

# ANNUAL REPORT

2018-19







**South Line**

Approximately 175 kilometres running from the Transport Hub at Brighton to Western Junction.

**Derwent Valley Line**

Approximately 71 kilometres running from the Bridgewater Junction to the Florentine Rail Yard west of Maydena. The section of line between Boyer and Maydena is currently non-operational.

**Western Line**

Approximately 176 kilometres commencing at the East Tamar Junction and running to Burnie via Western Junction. The section of the line that runs between Burnie and Wiltshire is currently non-operational.

**Melba Line**

Approximately 130 kilometres running from the Port of Burnie to Melba Flats.

**Bell Bay Line**

Approximately 57 kilometres running from the East Tamar Junction to the Port of Bell Bay.

**Fingal Line**

Approximately 55 kilometres running from Conara Junction to Fingal.

**Hobart Line**

Approximately 21 kilometres between Hobart and the Bridgewater Junction. This line is currently non-operational.

**North East Line**

Approximately 73 kilometres running from Coldwater Creek Junction to Tonganah. This line is currently non-operational.

Rail Loading Points Ports Non-operational Line





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# CUSTOMER VALUE PROPOSITION

TasRail is the trusted provider of safe and dependable rail logistics solutions for Tasmanian industry. TasRail's infrastructure advantages, along with a culture that is focussed on its customers, make it an ideal partner for existing and potential clients from key heavy industries and freight forwarders throughout the State.

## TASRAIL PROVIDES INDUSTRY:



Long-term business partnerships providing surety of rail haulage capacity and bulk shiploading services;



Innovative rail transport solutions across major freight sectors;



Connectivity with a state-wide network of rail terminals that interface with major ports, freight precincts and industries;



Seamless connectivity with Tasmania's only open access bulk minerals shiploader;



Operational reliability, safety and simplicity across all heavy freight modes, including road, port and shipping operations;



The ability to haul heavyweight and dangerous goods containers as well as bulk cargos to reduce total supply chain costs;



Opportunities to campaign in large volumes of freight to meet customer requirements;



Reduced exposure to heavy vehicle accident risk and compliance with the Chain of Responsibility requirements of the National Heavy Vehicle Regulator for fatigue and mass management;



Valuable safety and environmental benefits;



Dedicated and specialised customer account and service management teams engaged to provide leading-edge customer outcomes.

# VISION, PURPOSE AND VALUES

After an extensive consultation period with all employees, TasRail recently reset its Vision, Purpose and Values. The original Vision and Values had been in place since TasRail's inception in 2009. Noting the maturing of the business and its establishment as a major mover of freight, the decision was made to refresh the statements.

## VISION

Tasmania's trusted provider of safe and dependable rail logistics solutions.

## PURPOSE

Maximising the benefits of sustainable rail logistics services for Tasmania.

## VALUES



### SAFETY

We will never compromise on safety. We work inside the SafetyCircle™ and we care about each other. We recognise that people need mental and physical health to thrive. Our equipment and systems will ensure outstanding and sustainable Safety, Health and Environment (SHE) performance.



### INTEGRITY

We do what we say we will do. We are fair, ethical, and honest and we take responsibility. We are transparent and we trust each other.



### RESPECT

We are inclusive and value each other's differences and ideas. We embrace diversity. We listen to each other. We know we will only achieve great results if we "are one" and work as a team. We respect and care for our people, our environment, our customers and the community.



### BEING REMARKABLE

We are passionate about our success. We continually strive for excellence and performance. We are innovative and energetic. We demonstrate leadership and drive change. We will make a difference and be remarkable!



# STATEMENT OF CORPORATE INTENT

TasRail measures its performance against a range of financial and non-financial targets. These targets are agreed between the Company and its Shareholder Members prior to each financial year and are published in an annual Statement of Corporate Intent. The table below illustrates TasRail's actual performance against the agreed measures and targets for 2018-19.

Performance Target	Target Result 2018-19	Actual Result 2018-19	Comments
Lost-Time Injury Frequency Rate *	0.0	0.0	TasRail is committed to safety excellence and to ensuring all employees and contractors go home safe and well every day. In 2018-19 TasRail continued its record of zero Lost-Time Injuries.
Recordable Injury Frequency Rate **	7.0	2.0	The recordable injury frequency rate also continued to be well below the target result.
Freight Availability (General Intermodal)	98 per cent	95.3 per cent	This financial year's average Freight Availability (FA) performance reflects the environment in which TasRail operates, with FA impacted by unforeseen events including bushfires, new customer operations and export market challenges.
Mainline Derailments	0	2	Two mainline derailments occurred in 2018-19. The first, very well documented, occurred in Devonport in September 2018. The second in May 2019, was a low-speed and low-impact incident approaching a yard at Conara.
Below Rail Infrastructure Cost (Per Track Kilometre)	\$19.0 thousand	\$20.4 thousand	Infrastructure maintenance costs were greater than planned due to the track repairs required as a result of the derailments.
Customer Revenue	\$36.6 million	\$36.2 million	TasRail achieved a 7.4 per cent increase in customer revenues compared to the previous financial year, but fell short of its ambitious 2018-19 target.
Capital Spend	\$32.1 million	\$27.8 million	Capital spend was less than planned, but in line with revised forecasts. Importantly, milestones for the jointly funded Infrastructure Investment Program (IIP) were achieved.
EBITDA (Consolidated after BRIC ***)	\$0.4 million	\$(1.9) million	EBITDA and Above Rail Net Profit results were significantly impacted by the costs incurred as a result of the derailments. Excluding the impact of the derailments, Above Rail returned a modest \$185k Net Profit.
Above Rail Net Profit (Loss)	\$1.2 million	\$(1.1) million	

\* Lost-Time Injury frequency rate is defined as the sum of lost-time injuries per million work hours

\*\* Recordable injury frequency rate is defined as the sum of lost-time injuries and medical treatment injuries per million work hours

\*\*\* BRIC – Tasmanian Government Below Rail Infrastructure Contribution

# 2018-19 ACHIEVEMENTS



**WINNER** OF THE WORKSAFE TASMANIA AWARD FOR EXCELLENCE IN WORK HEALTH AND SAFETY CULTURE – LARGE BUSINESS



COMMENCED PROVIDING A **6TH SERVICE** PER WEEK FOR FORESTRY CUSTOMERS FROM BRIGHTON TO BELL BAY



TRANCHE ONE OF THE TASMANIAN FREIGHT RAIL REVITALISATION PROGRAM COMPLETED **ON TIME AND ON BUDGET**



OCTOBER 2018 – **7,798 RECORD** TEUs\* HAULED  
\*Twenty-Foot Equivalent Units



**23% REDUCTION**  
IN TEMPORARY SPEED RESTRICTIONS



RECORD TONNES SHIPLOADED  
**UP 22%**



RECORD FORESTRY TONNAGES  
**UP 25%**



**ZERO**  
LOST-TIME INJURIES

# CHAIRMAN'S REMARKS



TasRail was presented with significant challenges and opportunities in 2018-19. It is a testimony to the resolve and dedication of our staff that both were met with the same unwavering focus on safety and a determination to service Tasmanian industry.

With a strong Tasmanian economy, buoyant resources sector and industry demand for rail services at record highs, TasRail set a number of freight milestones during the year:

**51,704 GENERAL INTERMODAL CONTAINERS HAULED;**

**THE LARGEST NUMBER OF CONTAINERS HAULED IN A SINGLE MONTH  
(7,798 TEUs IN OCTOBER 2018);**

**22 PER CENT INCREASE IN BULK MINERALS SHIPLOADING; AND**

**25 PER CENT INCREASE IN LOG TONNAGES.**

These are pleasing milestones in the face of the operational and customer challenges that have affected TasRail's financial performance. The derailment at Devonport in September 2018 caused significant disruption, impacting TasRail's Above Rail business. Likewise, a number of our key customers faced challenges during 2018-19. To ensure its long-term sustainability, TasRail will continue to embrace new projects and business opportunities to diversify and grow its customer base.



The continuing investment by the Tasmanian and Australian governments in the State's track infrastructure is recognition of the important role that freight rail logistics plays in Tasmania's heavy industry. TasRail completed Tranche One (\$119.6 million) of the Tasmanian Freight Rail Revitalisation Program on budget and on time (30 June 2019). The benefits of that four-year program are evident, with the number of mainline derailments falling to record lows and freight volumes reaching record highs during Tranche One influenced by customer confidence.

Tranche Two will see a further \$119.6 million invested over four years from 1 July 2019, with civil construction contractors at work across Tasmania on the first day – continuing to deliver network renewal projects to reduce 'single points of failure', which are a safety risk in any rail network. The condition of the network will continue to improve during the Tranche Two program, and TasRail accepts the challenge of using this further investment to leverage the performance of its Above Rail business.

