tonnes of scrap steel, 75 tonnes of rubbish, 80 cubic metres of spent ballast and spoil and 200 sleepers had been removed from the rail corridor. Materials that could not be re-used or sold as scrap were disposed of in an environmentally responsible manner.

The project, which also involved Infrastructure Group's Metropolitan and Renewals Divisions, is scheduled for completion by September 2005.

Appendix 6

Waste Reduction and Purchasing Policy (WRAPP)

The NSW Government's Waste Reduction and Purchasing Policy (WRAPP) 1997, requires all state government and state-owned agencies to develop and implement a WRAPP Plan that will reduce waste and increase the purchase of materials with recycled content in four areas:

- paper products;
- office equipment and consumables such as toner cartridges and pens;
- vegetation and landscaping material; and
- construction and demolition material.

With the merger of Rail Infrastructure Corporation (RIC) and State Rail Authority (SRA) on January 1, 2004, RailCorp prepared a WRAPP Progress Report and Plan that encompasses the adopted programs from both SRA and RIC during 2004-05. This report aimed to establish the basis for future performance reporting and the development of RailCorp's plan to ensure continual improvement over the next two years.

During 2004-2005, RailCorp implemented the following waste reduction and procurement strategies:

- Implementing RailCorp's Environmental Policy
- Rolling out RailCorp's Green Office Program - an education program focusing on the conservation and the reuse of products in the office.
- Recycling of spoil, ballast and concrete.
- Reusing of vegetation, timber concrete sleepers and scrap steel.
- Purchasing A3 and A4 white paper, concrete sleepers and steel with recycled content material.
- Recycling of Bathroom Paper Towels in our head office.
- Reusing rail infrastructure material and components.
- Recycling of mobile phone batteries and accessories.
- Sending of old clothing and footwear overseas to people in need.

- Printing of tickets on paper that contains more than 50% recycled content.
- Using electronic mail to distribute RailCorp's weekly newsletter.

Appendix 7

Government Energy Management Policy

The NSW Government introduced the Government Energy Management Policy (GEMP) in 1998 to reduce greenhouse gas emissions and provide significant energy cost savings for NSW Government agencies. RailCorp has implemented a number of energy management initiatives, including the procurement of Green Power and rolling-out a targeted energy minimisation awareness program at our head office building. RailCorp's new environmental management system will provide the framework for achieving continued improvement in energy performance.

Appendix 08

Statement of Business Ethics

RailCorp is in the process of finalising its Statement of Business Ethics. This Statement will explain the expected standards of conduct required for those involved in business dealings between RailCorp and the private sector.

RailCorp expects both its permanent and internal contract employees to behave ethically and comply with its Code of Conduct. For individuals or organisations that deal with RailCorp, the standards of ethical behaviour explained in the Statement apply. These standards comply with NSW Government guidelines for procurement, contracting and market testing, including ICAC guidelines.

The Statement is designed to facilitate fair and productive business relations between all parties. It was developed in consultation with private sector representatives.

Moving forward, it is extremely important that RailCorp builds public trust and confidence in its operations, which this Statement will help achieve.

For more information contact the RailCorp Corruption Prevention Line on 1800 629 826.

Appendix 09

Code of conduct

RailCorp has been working with relevant stakeholders to develop a code of conduct since early 2004. Once finalised, the code will describe RailCorp's work culture and the standard of behaviour required from RailCorp employees, contractors and suppliers.

The code will assist employees to:

- Understand and apply RailCorp's expected standards of conduct and behaviour.
- Respond in an appropriate, consistent and timely way to situations that may arise.

- Identify people or organisations who can help staff with concerns.

The final document will be published in appropriate internal media, including the 2005-06 RailCorp Annual report.

Appendix 10

Board Code of Conduct

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

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

Appendix 11

Internal audit

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

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

Investigations

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

All matters of possible corrupt conduct were reported to the Independent Commission Against Corruption under section 11 of the Act, to comply with statutory reporting requirements. Matters involving criminal conduct were referred to the NSW Police for investigation and potential prosecution.

Advice on how to address areas vulnerable to corruption was also provided on a needs basis.

Corruption prevention

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

Appendix 12

Changes in acts and subordinate legislation

The *Transport Legislation (Waterfall Rail Inquiry Recommendations) Act 2005* commenced on 1 July 2005. The Act amends the *Transport Administration Act 1988*, the *Passenger Transport Act 1990* and the *Rail Safety Act 2002*. Changes include:

Safety Management Systems (SMS)

- Requirements relating to SMS are now contained in new provisions in the *Rail Safety Act 2002*: ss 48A and 48B.

- New regulations and guidelines regarding SMS will be made by ITSRR.

Accreditation

- ITSRR can now make new regulations to prescribe types of variations to railway operations or SMS that will no longer require ITSRR approval: s 27(3A).
- New powers for ITSRR in relation to conditions and restrictions applying to accreditation: s 18(3A). New regulations can be made by ITSRR in respect to prescribing conditions that apply to an accreditation.

Rail investigations, accidents and incidents

- New arrangements relating to the investigations of rail accidents and incidents by the Chief Investigator of the Office of Transport Safety Investigations: ss 67-67F.
- New protection relating to accidents and incidents reports prepared by a rail operator: ss 66-66A.

The *Civil Procedure Act 2005* commenced in part on 24 June 2005, with an anticipated full commencement on 15 August 2005. The Act repeals and replaces, amongst others, the *Attachment of Wages (Limitation) Act 1957* that allows the attachment of judgment debt to the wages of government employees.

The *Workplace Surveillance Act 2005* was assented on 23 June 2005 but not in force. The Act repeals and replaces the *Workplace Video Surveillance Act 1998* with respect to surveillance of employees at work.

The *Occupational Health and Safety Amendment (Workplace Deaths) Act 2005* commenced on 15 June 2005. The Act amends the *Occupational Health and Safety Act 2000* to make it an offence for a person who owes a duty under Part 2 of that Act to engage in reckless conduct that causes death at a workplace.

