



# **2021–2022 ANNUAL REPORT**

# General information

This is the consolidated Annual and Financial Report 2021-2022 (“the report”) of Queensland Rail (ABN 68 598 268 528) and its subsidiaries, Queensland Rail Limited (ABN 71 132 181 090) (QRL) and On Track Insurance Pty Ltd (ABN 18 095 032 670) (OTI). Queensland Rail is a statutory authority established under the *Queensland Rail Transit Authority Act 2013 (Qld)* (QRTA Act) and is a statutory body for the purposes of the *Financial Accountability Act 2009 (Qld)* and the *Statutory Bodies Financial Arrangements Act 1982 (Qld)*.

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

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

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

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

## For further information on Queensland Rail:

Phone: 13 16 17  
Mail: GPO Box 1429  
Brisbane, Queensland,  
4001

## Registered Office

Queensland Rail  
Level 14, Rail Centre 1  
305 Edward Street  
Brisbane, Queensland, 4000  
Queensland Rail ABN 68 598 268 528

## Translation and interpreting assistance

Queensland Rail is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds.

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



Copyright © Queensland Rail Limited 2022.

## Licence

*This annual report is licensed by the State of Queensland (Queensland Rail) under a Creative Commons Attribution (CC BY) 4.0 International licence.*



## CC BY Licence Summary Statement:

*In essence, you are free to copy, communicate and adapt this annual report, as long as you attribute the work to the State of Queensland (Queensland Rail).*

[View a copy of this licence.](#)

## Attribution:

*Content from this annual report should be attributed as:*

*The State of Queensland (Queensland Rail) annual report 2021-2022.*

## Disclaimer

While all care has been taken in preparing the report, Queensland Rail accepts no responsibility for decisions or actions taken as a result of any data, information, statement or advice, expressed, implied or contained in this report.

Queensland Rail is committed to minimising the impact on the environment by printing a limited number of copies of this report. An electronic version of this report is available at [queenslandrail.com.au](http://queenslandrail.com.au).

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

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

Dear Treasurer and Minister

**Queensland Rail Annual and Financial Report 2021-2022**

I am pleased to submit for presentation to the Queensland Parliament the Queensland Rail Annual and Financial Report 2021-2022. I certify that this annual report complies with:

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

A checklist outlining the annual reporting requirements can be found on pages 48-49 of this annual report. As outlined in the report, a dividend of \$193.7 million was declared for the year ended 30 June 2022.

The Board unanimously endorses the Queensland Rail Annual and Financial Report 2021-2022.

Yours sincerely

David Marchant AM

Chair

16 September 2022

---

# Table of contents

## Queensland Rail Annual and Financial Report 2021-2022

About us .....	5
Chair's report .....	6
CEO's report .....	8
Year in review .....	10
Operational performance .....	12
Financial summary .....	13
South East Queensland .....	16
Regional.....	19
Safety and sustainability .....	21
People and culture .....	25
Supporting communities.....	28
Governance structure .....	30
Organisational structure .....	31
Board.....	32
Executive Leadership Team .....	35
Corporate governance .....	37
Corporate governance statement FY22.....	37
Human Rights Act.....	45
Summary of the FY22 Operational Plan.....	46
Compliance checklist.....	48
Glossary and Acronyms.....	50
Queensland Rail Financial Report 2021-22.....	52

---

## About us

Queensland Rail has been connecting communities since 1865 and supporting local jobs, industries and economies. We are committed to delivering world-class rail services for our customers, which are safe and reliable.

With total assets of \$8.9 billion, and a network that extends more than 6,600 kilometres (km) across the state, we are also focused on delivering our services efficiently and sustainably to create value for our customers and Queenslanders.

Our 7,500-strong workforce delivers services across our South East Queensland (SEQ) and Regional networks, including Travel and Tourism services, and freight.

Our South East Queensland team provides 8,392 services each week, supporting our customers to reach their destination safely and on time. Across the last financial year (FY22), 32,057,692 million passenger trips were taken on the South East Queensland network (a decrease of 3.74 per cent compared to FY21, associated with the impact of COVID-19 and severe weather events).

The regional commuter and rail tourism markets are serviced by the Travel and Tourism business. There are eight services connecting regional communities across Queensland with other regional centres and the South East Queensland corner. These services support the Queensland tourism industry through the provision of unique rail tourism experiences.

Our Regional business provides rail access for freight operators and other supply chain customers to enable the

critical transport of resources and general freight across the state.

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

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

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

- management of railways
- provision of rail transport services, including passenger services; and
- construction and maintenance of rail transport infrastructure.

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

---

## Chair's report

On behalf of the Board, I am pleased to present Queensland Rail's Annual and Financial Report for FY22, showcasing the continued dedication of our team to deliver world-class rail services for our customers.

Queensland Rail's '1TEAM' spirit was on show throughout the past 12 months. The COVID-19 pandemic continued to test us, bringing new challenges such as widespread community transmission on a scale we had not seen before in our State. Queensland Rail continued to evolve and adapt to ensure we met the needs of our customers, without compromising the safety of our employees. The severe weather event that impacted southern Queensland in February and March caused widespread damage to our network. Many people and teams played a significant role in the recovery effort, which allowed us to progressively reconnect communities in timeframes that many people may not have thought possible.

Investment continued in network reliability across both our SEQ and Regional networks, with an investment of more than \$420 million in vital network maintenance, together with an ongoing capital works program of \$230 million. Notably, the Mount Isa line was closed under a Scheduled Corridor Access System arrangement for two periods of 10 days to enable crews to complete works to improve resilience along a line that experiences extreme weather conditions. It will provide our freight partners who traverse the vital corridor with greater reliability.

Delivering accessible infrastructure and rollingstock remained a focus, with more than \$66.3 million invested in station upgrade programs, and \$74.4 million invested in rollingstock upgrades. These critical upgrades will see more of our network and trains become accessible to more members of the community over time and is another step forward in Queensland Rail providing world-class services for customers.

This year we achieved some significant milestones in the lead up to the opening of Cross River Rail (CRR) and deployment of European Train Control System (ETCS). Our teams continued to work hand-in-hand with the Cross River Rail Delivery Authority (CRRDA) and other partners to deliver vital infrastructure that will enable integration into the network. Most notably, the first of rolling station closures and upgrades between Fairfield and Salisbury occurred, with Yeronga station closing in April 2021 and reopening in March 2022. At the same time as Yeronga reopened, Fairfield station closed to commence upgrade works, which will continue next year.

Queensland Rail introduced new ways of working to deliver maintenance works vital to the successful operation of the southern tunnel portal for CRR. This included weekday closures that led to short-term impacts on our customers, for long-term improvements to our services. And during a four-day closure of several lines in April 2022, the signalling 'heart' of Queensland Rail was transplanted at Mayne Yard to pave the way for the ETCS to come online in the future.

---

With a firm focus on the future, connecting employees with our vision to provide world-class rail services for our customers is fundamental to achieving our goals. In early 2022, a survey of employees – QR Engage – determined current engagement levels and sought to understand the experiences of people working at Queensland Rail. Leaders across the organisation will continue to implement their action plans to improve engagement and align people with our strategy.

The progress Queensland Rail has made over recent years provides a solid foundation for future success. With that in mind, I would like to acknowledge former Chief Executive Officer (CEO) Nick Easy, who departed Queensland Rail in December 2021. Nick began his tenure by leading the organisation through the implementation of the Queensland Rail train crewing practices Commission of Inquiry recommendations. His legacy is a rail operation that is now delivering more services than ever before for South East Queenslanders, with sustained on-time running results.

Recruitment took place for a new CEO in early 2022, with former Chief Financial Officer Kat Stapleton appointed to the role in April. I would like to thank Group Executive Major Projects Integration, Rupert Holloway, and Head of SEQ, Scott Riedel, for their efforts in sharing the Acting CEO position and guiding Queensland Rail through challenges such as the COVID-19 Omicron wave and the southern Queensland flood event.

The Board is focused on supporting Kat as she continues to build upon our strong foundations and ensure readiness for the opening and integration of CRR; delivering on our strategic priorities including growing our rail freight volumes and increasing patronage; responding to changing customer demands; and of course, preparing for the 2032 Olympic and Paralympic Games.

I would like to acknowledge the Executive Leadership Team for the work they have done in steering their portfolios and helping to move Queensland Rail ever closer towards its vision. I would also like to thank our responsible Ministers, the Treasurer and Minister for Trade and Investment, the Honourable Cameron Dick MP, and Minister for Transport and Main Roads, the Honourable Mark Bailey MP, for their ongoing support and guidance.

Finally, I would like to sincerely thank the people of Queensland Rail for their hard work and pride in connecting Queensland communities, and I acknowledge their significant achievements this year. I look forward to working together to achieve more for our customers in the year ahead.

**David Marchant AM**

Chair

---

## CEO's report

Throughout the past year, our Queensland Rail team was united by our renewed and shared purpose of connecting communities with a vision to deliver world-class rail services for our customers. We worked collectively to keep our customers and freight moving, overcoming multiple challenges throughout the past 12 months. Importantly, the safety of our employees and customers remained our top priority with our 'Safety comes first. Always' ethos shining through.

At the height of the COVID-19 Omicron peak in January 2022, we continued to operate all 8,392 weekly services on the SEQ network, with rigorous cleaning regimes ensuring those who were travelling were able to do so safely and reliably. In our Regional line of business, our rail network remained open throughout this period for freight customers, with only a small number of passenger services temporarily suspended to provide customers with certainty around their bookings.

In late February and March 2022, the southern Queensland flood event severely impacted our network and services. The entire SEQ network was closed from the last train on 28 February to the first train 2 March, with services gradually resuming over subsequent days. This was the longest period our SEQ network has ever been closed, and the damage to our track and infrastructure was significant. Our Regional network was also severely impacted in multiple areas.