The Tasmanian and Australian governments made a further funding commitment of \$68 million each in their 2019-20 budgets to Tranche Three of the Tasmanian Freight Rail Revitalisation Program. TasRail is currently assessing the balance between network renewal and strategic projects that would create a step change in safety and productivity.

TasRail is more than railway; it provides logistics solutions to industry. This includes owning and operating the Bulk Minerals Export Facility and Shiploader at the Burnie Port. The Shiploader receives ore and mineral concentrates by road and rail from west coast mines.

The Shiploader has now been in service for more than 50 years. TasRail has been preparing for its replacement to ensure the west coast mines (current and potential) have access to a productive, low-cost and highly reliable means to export their products. It is the only bulk minerals Shiploader available to multiple mining companies. TasRail currently holds shiploading contracts with multiple customers and continues to receive inquiries from proponents of new projects. By way of example, the recently reopened Hellyer Gold Mine would not have proceeded without TasRail's bulk minerals Shiploader.

Recognising the importance of the Shiploader, the Australian Government committed \$40 million to its replacement during the 2019 election campaign. TasRail is working with industry and TasPorts to determine an optimal location and operational specifications for the new bulk shiploader.

TasRail is now a multifaceted freight and infrastructure business responsible for delivering capital programs and for servicing industry. However, fit-for-purpose infrastructure is only as good as the people operating it. TasRail is continuing to sharpen its focus on improving the proficiency of its leaders and managers. The Executive Team was reduced in size during 2018-19 to improve accountability and streamline internal communications. Investment in the leadership capability of mid-level managers continues. TasRail is also developing a Diversity Strategy and is committed to its implementation in a timely manner. We believe the benefits of a diverse organisation are critical to tackling the challenges and opportunities that lie ahead.

With commitments from the Tasmanian and Australian governments for network renewal, strong industry demand and a tenacious workforce, the obligation is now on TasRail to maximise returns on investment. This will be achieved by providing high levels of service to both our long-term and new customers while maximising the performance of the Above Rail business. That is our commitment.

Finally, I would like to thank our Shareholding Ministers for their ongoing support, and my fellow Directors, CEO Steven Dietrich and all the TasRail staff and contractors for another year of hard work servicing the rail and logistics needs of Tasmanian industry.

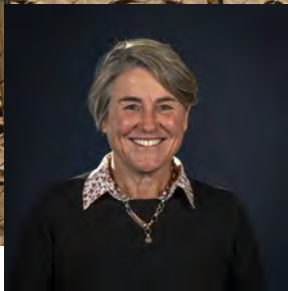


**SAMANTHA HOGG**  
CHAIRMAN





# BOARD OF DIRECTORS



## SAMANTHA HOGG

Samantha has been a Non-Executive Director of TasRail since August 2015. She has extensive executive management experience across the resources and infrastructure sectors, as well as in Australian and international finance, marketing and strategic projects. Samantha was previously Chief Financial Officer of Transurban. Samantha is Chair of Tasmanian Irrigation, Non-Executive Director of Hydro Tasmania, Non-Executive Director of MaxiTRANS Industries Limited, Member of the Australian Renewable Energy Agency Board, Member of the Infrastructure Australia Board and an AICD Fellow.



## STEPHEN CANTWELL

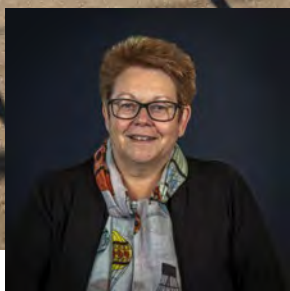
Stephen Cantwell was appointed to the TasRail Board in December 2016. He was previously Executive General Manager Mineral Processing at Bradken, and CEO of Queensland Rail. He continues to work with a range of global corporations and governments to advise in the areas of transport, logistics and infrastructure. Stephen is also a Fellow of the Chartered Institute of Transport and Logistics, a Fellow of the Centre for Integrated Engineering Management, and a Graduate Member of the AICD.



## IAN DOBBS

Ian Dobbs was appointed to the TasRail Board in July 2017. He worked in a range of operational management roles in the UK rail industry before leading the Victorian transport reform program, establishing his own consulting business, managing a number of the UK's private rail franchises, and being appointed Chairman and CEO of Public Transport Victoria. Ian holds a number of private and public sector board appointments in the transport sector and is currently global Deputy President of the International Association of Public Transport.





## JANINE HEALEY

Janine Healey was appointed to the TasRail Board in July 2017. She is a Chartered Accountant with more than 30 years' experience. She has been a Director of Hydro Tasmania, Port of Launceston Pty Ltd and the Inveresk Railyard Management Authority. Janine is currently Treasurer and Board Member of the Launceston Chamber of Commerce and FermenTasmania, Board Member of Football Tasmania and Treasurer of the Unconformity, a Fellow of the AICD, a Fellow of the Institute of Chartered Accountants and a Chartered Tax Adviser.



## PHILIP MUSSARED

Philip Mussared was appointed to the TasRail Board in December 2017. He has held senior positions in the Commonwealth, NSW and Tasmanian public sectors, most recently as the CEO of Retirement Benefits Fund. Philip is a Director of Hobart International Airport, a Director of the National Trust (Tas.), Chair of the Tasmanian Traineeships and Apprenticeships Committee, Vice-President of the Australian Risk Policy Institute, Associate Director of TFG International and a member of the Tasmanian Heritage Council. He is a Fellow of the AICD and CPA Australia.

# CEO'S REMARKS

What has become clear during my first full year as Chief Executive Officer is that TasRail is much more than a rail business. Thanks to our hardworking staff and contractors and the investment by the Tasmanian and Australian governments, we are now a multifaceted freight and infrastructure business upon which Tasmanian industry relies for logistics services.

This 'coming of age' coincides with a mixed year for TasRail. On the one hand numerous freight volume records were broken; on the other hand our revenue and Above Rail profitability were impacted by a number of unforeseen events. From bushfires, to snow, new customer operations and export market challenges, we have weathered the storm alongside our customers, supporting Tasmanian industry in the fashion that we have become known for. I have no doubt that we will see this support returned through increased freight rail opportunities during 2019-20.

In the mining sector, TasRail began providing bulk minerals storage and shiploading services for the reopened Hellyer Gold Mine. The first material was delivered by road to our Bulk Minerals Export Facility in October 2018, and we continue to work in partnership to grow the project. At peak production, Hellyer is expected to be one of the largest individual freight operations in Tasmania, which will require the efficiency and safety of a freight rail supply chain.

Demand from the forestry industry continues to increase, and TasRail is working with existing and future customers to increase available capacity. Since resuming hauling logs in 2013, TasRail has transported more than half a million tonnes for industry to Bell Bay. During 2018-19, TasRail successfully implemented plantation log haulage, expanded to three customers and added a weekly sixth service, resulting in a record of 118,000 tonnes hauled (a 25 per cent increase from 2017-18).

We are forecasting log haulage from Brighton to increase to between 150,000 and 160,000 tonnes in 2019-20. Due to industry demand, we also plan to begin operations for a fourth customer from Brighton in late 2019.

The culmination of considerable planning and industry liaison also saw TasRail begin redeveloping the Parattah Log Siding during 2018-19. On track to open towards the end of 2019, the siding presents a commercially viable alternative for forestry customers (new and existing) coming out of the State's south-east and industry has identified start-up volumes of ~100,000 tonnes per annum.





Solutions like these, tailored for industry, are what will put us on track to further grow the profitability of TasRail's commercial segment and ensure business sustainability. They underscore the importance of freight rail logistics to industry.

TasRail recorded revenue growth of \$2.5 million (7.4 per cent) in 2018-19, with forestry and shiploading volumes the main drivers of this result. However, despite this increase in revenue, profit was severely impacted by the Devonport derailment. Excluding the direct financial impact of the derailment, a modest Above Rail net profit of \$185,000 was achieved.

A zero harm environment is TasRail's first priority – the safety of our staff, contractors, customers and the communities in which we operate is paramount.

Disappointingly, TasRail experienced two mainline derailments in 2018-19. The first has been well documented and occurred in Devonport in September 2018 when a train was involved in a forced derailment near Formby Road.

The incident was very serious and remains subject to several investigations. TasRail continues to actively cooperate with the Australian Transport Safety Bureau and the Office of the National Rail Safety Regulator. We continue to implement learnings from the investigations to date and aim to ensure that this type of incident does not occur again. It is regrettable that two members of the public received minor injuries caused by debris from the derailment.