The *State Records Amendment Act 2005* commenced on 15 July 2005. The Act amends the *State Records Act 1988* to make further provision in relation to public access to State records, normal administrative practice, prosecutions and other matters.

The *Rail Safety (General) Amendment (Miscellaneous) Regulation 2005* commenced on 14 January 2005. The Regulation amends the *Rail Safety (General) Regulation 2003* as follows:

- (a) to prescribe additional requirements for safety interface agreements between railway operators, including requirements for the assessment, allocation and management of risks under any such agreement and matters to be specified in any such agreement,
- (b) to exempt applicants for accreditation from requirements for safety interface agreements if they comply with those requirements within 12 months after this Regulation commences,
- (c) to prescribe matters to be included in passenger security policies required for accreditation as a railway operator, including allocation of responsibilities and accountabilities and provision for consultation,

- (d) prescribe matters to be included in passenger security plans required for accreditation as a railway operator, including requirements for the assessment of security risks, measures to reduce risks, emergency procedures, allocation of responsibilities for security, provision for liaison with other agencies, training of staff and other matters,
- (e) to exempt certain railway operators from the operation of mandatory conditions of work under the Act relating to fatigue management, where conditions relating to risk assessment and other matters are complied with and to require related programs to be consistent with any applicable exemptions; and
- (f) to re-make other exemptions relating to fatigue management for a limited period.

The revised Passenger Fares and Coaching Rates Handbook commenced on 4 January 2005. The Handbook has effect under subsection 85(3) of the *Transport Administration Act 1988* and covers the fares, rates, charges and conditions for the carriage of passengers and ancillary matters.

The *Rail Safety (Drug and Alcohol Testing) Amendment Regulation 2004* commenced on 13 February 2004. The Regulation amends the *Rail Safety (Drug and Alcohol Testing) Regulation 2003* as follows:

- (a) to prohibit an authorised officer or police officer from requiring a railway employee to undergo a breath test, submit to an assessment or a breath analysis or provide a sample of blood or urine after the employee has ceased to be on duty on a particular day, other than in a case where the employee has been involved in an accident or irregular incident at work,
- (b) reduce the required number of portions of a urine sample from 3 to 2 equal portions of the urine sample taken, and
- (c) explicitly provide for the role of authorised officers and police officers in requiring a sample of a railway employee's urine to be taken and obtaining a sample of the urine.

The *Transport Administration (General) Amendment (State Taxes) Regulation 2004* commenced on 19 December 2004. The Regulation amends the *Transport Administration (General) Regulation 2000* to:

- (a) exempt land owned by, or leased to, RailCorp, and used for railway purposes, from State taxes (other than land subject to a lease or licence by RailCorp),
- (b) exempt RailCorp from state taxes payable in respect of any matter or thing done by RailCorp in the exercise of its functions (other than a matter or thing relating to land or a dealing with land), and

- (c) premises owned by, or leased to, RailCorp from the parking space levy under the *Parking Space Levy Act 1992* (other than premises subject to a lease or licence by RailCorp),

for a period of 12 months, commencing on the expiration of the exemption from state taxes contained in section 17E(1) of the *Transport Administration Act 1988*.

The *Transport Administration (General) Amendment (ARTC Provisions) Regulation 2004* commenced on 3 September 2004. The Regulation amends the *Transport Administration (General) Regulation 2000* for the following purposes:

- (a) to exempt certain applications for registration of motor vehicles in connection with arrangements between the ARTC and rail authorities from duty under the *Duties Act 1997*,
- (b) to exempt land subject to an ARTC lease or licence from land tax and council rates, if rail infrastructure facilities are installed in, on or over the land, the land is vacant land or the land is used for railway purposes,
- (c) to apply the cap that currently applies to rail authority employees in respect of common law damages (contained in the *Workers Compensation Act 1987*) that may be obtained against an employer in respect of the death or injury of a worker to claims against ARTC in respect of the death or injury of a temporary member of staff of ARTC, and to make consequential adjustments to the application of that Act to ARTC and rail authorities,
- (d) to treat ARTC as an employer, in addition to a rail authority, for the purposes of provisions that prevent a worker who recovers common law damages from an employer from recovering workers compensation under the *Workers Compensation Act 1987*,
- (e) enable ARTC to be treated in the same way as a wholly owned subsidiary of a rail authority for the purposes of endorsing ARTC on the self-insurer licence of an authority, if temporary members of staff of ARTC are employed by that authority,
- (f) to enable former members of staff of rail authorities who become employed by ARTC, after being declared surplus to the authorities' requirements, to elect to cash out leave entitlements (other than sick leave) on ceasing to be employed by the authorities or to have their previous service treated as service with ARTC for leave purposes,
- (g) to confer on any such persons a right to apply for vacant positions in rail authorities that would otherwise be limited to internal applicants, but only for a period of 3 years, and
- (h) to confer on any such persons who change employment from ARTC to a rail authority within 3 years.

Appendices

Appendix 13

Freedom of Information

The 2004-05 reporting period shows that 169 applications were received by RailCorp for access to documents under the *Freedom of Information Act 1989* (NSW). The statistical report reflects RailCorp's commitment to the Act, displaying a majority of completed applications that resulted in the disclosure of documents. The majority of applications were processed within the prescribed statutory period.

Section A Number of new FOI requests

FOI Requests	Personal	Other	Total
A1 New (including transferred in)	103	66	169
A2 Brought Forward	10	13	23
A3 Total to be processed	113	79	192
A4 Completed	100	58	158
A5 Transferred out	1	2	3
A6 Withdrawn	0	2	2
A7 Total processed	101	62	163
A8 Unfinished (carried forward)	12	17	29

Section B What happened to completed requests?