I am incredibly proud of our Queensland Rail team for the way we united to safely recover and make our network operational again. Maintenance crews repaired track damage; train planners, controllers and support staff planned timetables, rosters and job postings as well as access to track and movement of trains; and our support teams ensured everything ran smoothly behind the scenes. It was a true '1 Queensland Rail' team effort.

Providing world-class services for our customers means anticipating and responding to their needs and improving services. Parts of our network have become more accessible over the past year through the Station Accessibility Upgrade Program, with more customers across SEQ and Regional to benefit from further planned upgrades. Trials such as the Department of Transport and Main Roads' Smart Ticketing project and the ability for customers to bring bikes and e-scooters on our SEQ services have provided customers with a better integrated public transport experience.

In FY22, we amplified the importance of sustainability within our strategy. In alignment with the Queensland Government's emissions reduction targets, Queensland Rail is also on a journey to net zero emissions, and we are continuing our work to help protect the natural environments we interact with across our great State. This year we have also further improved the resilience of parts of our network, as we continue to adapt to the far-reaching effects of climate change.

It is my absolute honour and privilege to be appointed Queensland Rail's Chief Executive Officer.



---

We have an exciting future ahead of us in rail, along with Olympic and Paralympic Games to work towards in 2032, events that are catalysts for investment and change across Queensland.

On behalf of the Executive Leadership Team, I share our sincere appreciation for the efforts of our people throughout FY22, who have continued to demonstrate resilience, dedication, and professionalism. I am also grateful to the Board for their strategic oversight and guidance, and the Executive Leadership Team for their leadership, expertise and commitment.

**Kat Stapleton**  
CEO

---

# Year in review

## July

- A six-month trial commenced to allow passengers to travel with their bike or e-scooter on all SEQ peak train services.
- On Queensland Rail's 156th birthday, a podcast launched exploring rare tales of Queensland's rich rail history.
- To mark this year's NAIDOC week, Springfield Central station's latest mural was revealed, produced by local Indigenous artists and students from Springfield's Hymba Yumba Independent School.

## August

- The Stay Level Headed at Level Crossings campaign was launched during Rail Safety Week to raise awareness of the risks and consequences of disobeying level crossing warning signs and signals among SEQ pedestrians.
- Queensland Rail's successful High Voltage Can Jump campaign won the prestigious Gartner Communications Award in the Small Idea, Big Impact category, claiming the title over 91 other entries from around the world.
- A multimillion-dollar station accessibility upgrade commenced at Auchenflower as part of the State Government's ongoing investment of more than \$600 million to upgrade stations in SEQ, making them accessible for all.

## September

- Upgrade of platform 1 at South Bank station begins, improving accessibility and connection to the adjoining Southpoint development. This \$26.6 million project has supported up to 250 construction jobs.
- Community Partnerships team toured Far North Queensland for two weeks, promoting critical rail safety messages to more than 5000 school students.
- Relunched the High Voltage Can Jump campaign during Electricity Safety Week, which seeks to prevent serious incidents involving high voltage power lines.

## October

- Works commenced to replace two 40-year-old escalators at Central station's outer concourse to boost the safety and reliability of the facilities.
- A retiring Queensland Rail train was given a new lease on life and will now be used by firefighters at Whyte Island for decades to come, enabling them to undertake realistic and comprehensive training for rail emergencies.

## November

- The Travel with Care campaign was launched to educate and generate awareness about the impact of 'slips, trips and falls' and their effect on customers' health and well-being.

## December

- As part of ongoing upgrades on the Mount Isa line, 66,500 steel sleepers were replaced with new concrete sleepers.
- Queensland Rail farewellled CEO, Nick Easy, who had been in the role since 2017.

## January

- Queensland Rail maintained services on its South East Queensland network as the Omicron wave of COVID-19 hit.
- Supporting 250 jobs throughout the construction phase, the upgrade of East Ipswich station was officially unveiled. This multimillion-dollar project transformed station accessibility for the community.
- At the conclusion of a successful six-month trial period, travelling with bikes and e-scooters on all SEQ services was made permanent.

## February

- Released sobering new CCTV footage of close calls at regional level crossings as a reminder to all motorists, cyclists and pedestrians to maintain vigilance and stay safe around trains.
- Locals were invited to help shape the final designs for a multimillion-dollar upgrade of Banyo and Bundamba stations, which seeks to improve experiences and accessibility for all customers.
- Welcomed seven new university graduates into the SEQ and Regional teams as part of the 2022 Graduate program. This year, 500 applications were received from recent engineering graduates.

## March

- Significant restoration works were carried out on both the Regional and SEQ networks after extreme weather and flooding. More than 100 sites were damaged, along with 34 stations, with the entire SEQ network closed between 28 February and 2 March.
- A multimillion-dollar project to boost the reliability of services was completed, with the commissioning of a new high-voltage traction power substation at Moolabin (near Tennyson).
- Queensland Rail celebrated the diversity of its employees and community through Harmony Week.

## April

- Queensland Rail's Chief Financial Officer, Kat Stapleton, was appointed as our new CEO.
- A 10-day closure was held across South East Queensland city lines over the Easter period to facilitate vital Cross River Rail works.
- A nine-month program of major maintenance and upgrade works commenced on the Spirit of Queensland.
- Cannon Hill station's multimillion-dollar accessibility upgrade was officially unveiled, delivering improved access for the community – with all platforms now accessible by paths, ramps and lifts.
- Fitment of test trains for the European Train Control System commenced at Redbank.

## May

- New digital maps, with audio descriptions, showing accessibility features for all 152 SEQ stations were made available online.
- Queensland Rail welcomed 96 Milpera State High School students who recently arrived in Australia from more than 20 different countries, on our trains as part of our Rail Safety Orientation Day.
- Dakabin station accessibility upgrades, which commenced in 2020, were completed, including a new multi-storey parking facility. The upgraded station also features a new mural that was developed in collaboration with Kabi Kabi First Nations artist Melissa Bond ahead of National Reconciliation Week.

## June

- Two planned 10-day closures of the Mount Isa line supported a \$25 million program of capital works to strengthen its resilience and improve reliability. This included the upgrading of 24km of line, including replacement of 96,000 tonnes of ballast, 35,000 concrete sleepers and 10km of new rail.
- Central station's brand-new escalators re-open for use, improving reliability and accessibility at Queensland Rail's busiest transport hub.
- Queensland Rail took part in National Reconciliation Week activities, paying respect to the world's oldest cultures.

# Operational performance

## Summary of non-financial measures

	Unit	FY21 Actual	FY22 Actual	FY22 Target
Signal Passed At Danger per million train kilometres – Operator*	Rate	2.42	1.89	1.77
Customer Injuries per Million Passenger Journeys*	Rate	10.30	12.24	8.00
Total Recordable Injury Frequency Rate*	Rate	10.23	7.44	7.80
Safeworking Breaches as a Rail Infrastructure Manager*	Count	97.0	107.00	60.00
Unscheduled Absence (Days/FTE)*	Rate	13.35	16.43	10.25
Operational Cost per Revenue Train Kilometres - South East Queensland Above Rail	\$	36.33	38.86	39.69
Operational Cost per Revenue Train Kilometres - South East Queensland Below Rail	\$	9.88	11.02	12.21
Operational Cost per Revenue Train Kilometres - Travel and Tourism	\$	71.88	80.80	71.65
Operational Cost per thousand GTK - Regional	\$	15.77	19.21	17.32
Capital Expenditure	\$M	716.38	739.64	916.09
Capital Plan Scheduling	%	80.90	89.74	80.00
On-Time Running - Citytrain 24/7 (Adjusted for Force Majeure)	%	96.96	95.72	95.00
Reliability - Citytrain 24/7 (Adjusted for Force Majeure)	%	99.77	99.64	99.50
On-Time Arrival - Traveltrain (Adjusted for Force Majeure)	%	85.10	72.44	75.00
Citytrain Customer Index	Index	4.29	4.24	4.10
Travel Customer Index	Index	N/A	4.31	4.10

\*Safety KPIs and Unscheduled Absence Days/FTE are reported on a 12-month rolling basis.

# Financial summary

## Consolidated income statement for the year ended 30 June 2022

	2021-2022 Actual \$M	2020-2021 Actual \$M
Revenue	2,308.4	2,222.5
Operating expenses	(1,498.9)	(1,427.1)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>809.4</b>	<b>795.4</b>
Depreciation and amortisation expense	(417.4)	(395.9)
<b>Earnings before interest and tax (EBIT)</b>	<b>392.0</b>	<b>399.5</b>
Net finance costs	(117.5)	(136.2)
Income tax expense	(78.9)	(76.8)
<b>Net profit</b>	<b>195.6</b>	<b>186.5</b>

Numbers include rounding.

The Queensland Rail consolidated entities' EBIT decreased by \$7.5 million.

Revenue increased 3.9 per cent on the prior year mainly attributable to higher Rail Transport Service Contract, construction works, and passenger revenues, partly offset by lower access revenue.

Operating expenses increased 5.0 per cent on the prior year as a result of higher supplies and services, and labour costs, partially offset by a decrease in other expenses.

Depreciation and amortisation expense increased 5.4 per cent mainly as a result of higher depreciation of plant and equipment and property, partially offset by lower depreciation of intangibles.

A dividend of \$193.7 million was declared in respect of the year ended 30 June 2022. This dividend will be paid during FY23.