The second incident occurred in May 2019. It was caused by a single component failure in a set of points accessing our yard at Conara. Although a low-speed and low-impact incident, it still constitutes a 'mainline derailment' under TasRail's reporting standards. Notwithstanding these two incidents, the severity and frequency of derailments are at record lows, and rail remains the safest way to manage freight for Tasmanian heavy industry (2.94 million tonnes during 2018-19).

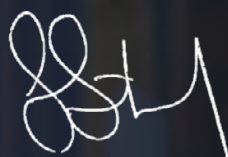
On a more positive note, TasRail's ongoing cultural safety program (SafetyCircle™) again saw TasRail record zero lost-time injuries in 2018-19. Our SafetyCircle™ program puts safety at the core of every TasRail activity and a TasRail employee has not experienced a lost-time injury since August 2016. TasRail's SafetyCircle™ program was acknowledged at the 2018 Worksafe Tasmania Awards, receiving the large business award for Excellence in Work Health and Safety Culture.

However, like any business, these milestones cannot be achieved without our most valuable asset – our people. I would like to thank our highly valued staff for helping us to grow and transition as an organisation. From our recently appointed cohort of Rail Operators through to the more than 40 staff with over 30 years' experience, we would not be in this position without their collective professionalism, skills and enthusiasm.

A modern freight and infrastructure business needs a Vision and Values statement that embraces who it is and what it strives to be. We have recently reset ours based on some fantastic feedback from our team. I am very proud of the result and it sets our course for the coming years. In that same vein we are also shaping our Diversity Strategy.

As noted by the Chairman, the Tasmanian and Australian governments are continuing to invest to ensure that Tasmanian industry has a fit-for-purpose freight railway to reach its export markets. I would like to acknowledge the importance of this investment for our customers and also the highly skilled civil construction industry partnering with TasRail to successfully deliver these projects. To the TasRail Chairman and Directors, thank you for your support, encouragement and guidance.

With record demand for our services, strong infrastructure investment and our committed team, there is much cause for optimism in the coming years.



**STEVEN DIETRICH**  
CEO





# EXECUTIVE TEAM







*CHIEF EXECUTIVE OFFICER*  
**STEVEN DIETRICH**

**Corporate Relations and Strategic Development**

This team incorporates the functions of business development, customer account management, customer service delivery, media, marketing and communications. It is also responsible for managing and facilitating stakeholder and community relations and reputation management.

**People and Culture**

People and Culture is focused on building a values-based culture and growing organisational capability through inclusion, diversity and collaboration. The team manages and implements human resource policy including: remuneration and reward, industrial relations, training and development and performance management.



*CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY*  
**KAREN VAN DER AA**

**Corporate Services**

Corporate Services is responsible for financial reporting, auditing, accounts receivable, accounts payable, payroll, procurement, IT, business systems and property management. This team is also responsible for Board administration and business performance reporting.



*CHIEF OPERATING OFFICER*  
**STEPHEN KERRISON**

**Freight Services**

Freight Services provides safe, reliable and sustainable rail freight and logistics services, and operates TasRail's terminals. It is also responsible for operating the rollingstock fleet and ensuring safe and authorised access to the network.

**Asset Management**

Asset Management maintains the rail network and infrastructure such as level crossings, bridges, culverts and tunnels. It also maintains the rollingstock, facilities and TasRail's vast rail land corridors.

**Business Improvement**

Business Improvement is responsible for the oversight of the Tasmanian Freight Rail Revitalisation Program, capital projects and safety. There is also a strong focus on cost control.





# TASMANIAN FREIGHT RAIL REVITALISATION PROGRAM

## Tranche One: Strategic Achievements

Tranche One directly and indirectly contributed to:

- Record freight volumes;
- Record safety statistics (reduction in derailments);
- Record network performance (reduction in Temporary Speed Restrictions).

As part of Tranche One, TasRail:

- Addressed a number of sections of track on the North-West Coast that were subject to coastal erosion – while working with the community to protect areas of significant environmental importance (such as penguin rookeries);
- Worked with an Australian steel manufacturer for a further delivery of redesigned sleepers that now have a 30 per cent greater resistance against track buckling than the original sleeper design; and
- Responded to industry demand by commencing the reconstruction of the Parattah Log Siding.


Tranche One of the Tasmanian Freight Rail Revitalisation Program (TFRRP), was completed on time and on budget in 2018-19. The four-year \$119.6 million program of work was jointly funded by the Tasmanian and Australian governments under the federal Infrastructure Investment Program (IIP).

The TasRail team is proud to have delivered this milestone program in partnership with Tasmania's highly skilled contractors, bringing economic and infrastructure benefits to industry and communities throughout the State.

Over the final twelve months (2018-19) of Tranche One, TasRail completed a number of key Below Rail projects that are critical to the Tasmanian Rail Network including the:


- Replacement of aged rail, sleepers and turn-outs;
- Upgrading road surfaces on key level crossings;
- Replacement of track support formation;
- Renewal and strengthening of bridges; and
- Reconstruction of a log loading facility at Parattah.





“ The safe, on time and on budget delivery of Tranche One has been a testament to the combined efforts of the TasRail IIP Team and the very proactive Tasmanian contractors who carry out the works. ”

**GILBERT NESS**  
TASRAIL CAPITAL PROGRAM MANAGER



“ Tranche Two will build on the successes and learnings of Tranche One and will yield even more benefit to TasRail and the Tasmanian businesses that choose to use rail as their preferred logistics solution. ”

**STEPHEN KERRISON**  
TASRAIL CHIEF OPERATING OFFICER

The commitment by the Tasmanian and Australian governments to a fit-for purpose freight rail system has provided significant benefits to many of the State's major industries. Tranche One enabled TasRail to achieve a number of safety and freight records, confirming rail freight logistics as the mode of choice for many of Tasmania's heavy industries and freight forwarders. As a result, TasRail, its customers and civil contractors were also very pleased when the Federal Minister for Infrastructure issued the formal approval instruments for Tranche Two of the Program in early 2019.

Tranche Two, underway as of July 2019, will continue to improve the condition of the network by targeting potential single points of failure (that can result in incidents and business disruption) and improve the network's condition and age.

Such is the confidence in TasRail's ability to deliver quality projects on time and on budget for the benefit of the broader economy, the Tasmanian and Australian governments committed to Tranche Three of the Tasmanian Freight Rail Revitalisation Program in their 2019-20 Budget Papers. Scoping and planning for this milestone commenced in early 2019.





*“ Gradco continues to grow our rail capability across all aspects of project delivery and are committed to strengthening an already strong relationship with TasRail. We are excited to be involved with the ongoing Infrastructure Investment Program. ”*

**TOM DIPROSE**  
DIRECTOR GRADCO

*“ Albeit, the TasRail and HAY Rail relationship is in the embryonic stage, HAY Rail management and staff have intimate working knowledge of the network. We hope to continue providing rail maintenance services on a mutually beneficial collaborative approach with TasRail, where cost effective productivity is only surpassed by the strict acknowledgement and adherence to safety protocols and procedures. ”*

**MATT HAY**  
DIRECTOR HAY RAIL

*“ VEC has been working together with TasRail and delivering projects for over 20 years. In 2015 the single largest tender of the \$119.6 million Tasmanian Freight Rail Revitalisation Project was awarded to VEC. Since then, we have had the pleasure of successfully delivering numerous packages of these works for TasRail. Our collaborative approach has seen us invest in local people and plant. We have also had the opportunity to embrace the introduction of the SafetyCircle™ to our organisation. ”*

**JON DREW,**  
STATE MANAGER (TASMANIA) VEC





## TRANCHE ONE: FAST FACTS

**SOME 114,500 SLEEPERS AND 120,000 METRES OF RAIL INSTALLED**

**44 TRACK TURNOUTS (OR POINTS) ON THE NETWORK REPLACED**

**7 BRIDGES STRENGTHENED/RENEWED**

**30 LEVEL CROSSINGS ROAD SURFACES RENEWED**

**16 COASTAL EROSION/SLIP SITES STABILISED**

**RHYNDASTON TUNNEL STRENGTHENED**







## WORKING TOWARDS **ZERO HARM**

TasRail has a team of dedicated and highly competent Safety, Health and Environment (SHE) specialists that supports operational areas on a daily basis and provides a strategic approach to continuous improvement via the:

- Continued reinforcement of the cultural SafetyCircle™ program and the ongoing rollout of the Safety Pause. The Pause is a regular proactive event where the senior management team leads a company-wide discussion on safety;
- Ongoing support of the Derailment Prevention Strategy, with key tactics including the implementation of the Track Geometry Measuring System and ultrasonic rail testing;
- Ongoing support of the Level Crossing Strategy;
- Delivering best practice improvements in risk management;
- Exporting TasRail's safety culture to its contractors; and
- Effective management of the environment in which we operate.