Results of FOI request	Personal	Other	Total
B1 Granted in full	63	23	86
B2 Granted in part	34	22	56
B3 Refused	3	13	16
B4 Deferred	0	0	0
B5 Completed	100	58	158

Section C Ministerial certificates

	Personal	Other	Total
C1 Ministerial Certificates issued	0	0	0

Section D Formal consultations

	Personal	Other	Total
D1 Number of requests requiring formal consultations	1	8	9

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

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

Section E Amendments of personnel records

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

Section F Notation of personal records

	Total
F1 Number of requests for notation	0

Section G FOI request granted in part or refused

Basis of disallowing or restricting access	Personal	Other	Total
G1 Section 19 application incomplete, wrongly directed	0	0	0
G2 Section 22 deposit not paid	0	3	3
G3 Section 25 (1) (a1)	1	8	9
G4 Section 25 (1) (a) Exempt	6	16	22
G5 Section 25 (1) (a), (b), (c), (d) Otherwise available	0	1	1
G6 Section 28 (1) (b) documents not used	31	11	42
G7 Section 24 (2) Deemed refused, over 21 days	0	0	0
G8 Section 31 (4) Released to Medical Practitioner	2	0	2
G9 Totals	40	39	79

Section H Costs and fees of requests processed

	Assessed costs	FOI fees received
H1 All completed requests	\$10 470	\$6 515

Section I Discounts allowed

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

Section J Days to process

Elapsed Time	Personal	Other	Total
J1 0-21 days	59	30	89
J2 22-35 days	29	12	41
J3 Over 35 days	12	16	28
J4 Totals	100	58	158

Section K Processing time

Processing hours	Personal	Other	Total
K1 0-10 hours	96	53	149
K2 11-20 hours	2	5	7
K3 21-40 hours	2	0	2
K4 Over 40 hours	0	0	0
K5 Totals	100	58	158

Section L Reviews and appeals

Number finalised during period	Total
L1 Number of internal reviews finalised	5
L2 Number of ombudsman reviews finalised	5
L3 Number of ADT appeals finalised	4

Details of internal reviews

Basis of internal review	Personal		Other	
	Upheld	Varied	Upheld	Varied
Grounds upon which internal review requested				
L4 Access refused	0	2	3	0
L5 Deferred	0	0	0	0
L6 Exempt matter	0	0	0	0
L7 Unreasonable charges	0	0	0	0
L8 Charge unreasonable incurred	0	0	0	0
L9 Withdrawn	0	0	0	0
L10 Totals	0	2	3	0

Appendix 14

External committees

- Australasian Railway Association
- Australasian Railway Association Executive Committee
- Australian Level Crossing Assessment Model Group (ALCAM)
- Australian Rail and Track Corporation (ARTC)
- Australian Railway Crossing Strategy Implementation Group (ARCSIG)
- Backpacker Operators Association
- Blacktown City Public Transport Forum
- Blacktown City Safety Co-ordination Committee
- Blue Mountains Bush Fire Management Committee
- Blue Mountains Community Safety Committee
- Blue Mountains Commuter and Transport Users Association
- Blue Mountains Integrated Transport Forum
- Blue Mountains Local Weeds Committee
- Blue Mountains Tourism Organisation
- Burwood Station and Town Centre Transport Project Control Group
- Central Steering Committee
- Central Sydney Operations Group Meeting (Premiers Department)
- CEO's Integrated Ticketing Project Group (MoT)
- Chatswood Transport Interchange Project Control Group (TIDC)
- Chief Executives Committee (Premier's Department)
- CityRail Services CSO Committee (MoT)
- Committee on Accounting Guidance for Determining Ownership of BOOT/PFP Projects (Treasury)
- Counter Terrorism Information Group and Emergency Information Coordination Unit (Dept of Lands)
- DaVos Sub Group, Dept of Infrastructure Victoria, Public Transport Safety
- Dial Before You Dig Committee (Utilities)
- Executive Council (Australasian Railway Association)
- Freight Infrastructure Advisory Board (FIAB)
- Gosford Council Emergency Management Committee
- Ground Opening Committee (Utilities)
- Hornsby Ku-ring-gai Council Emergency Management Committee
- Household Travel Survey Project Control Group (DIPNR)
- Inland Tourism Awards Committee (Judging Panel)
- Inner Sydney Transport Working Group (DIPNR)
- Inter-agency Transport Planning Committee (DIPNR)
- International Accounting Standards Agency Reference Panel (Treasury)
- Lane Cove Council Emergency Management Committee
- Level Crossing Strategy Council (MoT)
- Level Crossing Strategy Council Communications Group (LCSC multi entity sub-committee)
- Level Crossing Working Group (LCSC multi entity sub-committee)
- Lithgow Bush Fire Management Committee
- Mass Transport Coordination Group (MOT)
- Mass-Transit Incident Operational Committee
- Media and Communications Group Meeting (Premier's Department)
- Metropolitan Strategy Committee (DIPNR)
- Metropolitan Strategy Transport Working Group (DIPNR)
- Ministry of Transport and Treasury Liaison Committee (MoT)
- North West Rail Link Project Control Group (DIPNR)
- Northern Sydney Freight Works PCG (ARTC lead org, reps from DOTARS, MOT, DIPNR, RailCorp)
- NSW Police Counter Terrorism Coordination Committee
- NSW Security Industry Council
- NSW Transport Reform Taskforce (MoT)
- Parramatta Transport Working Group (MoT)
- Public Employment Office of the Premier's Department Coordination meetings on the planning (HR & IR) Committee.
- Public Information Services Functional Area Sub Committee
- Quarterly NSW Police Transit Working Party
- Rail Code Management Committee
- Rail Consultative Forum (Australasian Railway Association / National Transport Commission responsibility)
- Rail Fleet Services (joint venture) Board
- Rail Skills and Career Council (Australasian Railway Association)
- RailCorp - ARTC Central Agency Steering Committee (NSW Treasury)
- RailCorp / ARTC Executive Interface Group
- RailCorp / ARTC Interface Group - Broadmeadow
- RailCorp / ARTC Interface Group - Macarthur
- RailCorp / ARTC Interface Group - Unanderra
- RailCorp/ARTC Southern Sydney Freight Line PCG
- Recruitment and Careers Working Group (Australasian Railway Association)
- RIC CSO Committee (MoT)
- RIC/RTA Issues Quarterly Meeting
- RICG Coordinator General for Rail
- Senior Officer Working Party - Whole Of Government Radio
- Spencer St Review
- SSTS (School Students Transport Scheme) Appeals Panel
- Standard Australia Technical Committee CE-002
- Standards Australia Committee - CE 002: Rail Track Materials (State Chamber of Commerce)
- State Chamber of Commerce - Infrastructure Committee (State Chamber)
- State Mapping Advisory Committee (Dept of Lands)
- StateRail-NSW Police Rail Security Steering Committee
- Strategic Transport Issues Meeting (Landcom)
- Surface Transport Security Briefings for CEOs
- Sydney Airport Masterplan - NSW Government Co-ordination Committee (DIPNR)
- Sydney East District Emergency Management Committee
- Sydney Harbour Bridge Counter Terrorism Committee (RTA)
- TAM Reference Group (NSW Treasury)
- Tcard (ITIS contract for 131500) - MoT.
- Tcard Shadow Board
- Technical Advisory Committee for the Transport Data Centre (DIPNR)
- Tourism and Transport Forum (TTF), Australia Limited