## Financial performance measures compared to the FY2021/22 Operational Plan

	Unit	2021-2022 Actual	2021-2022 Target
Earnings before interest and tax	\$M	392.0	368.6
Net profit after tax	\$M	195.6	174.2
Return on operating assets	%	5.09	4.51
Long Term Debt to (Long Term Debt + Equity)	%	55.10	56.54

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

## Financial summary (cont.)

### Consolidated balance sheet as at 30 June 2022

	2021	2022 Actual \$M	2020	2021 Actual \$M
Current assets		409.0		148.0
Non-current assets		8,443.9		8,188.7
<b>Total assets</b>		<b>8,852.9</b>		<b>8,336.8</b>
Current liabilities		1,002.9		785.8
Non-current liabilities		4,574.4		4,258.9
<b>Total liabilities</b>		<b>5,577.3</b>		<b>5,044.7</b>
<b>Net assets</b>		<b>3,275.6</b>		<b>3,292.1</b>
Contributed equity		3,055.2		3,060.3
Reserves		(0.5)		-
Retained earnings		220.9		231.8
<b>Total equity</b>		<b>3,275.6</b>		<b>3,292.1</b>

The consolidated entities' current assets increased 176.4 per cent to \$409.0 million as a result of an increase in cash assets, current trade and other receivables and prepaid expenses.

The consolidated entities' non-current assets increased 3.1 per cent to \$8,443.9 million primarily due to a net increase in property, plant and equipment and non-current inventory, partially offset by a decrease in intangible assets and other non-current assets.

The consolidated entities' current liabilities increased 27.6 per cent to \$1,002.9 million as a result of an increase in trade and other payables and income in advance, partially offset by a decrease in employee benefit provisions and current borrowings.

The consolidated entities' non-current liabilities increased 7.4 per cent to \$4,574.4 million as a result of an increase in long-term borrowings, income in advance and deferred tax liabilities, partially offset by a decrease in lease liabilities and employee benefits provisions.

The consolidated entities' contributed equity decreased 0.2 per cent to \$3,055.2 million as a result of an equity transfer of property, plant and equipment assets to TMR.

---

## Financial summary (cont.)

### Consolidated cash flows for the year ended 30 June 2022

	2021	2022 Actual \$M	2020	2021 Actual \$M
Net cash inflow from operating activities		714.8		603.5
Net cash (outflow) from investing activities		(586.9)		(583.0)
Net cash inflow/(outflow) from financing activities		106.8		(40.6)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>234.7</b>		<b>(20.1)</b>

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

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

The increase in cash inflows from financing activities is attributable to increased borrowings, partially offset by an increase in dividend paid.

# South East Queensland

Queensland Rail continues to deliver the largest number of services in the organisation's history, with 8,392 weekly services operating across South East Queensland and 32,057,692 passenger trips recorded on the network in FY22.

## Key highlights:

- 95.72 per cent of services arrived on time (adjusted for force majeure), exceeding target of 95 per cent.
- 99.64 per cent of services were delivered (adjusted for force majeure).
- 32,057,692 passenger trips (down 1,245,161 on FY2021).
- New accessibility maps for all 154 stations in SEQ.

## Delivering on-time services

Throughout FY22 and the ongoing COVID-19 pandemic, Queensland Rail maintained a strong focus on delivering safe, reliable, on-time services for customers who rely on its services.

Queensland Rail exceeded its target of 95 per cent of services running on-time. 95.72 per cent of all SEQ services arrived on time (adjusted for force majeure). This represents only a 1.24 percentage point decrease on the previous period, despite significant weather challenges.

Queensland Rail also exceeded its reliability target with 99.64 per cent of services delivered (adjusted for force majeure).

Queensland Rail actively monitors footplate time to ensure driver duties are planned as efficiently as possible, while enabling traincrew to have adequate breaks and attend to their mandatory training requirements.

## Supporting active transport

Following a successful six-month trial that ended in January 2022, passengers can now travel with their bike or personal e-scooter on all SEQ peak train services. Approximately 310,217 passengers took advantage and travelled with their bike or personal e-scooter during peak times over the 12 months to 30 June 2022.

This complements investment made across the SEQ network with improvements to bike storage facilities and extending the opportunity for a more integrated travel experience for

customers.

## Cross River Rail construction moves forward

The CRRDA is improving accessibility by delivering four new underground inner-city stations and upgrading nine above-ground stations. Upgrades to the first two above-ground stations – Yeronga and Fairfield – are well underway. The CRRDA is also delivering three new stations on the Gold Coast on behalf of TMR, however, these stations are not part of CRR.

Yeronga station has reopened for train services following extensive construction works, with works continuing to complete the pedestrian overpass, which will include lifts and ramps to make all platforms fully accessible. Fairfield station upgrade is well underway with a full station closure enabling reliable alternate transport services and reduced overall customer impact.

## Cross River Rail impact on the SEQ rail network

CRR and the ETCS Level 2 (L2) will fundamentally change the way the SEQ network is operated and maintained. In January 2022, the ETCS Program Alliance known as Sequence was established to deliver ETCS L2 to the SEQ network. All approved ETCS L2 works, excluding ETCS fitment on New Generation Rollingstock (NGR) trains have been brought together under this Alliance.

To prepare for changes that ETCS L2 will bring to the network, Queensland Rail has commenced testing ETCS technology on part of the Shorncliffe line. The Shorncliffe pilot line allows testing to be carried out during planned closures, with the least amount of disruption to customers. Successful implementation on the Shorncliffe pilot line will see Queensland Rail well-placed for further ETCS L2 deployment into the CRR tunnels and beyond.

## Smart Ticketing

Marking a milestone in Queensland Rail's partnership with TMR, the first customer trial of Smart Ticketing launched on



---

the Ferny Grove line in June 2022.

Smart Ticketing is an innovative ticketing technology that enables more ways to pay for public transport across Queensland. Over time, more Queenslanders will be able to pay for travel with contactless payment methods using various debit and credit cards, or smart devices such as phones and watches.

### **Using technology to improve service delivery and customer experience**

Queensland Rail has several technology projects it has developed and is now delivering.

These include major product upgrades to maintain the reliability and integrity of the current IT environment.

A new internal mobile app – NextThere for QR – was introduced in May 2022 to provide greater availability and accessibility of real-time operational information to SEQ's station customer service employees and improve communication with customers.

There are also several operational technology upgrades in progress to improve cybersecurity, network operations safety and resilience and functionality delivering benefits for customers. These include:

- integration works to support the implementation of ETCS into Queensland Rail in support of CRR, including the rollout of and interfacing to the new Traffic Management System (TMS)
- implementation of Queensland Rail's Track Access System (TAS) to automate access to track requests between in-field protection officers and train controllers, providing improved safety from GPS confirmed locations as well as system generated implementation and release of track authorities
- improved customer communications onboard and at platforms through updated passenger information screens and a public announcement system to assist with Queensland Rail's efforts to deliver accurate, timely and consistent information about its operations to customers; and
- implementation of a monitoring site at Thorneside to inspect wheel condition while trains are operating.

Queensland Rail refreshed its Digital Security Roadmap 2021-2023, which is guiding the next phase of improvement in cyber and information security within the organisation. The roadmap builds on work already undertaken and will further ensure Queensland Rail's defences keep pace with cyber security threats.

### **Improving station access**

Throughout FY22, Queensland Rail invested \$90.9 million towards station accessibility and Park 'n' Ride upgrades. As part of its commitment to improving the accessibility of stations to ensure all customers can travel safely, \$65.4 million has been invested in SEQ's Station Accessibility Upgrade Program in FY22.

Significant investments have been made to upgrade station infrastructure and the Queensland Government has committed more than \$600 million to upgrade stations to improve accessibility across the SEQ network since 2015.

In early 2022, Queensland Rail unveiled upgrades to Cannon Hill, East Ipswich and Dakabin stations. Customers using mobility aids, seniors, and customers with prams or luggage now have improved access – including a new multi-storey parking facility at Dakabin station. Accessibility improvements at Auchenflower station are also well-progressed with a new footbridge installed, including lift access.

The reliability of facilities at one of Queensland Rail's busiest transport hubs, Central station, has also been improved with two key escalators replaced as part of a \$5.1 million upgrade program. Refurbishment of the adjacent stairs are now underway, with improvements to surface finishes to improve safety, as well as lighting, wayfinding and security enhancements.

Upgrades to platform one at South Bank station are well underway, improving accessibility and connection to the adjoining Southpoint development. This \$26.6 million project will support up to 250 construction jobs.

Members of the community were also invited to help shape the final designs for multimillion-dollar upgrades of Morningside, Banyo, Burpengary, Lindum and Bundamba stations, which seek to improve experiences and accessibility for all customers.

---

Queensland Rail continues to work with government agencies, the community and industry stakeholders to achieve its vision of an accessible network for all customers.

#### **New station accessibility maps**

Journey planning is now easier for customers with the launch of new digital maps showing the accessibility features of all 152 SEQ stations and the two Airtrain stations at Brisbane Airport.

The station accessibility maps show station entry points and how platforms can be accessed via lift, ramp or stairs, as well as platform areas that are level with the train doors. They indicate the location of important features including hearing loops, accessible toilets, help phones, accessible parking and accessible paths through the station. The maps can be accessed from a computer or smartphone.

Delivered through extensive collaboration with various teams across Queensland Rail, TMR and the disability sector as part of Queensland Rail's Accessibility Strategy 2020, the maps will enable customers to plan and safely undertake their journey.

#### **Rollingstock enhancements**

To improve accessibility and reliability, Queensland Rail has committed to the midlife overhaul of 64 passenger trains. The project will be undertaken through an alliance contract with Downer Group with the work being carried out in their Maryborough Facility from late 2022 through to 2028.

# Regional

Queensland Rail focused on enhancing offerings for regional passengers in FY22 through customer experience initiatives and upgrading existing rollingstock.