TasRail continues its unwavering commitment to the safety of its staff, contractors and the Tasmanian communities in which we work. Safety is entrenched as one of TasRail's four key values and the mantra of going "Home Safe and Well Today and Every Day" is a part of the company ethos.

TasRail's progress and achievements in this area are remarkable given that, in addition to hauling around three million tonnes of freight annually, the business also provides a range of logistics services in a 24/7 environment including operating major freight terminals, a bulk minerals Shiploader, log loading and bulk minerals handling.



*“ Safety is like trying to sweep water up a hill; if you stop for a second it comes back down again. ”*

**STEPHEN KERRISON**  
TASRAIL CHIEF OPERATING OFFICER

*“ We are immensely proud of reaching three years Lost-Time Injury free. This demonstrates that our people continue to make choices consistent with working “inside the circle” and to manage risk well. It is also recognised we must all remain focused and continue to build on this great achievement. ”*

**DEREK VAN DER HEIDE**  
RISK AND COMPLIANCE MANAGER

TasRail is also an infrastructure business. Our Below Rail crews work across the network providing maintenance services on the track often in harsh and remote environments, while our workshops are responsible for maintaining the heavy rollingstock. Concurrently, TasRail is managing civil construction contractors that delivered \$27.8 million work of track upgrades in 2018-19.

TasRail set ambitious safety targets for 2018-19, which from an injury perspective were achieved. Disappointingly however, TasRail experienced two mainline derailments.

The first incident occurred in September 2018 when a train was involved in a forced derailment near Formby Road at Devonport.

This was a very serious incident that most concerningly saw minor injuries sustained by two pedestrians. The incident remains subject to several investigations and TasRail continues to actively cooperate with the Australian Transport Safety Bureau and the Office of the National Rail Safety Regulator. TasRail continues to implement learnings from investigations to date to ensure that this type of incident does not occur again.



The second derailment in May 2019, while a low-speed and low-impact incident on approach to a yard, still constitutes a mainline derailment under TasRail's reporting standards. Notwithstanding these two incidents, the severity and frequency of derailments are at record lows, and rail remains the safest way to manage freight for Tasmanian heavy industry.

As TasRail continues on its journey towards Zero Harm, our cultural safety program (SafetyCircle™) contributed to TasRail recording zero lost-time injuries in 2018-19. As of June 30 2019, TasRail employees were 1,041 days lost-time injury free – a record for the organisation. Likewise, TasRail came in well under its target of a recordable injury frequency rate of 7.0, achieving a record result of 2.0 based on approximately 550,000 exposure hours (including contractors).

Our SafetyCircle™ program puts safety at the core of every TasRail activity. TasRail's implementation and embedding of the program was acknowledged at the 2018 Worksafe Tasmania Awards, winning the large business award for Excellence in Work Health and Safety Culture.

### Case Study: Fatigue Risk Management Program

TasRail is committed to systematically eliminating or controlling the risks associated with fatigue in its workforce and has taken further steps in the implementation of its Fatigue Risk Management Project.

"In general people are working more and sleeping less. This trend creates a significant risk for any business, and is particularly important for those people who work in safety-critical roles where there is the possibility of major incidents like collisions or derailments," TasRail Risk and Compliance Manager Derek Van Der Heide said.

The project aims to improve TasRail's approach to fatigue by increasing personal commitment to managing fatigue and being fit for duty, improving the systems and equipment that support fatigue management, and providing leaders with the training and tools necessary to effectively manage fatigue in the workplace. A trial of the new system is being undertaken by drivers based at TasRail's Devonport site.

When fully implemented, this will lead to further maturing of the safety culture at TasRail.







# PEOPLE AND CULTURE

## OUR PEOPLE

An ongoing commitment to the growth and development of our people continues to pay dividends for TasRail as we become a high-performance provider of rail logistics in Tasmania.

TasRail has achieved significant gains through its increased focus on an embedded values-based culture, as evidenced by the ongoing safety performance milestones and other engagement initiatives such as the resetting of the Vision, Purpose and Values to reflect the modern face of TasRail.

Diversity, respect and empowerment remain central to TasRail's People and Culture Strategy with numerous initiatives undertaken during this reporting period.

## LEADERSHIP DEVELOPMENT PROGRAM

In 2018-19 TasRail celebrated the first round of graduates from its customised Leadership Development Program. The graduation acknowledged the hard work and perseverance of 21 employees, further strengthening the leadership potential across the organisation. A second group of current and future leaders have been enrolled in the next intake, further building TasRail's goal of managing and developing capability within the organisation.

## TRAINEE RAIL OPERATORS

TasRail's intake of Trainee Rail Operators plays a key role in our workforce planning process. The 2018-19 intake was a clear illustration of the team diversity that TasRail consistently strives for, with a broad mix of age (21-50), gender, and employment backgrounds being welcomed into the business. The intake ensures that we continue to focus on having the right people, at the right time, ready to be developed as the workforce changes shape over coming years.

## HEALTH AND WELLBEING

TasRail is focused on sending employees home safe and well every day - not only physically, but also mentally. TasRail works hard to ensure that it has the capacity and the capability to support employees to achieve good health and wellbeing, including taking part in a number of initiatives facilitated by the TrackSAFE Foundation, including Rail R U OK Day and Mental Health First Aid (MHFA). The MHFA course, offered across the workforce, aims to provide staff with best practice mental health first aid strategies along with the skills and knowledge to support their peers in a range of mental health scenarios. Following the training, some participants went on to complete the requirements to become Mental Health First Aid Officers. This training will continue to be offered as part of TasRail's annual calendar of training opportunities.







## WORKFORCE PROFILE

243.3 full-time equivalents

Freight Services – 112.0 full-time equivalents

Corporate Services – 38.75 full-time equivalents

Asset Management – 92.55 full-time equivalents

## LENGTH OF SERVICE

Seven employees with 45 years of service or more

## AGE

Average employee age – 46 years

Age of youngest employee – 19 years

Age of oldest employee – 69 years

## GENDER

23.9 per cent of new TasRail employees in 2018-19 were female

12.7 per cent of TasRail's total workforce were female

## FIRST

First ever female network controller at TasRail in 2018-19



# ABOVE RAIL

The Above Rail business is the commercial arm of TasRail. It provides safe, reliable and efficient rail freight and logistics services to our highly valued customers.

In addition to rail logistics, the Above Rail team is also responsible for operating and managing:

- Freight terminals;
- Container handling;
- Bulk minerals handling, storage and shiploading services;
- Log stockpile management and train loading; and
- Train Control services to ensure safe train operations.

TasRail's statewide network of terminals and dedicated customer sidings provide seamless access to export hubs for heavy industry and freight forwarders. Customised rollingstock for containers, logs, minerals, coal and cement ensure industry can rely on TasRail to provide surety of haulage capacity.

The rail freight task handled by TasRail's Above Rail business in 2018-19 was consistent with the previous year at 2.94 million tonnes. Growth in logs helped offset some modest reductions in other commodities due to a variety of unforeseen circumstances including weather events and market conditions.

## TOTAL NET TONNE KILOMETRES

2018-19	482,953,848
2017-18	488,515,583
2016-17	472,896,218
2015-16	442,845,844

Net Tonne Kilometres are calculated by multiplying the total distance travelled in kilometres by the net weight of the freight.





**TOTAL FREIGHT TASK  
NET TONNE KILOMETRES (NTK)**

<b>COMMODITY</b>	<b>2018-19 NTK</b>	<b>2017-18 NTK</b>	<b>PERCENTAGE CHANGE YEAR ON YEAR</b>
Coal	42,695,134	42,601,177	0.22%
Cement	25,459,817	25,976,894	-1.99%
Concentrates	22,053,768	22,810,917	-3.32%
Logs	28,903,180	23,989,688	20.48%
General Intermodal	246,822,408	246,889,952	-0.03%
Paper	117,019,541	126,246,955	-7.31%
<b>TOTAL</b>	<b>482,953,848</b>	<b>488,515,583</b>	<b>-1.14%</b>







## ROLLINGSTOCK ASSET UTILISATION

The team at TasRail worked hard in a real-time environment to optimise the use of rollingstock across the network in 2018-19, ensuring that a wide range of freight could be hauled safely and efficiently, and the changing needs of our highly valued customers could be met. TasRail's fleet includes 17 TR class, eight DQ class, and two 2050 locomotives.