- Tourist Attraction Association
- Track Australia Pty Ltd (joint venture) Board
- Train Operations Management Agreement (StateRail / Queensland Rail)
- Transfield / RSA Joint Venture Management Committee
- Transport and Logistics Centre (TALC) Railway Signalling Joint Reference Group
- Transport and Logistics Centre Advisory Board
- Transport CEO's Cluster Group (DIPNR)
- Transport Emergency Coordination Steering Committee
- Transport Infrastructure Development Corporation
- Transport Infrastructure Development Corporation (TIDC) Treasury/Transport Agency
- Transport Infrastructure Development Corporation Finance and Audit Committee (TIDC)
- Transport Infrastructure Development Corporation Project Control Group (TIDC)
- Transport Senior Executives Meeting (MoT)
- Trusted Information Sharing Network (Rail) (DOTARS)
- UITP Board of Management (Australia and New Zealand Association for Major Transport Operators)
- Victorian Rail Safety Group Industry Forum
- Western Sydney Transport Co-ordination Group (DIPNR)
- Whole-of-Government Radio - Senior Officer Working Party
- Wyong Council Emergency Management Committee
- CountryLink destination brochures
- 6 kinds brochure
- CountryLink destination Presentation folders A4 Folders
- CountryLink North Timetable
- CountryLink South Timetable
- CountryLink \$69 fare A1 poster
- CountryLink \$69 fare poster
- CountryLink 50% off poster
- CountryLink 50% discount poster
- CountryLink banners expo banner
- CountryLink destination lightweight posters
- CountryLink destination lightweight posters strings
- CountryLink destination posters
- CountryLink Easter fares poster
- CountryLink Easter in Sydney poster
- CountryLink Easter special rates poster
- CountryLink Generic timetable
- CountryLink header cards brochure rack header board
- CountryLink North Coast timetable
- CountryLink North Coast timetable
- CountryLink Presentation folder
- CountryLink safety cards A4 poster
- CountryLink Save 50% to Brisbane/Melbourne poster
- CountryLink Save up to 50% poster
- CountryLink Special rates poster
- CountryLink Ticket wallet
- CountryLink Ticket wallets MCO
- CountryLink Timetable North Coast
- CountryLink Timetable North West
- CountryLink Timetable South
- CountryLink Timetable West
- CountryLink Victorian agent poster
- CountryLink West timetable
- CountryLink XPT A4 floor plan A4 flyer
- Clearways brochures
- Concession Pass DL brochure
- Concession brochure
- Corporate plan A4 poster
- Corporate plan poster
- Corporate plan 'at a glance summary' A3 folded to A4
- CountryLink DL flyer (timetable letterbox)
- CountryLink poster
- CountryLink Timetable B1 poster
- Crime prevention poster
- Daytripper brochures
- Daytripper 8pp DL brochure
- Daytripper poster
- Dubbo DL flyer
- Easter customer DL brochure
- Easter Newcastle to Olympic Pk poster
- Easter Pocket guide for staff
- Easy guide brochures 2004-05
- Elvis poster
- Fines posters
- Fleet poster (CityRail trains)
- Flu vaccine poster
- Food for thought booklet
- Getting home poster (Luna Park)
- Header cards for CL

Appendix 15

Publications

- \$69 Sydney with CountryLink poster
- \$69 Sydney to Melbourne poster
- \$69 to Brisbane, Melbourne poster
- 150 years (special events posters)
- 150 years station poster
- 150 years railways poster
- 4x weekly trackwork posters
- Accessing CityRail DL booklet
- At a Glance A4 sheet flyer
- At a glance info' A4 brochure
- Backpacker poster
- Backpacker A4 brochures
- Blue Mountains DL flyer
- Blue Mountains day out poster
- Blue Mountains brochure
- Blue Mountains explorer DL flyer
- Brisbane to Melbourne posters
- Bullying and Harassment 6pp DL brochure
- Bullying and Harassment Letter O/P a4 mono x 1 side
- Bullying and Harassment survey 8pp DL brochure saddle stitched
- Certificate RailCorp certificate (Classic Laid ice white)
- Cheap eats poster
- Christmas/New Year 2004 poster
- CityRail Easy Guide brochure
- CityRail Proposed Timetable brochure
- CityRail Proposed Timetable Mk11 brochure
- CityRail ticketing
- CityRail timetable posters