## Key highlights:

- Supported the transportation of more than 13 billion gross tonne kilometres of freight across Queensland.
- More than 460,000 passenger journeys on long distance and tourism services.
- 4.31 out of 5 rating in the new Travel Customer Index gauging customer experience levels.
- \$30.8 million invested in travel fleet improvements.

## Travel and Tourism

Queensland Rail offers the largest network of long-distance and tourism rail experiences in Australia and plays an important role in connecting communities in regional Queensland.

Travel and Tourism services provide unique rail experiences and access to Queensland's outback, Gulf Savannah rainforests and the Great Barrier Reef.

The network also provides a vital connection for Queenslanders visiting family or friends, and those attending hospital or specialist appointments who are unable to travel by other modes of transport.

Travel and Tourism patronage for FY22 was 464,892. This figure was 29 per cent above plan and a 24.21 per cent increase compared to the previous financial year due to the easing of travel restrictions. To improve reliability and safety, the Spirit of Queensland service which connects Brisbane to Cairns and places in between was reduced from five return services per week to four services per week from April 2022 to undertake planned major maintenance on the Diesel Tilt Train fleet.

To improve functionality and enable customer self-service, Queensland Rail is also replacing legacy travel and tourism booking systems. This will provide customers with a modern, seamless and accessible online booking experience.

## Customer satisfaction

Queensland Rail has implemented a new Travel Customer Index to gauge customer experience levels on regional journeys. Within one fortnight of their travel, approximately 10 per cent of passengers are asked to evaluate their experience via a mobile-friendly survey. The insights collected through this process will allow Queensland Rail to respond to customer needs to further improve rail experiences. Queensland Rail Travel received an average rating of 4.31 out of 5 against a target of 4.10 for FY22.

## Travel fleet improvements

Overhauls and modification works are currently underway for the carriages that currently service the Inlander, Westlander and Spirit of the Outback trains. Works are required to ensure carriages are operationally reliable and compliant with Queensland Rail's Safety and Environmental Management Systems (SEMS).

An overhaul of the iconic Kuranda Scenic Railway carriages has begun through the local Cairns team, with a focus on ensuring safety and reliability of this fleet while maintaining the heritage experience.

## Regional station accessibility improvements

Preliminary concept planning and technical studies have begun for Rockhampton and Maryborough West stations as part of Queensland Rail's Regional Station Accessibility Upgrade Program. Consultation with its Accessibility Focus Group and community groups is part of early planning and design works across the program. A feasibility study for Bundaberg station is also underway.

## Regional freight network

Queensland Rail continued its partnerships with Aurizon, Watco and Pacific National to transport more than 13 billion gross tonne kilometres of intermodal and general freight across the state. In FY22, Queensland Rail welcomed new operator, Qube Logistics, to move freight from Mount Isa to Townsville, with two trains completing four services each week.

---

### **Mount Isa line resilience**

Queensland Rail is committed to improving rail infrastructure along the Mount Isa line. In FY22, \$97.1 million was invested in planned maintenance and capital works on the line. This included waterway resilience improvements, the replacement of ageing rail equipment and investigating the potential of enabling double stacked containers on rail services.

Two planned 10-day closures of the Mount Isa line supported a \$25 million program of capital works to strengthen its resilience and improve reliability. This involved the upgrading of 24km of line, including replacement of 96,000 tonnes of ballast, 35,000 concrete sleepers and 10km of new rail.

The Mount Isa line spans more than 1,000 km and carries around 4 to 4.5 million tonnes of product per year, playing an important role in supporting mineral freight exports and regional jobs in North West Queensland.

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

The North Coast line is the coastal passenger train and freight route between Brisbane and Cairns and provides a critical connection for rail services in the north, as well as a common link to western Regional lines.

The \$77.3 million North Coast line capacity improvement project is reaching completion with six of the eight passing loops commissioned. The seventh passing loop is planned to

be commissioned in August 2022, with the final passing loop due to be completed in 2023. The extended loops will enable travel for freight trains up to 950 metres in length – an increase of more than 34 per cent on the current 706-metre limit.

This significant increase will support efficiency improvements above rail and help lower the cost of rail freight haulage, making it a more viable option for freight customers. The project is also delivering significant safety improvements, through upgrades to the automatic train protection system.

### **Asset management improvements**

The Regional network maintenance program involves a large variety of asset management activities. In FY22, Queensland Rail budgeted \$223 million for regional maintenance works. Major maintenance and asset investment improvements are carried out within planned track closures to effectively minimise and manage the impacts on freight and long-distance travel customers. Signalling maintenance is based on a continuing program of scheduled preventative maintenance for the testing and servicing of equipment to ensure reliability.

Routine and corrective maintenance of network telecommunications equipment is also an important element of the network maintenance strategy because data and voice networks support both operational and business communications.

---

## Safety and sustainability

Queensland Rail prioritises safety and sustainability across all areas of its operation. In FY22 we delivered multiple awareness campaigns, rolled-out new technology, increased security along the network and introduced proactive environmental strategies to great success.

### Key highlights:

- More than 1,800 deployments of Queensland Rail Authorised Officers for customer safety.
- Conducted 15 security and emergency preparedness exercises.
- In a Queensland Rail first, artificial intelligence motion sensing cameras have been installed around the rail corridor to track koala movements.
- 28,900 trees successfully planted and established.
- Won the prestigious Gartner Communications Award in the Small Idea, Big Impact category for the *High Voltage Can Jump* campaign.

### COVID-19

Queensland Rail continues to work with relevant government agencies and monitor advice from health authorities in relation to COVID-19.

A full timetable has been maintained in SEQ throughout the COVID-19 pandemic, supporting essential workers and the communities we serve.

Regional services experienced some temporary changes and disruptions during the first Omicron wave between January and March 2022 to ensure the safety of customers and have since returned to the full timetable.

### Southern Queensland flood recovery

The rail network was significantly impacted by severe weather events in February and March that forced major closures across SEQ, as well as in some Regional areas. Once the weather subsided, and it was safe to do so, Queensland Rail teams repaired damage to:

- 34 SEQ stations
- 95 Regional network infrastructure sites
- 26 SEQ network infrastructure sites; and
- 16 facilities within Mayne Yard.

Despite the flood damage across the entire SEQ network it was progressively opened after three-and-a-half days with the

longest recovery being on the North Coast line near Traveston which was impacted by multiple flooding events and was closed for two weeks due to the derailment of a third party freight train. Several other sections of the Regional network were closed for varying lengths of time. In addition to the Traveston recovery, across our SEQ network more than 2,000 metres of track was repaired with over 600 maintenance employees involved in on-site recovery, with hundreds more working behind the scenes to bring parts of the network back online.

Queensland Rail continues to investigate ways to further improve its network flood resilience.

At 30 June 2022, the total actual cost, plus commitments for recovery of the rail network, was more than \$17.6 million.

## Employee and contractor safety

### Train collision at Westwood

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

Queensland Rail has implemented several safety measures following the incident and continues to work collaboratively with all relevant parties, which includes assisting the Australian Transport Safety Bureau and Office of the National Rail Safety Regulator (ONRSR) in their investigations.

### Safeworking control framework

On 7 March 2020, a train travelling towards Thorneside station applied the emergency brake after observing an excavator in the danger zone. Following the incident, Queensland Rail took the suite of improvements it was undertaking as the basis for an agreed Enforceable Voluntary

---

Undertaking (EVU) with the Office of the National Rail Safety Regulator (ONRSR) on 27 October 2021.

Queensland Rail's EVU comprised 12 initiatives and is scheduled to be finalised by Queensland Rail and ONRSR in September 2023. Each initiative is designed to improve Queensland Rail's current Safeworking control framework. An independent auditor engaged by Queensland Rail has been engaged to review and verify assurance activity to confirm the organisation has achieved each EVU initiative.

### **Track safety**

The Track Access System (TAS) was successfully implemented in Brisbane and Townsville in FY22. TAS is a tablet-based system that provides field-based Protection Officers with an improved overview of requested track protection and tools to ensure the protection is adequate. A benefit of the system is demonstrated by an approximate 20 per cent reduction in workload for personnel applying track protection through the TAS system.

### **Safety starts with us**

With our focus on safety, the SEQ leadership team led a collaborative change to their approach. Frontline leaders developed six safety principles and the safety goal that 'Nobody gets hurt'. Following these changes, workplace injuries have been reduced by 40 per cent in FY22.

### **What's your Plan A? campaign**

Queensland Rail launched a campaign in March 2022 that aims to keep certain principles front of mind and empower employees to make proactive choices to eliminate their exposure to risk of assault. Through a series of videos, employees shared their experiences with safety incidents and positive outcomes from applying the principles. The aim of this campaign was to encourage reflection and conversation.

### **Prevention of signals passed at danger occurrences**

The safety of customers and employees is Queensland Rail's number one priority. Every Signal Passed at Danger (SPAD) event is taken very seriously and investigated thoroughly.

Queensland Rail's SPAD rates are generally lower than Australian Industry average SPAD rates and have not proportionately risen with increases in train services; however, SPAD prevention remains a critical safety focus.

Queensland Rail is delivering several SPAD prevention initiatives, including a SPAD Prevention Taskforce, innovative technologies such as ETCS, and driver awareness campaigns.

Over the last 12 months, the SPAD Prevention Taskforce had strong engagement with traincrew, and trialled the automated analysis of train data logger information for proactive driver monitoring.

The Queensland Rail Operator SPAD rate per million train kilometres for FY22 (as at June 2022) was 1.89. This represents a significant improvement from a rate of 2.42 at the close of FY21.