2018-19	27 locomotives	17,887,179 NTK per locomotive
2017-18	25 locomotives	19,540,623 NTK per locomotive
2016-17	25 locomotives	19,201,848 NTK per locomotive
2018-19	312 wagons	1,547,929 NTK per wagon
2017-18	312 wagons	1,565,755 NTK per wagon
2016-17	306 wagons	1,568,778 NTK per wagon

## LOCOMOTIVE KILOMETRES

The total amount of kilometres travelled by TasRail locomotives on the Tasmanian Rail Network in 2018-19 increased by 65,507 kilometres, or 4.05 per cent compared to 2017-18.

2018-19	1,683,078
2017-18	1,617,571
2016-17	1,561,150



# BULK MINERALS SHIPLoader

TasRail owns and operates the Bulk Minerals Export Facility and Shiploader located at the Burnie Port, and provides storage and shiploading services for west coast miners. Mine material is delivered by train seamlessly into the 130,000 tonne capacity Export Facility – or delivered by road depending on the location of the mine. Hellyer Gold Mine became TasRail’s newest customer in 2018-19.

With a resurgent resources industry, TasRail fully optimised the Export Facility and had a strong shiploading result in 2018-19. TasRail loaded 564,000 tonnes of bulk material onto export ships – materials loaded included magnetite (high-grade iron ore), zinc, lead and pyrite concentrates. This is a 22 per cent increase over the previous financial year. TasRail is working with its existing and prospective customers to substantially increase shiploading volumes into the future.

In May 2019, the Australian Government made a \$40 million election commitment to fund the construction of a new bulk minerals shiploader to replace the current unit that was installed in 1969. The new shiploader will have faster loading rates, contemporary safety/environmental features and the reliability inherent to a new machine.

TasRail is working with TasPorts and industry to determine the optimum location within the Port and operational parameters of the new shiploader – the project is a major undertaking and TasRail estimates that it will take between two and three years to complete.

## Total shiploading volumes

2018-19	564,201 tonnes
2017-18	463,462 tonnes
2016-17	496,808 tonnes









# FORESTRY

After a lengthy hiatus, TasRail recommenced providing log haulage services to the forestry industry in 2013. Starting operations with a single customer at around 75,000 tonnes per annum, TasRail provided an efficient and safe supply chain to the Bell Bay Port.

Based on a high level of service, a second customer commenced using rail in 2017. In July 2018, TasRail commenced rail services for a third customer, and for the first time started hauling plantation logs to Bell Bay.

Despite the impact of winter snow and the summer fires, TasRail hauled around 118,000 tonnes of logs in 2018-19 (25 per cent increase year-on-year). This was achieved by operating additional wagons and, in the final weeks of the year, shifting services up from five to six trains per week. In response to industry demand, TasRail will continue providing six services a week from Brighton to Bell Bay.

After considerable consultation with the industry, TasRail began the process of rebuilding the Parattah Log Siding in 2019. The siding has been disused for many years and is being readied for operations to start in late 2019. Industry demand for rail capacity out of this region to Bell Bay is strong and it will provide a significant addition to log volumes being transported from Brighton.

TasRail has established an excellent working relationship with its customers across the forestry industry and looks forward to continuing to grow in partnership with the sector.

## REDUCED CARBON EMISSIONS

Transport is one of the largest sources of greenhouse gas emissions (GHGs) in Australia making up nearly 20 per cent of Australia's net emissions<sup>1</sup>. Freight transported by rail provides an opportunity to significantly reduce carbon emissions, allowing companies to demonstrate an ongoing commitment to reduce GHG emissions.

Sustainability of the harvesting and logistics supply chain, including management of GHG emissions, forms part of the forest certification process. The forestry industry looks, where possible, to reduce its carbon footprint to demonstrate the ongoing sustainability of the industry.

Log freight transport by rail between Brighton and Bell Bay produces 0.03kg CO<sub>2</sub>/km of GHG emissions for every tonne of logs transported. This represents a 62 per cent reduction in GHG emissions when compared to the same logs being transported by road or 1,420 less tonnes of CO<sub>2</sub> emissions (the equivalent of planting 90 ha. of plantation<sup>2</sup>).

In addition to the reduction on GHG emissions, the logs transported by rail in 2018-19 resulted in around 3,900 less truck movements along the Midland Highway. TasRail will continue to work in close partnership with forestry companies and road transport operators to ensure efficient supply chains to reach the rail heads at Brighton and Parattah.

### References

<sup>1</sup> *A Greener Future – Leveraging on rails green credentials.* Australian Railway Association.

<sup>2</sup> *Assumes 15t of carbon/ha/ year. Carbon Plantations Kit: Private Forests Tasmania.* [www.carbonneutral.com.au/faqs/](http://www.carbonneutral.com.au/faqs/)



# HELLYER GOLD MINE RESTART



TasRail is more than just a railway; it also partners with industry to provide logistics solutions. A key service that TasRail provides to industry is bulk minerals shiploading and that is why Hellyer Gold Mine and TasRail worked in close partnership on the re-opening of this key project in North-West Tasmania.

The new owners of the Hellyer Gold Mine saw great economic value in the almost 12 million tonnes of tailings held on site at the mine. Without the need to reopen underground mining operations, Hellyer is reprocessing the material from the tailings dams to produce zinc, lead and a custom pyrite/precious metals concentrate.

Hellyer and TasRail signed a mineral storage and shiploading contract at the official opening of the project on 16 July 2018 and TasRail received the first volumes from Hellyer in October 2018. As the Hellyer project scales up, transport will shift from road to rail, providing Hellyer with a safe and efficient logistics chain from the mine directly into TasRail's facilities at the Burnie Port ready for shiploading.

*The TasRail team have been crucial in the restart of the Hellyer Gold Mine.*

*Restarting a project like Hellyer will always have its challenges, and TasRail have been there every step of the way.* ”

**STEPHEN WHITE**  
HELLYER GOLD MINE DIRECTOR

*TasRail are well experienced at providing high tonnage rail transport to the resources industry and look forward to partnering with the Hellyer Gold Mine into the future.* ”

**STEVEN DIETRICH**  
TASRAIL CHIEF EXECUTIVE OFFICER



# GENERAL INTERMODAL CONTAINERS

“ *The new Bass Strait shipping capacity represents an amazing opportunity for TasRail to continue its growth in general containers.* ”

**STEVEN DIETRICH**  
TASRAIL CHIEF EXECUTIVE OFFICER

In addition to the dedicated train services contracted to specific customers, TasRail also competes in the General Intermodal container market. TasRail operates terminals at Brighton, Launceston, Bell Bay, Devonport and Burnie and provides regular services between these locations, transporting containers for both the largest freight forwarders and small project cargoes. TasRail's General Intermodal services haul large volumes of heavy weight containers of finished processed products such as zinc, processed metals, manufacturing, aquaculture inputs and consumer goods.

TasRail's Business Development team is actively engaged with the market, and has been consistently growing container volumes each year, hauling 51,704 Twenty-Foot Equivalent Units (TEUs – or standard shipping containers) in 2018-19 – an increase of ~700 containers on the previous year. Very pleasingly, in November 2018 TasRail set a monthly general intermodal container record, transporting 5,356 containers.

The introduction of Toll's two significantly larger ships to Tasmania in early 2019 presented some initial operational challenges, which were to be expected with any new infrastructure project of that size and complexity. Toll has very clear plans to increase its use of TasRail's services to facilitate the increased capacity of these vessels.



# BELOW RAIL

TasRail's Below Rail segment is responsible for the management and maintenance of the Tasmanian Rail Network including rail, sleepers, ballast, points, formation, bridges, culverts, tunnels and level crossings. The team also maintains TasRail's land tenure (including vegetation management) comprising both operational and non-operational rail corridors of more than 850 linear kilometres.

## TRACK INSPECTION

TasRail inspects the operational network in accordance with its Track Engineering Standards, which are consistent with the broader rail industry. This includes the routine physical inspection of the infrastructure to identify corrective works in order to manage risk. Specialised measuring equipment, including the Track Geometry Measuring System (TGMS) and ultrasonic rail testing, are used to supplement visual inspections. In addition to the track inspection process, all structures (bridges, tunnels and culverts) undergo detailed inspection in accordance with the TasRail Track and Structures Maintenance Standard.

## TRACK QUALITY INDEX (TQI)

The TQI is derived from TasRail's mandatory, scheduled mechanised track geometry recordings. Since April 2018, track geometry on the network has been measured using TasRail's own TGMS. The outputs of the TGMS allow Asset Management team members to make objective assessments of work priorities.

The benefits of planned maintenance and the capital invested through Tranche One of the Tasmanian Freight Rail Revitalisation Program are demonstrated through the increase in "Line Rated as Good" together with the reductions of the other quality bands, when compared to the previous year.





