



ANNUAL **REPORT** 2022-23

VISION

TASMANIA'S TRUSTED PROVIDER
OF SAFE AND DEPENDABLE RAIL
LOGISTICS SOLUTIONS



We will never compromise on safety.
We recognise that people need mental
and physical health to thrive.



SAFETY

INTEGRITY

We do what we say we will do. We are fair,
ethical, and honest and we take responsibility.



RESPECT

We are inclusive and value each other's
differences and ideas. We embrace diversity.



We are passionate about our success.
We continually strive for excellence and performance.
We will make a difference and be remarkable!



BEING REMARKABLE



MAXIMISING THE BENEFITS OF
SUSTAINABLE RAIL LOGISTICS
SERVICES FOR TASMANIA

PURPOSE

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CHAIRMAN'S REMARKS

Over the past twelve months, we've witnessed economic and geopolitical headwinds impacting global supply chains and broader market conditions. Despite this, it has been encouraging to see sustained volumes of many of the products that form such a key part of TasRail's overall operations. Importantly, these products are often at the economic heart of regional and rural parts of Tasmania, providing vital employment and economic activity. This includes products from all of the State's major industrials, as well as emerging markets for rail, such as forestry.

Many of these products have had a strong year and, while rail volumes are slightly down against recent records,

we are still seeing a consistent freight task, with approximately 485.6 million net tonne kilometres hauled in 2022-23. These volumes highlight the strength in these sectors and also the investment in the relationship that TasRail has made to deliver efficient, reliable and safe supply-chain solutions for our customers.

It is pleasing to report that 2022-23 has seen the completion of the \$110.8 million Tranche Two of the Tasmanian Freight Rail Revitalisation Program on time and budget. This four-year program, co-funded by the Australian and Tasmanian governments, has driven record levels of investment in rail, supporting local construction, employment and economic growth. It is this investment that has allowed us to maintain a high level of service delivery for our customers, with our six daily

intermodal services achieving 97.8 per cent on-time arrival in 2022-23.

Like others, TasRail is not immune to the global supply chain challenges facing many commodities-based businesses. In part, our financial results for 2022-23 reflect this, with a consolidated EBITDA loss recorded of \$(1.2) million against a budget of \$3.2 million and a normalised Above Rail Net Profit (Loss) of \$(2.2) million versus budget of \$437,000. This softer result is directly related to unforeseen costs attributed to the October 2022 floods and global pressure contributing to rising costs in materials, labour and contractors. These externalities have impacted both TasRail directly and our major customers.

TasRail has also continued to work closely with the Tasmanian Government in relation to the legislated



net zero at 2030 emissions target. The transport sector currently makes up 20.9 per cent of the State's emissions profile, of which TasRail contributes approximately 1 per cent. This profile partly reflects the fact that emissions from rail are one quarter that of road transport for the equivalent freight task. This highlights the valuable role rail logistics can play in assisting the State to achieve its emissions targets. To further support Tasmania's endeavours, TasRail is also investigating low-emissions technologies and will continue to monitor national and international technology pathways as the rail industry matures through this process.

Tragically, in this reporting period, we've had two fatalities in the rail corridor. One incident involved a TasRail contractor, while the other was a member of the public trespassing

in the Burnie yard. These incidents have serious and long-lasting impacts on everyone involved – immediate families and friends as well as our workmates and colleagues. TasRail has systems in place to ensure the health and well-being of affected parties are monitored. The incidents also highlight that railways can be dangerous industrial workplaces and serve to remind us to remain vigilant when it comes to our own safety in the rail corridor.

I would like to acknowledge and thank my fellow Directors for their support and guidance over the past year. I would also like to thank our CEO, Steven Dietrich, for his ongoing leadership, and the passion with which all the TasRail team approach their work. The past 12 months have provided many successes as well as some challenges, and our sustained

growth relies on the efforts of our people and their ongoing commitment to the TasRail business. I know I speak for the entire Board in thanking everyone for this.

Finally, I'd like to thank our Shareholder Ministers, in particular Deputy Premier and Minister for Infrastructure, the Hon. Michael Ferguson MP. The Tasmanian Government continues to be a strong supporter of the TasRail business, and we look forward to working with them to deliver safe, reliable and cost-effective rail solutions for Tasmania.

STEPHEN CANTWELL

BOARD OF DIRECTORS



STEPHEN CANTWELL
CHAIRMAN

Stephen Cantwell joined the TasRail Board in January 2017 and was appointed Chair in January 2020. He has more than 40 years' experience in a broad range of strategic, functional, and customer-facing roles within

multi-billion dollar national and international businesses in the freight rail and heavy industry manufacturing sectors.

In his lengthy career with Queensland Rail, Stephen built strong national and international business credentials in the transport and logistics sector. He continues to work with a range of global corporations and

governments to advise in the areas of transport, logistics and infrastructure.

Stephen is 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 Australian Institute of Company Directors.



ALISON CHAN

Alison Chan was appointed to the TasRail Board in February 2020. She has over 20 years' experience leading innovative, strategic projects as a sustainable finance, legal and governance professional.

Alison has applied her passion for sustainability to the finance

sector where her expertise lies in working with organisations looking to deliver positive impact. She has led projects to measure the Scope 1, 2 and 3 emissions of a leading asset management business and set near-term science-based emissions reduction targets. She also works directly with investors and investees to help

them identify and analyse their material sustainability issues and reduce risk.

Alison's non-executive and pro bono experience includes acting as a Senior Advisor to the Climate Bonds Initiative and as a trustee of Alexandra Rose Charity and the Dunhill Medical Trust.