Given people play a key role in the prevention of SPADs, phase two of the internal SPAD-awareness campaign, Metres Matter, was launched in March 2022 to further reinforce key SPAD prevention techniques. The campaign, developed through internal focus groups and shaped by communication subject matter experts, was well received by employees.

Queensland Rail acknowledges it must work harder to meet our safety targets and strive for better safety outcomes for our employees, customers and the community.

## **Customer and community safety**

### **Bridge strike prevention**

Queensland Rail has reduced the likelihood of bridge strikes and the adverse impacts to customer and community safety. Improved signage, additional engineering solutions and collaboration around infringement enforcement with the Queensland Police Service have been key priorities this year.

Since 2016, Queensland Rail has invested \$15.5 million in installing bridge strike protection beams to 14 high-priority bridges across SEQ to prevent collisions with over-height vehicles. These beams improve safety for road users, cyclists and pedestrians, and also minimise train delays.

Queensland Rail has also installed 43 bridge impact detection systems at prioritised locations across the SEQ network. These systems include sensors and CCTV cameras which automatically detect incidents and alert Queensland Rail. The technology also enables crews to remotely inspect for damage, allowing road and rail traffic to resume quickly.

65 bridge strikes occurred in FY22; nine fewer strikes than the previous financial year.

### Level crossing safety

Queensland Rail remains focused on ensuring safety and compliance at level crossings.

Queensland Rail continued to invest in upgrades to level crossings across regional Queensland, which included warning signs and flashing lights. As part of a \$4.3 million project to improve pedestrian safety at 19 regional level crossings, Queensland Rail has upgraded three pedestrian rail crossings in Longreach.

Queensland Rail also continues to prioritise driver and pedestrian education to reduce level crossing incidents. In conjunction with National Road Safety Week 2021, Queensland Rail launched the *'Avoid Harm. Stop Before the Boom Arm'* campaign to warn pedestrians and motorists about the dangers of boom gate strikes. In August 2021, Queensland Rail also launched the *'Stay Level Headed at Level Crossings'* campaign to raise awareness of the risks to pedestrians disobeying level crossing warning signs and signals.

Further to these campaigns, Queensland Rail released CCTV footage of close calls at regional level crossings to remind all motorists, cyclists and pedestrians to stay safe around trains. During National Road Safety week in May 2022, Queensland Rail also communicated the message: *'There's always going to be another train or time – there will never be another you'*.

### High voltage safety campaign

Queensland Rail relaunched the *'High Voltage Can Jump'* campaign, which seeks to prevent serious incidents involving high voltage power lines, during Electricity Safety Week in September 2021. The campaign reached 6.2 million people online and helped to increase awareness of the dangers of overhead power.

Since the launch of High Voltage Can Jump in August 2019, no high voltage incident has occurred on the SEQ rail network to June 30, 2022. Trespassing also reduced by 43 per cent compared to the previous year.

In August 2021, the successful campaign won the prestigious Gartner Communications Award in the Small Idea, Big Impact category, claiming the title over 91 other entries from around the world.

### Travel with Care campaign

The *'Travel with Care'* campaign launched in November 2021 to generate awareness about the impact of 'slips, trips, and falls' and the effect on customers' health and wellbeing. The second phase of the campaign was launched in April 2022, with an increased focus on minding the gap when boarding and disembarking.

## Industry awards recognition

### High Voltage Can Jump campaign

Winner | Gartner Communications Award  
Winner | Australian Business Awards  
Winner | Australian Marketing Institute  
Finalist | Public Relations Institute of Australia (PRIA)

### Size Matters campaign

Bronze | Public Relations Institute of Australia (PRIA)  
Finalist | Australian Marketing Institute of Australia

### Trains Can't Stop Quickly. You Can. Campaign

Finalist | Australasian Railway Association Awards

## Security in the community

### Queensland Police Service Railway Squad

Queensland Rail has a long-standing partnership with the Queensland Police Service (QPS), including the 84-officer strong Railway Squad, which provides a highly visible uniform presence to deter, detect, investigate and charge offenders for criminal and anti-social behaviour on the rail network.

The Railway Squad undertake regular patrols and coordinate their responses out of eight purpose-built outposts on the rail network located at Roma Street, Northgate, Petrie, Beenleigh, Robina, Manly, Ipswich and Redbank railway stations.

The officers are supported by Queensland Rail's 24-hour security monitoring team based at the Rail Management Centre, which has access to more than 12,000 CCTV cameras across the network, as well as Authorised Officer teams, security guards, mobile security dog teams, nightly Guardian Train services and Translink Senior Network Officers.

Two new Police Hubs were launched at Kippa Ring and Helensvale railway stations to support both the Railway Squad and local police deployments on the network and surrounding suburbs.



---

Queensland Rail also partners with QPS to reduce graffiti offences across the network. This partnership includes operations and intelligence sharing with the QPS Railway Squad and the Police Graffiti Taskforce, which has helped inform numerous graffiti offences on the Queensland Rail network.

### **Rail emergency training facility**

More than 60 of the State's highly trained emergency services personnel and rail experts were put to the test in October 2021 to simulate a bus and train collision at Queensland's first purpose-built rail emergency training facility.

This site delivers an environment for all emergency services and Queensland Rail to exercise and test operating procedures in a safe, controlled and non-operational environment, with no disruptions to train customers.

## **Sustainability**

### **Committed to creating new habitats**

The Queensland Rail environment team is working collaboratively with various natural resource management groups, harnessing local knowledge, to contribute to positive biodiversity outcomes across both SEQ and Regional.

Work was undertaken to revegetate 0.6 hectares of Queensland Rail land adjacent to Tully station. In addition to improving local biodiversity value, the planting of 2000 native trees and shrubs will reduce ongoing maintenance requirements, including weed management. Species were selected carefully, to maximise cover while maintaining necessary site access and infrastructure clearances. Local contractors completed the work, using plants sourced from Cassowary Coast Regional Council and Johnston Region Landcare Group.

Native trees, shrubs and ground covers were planted under a new railway bridge near Tully to attract cassowaries and other wildlife. In partnership with community-based Terrain Natural Resource Management, the planting, which was delivered as part of the Big Maria Creek railway bridge upgrade project, was designed to integrate with and improve existing cassowary movement corridors. The planting will also help to minimise maintenance, control weeds and reduce erosion.

### **Using artificial intelligence to detect koala movements**

In a Queensland Rail-first, fauna monitoring cameras have been installed around a corridor to track koala movements.

The project is a collaboration between Queensland Rail, Redland City Council, University of the Sunshine Coast and Griffith University. The goal of this monitoring is to gather data that will help prevent koala injuries and mortality by train strike, as well as flow-on impacts to train passenger services and customer experience.

The images collected by the motion-sensing cameras were processed by Griffith University, using artificial intelligence technology to identify koala movements. The resulting data will help us to better understand how koalas are crossing the rail network and ultimately support research-based planning to help protect the declining population.

A location between Birkdale and Wellington Point stations was initially selected as a key monitoring site, using tracking data from the University of the Sunshine Coast's Koala-Safe Neighbourhoods monitoring project. At this location, cameras captured multiple instances of a koalas using the pedestrian underpass, to safely cross the rail corridor and access habitat. Additional monitoring is now underway between Wellington Point and Ormiston stations.

### **Renewable energy and waste management**

In September 2021, a \$320,000 project to install solar panels at three Queensland Rail facilities was completed. A total of approximately 600 solar panels were installed across the three sites of the Corinda depot, Sunshine Integrated Material and Logistics depot, and the Gracemere Tilt Train maintenance facility.

With a collective capacity of around 266 kilowatts, the systems are predicted to generate more than 330,000 kilowatt-hours of renewable electricity each year. The program is designed to offset site electricity demand and send any excess power back to the grid. Queensland Rail delivered the project in partnership with local contractors, Planet Ark Power and Swift.

As part of an ongoing commitment to waste minimisation, Queensland Rail worked with its corporate waste contractor to keep 77,840 tonnes of material out of landfill. Initiatives included the collection, screening and reprocessing of spent materials, allowing more than 1,100 tonnes of timber sleepers and 16,200 tonnes of ballast spoil to be made available for beneficial re-use.



# People and culture

Queensland Rail continued to focus on maintaining a positive workplace through key culture, performance and engagement activities over the past 12 months. Demonstrating its commitment to its people, Queensland Rail also supported multiple welfare initiatives and invested in training opportunities for employees at all levels of the organisation.

## Key highlights:

- Successfully re accredited as a White Ribbon Workplace, reaffirming Queensland Rail's commitment to gender equality and combatting gender based violence.
- 100 Queensland Rail staff took part in the Darkness to Daylight Challenge
- More than 1,036 leaders upskilled through development programs.
- QRWomen leadership development program expanded to include 117 participants
- 36 apprentices in training (as at June 30 2022), including 11 new recruits in FY22
- Successful 'go live' of a new performance system

## Capable, connected and engaged employees

In 2020, Queensland Rail implemented an organisation-wide employee engagement survey called QR Engage. The organisation sought to unearth valuable feedback about employee experiences at Queensland Rail. The survey provides insights, benchmarks and trends across key dimensions including strategic alignment, inclusion, engagement and leadership.

In March 2022, the survey was repeated to compare results with 2020 data, including identifying any improvements and areas for improvement. 61 per cent of employees participated, an increase from 2020.

Results have been used to inform and shape local, functional and enterprise engagement action plans, with the goal to uplift and improve key focus areas of leadership connection, communication and collaboration, and respectful relationships in the workplace.