Appendices

- Health fair poster
- HR Newsletter (extracted from Ontrack Newsletter)
- Hunter poster
- Info posters
- Level crossing DL brochure
- Newcastle and Central Coast poster
- Network map B1 poster
- Network map for CountryLink A1 poster
- Network map for CountryLink On-board size
- Network map for CountryLink Station poster size
- No more than 20 kg poster
- No spitting poster
- Olympic Park timetable brochure
- On board poster x 6 kinds
- On Track newsletter
- Osp 6pp brochure/manual
- PDP (HR) 12pp brochure
- A4 x 8pp self cover brochure
- PDP (HR) 8pp brochure
- A4 x 12pp self cover brochure
- PDP A4 flyer x 7 kinds
- PDP presentation folder
- Pensioner excursion brochure
- Pensioner poster
- Playing cards
- Please remember poster
- Policy and safety
- Pram safety DL flyer
- Pram safety pocket guide
- Preview CityRail 2005
- Rail safety forms poster
- RIC annual report 80pp A4 X 1 colour
- RIC annual report 92pp A4 B & W booklet
- Safety cards
- Safety strategic plan 24 pp A4 booklet
- School conduct poster A1
- School behaviour poster
- School conduct poster A3
- Showlink posters
- Southern Highlands brochure
- Southern Highlands poster
- State of Origin B/W B1 poster
- StateRail annual report
- 80pp A4 x 2 colour
- Student RailPass brochure 05
- Sydney Swans posters
- Ticket wallets
- Ticketing rules poster
- Tickets to Ride brochures
- Timetable posters
- Timetable B1 poster
- Timetable (CityRail) x 12 kinds
- Timetable poster x4 kinds
- Tom 6pp manual
- Trackwork posters + 14 lines
- Transit Officers posters
- Transport guide 8pp DL brochure
- TravelPass brochure
- TravelPass DL brochure

- TravelPass poster
- Trespassing envelopes
- Trespassing letters x 2 kinds
- DL flyer
- TVM station posters
- TVM stickers
- Weekly posters x4
- Youth safety brochure

Appendix 16

Risk management and insurance activities

Risk management

RailCorp is committed to establishing a consistent and structured approach to risk management with the aim of achieving proactive identification of hazards associated with its business, assessment of their risks, and implementation of controls to protect public, customers, contractors, staff and assets.

RailCorp is implementing an integrated business, safety and environmental risk management system that will constitute its enterprise wide risk management framework. This framework, modelled on Australian Standards, follows national and international best practice, and is being established across the different levels and groups of RailCorp to ensure consistent and effective management of all types of imminent and potential risks threatening the organisation's business.

Insurance activities

RailCorp maintained (in general) the existing combined insurance program with StateRail and Rail Infrastructure Corporation pending finalisation of the transfer of assets, functions and resources from these organisations.

As part of a comprehensive renewal strategy, presentations were made to a number of property and liability insurers on RailCorp's approach and initiatives on risk management and other activities.

No major insurance claims were received or made during the financial year.

Appendix 17

Funds granted to non-Government organisations

There were no funds granted to non-governmental organisations in 2004-05

Appendix 18

Exemptions from the reporting provisions

The Treasurer has exempted RailCorp on the following matters otherwise required by Schedule 1 to the *Annual Reports (Statutory Bodies) Regulation 2005*:

- Performance in paying accounts, including actions to improve payments performance
- Interest paid as a result of late payment of accounts and the reasons for such delays.

Appendix 19

Consultants

Consultant	Projects	Cost (\$)
Contracts of \$30 000 or more		
<i>Environmental</i>		
Maunsell Australia Pty Ltd	Noise pollution reduction program feasibility study	93 000
<i>Management services</i>		
Lloyds Register Rail	Develop a safety/environmental risk management framework	363 000
LEK Consulting	Performance measurement framework and stations operations reporting	97 000
Arnold Dix – Consultant	Review and implementation of emergency evacuation initiatives	95 000
McLachlan Lister Pty Ltd	Management approach to sectorisation	48 000
INDEC Consulting	Assessment of the process for capturing attendance and timekeeping	45 000
John Owens Pty Ltd	Development of depot OHS and injury management manual for Fleet Maintenance Centre	39 000
<i>Organisational review</i>		
PA Consulting	Development of ICT Strategic Plan	610 000
Price Waterhouse Consulting	Organisation structure review	164 000
PA Consulting	HR process diagnostic	81 000
BWJ Services	Transit Officers Review	66 000
Total contracts of \$30 000 or more	(11 contracts)	1 701 000
<i>Contracts under \$30 000</i>		
<i>Management services</i>		96 000
<i>Organisational Review</i>		91 000
Total contracts under \$30 000	(8 contracts)	187 000
Total expenditure in 2004-05	(19 contracts)	1 888 000

Appendices

Appendix 20

Major works in progress

The uncapitalised costs of major works in progress as at 30 June 2005 are as follows:

Project	\$000	Completion due
New Outer Suburban Cars	98 213	2008
Hunter Rail Cars	76 046	2006
New suburban cars	8 236	2010
Travelink reservation system	6 390	2005
Air-conditioning of suburban cars	6 326	2006
Upgrade of double-decked suburban cars	4 642	2006
Business systems upgrades	4 373	2005
Vigilance control on suburban and outer suburban Cars	3 855	2006
Refurbishment of XPTs	3 837	2007
Reality centre simulations	3 405	2007
Data loggers for electric fleet	2 894	2005
Computer system upgrades	2 180	2005
Train protection system	1 918	2005
Vigilance control on diesel fleet	1 508	2006
Total	223 823	

Appendix 21

Land values and land disposal

Land use	Value as at 30 June 05 \$000	Value as at 30 June 04 \$000
Rail infrastructure or stations	2 847 678	2 718 279
Strata (air space) leased to tenants	9 490	7 887
Residences and occupied land	5 881	4 628
Surplus land	47 000	0
Total land owned or occupied	2 910 049	2 730 794

During 2004-05, nine property sales were completed, yielding gross proceeds of \$867,456.