ANITA ROBERTSON

Anita Robertson was appointed to the TasRail Board in December 2021. She is a Chartered Accountant and Chartered Secretary with more than 25 years' experience in finance and governance. Anita is currently the Business Manager of St

Virgil's College Hobart, an independent Panel Member of the Risk & Audit Committee for the Department of Natural Resources and Environment Tasmania, and a Tasmanian State Councillor for the Governance Institute of Australia. She has held CFO positions with prominent Tasmanian businesses and senior finance

roles with Deloitte and PwC. Anita is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Chartered Accountants Australia New Zealand, and the Governance Institute of Australia.



MICHAEL SCANLAN

Michael was appointed to the TasRail Board in November 2022. He has more than 30 years of rail industry experience through engineering, commercial, operational and leadership roles with Queensland Rail, leading best practice

achievements in safety and operations and achieving significant improvement in commercial outcomes. Michael also spent more than a decade as a specialist rail consultant, undertaking interstate and international assignments for government and private sector clients.

Michael has considerable previous board experience in the finance, transport and tourism sectors. He is a Fellow of the Australian Institute of Company Directors and the Chartered Institute of Logistics and Transport. He is also a member of the Institution of Engineers Australia.



IAN VANDERBEEK

Ian Vanderbeek was appointed to the TasRail board in July 2021. He has extensive operational and management experience in the transport industry, leading teams in Australia, Europe, the US, the Middle East and Africa. Ian established corporate aviation operator ExecuJet before spending five years in

China in regional aviation. Ian's most recent executive role was as Chief Executive Officer of specialist helicopter operator Aviator Group, from which he retired in June 2020. Ian now consults to SMEs across a range of sectors and is a director of aeromedical charity CareFlight Limited. Ian holds a Bachelor of Business Degree

and is a Graduate Member of the Australian Institute of Company Directors.

EXECUTIVE TEAM



CHIEF EXECUTIVE OFFICER
STEVEN DIETRICH

Asset Management

Asset Management maintains the rail network and infrastructure such as level crossings, bridges, culverts and tunnels. It also maintains the rollingstock fleet, bulk storage and shiploading assets, and state-wide facilities. Asset management is also responsible for safe and authorised access to the network, and vegetation management activities on TasRail's vast rail land corridors.

Operations

Operations 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 the storage and shiploading of bulk minerals.

Safety, Health and Environment / Risk and Compliance

TasRail's dedicated SHE team of specialists supports all operational areas with a particular focus on continuous improvement in TasRail's safety culture, risk and compliance management and effective management of the environment in which the Company operates.



CHIEF PROJECTS OFFICER
STEPHEN KERRISON
Capital Investment / Business Improvement

Oversight of the Capital investment program, including the Infrastructure Investment Program, the new Shiploader project, the Locomotive Life Extension Project, as well as business strategy and sustainability goals. The role also has responsibility for business improvement associated with Project management and management of change.



MANAGER CORPORATE AFFAIRS AND COMMUNICATIONS
JOSHUA BRADSHAW
Corporate Affairs and Communications

Corporate Affairs and Communications is focused on Shareholder, government, and business relations. It also manages community and stakeholder engagement, internal and external communications, including traditional and digital media, publications, branding and marketing, and other corporate reporting requirements.



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.



MANAGER, PEOPLE AND CAPABILITY
MATTHEW WHEATLEY
People and Capability

People and Capability 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 recruitment, remuneration and recognition, industrial relations, workers compensation, and training and development.



MANAGER, CUSTOMER SERVICE AND BUSINESS DEVELOPMENT
VANESSA SULLIVAN
Customer Service and Business Development

Customer Service and Business Development ensure streamlined service for customers and Tasmanian industry from their first point of contact with TasRail through to booking their freight on rail. The team manages the functions of business development, supply chain development, customer account management, customer communications, market analysis, logistics design, freight planning and importantly customer service delivery.

CEO'S REMARKS



Customers are at the core of TasRail's business and 2022-23 has seen continued high levels of service across a range of industries and sectors. Whether we're hauling mining concentrates from the west coast, logs from the south or containers from Brighton to Burnie, our focus remains on safe and reliable services.

Continued high levels of investment in rail assets and infrastructure through the Tasmanian Freight Rail Revitalisation Program (TFRRP) make this level of service possible. Primarily through the TFRRP, TasRail has invested \$82.8 million in the capital program in 2022-23. This investment continues to apply downward pressure on derailment risk and the removal of temporary speed restrictions, resulting in improvements to on-time running. In fact, TasRail's Freight Availability for 2022-23 was 97.8 per cent against a target of 96 per cent, providing a remarkable result for our customers.

Like any business, we are not immune to significant weather events and in October 2022, our network was significantly impacted by flood, particularly in the north of the State. Parts of our network sustained considerable flood damage, resulting in some lines being closed, with services impacted. The TasRail team, supported by our contractors, worked around the clock to repair damage and reinstate services in record time and I'd like to take this opportunity to thank everyone involved during the repair effort.

These unforeseen events do, however, have consequences and TasRail's end-of-year financial statements partly reflect the impact that the October

floods had. The cost of repairs ran into the millions and the resulting reduction in services impacted revenue. In total, it is estimated that the October 2022 flood event cost TasRail \$3.5 million.

Not to be distracted, the TasRail team moved quickly past the impacts of the flood and turned its attention back to one of our largest construction projects, the new Shiploader at the Port of Burnie. The Shiploader is critical export infrastructure for the mining sector and, along with a planned expansion of the adjacent Bulk Minerals Export Facility, will provide significant benefits to the mining industry. Over the past twelve months, large components have been fabricated at both Haywards' plant at Breadalbane and at The Engineering Company at Somerset. These components are now being assembled on the wharf, with completion planned for the second quarter of 2024.