In keeping with our commitment to ensuring a safe and respectful workplace and in support of QR Engage results, Queensland Rail has commenced a program of work, 'QR Respect'. This program is focused on encouraging respectful

behaviours and adopting a strategic approach to ensure psychological safety in the workplace. To date, an extensive deep dive review has been conducted in key business units to inform ongoing initiatives and 204 team members have completed the pilot '*It's a matter of respect*' training. Queensland Rail commenced work on developing a multi-year culture program, which included refreshing its values and behaviours. These new values and behaviours are aligned to a target culture, outlining the expected behaviours our people will need to exhibit to help deliver the organisation's strategy and target outcomes.

A new platform to track professional development plans, QR Perform, has also been launched, which will help create better connections between organisational strategy, employee performance and development.

Along with workforce planning and futures skills development, these initiatives will assist in developing a capable, connected and engaged workforce, ready to meet future challenges and connect communities across the State.

## Encouraging inclusion and diversity

Queensland Rail proudly supported a calendar of inclusion-focused initiatives and events throughout the year including:

- Wear it Purple Day and the Brisbane Pride Rally to support Queensland Rail's LGBTIQ+ community
- NAIDOC and Reconciliation Weeks in recognition of First Nations people and their cultures
- Queensland Multicultural Month and Harmony Week to celebrate multiculturalism across the workforce and customer base
- International Women's Day and Queensland Women's Week to recognise the importance of workplaces that are gender equal and free from bias; and
- Domestic and Family Violence (DFV) Prevention Month and White Ribbon Day to demonstrate our commitment to support employees affected by this issue and help end DFV.

---

Queensland Rail believes that a diverse and inclusive workforce encourages different and valuable perspectives that enrich the workplace and allow people to thrive. Queensland Rail has 7,416 FTEs and a diverse workforce profile:

- 21.1 per cent age under 35
- 26.6 per cent over 55
- 24.6 per cent female and 23.2 per cent female leadership
- 6.7 per cent linguistically diverse
- 1.4 per cent identify Aboriginal and Torres Strait Islander
- 2.9 per cent people with disability.

Since its establishment in 2020, Queensland Rail's Inclusion Council continues to strengthen executive sponsorship and continued alignment and focus across the seven key Inclusion Communities of:

- Gender
- First Nations
- LGBTIQ+
- Young Professionals
- Domestic and Family Violence Prevention
- Multicultural Diversity
- Employees with Disability

### **Our journey to prevent domestic and family violence**

As the first railway organisation in Australia to achieve White Ribbon Workplace accreditation in 2019, Queensland Rail values creating a workplace where everyone feels safe and respected.

Accreditation is awarded for a three-year period, and Queensland Rail successfully undertook the process to be re-accredited in May 2022, reaffirming the organisation's commitment to gender equality and combatting gender-based violence.

100 Queensland Rail employees took part in the Darkness to Daylight Challenge, walking or running the 110-kilometre target throughout May to support the work to end domestic and family violence. Queensland Rail remains a proud sponsor of the challenge.

### **Leadership development programs**

In FY22, Queensland Rail continued to invest in its people. The organisation developed four additional modules in the Leadership Fundamentals program, which was launched in 2022.

The QRWomen leadership development program continued to grow in this year, expanding to 117 participants; up from 80 in FY21. The program supports emerging female talent in leadership roles across the organisation and focuses on building the confidence to lead in an increasingly complex business environment. The program includes development workshops, coaching and networking events geared towards women at all levels of their career journey.

### **Registered training organisation**

Queensland Rail has a proud history of supporting apprentices and trainees by providing them with the skills and support for career building.

Queensland Rail continued to recruit and train new apprentices, with 36 in training across the State as of 30 June 2022 and is planning an intake of 44 apprentices in SEQ and regional Queensland in 2023. A significant uplift of apprentices and graduates is being planned for to ensure we have the right skills for the future.

Importantly, we continued to sustain core skills in train driving, train control and frontline customer service, with 205 trainees have undergoing trainee schools training throughout FY22.

Additionally, seven new university graduates started at Queensland Rail as part of our 2022 Graduate Program. This program develops graduates across a range of engineering disciplines in SEQ and regional Queensland.

### **Employee wellbeing**

Queensland Rail continues to be a proud supporter of R U OK? Day and Rail R U OK? Day. This year our focus was helping people have meaningful conversations and feel confident to respond when someone is not okay. Queensland Rail hosted events across the State, providing employees with the chance to focus on mental health and wellbeing.

Queensland Rail also continued to support Lifeline's 'Pause. Call. Be Heard' campaign. This vital national campaign encourages those who are in need to call Lifeline's crisis helpline to be heard. Messaging has been on display across Queensland Rail's digital assets and in-train and station posters to reinforce this important message.

---

The latest round of Positive Mental Health engagement activities also commenced in partnership with the Railway Squad, Mental Health Coordinators and local service providers. This took place at several stations across the network. To encourage work/life balance and a new way of working, a 50/50 hybrid working arrangement remains part of Queensland Rail's business-as-usual working arrangements for office-based employees. More than 1,790 hybrid working agreements are in place across the organisation.

# Supporting communities

Queensland Rail proudly supports Queensland communities through a range of initiatives.

## Key highlights:

- More than \$33,000 raised through fundraising from employees and customers to support various charities.
- 72 presentations to children, students and the community about rail safety.
- 201 art projects delivered across the State as part of the Positive pARTnerships Program.
- Queensland Rail's history celebrated in a new podcast.

## Community education keeps critical safety messages on track

Queensland Rail's Community Rail Safety Education team delivered 72 sessions attended by over 10,000 students, despite a pause in response to the COVID-19 pandemic to ensure compliance with the Queensland Government's Back to Schools 2022 plan. The safety sessions focused on being aware of surroundings, obeying signs and signals, and the consequences of unsafe behaviour on and around the rail corridor.

A tour of Far North Queensland was included, promoting critical rail safety messages to more than 5,000 school students at 17 schools and centres across Sarina, Townsville, Ingham, Innisfail, Gordonvale, Cairns and Kuranda. The rail safety roadshow took place between 30 August and 10 September 2021 and focused on level crossing safety and the risk of trespassing around trains. The roadshow also saw 'Toolbox Talks' delivered to heavy vehicle drivers at Portsmith and Cairns businesses.

Queensland Rail, along with partners QPS, TMR and Brisbane City Council continued to deliver Rail Safety Orientation Days with students from Culturally and Linguistically Diverse (CALD) backgrounds as well as disability groups. During these sessions, students and community members explored a stationary train with Education Officers and met members of Queensland Rail's Security and Customer Service teams to develop their confidence for future travel on the network.

## Community partnerships and support

Queensland Rail is committed to supporting its community through partnership and engagement activities. Due to ongoing COVID-19 pandemic challenges, Queensland Rail temporarily paused many of these, however, several initiatives were able to proceed, including the use of Queensland Rail advertising assets to promote fundraising events including *Red Bow Day*, *Daffodil Day* and Challenge DV's *Darkness to Daylight*.

September saw employees raise funds for Foodbank's *QLD Hunger Drive* and participate in a Christmas hamper pack, whilst other activities during the festive period included the popular *Santa Express* and transport services offered to the *Rize Up* appeal. Station promotions were delivered to support charity organisations and community groups including Guide Dogs, Queensland Surf Life Saving, various mental health initiatives, ANZAC Day Committee and National Police Remembrance Day.

With unprecedented weather events in early 2022, Queensland Rail encouraged employees to support recovery efforts via *GIVIT*, *The Salvation Army* and *Foodbank*, and led its own 'Mud Army' to aid the recovery of Mayne Yard and Yeerongpilly depots.

## Celebrating Queensland Rail's rich history

Queensland Rail continued to work with local community and tourism groups to promote its connection with local townships, with one example involving the creation of a series of storyboards to celebrate the 50th anniversary of the Woodford Railway Museum.

In a Queensland Rail first, 31 July 2021 saw the launch of the Queensland Rail History Podcast – a journey into the rich tapestry that is the story of the Queensland Railways since its beginnings in 1865. With seven episodes released and 3,348 downloads, the podcast has received a five-star rating from listeners. Episodes cover a variety of topics, including rare tales from the gold rush era, and focus on revealing how the railways opened up and shaped many towns across the State.

---

Kuranda Scenic Railway and Gulflander also hosted 130th birthday celebrations with their local communities in October 2021.

A retiring Queensland Rail train was given a new lease of life and will now be used by firefighters for decades to come, enabling them to undertake realistic and comprehensive training for rail emergencies. The decommissioned Electric Multiple Unit (EMU) train was moved to the Queensland Combined Emergency Services Academy at the Port of Brisbane. The train, known as EMU21, had been introduced in 1981 and was decommissioned this year after travelling more than 12 million kilometres on the Queensland Rail network.

A sailor's cap was unearthed during an archaeological dig at Shorncliffe station. The cap, dating back to the late 1940s, belonged to Stoker Mechanic Ernest Hodgess, who served in the Royal Australian Navy for a decade (1947-1956) and passed away in 2007, aged 78. Queensland Rail reunited Ernest's son, Jamie, back with his father's hat.

#### **Positive pARTnerships program**

Queensland Rail's Positive pARTnership program aims to produce high-quality public artwork, foster community pride in rail infrastructure and reduce graffiti and vandalism. To date, 201 art projects have been delivered, including 5 new projects in FY22, which cover approximately 27,000 square metres across the Queensland Rail network.

To mark NAIDOC week in July 2021, Queensland Rail revealed Springfield Central station's latest mural, produced by local Indigenous artists and students from Springfield's Hymba Yumba Independent School. Also in May, Australian muralist, Gimiks Born, joined forces with Queensland Rail's Positive pARTnerships team to create his third mural in a series linking Robina, Bowen Hills and now Albion with an online graphic novel telling the story of 'The Fox and Her Song'.

Queensland Rail also teamed up with Griffith University's Queensland College of Art to create a mural in South Bank inspired by the local environment.