Of the nine properties sold, one was sold by public auction and eight by private treaty. Of the last group five were sold to government bodies and three to adjoining landowners.

All the properties were surplus to operational requirements and were sold to raise funds for RailCorp.

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

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

Appendix 22

Industrial relations policies and practices

RailCorp worked with unions and other interested stakeholders throughout the financial year to ensure that our industrial relations policies and practices supported our business goals.

This included the development and certification of the combined rail entities Enterprise Bargaining Agreement, staff consultation with respect to the restructure and a variety of other issues, and, where necessary, implementation of effective dispute resolution management practices.

RailCorp will continue to work constructively with unions and other stakeholders throughout 2005/06.

Appendix 23

Equal Employment Opportunity (EEO)

RailCorp continued to strengthen its commitment to the development and implementation of EEO policies and initiatives in 2004-05.

The aim of RailCorp's EEO Management Plan is to continue integrating diversity and equity principles into all employment related matters, to value and leverage the diversity of our workplace and to increase the representation of EEO groups at all levels of the organisation. The implementation of revised and new human resource procedures and the strategies identified in the EEO plan will ensure RailCorp's commitment to being an equal opportunity employer.

RailCorp's key EEO outcomes for 2004-05 are:

- A survey on bullying and harassment was distributed to all employees. Results indicated the significant incidences of bullying and harassment were not related to unlawful discriminatory grounds such as age, sex, race etc.
- The Spokeswomen's Committee continued to meet on a monthly basis to raise and discuss women's issues in RailCorp.
- Three focus groups of women were conducted to identify issues impacting women in the workplace.
- The Aboriginal and Torres Strait Island Committee (ATSINC) continued to meet on a monthly basis. The ATSINC Conference was held in November 2004 and covered a range of employment matters. The ATSINC also participated in NAIDOC Day celebrations in Moree in July 2004.

RailCorp's EEO strategies are to:

- Develop a strategy to support and retain EEO employee groups;
- Continue to promote and support the Spokeswomen and Aboriginal and Torres Strait Islander Committees;
- Continue to promote diversity across the Corporation by translating important publications and policies to the language requirements identified by business and employee needs eg. Code of Conduct;
- To develop a formal Induction program for all employees, to ensure that all new employees are trained and inducted in EEO principles;
- Finalise and release new Human Resource policies and procedures and provide education and training to all employees and managers in relation to these procedures;
- To market and educate both employees and the public of RailCorp's Equity and Diversity Programs; and
- Review Flexible Workplace Procedures to ensure RailCorp is committed to being flexible and responsive to employee needs.

RailCorp EEO statistics

Number of EEO respondents	2461
Number of people identified as both Aboriginal and Torres Strait Islander	73
Number of people identified with a physical disability	183
Number of people identified with a physical disability requiring workplace improvements	55
Number of people for whom English is not their first language	605
Number of people identified in a racial, ethnic or in an ethno-religious minority	725
Number of women	1569
Number of men	9155
Total headcount of employees at RailCorp	10724

Disability plan

RailCorp has a responsibility under Section 9 of the *Disability Services Act 1993* to ensure accessible public transport and facilities for all its customers.

Progress in this area for 2004-05 includes:

- Providing information on the CityRail website for customers with disabilities regarding accessibility and facilities at stations on the network.
- Hearing loops have been provided at 81% of CityRail booking offices.
- Improved destination signage and voice announcements on rail stations.
- Brochure produced 'CountryLink Travelling Made Easy'.

Arrangements are currently in place to accommodate employees who have become disabled in the workplace to continue in their current position or to assist them to take up a new position. Wherever possible RailCorp seeks to accommodate the special needs of employees with disabilities. Ongoing strategies include:

- Identify potential positions/duties and renew the disability employment program to increase the representation of employees with a disability.
- Ongoing improvements to stations to reduce the gap between the platform and the train.
- Ongoing access upgrades to CityRail stations to increase accessibility by people with disabilities.

Appendix 24

Executive performance and remuneration

In accordance with legislative requirements, the following table contains the remuneration packages of executive officers who earn over \$198,151 per annum. No performance bonuses were paid to executive officers in 2004-05

Position title	Officer	Total remuneration package	Performance review summary
Chief Executive Officer	Vince Graham	\$430,000	- Introduced major safety reforms across RailCorp. - Introduced a series of programs in all business areas to drive transformational change. - Introduced greater emphasis on strategic planning and budgeting. - Established leadership forums to discuss strategic imperatives. - Led planning for development and implementation of new timetable. - Improved communication of RailCorp's strategic direction to ensure a greater level of understanding of internal and external stakeholders.
Group General Manager Train Services (appointed 14 March 2005)	Rob Mason	\$360,000	- Progressed final stages of the September 2005 timetable, and a number of associated programs, including the Rollingstock Reliability Program. - Led Train Services Group's preparation for full safety accreditation. - Led progression of safety improvement programs. - Initiated a number of strategic initiatives relating to train crew management and efficiency.
Group General Manager Customer Services	Fran McPherson	\$290,000	- Relocated CountryLink Call Centre to Newcastle. - Implemented CountryLink website booking and payment system. - Employed 600 Transit Officers by December 2004, contributing to a 30.1% reduction in offences against persons on the rail network (in the period April 2002-March 2005). - Commenced the pilot program of wireless CCTV technology. - Implemented Ticketing Revenue Strategy and increased utilisation of TVMs. - Installed Visual Display Message [VMS] screens at major stations. - Achieved a 25% reduction in Customer Services Group's Lost Time Injury Frequency Rate (LTIFR) and met target for duration rate and worker's compensation claims reduction.
Group General Manager Infrastructure	Gary Seabury	\$290,000	- Achieved 22.5% improvement in Infrastructure Group's LTIFR and a 27.5% improvement in Medically Treated Injuries (MTIFR) for a workforce of 3,800. - Achieved a reduction of 11% in peak delays from infrastructure, and peak incidents of 6%. - Delivered the 2004-05 Infrastructure budgeted AMP (RM, MPM) of \$451 million whilst providing \$41 million of additional production funded from efficiency and production savings within Infrastructure's budgeted earnings before depreciation. - Reduced maintenance backlog by \$36 million. - Developed the RailCorp Asset Management Framework and AMP Plans for the next five years. - Successfully transferred statewide Infrastructure operations into the three entities of ARTC, RIC and RailCorp.
Acting Group General Manager Train Services *(1 July 2004 - 11 March 2005)	Barry Garnham	\$290,000*	- Developed specifications for new rollingstock. - Completed installation of vigilance control on all suburban fleet. - Established Graduate Operations training program. - Developed 2005 timetable. - Increased level of driver recruitment.
Project Director Sectorisation **(14 March 2005 - 13 June 2005)		\$265,000**	- Extended order for new Outer Suburban railcars. - Established the Sectorisation Group including Program Coordination Unit. - Developed Train Plans for 2008 and 2011.
Group General Manager Finance	Richard Lumley	\$280,000	- Managed the provision of financial information to both internal and external users. - Achieved an unqualified Audit report for the year ended 30th June 2004. - Developed the enterprise-wide risk management system from a framework to its implementation phase. - Led the development of an Enterprise-Wide Business Intelligence system. - Developed enhanced budgeting and financial reporting systems.
Group General Manager Safety & Environment (appointed January 2005)	Clare Kitcher	\$270,000	- Developed and supported the substantive implementation of the new RailCorp integrated Safety Management System. - Created a RailCorp Safety Risk Register and process for Hazard Action Planning. - Co-ordinated and monitored the organisation's response to the final report of the Waterfall Special Commission of Inquiry (SCOI) and other significant incidents. - Co-ordinated input to the development of a National Rule Book.