TasRail also continued to provide strong support to the Tourism and Heritage rail sector during 2022-23. This support culminated with the donation of three legacy locomotives to the Don River Railway in June this year. Many people would be aware that the Don River Railway was impacted by a fire in April 2023, with a workshop and some heritage assets destroyed. Like much of the community, TasRail was keen to help out, through assistance via the donation of legacy assets. The three donated locomotives were moved from TasRail's East Tamar Junction rail yard in late June and will now proudly form part of Don River Railway's rebuilding process.

The safety of our people, our contractors and the public is always front of mind and TasRail continues

to pursue a zero-harm environment for everyone working in and around the railway. As part of this approach, TasRail sets stretch targets for safety performance and our results for 2022-23 reflect this. The results, while an improvement on the previous year, show that there is always more work to do and we will continue to work through our cultural safety program, SafetyCircle™, to fully embed a strong safety culture.

I would like to take this opportunity to acknowledge the work and support provided to me by the TasRail leadership team and the entire workforce. It makes me extremely proud to see our people building the business through strong endeavour and it's this teamwork that is positioning us well for future growth. Right across the State, TasRail people are putting their best foot forward to deliver safe and dependable rail logistics solutions for our customers.

Over the next 12 months and beyond, TasRail will continue to invest in rail infrastructure that supports and grows Tasmanian industries. We will also continue to think innovatively about rail solutions that strongly position our business in emerging markets and ensure that TasRail's future remains squarely on track.



STEVEN DIETRICH

STATEMENT OF CORPORATE INTENT

Performance Target	Target Result for FY 2022-23	Actual Result for FY 2022-23	Comments
Lost Time Injury Frequency Rate ¹	0.0	7.9	Disappointingly, the recorded results exceeded the targets set. TasRail remains committed to a zero-harm environment.
Recordable Injury Frequency Rate ²	3.1	11.0	
Freight Availability (Combined Intermodal Services) ³	96 per cent	97.8 per cent	
Mainline Derailments	0	2	Derailments occurred at Rhyndaston and Conara in the reporting period. Both were low speed, minimal impact, and promptly recovered.
Below Rail Infrastructure Cost (Per Track Kilometre)	\$23.0 thousand	\$26.3 thousand	The October 2022 floods increased required and urgent expenditure on the rail network.
Customer Revenue	\$44.9 million	\$43.5 million	
Capital Spend ⁴	\$101.2 million	\$82.8 million	
EBITDA (Consolidated after BRIC) ⁵	\$3.2 million	\$(1.2) million	Consolidated EBITDA and Above Rail results were also impacted by the October 2022 flood costs, and revenue was impacted from lost services and lower volumes.
Above Rail Net Profit (Loss) ⁶	\$437 thousand	\$(38.2) million	

¹ Lost time injury frequency rate is defined as the sum of lost time injuries per million work hours.

² Recordable injury frequency rate is defined as the sum of lost time injuries and medical treatment injuries per million work hours.

³ Combined Intermodal Services are defined as TasRail's six daily intermodal services.

⁴ Capital spend was below target for the financial year. A key driver of this was related to the phasing of the Shiploader replacement project. This results in a deferral of capital expenditure into future reporting periods. This figure differs from that disclosed in Note B2 of the financial statements due to the inclusion of inventory on hand acquired to support the delivery of the capital program. Notably all milestones related to these projects were met with both the Australian and Tasmanian Governments.

⁵ BRIC – Tasmanian Government Below Rail Infrastructure Contribution.

⁶ The Above Rail Net Loss includes an impairment expense recorded for works completed to 30 June 2023 on the shiploader of \$36 million. Excluding this transaction, the Above Rail business recorded a Net Loss of \$2.2 million.





PEOPLE AND CAPABILITY

TasRail’s success is built on the collective and aligned efforts of its people. Our values are what drive us, and teamwork and consistent effort have been key contributors to TasRail becoming Tasmania’s trusted provider of safe and dependable rail logistics solutions.

Nationally, the demand for high-calibre rail industry employees continues to grow. TasRail has continued to position itself as an employer of choice in the sector by significantly investing in the professional development of its people and strengthening its in-house capacity to provide quality training and assessment.

LEARNING AND DEVELOPMENT

In the 2022-23 reporting period, TasRail delivered 538 units of nationally accredited rail, operations and other training, including those

leading to qualifications as Train Drivers, Network Controllers and Rail Operators. The TasRail training team allocated almost 3,000 hours to resource development and 1,000 hours to staff accreditation and recertification. Fifty frontline, senior and executive TasRail team members took part in a tailored Leadership Development Program, while another 11 were supported by the business as they progressed through Certificate IV or Diploma level training with external providers. These courses align with both business and staff objectives and reflect an increasing focus on the professionalism of the TasRail team.

MENTAL HEALTH

In addition to its traditional alignment with the TrackSAFE Foundation and Rail R U OK? Day, TasRail continued its focus on psychological safety in the workplace by bolstering its cohort of trained mental health first aiders across the business. They provide staff and leaders with on-ground support, guidance and counsel on matters affecting their colleagues in the workplace, and are a beneficial addition to an external employee assistance provider.



**WORKFORCE FACTS AND DEMOGRAPHICS
(AS OF 30 JUNE 2023)**

270.3 FULL-TIME EQUIVALENT EMPLOYEES

**AGE
STATISTICS**

**OLDEST
EMPLOYEE**
71yrs

**YOUNGEST
EMPLOYEE**
18yrs

**AVERAGE AGE
IN OPERATIONS**
44yrs

**ASSET MANAGEMENT
AND INFRASTRUCTURE
INVESTMENT PROGRAM
TEAM MEMBERS**

115
**FULL-TIME
EQUIVALENTS**

19%
**OF THE WORKFORCE
ARE FEMALE**

23,478

SLEEPERS INSTALLED

55,616

METRES OF NEW RAIL

TASMANIAN FREIGHT RAIL REVITALISATION PROGRAM



04

**TRACK TURNOUTS
(OR POINTS) RENEWED
OR REPLACED**

10

**LEVEL CROSSINGS
RENEWED**

01

**INDIVIDUAL
FORMATION RENEWAL
PROJECT**

The Tasmanian and Australian governments have provided record funding to the renewal of the Tasmanian Rail Network through the Tasmanian Freight Rail Revitalisation Program (TFRRP).