### Percentage Rated: Good, Fair, Poor, Very Poor

	Jun 2019 (Good)	Sept 2018 (Good)	Jun 2019 (Fair)	Sept 2018 (Fair)	Jun 2019 (Poor)	Sept 2018 (Poor)	Jun 2019 (Very Poor)	Sept 2018 (Very Poor)
Western Line	80.74	74.43	16.91	21.09	2.23	4.14	0.11	0.34
South Line	67.56	71.94	27.16	24.09	5.06	3.46	0.23	0.51
Melba Line	72.45	68.25	24.18	25.68	3.19	5.88	0.19	0.19
Bell Bay Line	70.72	66.48	22.65	26.34	6.45	6.81	0.18	0.37
Fingal Line	80.39	80.39	16.40	16.40	3.03	3.03	0.18	0.18
Derwent Valley Line	44.78	44.78	39.55	39.55	12.69	12.69	2.99	2.99
<b>Network</b>	<b>73.42</b>	<b>71.70</b>	<b>22.36</b>	<b>23.30</b>	<b>3.97</b>	<b>4.59</b>	<b>0.24</b>	<b>0.41</b>

### TAMPING

Effective use of TasRail's tamper and ballast regulating machines is vital to the network maintenance strategy – ensuring that the track geometry is maintained within standard. During 2018-19, TasRail's Asset Management team tamped a total of 174 kilometres of track – up five per cent on the previous year.

Tamping is the process whereby a specialist track machine (the tamper) is used to 'lift and align' the track to restore, or improve, the track geometry. Tamping is generally targeted at track rated "Fair" or "Poor" by the TGMS. Tamping is also carried out following track renewal or maintenance works.

The tamper works in close association with the TasRail ballast train, which distributes new ballast to the track in advance of where the tamper is working.

	2018-19	2017-18
Tamped Kilometres	174	166



### TEMPORARY SPEED RESTRICTIONS

As a result of TasRail's detailed inspection process, it is sometimes necessary to mitigate risk by reducing the speed of the trains in a specific location. A Temporary Speed Restriction (TSR) is periodically imposed, at particular locations, in line with TasRail's maintenance standards. A TSR assists in managing risk in areas where a track defect or other issue has been identified, pending a permanent solution.

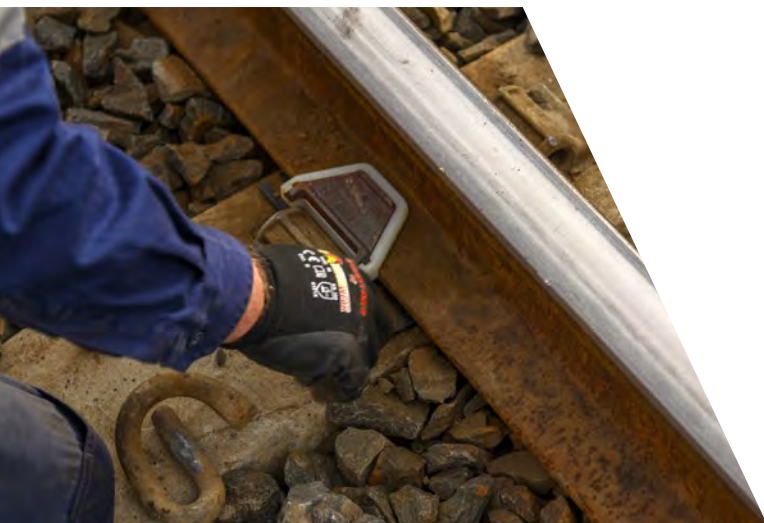
Examples of where a TSR may be applied to a section of track are:

- Following the detection of a track geometry exceedance or other component issue;
- To manage the risk of track buckling in periods of hot weather or flooding; or
- Following a public safety incident on the network or at a level crossing.

TasRail reported a significant reduction (23.3 per cent) in the percentage of the operational network under TSR in 2018-19. A downward trend in TSRs is consistent with a Below Rail organisation that is effectively managing its rail network.

#### Percentage of the Network under TSR

As of 30 June 2019	8.03
As of 1 July 2018	10.47



	<b>BUCKLES</b>	
	2018-19	<b>27</b>
	2017-18	<b>42</b>
	<b>BROKEN RAIL (Mainline)</b>	
	2018-19	<b>12</b>
	2017-18	<b>7</b>
	<b>BROKEN RAIL (Yard)</b>	
	2018-19	<b>3</b>
	2017-18	<b>2</b>
	2016-17	<b>0</b>

### TRACK MANAGEMENT

Steel contracts at low temperatures and expands during periods of high temperatures. In extreme cold, a length of continuously welded rail (CWR) is in tension. Steel also becomes more brittle and on occasions this can trigger a rail break, usually located at the point where lengths of rail have been welded together. In extreme heat, CWR is in compression, which can cause alignment issues and in extreme cases the rail can buckle. Critical to the management of such situations is the correct stress state of the rail when installed, the correct profile of ballast and the selection of a sleeper design that has a high lateral stability. All these factors are included in the scoped work delivered under the Tasmanian Freight Rail Revitalisation Program.

Aged ballast that is no longer angular and has become contaminated with fine material will require more regular maintenance intervention. The condition of the track formation (the part of the structure that supports the ballast) is also vital to good asset management. Both these issues have been points of focus in Tranche One and Tranche Two work scopes, with the Tranche One works having achieved the removal of long-standing TSRs.





*TasRail's tamper is used to 'lift and align' the track to improve track geometry.*





## OUR COMMUNITY

	2018-19	2017-18	2016-17	2015-16
Level crossing failure to stop or give way	85	72	76	123
Level crossing collisions	2*	1	1	1
Trespass	58	69	43	67
Vandalism and theft	31	72	55	52
Livestock in the rail corridor	104	122	64	86
Animal collisions with trains	19	20	10	32

\*Note: Two level crossing collisions were reported in 2018-19. On both occasions motorists failed to stop at level crossings (Brighton, Spreyton).





TasRail prides itself on a proactive and positive relationship with the communities in which it operates, whether via supporting our customers, promoting rail safety, or the sponsorship of key events. TasRail sponsorship and engagement activities are spread across industry and community events and in the past year included a team in the F1 in Schools STEM Challenge, the Rosebery Festival, several key industry forums, and the Devonport Regatta. TasRail has also embraced many other key causes in support of employees, including fundraising for the Leukaemia Foundation and MS Australia.

## BEACON PARTNERSHIP

TasRail continued its valued partnership with the Beacon Foundation in 2018-19, which focuses on empowering Tasmanian students to 'be the best they can be' as they transition from education into the workforce. In conjunction with Beacon, TasRail staff have facilitated or participated in site visits, and numerous job chats and careers expos, with many participants commenting on what a rewarding opportunity it provided.

The feedback from students after engaging with TasRail staff has also been fantastic, with many acknowledging a greater understanding of TasRail and the variety of opportunities that exist within the sector.

An additional benefit of TasRail's engagement with schools is the opportunity to educate students about rail safety. This is particularly important and relevant for schools in close proximity to rail lines and/or near to a TasRail depot. Rail safety awareness is an important TasRail value and one that the Beacon Foundation also supports for young people.

## RAIL SAFETY

TasRail promotes public rail safety education and awareness, including periodic advertising campaigns. It also works closely with the Australasian Railway Association and the TrackSAFE Foundation to develop educational material, and on national initiatives including Rail Safety Week. CCTV cameras operate at a number of hotspot level crossings and are fitted to the locomotive fleet. Where evidence of an offence is captured on video, TasRail receives good follow-up and support from Tasmania Police. While most level crossing and trespass incidents are reported by drivers, many in the community have also embraced the importance of rail safety, reporting occurrences via phone, email and social media.

TasRail's operating procedures require the train horn to be sounded twice per level crossing for a duration of one second each time – one near approach to the crossing and once prior to entering the level crossing. The procedures also mandate that the 'low note' be applied between the hours of 10 pm and 6 am. It should be noted that these procedures are minimum requirements only, with the train driver authorised to sound the horn at any time they perceive there to be a potential danger. While TasRail acknowledges that the sound of a train horn does pose a concern for a minority of people who live near a railway line, the safety of the general public and rail operations must be a priority.

### Train Horn Complaints

2018-19	22
2017-18	21
2016-17	20

# CORRIDOR LAND MANAGEMENT

TasRail is responsible for maintaining the Tasmanian Rail Network. This comprises terminals, depots, sidings and some 1700 kilometres of operational and non-operational land corridors.

Maintaining these land corridors is a significant undertaking and TasRail each year diverts a percentage of its track maintenance budget to implement a prioritised program of land management activities. These include bi-annual spraying and slashing, selective weed control and/or eradication, removal of problem trees and other hazards within and adjoining rail land and the clearance of line of sight obstructions across the rail corridor.