As part of its upgrades, Dakabin station also now features a new mural that was developed in collaboration with Kabi Kabi First Nations artist Melissa Bond. Titled 'Dakabin – Grass Trees', the mural shows the beauty and spiritual significance of the Xanthorrhoea – the grass tree that surrounds the landscapes of the Pine Rivers and Moreton Bay areas.

#### **Community engagement and collaboration**

Following a pause to the program over 2020 to allow compliance with COVID-19 guidance and social measures Commuter Catch Ups resumed in 2021. In FY22, 150 Queensland Rail employees attended 73 stations and spoke with 3,162 SEQ and 543 Regional customers and community members to gather feedback about their station and travel experiences to inform operational and investment planning.

Queensland Rail also welcomed 96 Milpera State High School students recently arrived in Australia from more than 20 different countries, including Ukraine, Afghanistan and South Sudan. The students had the opportunity to ride on a train and learn more about travel as part of Rail Safety Orientation Day in May 2022.

#### **Travel and Tourism – First Nations Initiative**

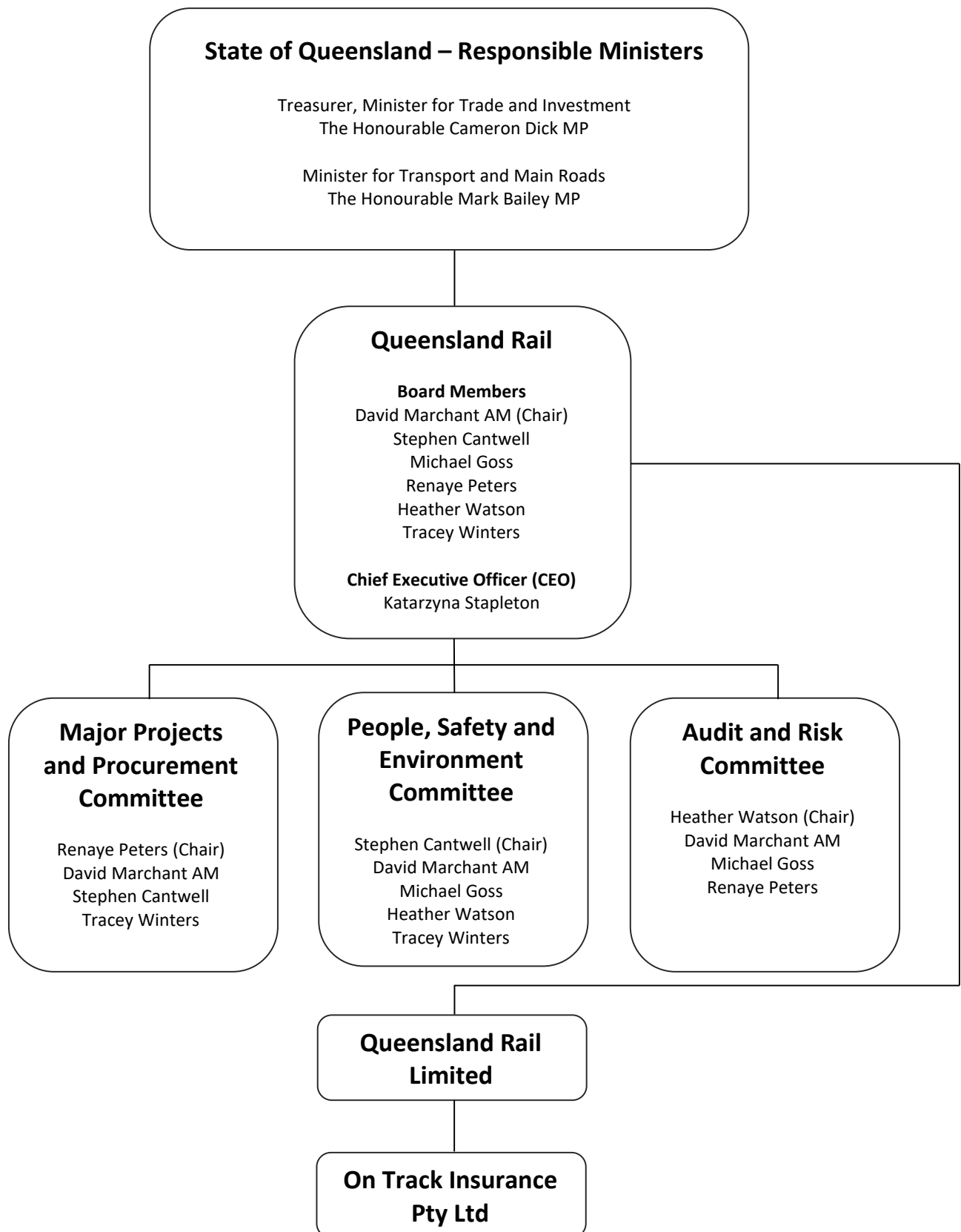
Queensland Rail has consulted with First Nations peoples and Indigenous tourism experts throughout the year to improve the way Indigenous history and communities are represented onboard our Travel and Tourism services and in our collateral.

In FY22, websites for Queensland Rail Travel, Kuranda Scenic Railway and Gulflander were updated to include an acknowledgement of First Nations people.

In April a new booklet for the Spirit of the Outback was released to customers. The new booklet is more inclusive, thoughtful and considerate of First Nations history with First Nations content included where available. Additionally, in May the Kuranda Scenic Railway brochure was updated to include a genuine welcome to country from the Djabugay people who were consulted and provided the opportunity to review ahead of printing. The Gulflander brochure was also updated in FY22 to acknowledge local First Nations peoples and names as the traditional owners on the lands on which the Gulflander travels.

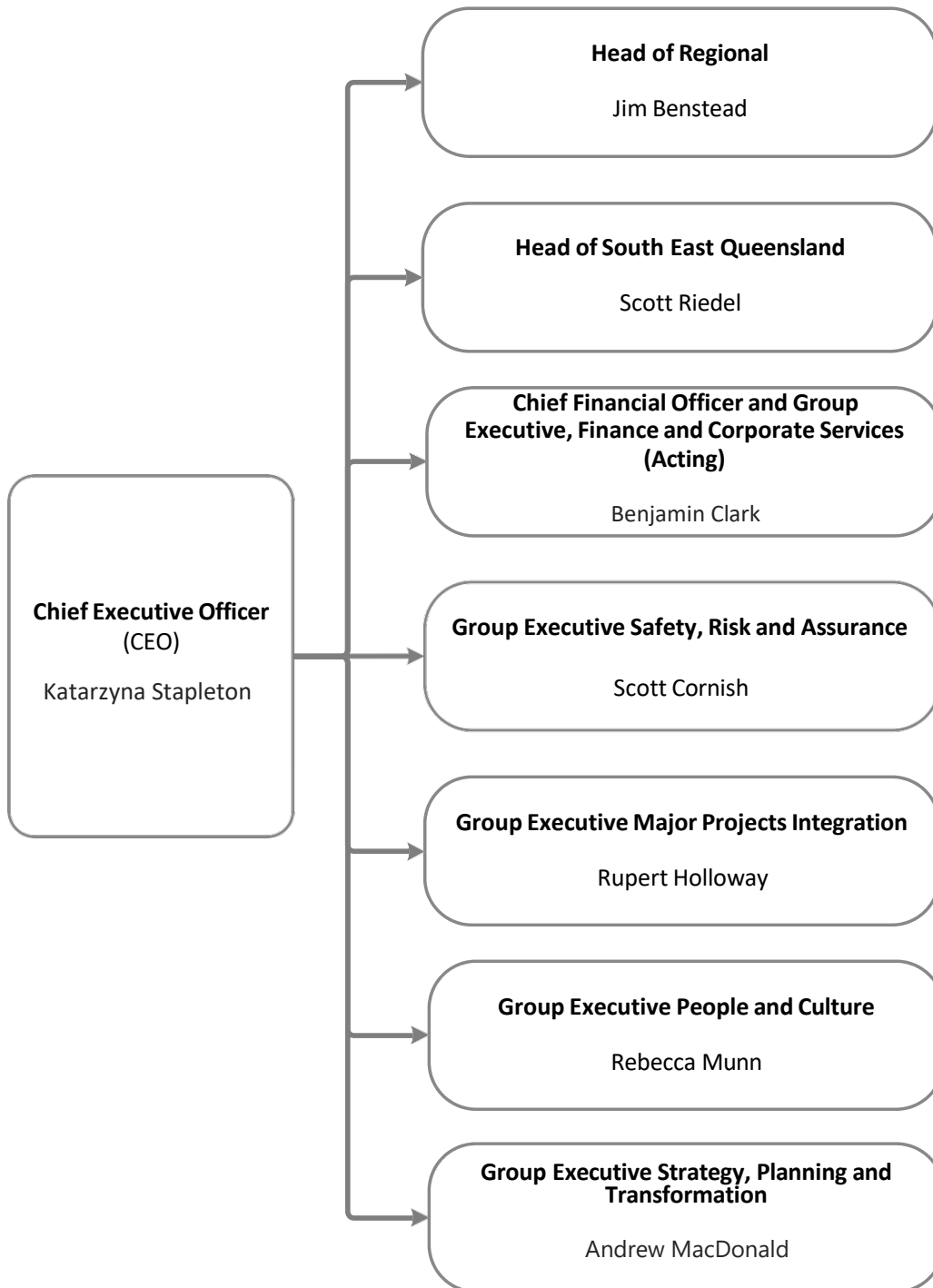
# Governance structure

(as at 30 June 2022)



# Organisational structure

(as at 30 June 2022)



---

## Board

### David Marchant AM

Chair, Independent Non-Executive Director

Appointed 7 October 2015

Appointed Chair 15 October 2018

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

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

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

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

**Qualifications:** GAICD

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

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

### Stephen Cantwell

Independent Non-Executive Director

Appointed 1 October 2016

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

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

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

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

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

**Other Board and Committee Memberships:** Chair of Tasmanian Railway Pty Ltd and an ex-officio member of its Audit, Risk and Compliance Committee, Major Projects Committee and People, Safety and Environment Committee; Director of Port of Brisbane Pty Ltd and a member of its People and Performance Committee; and a Director of Lindsay Australia Limited and Chair of its Health and Safety Committee.