The TFRRP continues to be delivered via a series of funding tranches that focus on the replacement of near life-expired rail and sleepers, structure upgrades (bridges and culverts), level crossing renewals and formation projects.

It is pleasing to report that 2022-23 saw the completion of the \$110.8 million Tranche Two of the TFRRP on time and budget. The four-year program has driven record levels of investment in rail, supporting local construction, employment, and economic growth.

Running in parallel is the \$96 million Tranche Three program, which commenced in 2020-21 and will be completed by 30 June 2024. TasRail estimates that there are approximately 150 jobs supported by the delivery of Tranches Two and Three of the TFRRP.

This ongoing investment into the State's rail network by the Tasmanian and Australian governments continues to apply downward pressure on derailment risk and enable the removal of temporary speed restrictions. This results in improvements to on-time running. TasRail's Freight Availability for 2022-23 was 97.8 per cent against a target of 96 per cent, providing a remarkable result for our customers. The TFRRP also enables TasRail to maintain a high overall freight task. In 2022-23 the business delivered ~485.6 million net tonne kilometres of freight across Tasmania.





CASE STUDY

LOWDINA REALIGNMENT

Ongoing investment into rail by the Tasmanian and Australian governments has enabled TasRail and its highly valued contractors to undertake targeted renewal of legacy network issues.

The TasRail network is a narrow-gauge railway that traverses challenging terrain, often comprising steep gradients and tight radius curves, especially in the south of the State.

Under Tranche Two of the Tasmanian Freight Rail Revitalisation Program (TFRRP) major track realignment works were completed at Lowdina to address a single point of failure and improve drainage. It has also enabled an increase in the radii of a curve in the area. The ~\$3.2 million program of works was completed without any disruption to customers, with major 'tie-in' works scheduled around timetable requirements.

One of the key challenges of the project was the occurrence of Chilean Needle Grass (a weed of national significance) near the site. The TFRRP project managers worked closely with TasRail's specialist environmental advisors, nearby landholders, and works contractors to mitigate the risks onsite by following a rigorous biosecurity endorsed weed and hygiene management plan throughout the project.

PROJECT: SHIPLoader REPLACEMENT

Funded by: The Australian Government under Tranche Three of the Tasmanian Freight Rail Revitalisation Program.

Purpose: Building infrastructure for future generations. The current Shiploader has been servicing industry for more than half a century.

TasRail's shiploading facilities at the Port of Burnie are critically important strategic assets for the State's flourishing mining export industry.

TasRail holds long-term contracts with customers to provide shiploading and storage services and has a strong pipeline of new opportunities.

Once complete TasRail's new Shiploader and associated infrastructure will expand upon our services to existing and future customers, providing:

- Double the average hourly load rate
- Improved reliability
- Increased on-wharf storage
- Best-practice environmental and safety performance.

The project continued to provide a significant boost to local employment and skills in 2022-23 as it progressed through the design, fabrication, mobilisation, and initial construction phases.

TasRail is very proud of the fact that the design and construction contract was awarded to Tasmanian firm COVA Haywards, and all structural steel components for the new Shiploader were fabricated in the north and northwest of the State.

Fabricated components have commenced being delivered to the Port of Burnie, where assembly of the new Shiploader and associated components is underway.

The Shiploader project is due for completion in the second quarter of 2024.





PROJECT: LOCOMOTIVE LIFE EXTENSION

Funded by: The Tasmanian Government in its 2022-23 Budget.

Purpose: To improve the reliability and capability of TasRail's legacy locomotive fleet. The fleet provides critical haulage power to service key customers and support maintenance activities.

The multi-year \$15 million Locomotive Life Extension Project will ensure that

TasRail can continue to reliably service industry while investigating low-emission fleet alternatives.

The project will see the rebuilding of multiple 2050 class and 2000 class locomotives. This will include the replacement of engines, and overhaul of major components including, traction motors, generators, braking and control systems, and locomotive wiring. In consultation with TasRail's operational team, updates will also be given to driver's cabins.

Currently, locomotives 2052 and 2053 are undergoing life extension works. Both recently reached a major milestone, with the fitting of new engines.

The Locomotive Life Extension Project is being undertaken at TasRail East Tamar Motive Power Centre in the Launceston region and is successfully being delivered by a project team, consisting of TasRail staff and local contractors.

DECARBONISATION

As a major logistics provider, TasRail is supportive of the Tasmanian Government's Climate Change Action Plan 2023-25. TasRail is investigating a broader decarbonisation pathway to assist with transitioning to zero or low emission locomotives and engineer further resilience of the rail network to extreme weather events.

In relative terms, TasRail's carbon emissions are just under one quarter that of road freight on a net tonne kilometre basis.

In other words, carbon emissions are four times higher on road. Therefore, TasRail's current operations are already making a significant contribution to reducing Tasmania's carbon emissions.

The rail sector more broadly continues to investigate the adoption of zero or low emission freight locomotives. Alternatives to diesel-powered freight locomotives remain in the development phase, with locomotive manufacturers partnering with large-scale rail businesses to develop zero or low emission locomotive technology.