Position title	Officer	Total remuneration package	Performance review summary
Group General Manager Human Resources	Fran Simons	\$220,000	- Facilitated negotiation and agreement of RailCorp EBA. - Implemented Management Development and Organisational Development. - Implemented new performance development process for contract staff. - Developed RailCorp People Plan. - Implemented framework to establish cultural change. - Developed Cultural Survey. - Completed Bullying and Harassment survey. - Commenced HR Process re-engineering.
Acting Group General Manager Safety and Environment (July 2004 - January 2005)	Paul Poynton	\$220,000	- Developed the RailCorp Safety Risk Management Framework. - Developed the RailCorp Safety Management System. - Managed RailCorp Accreditation with the regulator, ITSRR. - Established RailCorp safety management structure. - Introduced a Safety Strategic Plan.
Corporate Counsel	Helen Vickers	\$220,000	- Managed the integration of legal, environmental projects and property functions of SRA into RailCorp - Managed SRA and RailCorp's representation at Waterfall SCOI - Provided strategic advice to RailCorp Board. - Improved the efficiency and financial management of RailCorp's real property management. - Provided legal compliance reviews and training to management.
Project Director, Rolling Stock (Appointed December 2004)	Louise Hart	\$210,000	- Developed framework for Public Private Partnership for the financing, design, manufacture and maintenance of rolling stock to replace 498 non-air-conditioned carriages. - Issued request for Expressions of Interest and short-listed tenderers for both double and single deck contracts. - Developed and issued the Requests for Detailed Proposals to short-listed tenderers, including contractual terms and detailed specifications for the new rolling stock and associated maintenance facility.
Chief Information Officer (Appointed 1 November 2004)	Vicki Coleman	\$210,000	- Implemented an interim ICT structure across SRA and RIC ICT teams. - Led the definition of the ICT Strategic Plan and ICT Business Plan. - Defined a new RailCorp ICT Structure and Sourcing Strategy. - Managed the completion of both SRA and RIC upgrades of the MIMS ERP system to MIMS Ellipse. - Implemented a new Safety Knowledge Management computer system. - Migrated all SRA email users to one common system. - Assisted establishment of NSW Government CIO Executive Council.
Company Secretary	Irina White	\$209,400	- Oversighted the delivery of an effective Internal Audit function - Provided ongoing support to the Board and its Committees in the role of Company Secretary. - Ensured alignment of Executive Committees with Board and Board Committees. - Reviewed the Corporate Governance Framework and successfully implemented improvements. - Worked closely with central agencies and key stakeholders.
Group General Manager, Strategy, Performance and Access	Sharyn Gregory	\$205,000	- Established and led the Strategy, Performance and Access functions. - Established the Internal Consulting Division to support the CEO and Group General Managers in the identification, development and implementation of strategic initiatives to drive performance improvement. - Developed the Corporate Plan. - Developed the Standard Access Agreement. - Improved the performance reporting framework for the Corporation.
Group General Manager Communications	Helen Willoughby	\$205,000	- Developed and implemented communications for the new 2005 CityRail timetable and 150 years of rail celebrations. - Managed RailCorp's marketing, advertising, events, internal and corporate communications functions. - Managed RailCorp's community, media, government and customer relations functions. - Provided communications support for the RailCorp Corporate Plan.

Appendices

Appendix 25

Human Resources

Staff numbers by level

Level	Total staff	Staff responded to EEO survey	Male	Female
< \$31,352	249	10	239	10
\$31,352 - \$41,177	3,224	643	2,523	701
\$41,178 - \$46,035	2,033	485	1,665	368
\$46,036 - \$58,253	3,597	698	3,299	298
\$58,254 - \$75,331	901	324	777	124
\$75,332 - \$94,165	469	213	431	38
> \$94,165	251	88	221	30
TOTAL	10,724**	2,461	9,155	1,569

Percentage of total staff by level

Level	Total staff	Staff responded to EEO survey	Male	Female
< \$31,352	249	4%	96%	4%
\$31,352 - \$41,177	3,224	20%	78%	22%
\$41,178 - \$46,035	2,033	24%	82%	18%
\$46,036 - \$58,253	3,597	19%	92%	8%
\$58,254 - \$75,331	901	36%	86%	14%
\$75,332 - \$94,165	469	45%	92%	8%
> \$94,165 (non SES)	248	35%	89%	11%
> \$94,165 (SES)	3	33%	33%	67%
TOTAL	10,724**	23%	85%	15%