The 2018-19 summer was particularly challenging, with a high demand for repeat slashing and mowing works across the network.

Adjoining landowners and members of the public are encouraged to report vegetation issues to [property@tasrail.com.au](mailto:property@tasrail.com.au).

## Vegetation Complaints

2018-19	56
2017-18	31
2016-17	80





# TOURIST AND HERITAGE RAIL

The Tasmanian Government has provided a clear and transparent pathway for any third party seeking to operate tourist and heritage rail services on the Tasmanian Rail Network.

Where access to a part of the operational rail network is requested, the interested third party can apply directly to TasRail for a Network Access Agreement (NAA) in accordance with the Tasmanian Rail Access Framework Policy. Under this scenario, TasRail is responsible for Below Rail operations only, with the NAA applicant responsible for its own Above Rail operations including attainment of the appropriate rail safety accreditation for the proposed activity. The NAA applicant will need to demonstrate to TasRail that the rollingstock it intends to operate on the Tasmanian Rail Network is compatible with the available infrastructure and complies with TasRail's ONRSR accredited Track and Engineering Standards.

TasRail is yet to receive a formal application for access to the operational rail network but is developing NAA Guidance Notes to be published on its website. The Guidance Notes will set out technical parameters such as axle loadings, braking systems, network control and incident recovery procedures. Public Liability Insurance requirements and other operational parameters will also be included. For example, applicable safety management systems and rail worker competencies.

The access fees payable by the third party under the NAA are set by the Tasmanian Government as published in the Rail Access Framework Policy.

Alternatively a tourist and heritage rail organisation can apply to the Tasmanian Government for access to a non-operational rail corridor (or part thereof) in accordance with the *Strategic Infrastructure Corridors (Strategic and Recreational Use) Act 2016*.

Decisions about the future use of a non-operational rail corridor are not a matter for TasRail, noting that under this scenario the tourist and heritage rail operator would be responsible for both the Below and Above Rail operations.

TasRail continues to provide support and in-kind assistance to tourist and heritage rail organisations. This includes provision of information and the donation of surplus and/or redundant assets in accordance with TasRail's Disposal of Assets Policy and Procedures. Examples of TasRail's support for this sector during 2018-19 include:

- TasRail providing two staff members to join on the Ministers Advisory Committee for the West Coast Wilderness Railway;
- Donation of sleepers to the Launceston Tramway Museum Society;
- Donation of sleepers to Don River Railway;
- Loan of rail equipment to Don River Railway;
- The retrieval, transport and storage of sleepers reserved for future donation to tourist and heritage rail organisations.







# CORPORATE GOVERNANCE

At TasRail, Corporate Governance relates to the system by which the business is directed and managed. Much of its success is underpinned by strong and effective relationships between the Board and the Management Team, the Shareholder Members and other stakeholders.

## CORPORATE GOVERNANCE FRAMEWORK

TasRail is managed by a Shareholder-appointed Board of Directors. The Board operates under a framework that is consistent with the ASX Corporate Governance principles and recommendations:

### PRINCIPLE 1

#### Lay solid foundations for management and oversight:

The TasRail Board is made up of five independent Non-Executive Directors. The responsibilities of individual Directors and the Company's expectations of them are set out in their letter of appointment and the Board Charter.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The Board Charter requires annual reviews of the Board, its committees and Directors. The process for evaluations is in line with the Guidelines "Assessing Board Performance" issued by the Shareholders.

The Chairman and the CEO, along with the Portfolio Minister appear before and respond to Parliamentary Government Business Scrutiny Committee(s) as and when required.

### PRINCIPLE 2

#### Structure the Board to add value:

All TasRail Directors are independent of management. Directors have an ongoing requirement to notify the Board of any material personal interest in any matter relating to the affairs of TasRail. The Chairman is an Independent Director and is not an Executive of the Company.

Directors are selected and appointed on the basis of their skills and experiences and in consideration of diversity and independence, probity and background checks. The appointment involves the creation of a Director Selection Advisory Panel. An executive search firm is appointed to assist the panel to identify potential candidates. TasRail maintains a Board Skills Matrix, setting out the mix of skills and diversity the Board has.





The Board Charter recognises the importance of effectively inducting new Directors and the value of continuing professional development for its members. An induction program is administered by the Chairman with the support of the Company Secretary and the CEO.

### PRINCIPLE 3

#### Act ethically and responsibly:

The Board Charter commits the Board to maintaining the highest ethical standards. It expects that Directors will demonstrate the spirit and intent of its Code of Conduct as well as comply with all applicable legislation, lawful directions from Shareholders and Company policies.

Each Director is bound to uphold the Code of Conduct by exhibiting model performance, behaviour and conduct that is in line with the Code during the course of their employment. They must promote the Code and ensure that any potential breaches are taken seriously, identified and reported and acted upon appropriately. The Code of Conduct is underpinned by other policies and procedures that articulate the expectation to act ethically and responsibly, as well as comply with legislative and regulatory obligations. These include the Right to Information Policy, Privacy Policy, Procurement Procedure, Public Interest Disclosures ('Whistleblowers') Policy and People Management Business Critical Process.

### PRINCIPLE 4

#### Safeguard integrity in corporate:

The Board operates an Audit and Risk Committee that assists the Board to discharge its duties in relation to its corporate and financial reporting processes, internal and external audit, and compliance.

The Committee reviews the Company's financial statements and associated reports and recommends them to the Board for consideration. As part of the end-of-year processes, the Committee ensures the CEO and CFO provide the required declarations under S295A of the Corporations Act and formally sign the accounts before it makes any recommendations to the Board.

The TasRail Constitution provides that the Company is required to use the Tasmanian Auditor-General for its external audit. Members confirm the appointment of the external auditor at each Annual General Meeting. The auditor attends the Annual General Meeting to discuss any issues with members. The Audit and Risk Committee also meets with the external auditor without management present from time to time.

TasRail's annual reports are provided to Shareholders by the end of October each year. The reports are tabled in each House of the Tasmanian Parliament and are therefore subject to the scrutiny of all Members of the Parliament and the community.

## PRINCIPLE 5

### Make timely and balanced disclosure:

TasRail is required by its Constitution to communicate with its Shareholders and others, via regular and irregular reporting and other means of communication. In practice, there is a flow of information throughout the year on important matters to ensure Shareholders are kept informed. If the Directors at any time form the view that matters have arisen that may prevent, or significantly affect, achievement of the objective, strategies, policies or financial targets of the Company, the Directors must promptly notify the Shareholder Members.

Details about disclosures made under the *Right to Information Act 2009*; the *Public Interest Disclosures Act 2002*; and the *Personal Information Protection Act 2004* are set out in the Annual Report.

## PRINCIPLE 6

### Respect the rights of shareholders:

TasRail's Constitution specifies the rights and powers of the Shareholder Members. The Board has procedures for communication with Shareholder Members to ensure they have timely access to information about the Company, including its financial situation, performance, governance and any sensitive matters about which they need to be aware.

Consistent with the *Rail Company Act 2009*, Directors must comply with the lawful directions given in writing by the Shareholder Members.

## PRINCIPLE 7

### Recognise and manage risk:

Under its Charter, the Board commits to ensuring TasRail effectively manages its strategic, financial, operational, reputational and emergency risks. The Board also ensures that an effective system of risk management and internal control operates within the Company and that it regularly monitors the performance of that system.

TasRail's Risk Management Framework is approved and overseen by the Board. The Executive Team discusses emerging and actual risks in the Company's external and internal environment and use this analysis to make decisions and agree on risk mitigation plans. They report on risk and risk management to the Audit and Risk Committee. This Committee assists the Board to discharge its duties by reviewing and supplementing the reports provided by the Executive Team, monitoring the strength and reliability of the framework, and reporting to the Board on the status of risk in the Company.

TasRail provides Shareholder Members with information about risk by including key financial and operational risks in the annual corporate plan and regularly discussing risks at Shareholder Member briefings.

## PRINCIPLE 8

### Remunerate fairly and responsibly:

The Board has specifically retained responsibility for approving the Remuneration and Incentive Framework and Policies, Organisational Structure amendments and conditions of employment.

The People and Remuneration Committee comprises three independent Non-Executive Directors. Its Charter sets out the Committee's role as assisting the Board to meet its responsibilities by:

- Ensuring TasRail's remuneration and incentive policies, practices and performance indicators are aligned to the Board's vision, values and overall business objectives;
- Ensuring TasRail's remuneration policies meet the requirements outlined in the Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration;
- Reviewing and recommending to the Board remuneration policies and practices to be introduced at TasRail;
- Reviewing and recommending to the Board principal terms of employment contracts, including the remuneration packages for the CEO and senior executives;
- Reviewing and recommending to the Board remuneration of the CEO;
- Monitoring the performance of the CEO and key performance indicators to determine and recommend to the Board performance criteria and payments; and
- Reviewing the CEO's recommendations regarding Enterprise Agreement strategy and remuneration under other arrangements for company staff, and ensure remuneration is aligned with market trends.