TasRail continues to take measured steps in adopting any new technology pathways. It has identified a number of potential future solutions, including battery locomotives, which could play a role in helping the business on its decarbonisation pathway. There is still much work to do to better understand the opportunities and risks. TasRail will continue to monitor national and international efforts as the rail industry matures through this process.





ABOVE RAIL BUSINESS

TOTAL NET TONNE KILOMETRES

2022-23	485,616,262
2021-22	498,855,612
2020-21	508,637,774

Net tonne kilometres are calculated by multiplying the total distance travelled (in km) by the net weight of the freight.

TOTAL FREIGHT TASK (NET TONNE KILOMETRES)

Commodity	2022-23 NTK	2021-22 NTK	Percentage change Year on Year
Paper	114,966,969	120,282,714	-4.42%
General Intermodal	226,448,770	249,855,828	-9.37%
Logs	58,817,537	51,134,439	15.03%
Mineral Concentrates	14,643,554	16,837,456	-13.03%
Coal	47,421,938	37,660,149	25.92%
Cement	23,317,494	23,085,026	1.01%
TOTAL	485,616,262	498,855,612	-2.65%

The Above Rail business is the commercial arm of TasRail and provides rail logistics to Tasmanian industry across four market categories – intermodal (containers), bulk, forestry and minerals shiploading services. TasRail’s contracts require high levels

of service delivery for industry, and this can only be achieved by maintaining the fleet of locomotives and wagons to exacting standards.

The Above Rail teams have been integral to TasRail providing a high

standard of service in 2022-23. Their commitment to providing excellent, tailored customer service has cemented TasRail’s value proposition of being a safe and dependable provider of rail logistics services.



In addition to rail logistics, the Above Rail business operates:

- A statewide network of terminals
- Container handling operations
- Bulk minerals storage and shiploading
- Bulk log handling, weighbridges, storage and loading.

In 2022-23 TasRail transported 485.6 million net tonne kilometres of freight – down 2.65 per cent from 2021-22 – as key individual customers were affected by supply and production issues. The forest industry's demand for rail logistics continues to increase, reflecting the strength of the partnerships that TasRail has fostered with this sector and improved service options for customers.

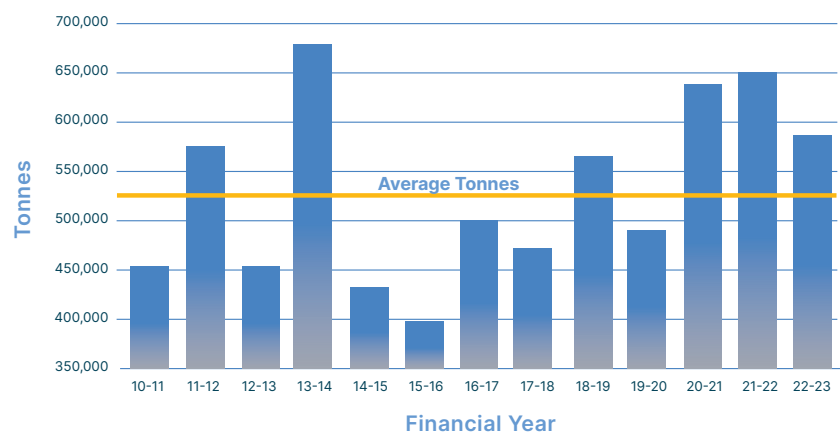
SHIPLOADING OPERATIONS

TasRail's multi-user Shiploader at the Port of Burnie is a highly valued link in the export supply chain for the Tasmanian mining industry. In 2022-23, TasRail shiploaded 585,604 tonnes for west coast miners, ~11 per cent higher than the long-run average.

Total shiploading volumes

2022-23	585,604 tonnes
2021-22	650,365 tonnes
2020-21	637,828 tonnes

TasRail's annual shiploading volumes





BUSINESS

Despite economic and geopolitical headwinds impacting global supply chains and broader market conditions, 2022-23 has seen TasRail continue to move strong volumes of products across the State for a range of customers across four market categories.

The business provided Tasmanian industry with just under three million tonnes of rail haulage in the reporting period, which equates to 485.6 million net tonne kilometres – another solid result under challenging circumstances. TasRail continues to focus on delivering sustainable and safe rail logistics solutions and seeks to grow its overall freight task through the expansion of business operations wherever possible.

TasRail continues to work closely with the State’s forestry sector to increase its service offerings and secure additional log tonnages onto rail. 2022-23 saw record log freight hauled, with more than 259,000 tonnes transported from the south of the State to Bell Bay in the north for processing and export (12 per cent increase on the previous year).

Log loading and discharge sidings, and specialised truck weighbridges at Parattah and Brighton have increased TasRail’s capacity as an end-to-end freight logistics provider for this key industry. These improvements have been supported by the State Government’s \$5.05 million Forestry Stimulus Package, which has allowed TasRail to partner with Tasmanian suppliers to design and manufacture additional equipment to service the sector.

Equipment includes:

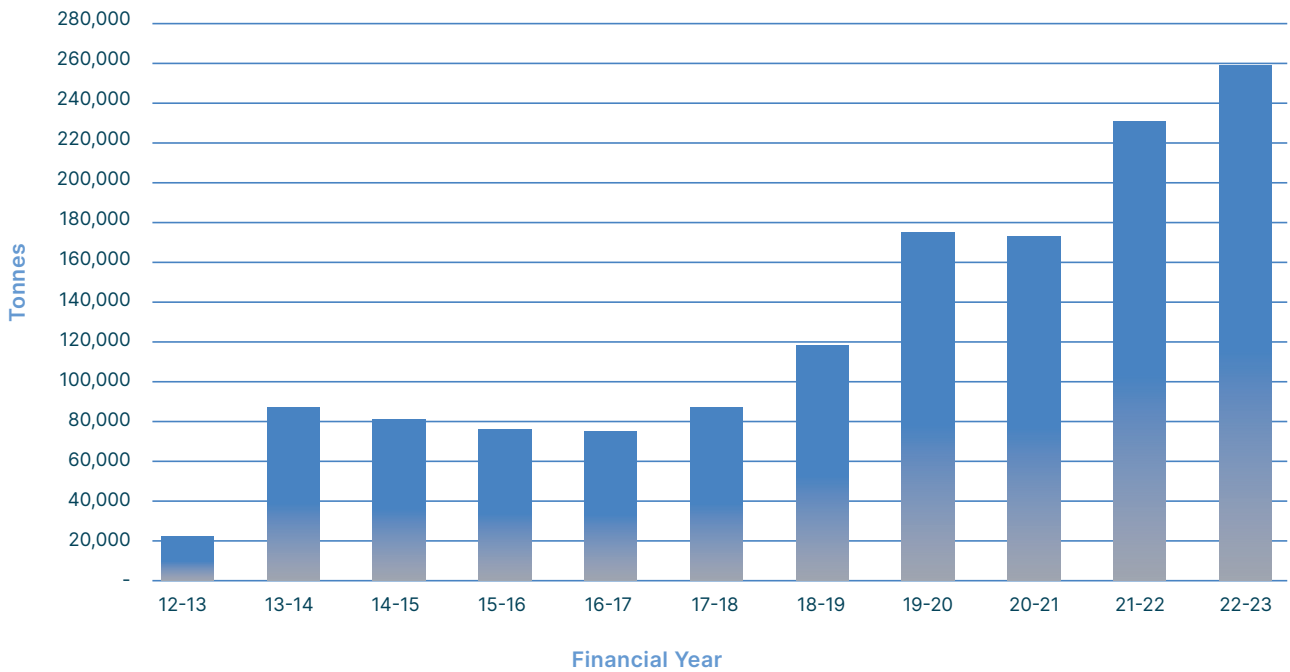
- New and improved Logtainer units
- ‘Book ends’ – capacity builders at loading sites
- Log wagon end gates
- Installation of in-track weighbridges
- De-twitching station.

As a business that supplies rail logistics solutions to all of the State’s biggest industries, being on time is critical to our commercial reputation. ‘Freight Availability’ is a key metric for TasRail, and it measures performance in customer freight being available to unload at the agreed time.

TasRail had a combined Freight Availability target for its six daily intermodal services of 96 per cent and achieved an actual result of 97.8 per cent. Being on time is critical for our customers and this result is a credit to the entire TasRail team.



Forestry Tonnes



SAFETY, HEALTH & ENVIRONMENT



TasRail prioritises the safety, health and wellbeing of staff, contractors, the wider community, and the environment in which we operate. Annual reviews ensure that the business's Safety, Health and Environment (SHE) Plan and Environmental Management Systems remain contemporary and fit for purpose.

One initiative underpinning TasRail's workplace culture is the SafetyCircle™ cultural change program. TasRail committed to the program in 2016 and it remains a vital Workplace Health and Safety tool in 2023 – putting this important topic into a personal, risk-relevant and positive context with its 'Home Safe and Well Today and Everyday' vision.

While improving on last year's results, disappointingly in 2022-23 TasRail did not meet its recordable injury targets. On each occasion, TasRail revisited its risk mitigation strategies and implemented controls to minimise reoccurrence. These statistics and actions validate the importance of the business's strong reporting culture.

TasRail reported two mainline derailments in 2022-23. Both derailments were at low speed, resulted in minimal disruption, and were safely and promptly recovered.

Reported trespass events around the State continued to increase in 2022-23. Reported level crossing incidents decreased in all areas except the Northwest Coast.

TasRail continues its program of engagement with the Tasmanian community to highlight the importance of safety and awareness around the rail. In 2022-23 this included an extended program of radio advertising in high-profile northwest areas, school and corporate visits, and the development of a five-year Level Crossing Safety Strategy.

TasRail also maintains a strong commitment to responsible environmental stewardship across its operations, working proactively to integrate best practice environmental management across company operations to drive improved environmental performance and business maturity.

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Level crossing failure to stop or give way	39	44	42	33	85	72	76
Level crossing collisions	2	1	1	1	2	1	1
Trespass	83	79	69	57	58	69	43
Vandalism and theft	38	38	32	37	31	72	55
Livestock in the rail corridor	124	153	106	167	104	122	64
Animal collisions with trains	33	30	25	33	19	20	10
Train horn complaints	14	19	17	16	22	21	20
Vegetation Complaints	34	30	55	49	64	30	79



COMMUNITY

In 2022-23 TasRail continued its engagement with aligned community organisations.