* Figures based on respondents to EEO survey only

** Figures calculated from 22 June 2005 payroll

*** Figures calculated as at 30 June 2005

RailCorp human resources breakdown

Year	Total staff	Train services	Customer services	Infrastructure
2004-05	10 820***	4 239	3 324	3 098
2003-04	3 571	2 991	573	0

*People from Aboriginal or Torres Strait Islander background	*Racial, ethnic, ethno-religious minority groups	*People whose first language is not English	*People with a disability	*People with a disability requiring adjustment at work
1	1	1	0	0
35	228	191	54	15
14	132	98	37	11
18	177	130	44	12
5	102	98	38	13
0	68	72	9	4
0	17	15	1	0
73	725	605	183	55

*People from Aboriginal or Torres Strait Islander background	*Racial, ethnic, ethno-religious minority groups	*People whose first language is not English	*People with a disability	*People with a disability requiring adjustment at work
10.0%	10%	10%	0%	0%
5.4%	35%	30%	8%	2.3%
2.9%	27%	20%	8%	2.3%
2.6%	25%	19%	6%	1.7%
1.5%	31%	30%	12%	4.0%
0%	32%	34%	4%	1.9%
0%	20%	17%	1%	0%
0%	0%	0%	0%	0%
3.4%	29%	24%	7%	0%

Corporate

159

7

Appendix 26

Overseas travel

Officer and position	Travel details	Dates	Class of travel	Annual leave or private travel taken	Actual expenditure*	Report submitted?
Lai, Stanley	Travelled to Japan to review design, undertake supplier inspections and report on the Train Operating System functionality tests for the validation of the Outer Suburban Car (OSC).	12 March 2005 to 20 March 2005	Business to Japan Economy Return	Nil	\$5,818	Yes, drafted for comment
O'Hare Mark	Travelled to Japan to review design, undertake supplier inspections and report on the Train Operating System functionality tests for the validation of the Outer Suburban Car (OSC).	12 March 2005 to 20 March 2005	Business to Japan Economy Return	Nil	\$5,827	Yes, drafted for comment
Seabury, Gary	Travelled to US to attend Harvard Business School's Advanced Management Program	26 March 2005 to 27 May 2005	Business	Nil	\$17,177	Yes
Roxburgh, Ian	Travelled to London, Zurich and Munich to arrange RailCorp property insurance renewals	1 April 2005 to 9 April 2005	Business	Nil	\$10,733	Yes
Fogarty, Robert	Travelled to England and Germany to review welding technology and best practice in the UK in association with Welding Technology Institute of Australia SMART Rail Industry Group	10 June 2005 to 25 June 2005	Business	Nil	\$13,771	Yes, drafted for comment
Bower, Greg	Travelled to Italy and The Netherlands to inspect machining equipment	1/6/05 to 20/6/05	Business	Nil	\$8,510	Yes
Hurst, Keith	Travelled to Italy and The Netherlands to inspect machining equipment	1/6/05 to 20/6/05	Business	Nil	\$8,611	Yes

* Does not include course fees

Appendix 27

Ethnic Affairs Priority Statement (EAPS)

The purpose of RailCorp's EAPS is to improve service delivery and information to employees and customers from ethnic community groups. Ethnic affairs considerations have been fully integrated within RailCorp's business planning process.

The initiatives for 2005-06 include:

- Review HR procedures for employees whose first language was not English
- Produce a multilingual Code of Conduct and promote an understanding of the Code
- Continue to promote the CityRail website which has an explanatory section on 'Travelling with CityRail' in 13 languages
- Increase the representation of culturally diverse employees in management roles
- Deliver a 2005-2006 EAPS which will continue to address the needs of RailCorp's employees, customers and stakeholders.

Appendix 28

NSW Government Action Plan for Women

RailCorp is actively committed to developing and implementing strategies aimed at improving the welfare of female employees and customers. RailCorp also has a strong commitment to improving service delivery for customers.

Progress in this area includes:

- Improved safety measures across the CityRail and CountryLink networks, including improved lighting, security, lifts and escalators for all customers, including for women using the networks.
- Implementing programs to target women in recruitment and to retain women in its workforce, particularly in non-traditional roles such as Transit Officers and Train Crewing.
- Barrier-free entry option and the promotion of the improved access for pregnant and elderly passengers across the CityRail network.
- Promotion of CountryLink services for women travelling with young children or others who may be less mobile. This includes sleeping compartments, wheelchair access, baby change tables and a mobile buffet service to passengers in their seats.
- Ongoing development and implementation of procedures and practices that provide flexible work options and improve RailCorp's performance as a family friendly workplace.

Appendix 29

CityRail price determination

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

While recommending changes to fares, IPART considers the following:

- Costs of service provision;
- Customer protection;
- Need for improved efficiency; and
- Potential impacts of its determination on the financial viability of service providers.

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

Subsequent fare reviews have been deferred until further notice. It is likely that the next review will be the first based on the Parry framework accepted by the Government, which links fare increases with efficiency and service level improvements. RailCorp's submission, in the event of a review being granted will be based on following principles:

- Parity in Fare Structures.
- Consistent service levels.
- Fare increase up to CPI subject to efficiency gains.
- Fare increase above CPI to clearly demonstrate customer benefits through improvements in service quality.

Appendix 30

Cost of producing this report

A total of 400 Annual Reports were produced. The total cost was \$8 779 (excluding GST). The report is available online at www.railcorp.info

Appendix 31

Investment management performance

In the year ended 30 June 2005, RailCorp earned 5.56% on surplus funds invested. During the same period the comparable Treasury Corporation "hour-glass" cash facility earned 5.59%.

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