The Committee also ensures remuneration reports are provided to Shareholder Members as required.



## PUBLIC INTEREST DISCLOSURES

TasRail is committed to the aims and objectives of the *Public Interest Disclosures Act 2002* and does not tolerate improper conduct by its employees, officers or members, or the taking of detrimental action against those who come forward to disclose such conduct.

The *Public Interest Disclosures Act 2002* provides protection to persons who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and for rectifying actions to be taken.

TasRail has adopted model procedures to be followed by Public Bodies in relation to Public Interest Disclosure (PID). These procedures establish a system for reporting disclosures of improper conduct or detrimental action by TasRail or members, officers or employees of the public body.

They are also intended to assist TasRail's members, officers and employees to understand the way in which the *Public Interest Disclosures Act 2002* operates and is to be administered. The procedures are designed to complement normal communication channels between supervisors and employees and have been prepared in accordance with Guidelines and Standards published by the Ombudsman under Section 38(1) (c) of the Act.

Under the *Public Interest Disclosures Act 2002* TasRail is required to report on any disclosures about improper conduct by its public officers or TasRail.

In accordance with the requirements of Section 86 of the Act, TasRail advises that:

- (a) TasRail's procedures under the Act are available at [www.tasrail.com.au](http://www.tasrail.com.au) or email [PD.Officer@tasrail.com.au](mailto:PD.Officer@tasrail.com.au). Alternatively, they can be obtained by writing to: Public Interest Disclosure Officer, TasRail, PO Box 335, Kings Meadows, Tasmania 7249.
- (b) No disclosures were made to TasRail in 2018-19.
- (c) No Public Interest Disclosures were investigated by TasRail during the year.
- (d) No disclosed matters were referred to TasRail during the year by the Ombudsman.
- (e) No disclosed matters were referred by TasRail during the year to the Ombudsman to investigate.
- (f) No investigations of disclosed matters were taken over by the Ombudsman from TasRail during the year.
- (g) There were no disclosed matters that TasRail decided not to investigate during the year.
- (h) There were no disclosed matters that were substantiated on investigation.
- (i) The Ombudsman made no recommendations under the Act that relate to TasRail.

## RIGHT TO INFORMATION

TasRail is committed to compliance with the *Right to Information Act 2009* and to act in a fair, objective and timely manner to ensure the spirit of the Act is upheld. Information about the *Right to Information Act 2009* and TasRail's obligations under it are available at [www.tasrail.com.au](http://www.tasrail.com.au) or email [righttoinformation@tasrail.com.au](mailto:righttoinformation@tasrail.com.au)

During 2018-19, TasRail received no Right to Information requests.

TasRail embraces the objectives of the *Right to Information Act 2009* by routinely publishing information that it considers to be of interest to the public. TasRail's preferred method of disclosure of information is proactive disclosure via its publications, website and social media.

## PERSONAL INFORMATION PROTECTION

TasRail values and respects the privacy of all personal and sensitive information. The Company is committed to protecting the information it collects, stores, handles, uses and discloses in accordance with the requirements of the *Personal Information Protection Act 2004 (Tas.)*, which prescribes Personal Information Protection Principles for Tasmania, as well as the National Privacy Principles prescribed under the *Privacy Act 1988 (Cth)*.

Procedures that define the way TasRail collects, stores, handles, uses and discloses information are published on TasRail's website at [www.tasrail.com.au](http://www.tasrail.com.au). No reports were made under this regime for the 2018-19 reporting period.

## BUY LOCAL

TasRail complies with the Tasmanian Government's Buy Local Policy for its procurement processes, including the requirement to provide transparency about procurement outcomes. A Tasmanian business is defined as a business operating in Tasmania, which has a permanent office or presence in Tasmania and employs Tasmanian workers.

TasRail endeavours to support many local businesses, but is effectively only able to identify a business as being Tasmanian if the invoice payment and/or the Australian Business Number (ABN) are registered to an address within the State. Purchases are defined to include operating expenses together with capital expenditure. The table below excludes employment and finance expenses and depreciation.

### Buy Local performance 2018-19

Value of purchases from Tasmanian businesses	\$37,351,342.51
Percentage of purchases from Tasmanian businesses	64.49 per cent

Note: Rail uses specialised materials that are not available for local purchase, production or manufacture. For example, rail and sleepers.

## PAYMENT OF ACCOUNTS

TasRail complies with the Tasmanian Government Policy that requires State-owned Companies to:

- Implement appropriate policies and procedures to ensure that all accounts are paid on time, and if not, interest is to be paid for late payments;
- Pay invoices of less than \$50,000 within 30 days, or if a shorter term has been agreed, within the shorter term; and
- Pay invoices with a value above \$50,000 in accordance with the agreed terms and by the due date.

The expectation is that TasRail will pay all invoices correctly rendered by suppliers within the period specified by the supplier; or where the contract is silent on payment requirements, within 30 calendar days of the date of the correctly rendered invoice.

### Accounts due or paid within 2018-19

Number of accounts due for payment	11,067
Percentage of accounts paid on time	100 per cent
Amount due for payment	\$59,446,010
Amount paid within agreed timeframes	\$59,446,010
Number of payments for interest on overdue accounts	0
Interest paid on overdue accounts	NIL



## FINANCIALS

<b>Unaudited financials – exclusion of capital program on reported operating results</b>	<b>2019 (\$'000)</b>	<b>2018 (\$'000)</b>
Loss from continuing activities	(25,408)	(25,168)
Add back impairment expense	27,186	32,020
Less grant income for capital works	(13,496)	(15,757)
<b>Loss from operating activities (excluding capital program)</b>	<b>(11,718)</b>	<b>(8,905)</b>

The financial statements outline the accounting treatment prescribed for the grant revenue received from both the Australian and Tasmanian governments. This results in capital grant income recorded as both income in the Statement of Profit and Loss and as an equity contribution, while the full amount of the impairment of the assets is recognised in the Statement of Profit and Loss. The table above (unaudited) reconciles the reported loss from operations and adjusted for those capital items recorded in the Income Statement to provide a loss from operating activities excluding the capital program in 2019 of \$(11,718,000).

## CONTRACTORS

There were a number of contracts let in 2017-18 and some of these commitments carried forward into this financial year. Additionally, TasRail has awarded contracts in the 2018-19 that have commitment values into next financial year. Individual contracts awarded in 2018-19 were as follows:

### Contracts valued over \$5 million

<b>Contract/Works Package</b>	<b>Procurement Method</b>	<b>Buy Local Policy Applied</b>	<b>Contractor</b>	<b>Contractor State of Operations</b>
Manufacture and Supply of Steel Rail and Sleepers	Open Tender	Yes	Liberty Onesteel Pty Ltd	SA

### Contracts valued over \$2 million but less than \$5 million

<b>Contract/Works Package</b>	<b>Procurement Method</b>	<b>Buy Local Policy Applied</b>	<b>Contractor</b>	<b>Contractor State of Operations</b>
NIL				

## CONSULTANTS

The guideline defines a Consultant as a particular type of contractor who is engaged to provide recommendations or specialist or professional advice to an entity. A Contractor is defined as an individual or organisation engaged under a contract (other than as an employee) to provide goods and or services to an entity.

The following consultancies were valued at more than \$50,000 (excluding GST):

<b>Name of Consultant</b>	<b>Location</b>	<b>Description</b>	<b>Period of Engagement</b>	<b>Amount \$</b>
Pitt & Sherry	TAS	Engineering advice	Jul 18 - Jun 19	344,054
GHD Pty Ltd	TAS	Remediation design, site investigation and assessment	Jul 18 - Jun 19	196,772
PDA Surveyors	TAS	Surveying, engineering and planning services	Jul 18 - Jun 19	186,654
BD James Consulting	VIC	Industrial relations and employee negotiation advice	Jul 18 - Mar 19	105,998
ATRS - Australia	NSW	Incident investigation	Aug 18 - Oct 18	66,285
Advisian Pty Ltd	VIC	Engineering advice	Jul 18 - Mar 19	63,521
Rail Networks Consulting	VIC	Engineering and design advice	Oct 18 - May 19	50,408
<b>Sub Total</b>				<b>1,013,693</b>
There were 21 consultants engaged for \$50,000 or less totalling				284,039
<b>Total payments to consultants to June 2019</b>				<b>1,297,732</b>







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