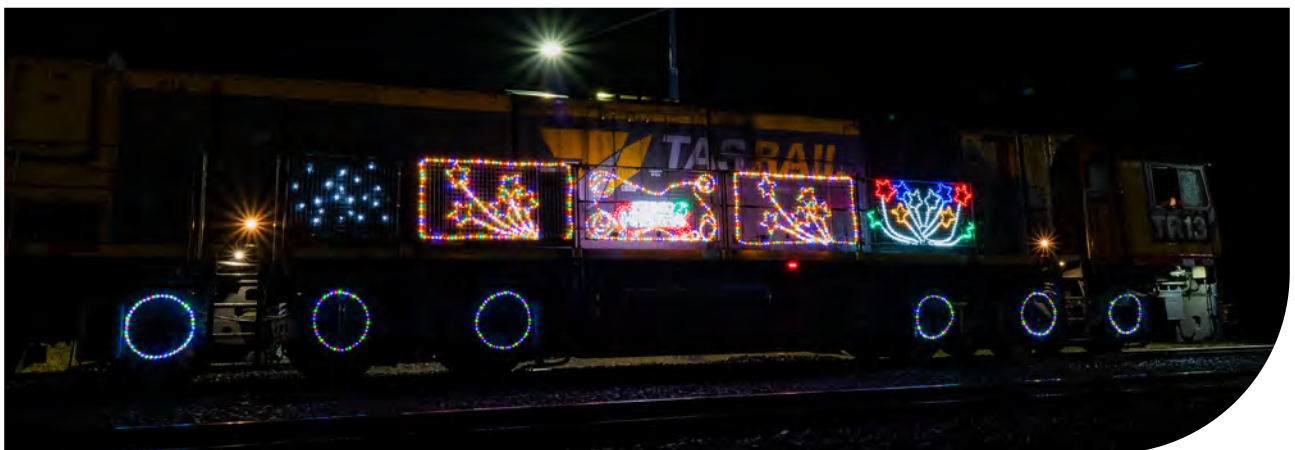
The team conducted a number of visits to primary schools in North and Northwest Tasmania to share the importance of rail safety, and formalised a safety alliance partnership with the Railton Junior and Cadet Fire Brigade.

The TasRail Christmas Train continues to be a family favourite. The annual staff-led initiative now has its own website so the community can keep track of activities. The website is traditionally visited by up to ~20,000 users in the lead-up to 25 December.

TasRail also provided financial support for events and causes across Tasmania, including the Mt Lyell/Strahan Annual Picnic, the Rosebery Athletics Carnival, and the Rosebery Festival.

In 2022-23 TasRail concluded its expression of interest process with key Tasmanian tourist and heritage organisations, with a donation of three locomotives, and a range of ancillary equipment to Don River Railway (DRR). 2111 (Z2), 2100 (ZP1), and 2128 (ZB14) will now be restored by DRR's passionate band of volunteers, ensuring the preservation of further examples of Tasmania's railway history. TasRail also covered the cost of the crane lifts, heavy haulage trucking, and project management. This comes on the back of the donation of six historically significant locomotives in 2021-22.







BELOW RAIL SEGMENT

TasRail’s Below Rail segment is managed by the Engineering and Infrastructure function within Asset Management. The function is responsible for the management and maintenance of the Tasmanian Rail Network. It also includes dedicated Signals Management and Land and Vegetation Management teams. TasRail has around 1,500 kilometres of corridor land that it is responsible to manage.

TRACK QUALITY INDEX (TQI)

The TQI is derived from mandatory, scheduled recordings taken by TasRail’s Track Geometry Measurement System (TGMS). The outputs of the TGMS allow the Asset Management team to make informed decisions on network maintenance and renewal priorities.

Due to changes in the Track Geometry Measurement System, this year’s data it is not comparable to that of the previous reporting period. TQI two-year trend reports will commence as soon as practical.

Percentage rated: Good, Fair, Poor, Very Poor

	June 2023 (Good)	June 2023 (Fair)	June 2023 (Poor)	June 2023 (Very Poor)
Western	79.5%	17.5%	2.4%	0.5%
South	64.9%	25.9%	7.7%	1.4%
Melba	90.2%	9.5%	0.2%	0.1%
Bell Bay	52.9%	35.0%	10.0%	2.0%
Fingal	81.2%	14.6%	3.4%	0.7%
Derwent Valley	48.8%	33.8%	17.3%	0.0%
Network	74.1%	20.3%	4.8%	0.8%



TAMPING

TasRail's tamper tamped 133km of track during 2022-23. This is less than the previous reporting period as the tamper was extensively utilised to support Tasmanian Freight Rail Revitalisation Program activities across the State. Effective and strategic use of TasRail's tamper and ballast regulating machines is vital to network maintenance and ensures that track geometry and quality are maintained.

	2022-23	2021-22	2020-21	2019-20
Tamped kilometres	133	156	102	126



TEMPORARY SPEED RESTRICTIONS (TSR)

TasRail's extensive capital and maintenance program in 2022-23 saw a temporary increase in the percentage of the operational network under TSR as of 30 June. The increase to 8.78% reflects the number of worksite TSRs in place. These are imposed when major works are underway.

TasRail's detailed rail inspection process highlights specific locations on the network where it may be necessary to mitigate risk by introducing a temporary speed restriction. A TSR is introduced pending a permanent engineering solution.

Percentage of the network under TSR

As of 30 June 2023	8.78%
As of 30 June 2022	7.55%
As of 30 June 2021	7.72%



2022 FLOODS



Northern Tasmania experienced a significant 48-hour weather event mid-October 2022. In response, placing the safety of its people and its fleet first, TasRail chose to temporarily close its Western, Bell Bay and Melba lines.

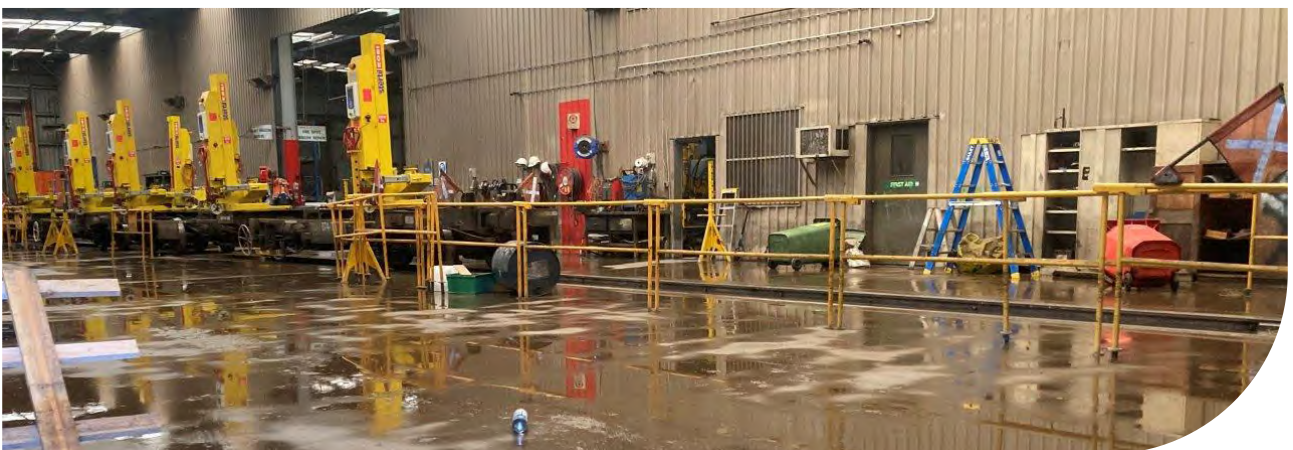
While Melba Line services were able to return to normal quickly, TasRail track inspectors assessed significant impact in other areas. These included:

- Northwest bridge infrastructure, specifically Emu River Bridge, Forth River Bridge and Kimberley River Bridge.
- Multiple small washaways between Hoblers Bridge and Western Junction
- East Tamar Junction was inundated, with waters up to ~1m through the wagon shop area.

Of most concern, however, was a significant land movement that occurred on the Western Line between Kimberley and Railton. One of TasRail's busiest parts of the network was severed for 11 days.

TasRail immediately implemented alternative service offerings to support its customers, including a temporary roster and timetable change, and quickly called on its highly valued contractors and infrastructure teams to design, implement and reinstate the operation line and supporting infrastructure.

There has been no better testament to the ongoing impact of the Tasmanian Freight Rail Revitalisation Program than the network's resilience during this severe weather event. When compared to the flood event in 2016 (~6 weeks outage), TasRail's capacity to return normal freight services to our customers was outstanding.



CORPORATE GOVERNANCE FRAMEWORK

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.

TasRail is governed 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 governance 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 based on 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 that 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 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 reporting:

The Board operates an Audit, Risk and Compliance 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 2001* 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, Risk and Compliance 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 are 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 emerging 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 discuss and review 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, Risk and Compliance 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 Framework and Policies, Organisational Structure amendments and conditions of employment.

The Board's responsibilities are:

- Ensuring TasRail's remuneration policies, practices and performance indicators are aligned to the Company'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 annual remuneration policies and practices
- Reviewing principal terms of employment contracts including the remuneration package for the CEO
- Reviewing remuneration of the CEO annually
- Monitoring the performance of the CEO and key performance indicators to determine performance criteria
- Reviewing the CEO's recommendations regarding Enterprise Agreement strategy and remuneration under other arrangements for company staff, and ensuring remuneration is aligned with market trends.

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



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 or by emailing righttoinformation@tasrail.com.au

During 2022-23, TasRail received two 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.

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 Act 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 Act, 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 or email PD.Officer@tasrail.com.au. Alternatively, you can write to: Public Interest Disclosure Officer, TasRail, PO Box 335, Kings Meadows, TAS. 7249.
- (b) No disclosures were made to TasRail during the 2022-23 financial year.
- (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.

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. No reports were made under this regime for the 2022-23 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

Value of purchases from Tasmanian businesses	\$75,281,102
Percentage of purchases from Tasmanian businesses	62.21%

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
- 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 2022-23

Creditor Days	30
Number of accounts due for payment	11,767
Number of accounts paid on time	11,767
Amount due for payment	\$119,828,796
Amount paid on time	\$119,828,796
Number of payments for interest on overdue accounts	-
Interest paid on overdue accounts	\$0

Contractors

There were a number of contracts let in 2021-22 where commitments carried forward into this financial year. Additionally, TasRail has awarded contracts in the 2022-23 year that have commitment values into the next financial year.

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

Contract/Works Package	Procurement Method	Buy Local Policy Applied	Contractor	Contractor State of Operations
Culvert Relining	Open tender	Yes	Interflow Pty Ltd	NSW
South Line Track Works - Package 1	Open tender	Yes	VEC Civil Engineering Pty Ltd	TAS
Turnout Replacement	Open tender	Yes	Gradco Pty Ltd	TAS
Supply Locomotive Repower Engines	Single source	Yes	Power Rail Australia Pty Ltd	QLD

No contracts valued over \$5 million were awarded.

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):

Name of consultant	Location	Description	Amount \$
GHD Pty Ltd	TAS	Engineering advice	654,665
Pitt & Sherry	TAS	Engineering advice	602,943
ISW Development Pty Ltd	VIC	Professional services	257,170
PDA Surveyors	TAS	Survey services	195,320
Scherzic Pty Ltd	TAS	Engineering advice	152,102
Alexandrides Engineering	SA	Engineering advice	139,222
SMEC Australia Pty Ltd	TAS	Engineering advice	119,374
HSEQ Services Australia Pty Ltd	TAS	Safety advice	113,357
Advisian Pty Ltd	NSW	Professional services	93,657
Nelson-Furnell Pty Ltd	TAS	Safety advice	92,913
Sub Total			2,420,722
There were 24 consultants engaged for \$50,000 or less totalling			361,149
Total payments for consultants to June 2023			2,781,871

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 focused on its customers, make it an ideal partner for existing and potential clients from key heavy industries throughout the State.

TASRAIL PROVIDES INDUSTRY:



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



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



Innovative and progressive Tasmanian rail transport solutions across all major freight sectors for containers, bulk and forestry freight;



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



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



Reduced exposure to heavy vehicle accident risk and NHVR Chain of Responsibility requirements for fatigue and mass management;



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



Valuable safety and environmental benefits; and



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



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



www.tasrail.com.au