---

## Michael Goss

### Independent Non-Executive Director

Appointed 1 October 2020

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

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

**Qualifications:** LLB

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

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

## Renaye Peters

### Independent Non-Executive Director

Appointed 1 October 2016

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

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

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

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

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

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

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

---

## Heather Watson

### Independent Non-Executive Director

Appointed 6 June 2018

**Experience:** Heather is a non-executive director and experienced chair with more than 30 years as a private sector lawyer and partner in regional and metropolitan practice in Queensland.

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

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

**Qualifications:** LLB, GradCertBus, MAICD

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

**Other Board and Committee Memberships:** Member of Children's Health Queensland Hospital and Health Service Board; Chair of Uniting (NSW and ACT) Board; Director of Uniting (Victoria and Tasmania); Director of Australian Regional and Remote Community Services Ltd; Director of National Affordable Housing Ltd; Director, Home Care Heroes Pty Ltd trading as Like Family; Chair of Epic Good Foundation; Advisory Council Member of Queensland Family and Child Commission (QFCC) and Chair of its Audit and Risk Committee; Advisory Board Member of Australian Charities and Not for Profit Commission.

## Tracey Winters

### Independent Non-Executive Director

Appointed 1 October 2020

**Experience:** Tracey is a senior executive with more than 35 years' experience in the resources and energy sectors. She has held senior corporate roles in issues management, government and regulatory affairs, media and communications, environment, land access, project commercialisation and construction, and asset management.

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

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

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

**Qualifications:** BSc

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

**Other Board and Committee Memberships:** Nil

---

## Executive Leadership Team

### **Katarzyna Stapleton**

#### **Chief Executive Officer (CEO)**

Katarzyna (Kat) was appointed Queensland Rail's CEO in April 2022.

Kat is a high-impact, agile and driven leader with executive experience in finance, commercial and operational roles, both locally and internationally.

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

Prior to commencing at Queensland Rail in 2019 as the Chief Financial Officer, Kat held a number of executive roles with nbnCo and as CFO for Bahrain Telecommunications company.

### **Jim Benstead**

#### **Head of Regional**

Jim has more than 30 years' experience in the transport and logistics industries.

Throughout his executive career he has specialised in driving business improvement, delivering transformational change and leading outcome-focused commercial teams.

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

### **Scott Riedel**

#### **Head of South East Queensland (SEQ)**

Scott has more than 30 years' experience in the Australian, Asian and United Kingdom rail industries.

Scott is a results-oriented and tertiary-qualified business leader with a solid technical background and strong commercial acumen.

As Head of SEQ, Scott is responsible for the operational and strategic management of Queensland Rail's SEQ network. His team ensures Queensland Rail provides a safe and reliable network for the people of Queensland and delivers progressive commercial outcomes for the government and Queensland Rail.

### **Benjamin Clark**

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

Benjamin (Ben) has over 20 years' experience across all aspects of accounting and financial management and is a Fellow Certified Practising Account (CPA).

Ben's professional career has spanned across public and private sectors. He has held the role of Group Financial Controller at Queensland Rail since 2012. Specialising in financial risk management and value for money investment with a keen interest in transformation, Ben has been part of complex projects driving positive change and commercial outcomes for all stakeholders.

As Acting Chief Financial Officer, Ben is responsible for providing commercial leadership to achieve financial goals, while also ensuring the organisation's compliance to relevant financial regulations, government policies and legislation.

---

## **Scott Cornish**

### **Group Executive Safety, Risk and Assurance**

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

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

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

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

## **Rupert Holloway**

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

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

As Group Executive Major Projects Integration, Rupert is accountable for the performance of Queensland Rail's project delivery, and for leading Queensland Rail's activities in relation to the Cross River Rail and ETCS projects.

## **Andrew MacDonald**

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

Andrew is an accomplished senior executive with more than 20 years' experience in the transport and logistics industries.

He specialises in developing high performing teams in the rail industry and has a strong commitment to safety. Throughout his senior leadership career, Andrew has focused on driving strategy and transformation, commercial leadership, business development, enterprise-wide project management, mergers and acquisitions, and relationship management.

As Group Executive Strategy, Planning and Transformation, Andrew is responsible for providing senior leadership of Queensland Rail's enterprise strategy and strategic operational plans and overseeing the organisation's transformation.

## **Rebecca Munn**

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

Rebecca is an adaptable and experienced executive with more than 20 years' experience in management and senior roles, both globally and locally. She has worked across both public and private organisations.

Rebecca is passionate and results-driven, and is most effective in large, complex, challenging and diverse environments. She brings a broad range of external experience from multiple industries, including emergency services, mining and manufacturing.

As Group Executive People and Culture, she is responsible for people capability, employee relations, people services, planning our future workforce, digital people solutions and supporting engagement and wellbeing at Queensland Rail.

---

# Corporate governance

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

## Guidelines

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

The guidelines reference the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations (2nd edition), and they provide the framework for government owned corporations to develop, implement, review and report on their corporate governance arrangements.

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

## Corporate governance statement FY22

### Principle 1 – Foundations for management and oversight

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

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

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

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

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

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

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

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

---

## Corporate governance (continued)

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

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

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

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

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

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

In circumstances where a conflict is believed to exist, the member concerned does not take part in any decision or consideration of the issue.

In addition, the member will not receive copies of the relevant Board papers. Members must notify the Board via the Company Secretary of changes to business interests and appointments which could potentially conflict with their role as Board member for Queensland Rail.

Details of the current Board members' experience and expertise are disclosed in this annual report as is information on attendance at Board and committee meetings. Information in relation to composition of the Board and terms of appointment for all members who held office during the financial year is set out on pages 30 and 32-34 of the Annual and Financial Report 2021-22.

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

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

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

---

## Corporate governance (continued)

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

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

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

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

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

Queensland Rail's Code of Conduct, together with other policies, aligns with the principles and values of the *Public Sector Ethics Act 1994*. Under the Code, Queensland Rail staff are to carry out duties with integrity, impartiality,

accountability, transparency, and promote the public good. Mandatory Code of Conduct training is completed by all staff during their onboarding, with refresher training provided every 12 months.

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

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

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

### Principle 4 - Safeguard integrity in financial reporting

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

The role of the Chair of the committee is not held by the Chair of the Board and all committee members are independent non-executive members. Membership of the committee and details of attendance at meetings is disclosed on pages 30 and 43 of the Annual and Financial Report 2021-22.



---

## Corporate governance (continued)

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

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

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

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

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

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

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

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

Regular communications are initiated with key stakeholders including responsible Ministers and government representatives. The Chair and CEO meet with responsible Ministers and/or their representatives on a regular basis.

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

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

Queensland Rail respects the rights of responsible Ministers as the ultimate owners of the business. The Board and senior executives of Queensland Rail engage with responsible Ministers and their representatives on a regular basis.



---

## Corporate governance (continued)

As at 30 June 2022, Queensland Rail's responsible Ministers were the Honourable Cameron Dick, MP Treasurer and Minister for Trade and Investment; and the Honourable Mark Bailey MP, Minister for Transport and Main Roads.

Queensland Rail is committed to ensuring that responsible Ministers and their representatives are provided with information to make informed assessments of Queensland Rail's operational and financial performance and position.

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

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

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

### Principle 7 – Recognise and manage risk

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

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

- Provide a systematic approach to the identification and management of risks
- Provide an appropriate risk assessment criteria

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

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

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

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

The Board has assigned management with the responsibility for managing risk within the organisation and the implementation of mitigation measures, under the direction of the CEO and supported by senior executives. The Safety Risk and Assurance Group Function, led by the Group Executive, Safety, Risk and Assurance facilitates the process by providing a centralised role in advising the various business functions on executing risk, compliance and assurance management, as well as consolidating reporting to Executive Risk Committee, Audit and Risk Committee and the Board.

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

## Corporate governance (continued)

### Principle 8 – Remunerate fairly and responsibly

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

Membership of the committee and details of attendance at meetings are disclosed on pages 30 and 43 of the Annual and Financial Report 2021-22. Queensland Rail recognises that the achievement of its corporate objectives is dependent on the efforts of its people and has established remuneration policies, procedures and frameworks designed to attract and retain high calibre employees and to align individual and team efforts to agreed KPIs linked to the operational and strategic plans of the organisation.

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

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

Details of the nature and value of payments to each Queensland Rail Board member and specified Queensland Rail senior executives are set out in the Financial Report 2021-22.

### Government policies and guidelines

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

### Board meetings

The Board held 14 meetings during the financial year. Typically, at Board meetings, the agenda will include the following:

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

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

Member attendance at FY22 Board meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
David Marchant AM (Chair)	14	14
Stephen Cantwell	13	14
Michael Goss	14	14
Renaye Peters	13	14
Heather Watson	14	14
Tracey Winters	13	14

## Corporate governance (continued)

### Board committees

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

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

### Audit and Risk Committee

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

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

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

Committee member attendance at FY22 Audit and Risk Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Heather Watson (Chair)	4	4
Michael Goss	4	4
David Marchant	4	4
Renaye Peters	4	4

### People, Safety and Environment Committee

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

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

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

Committee member attendance at FY22 People, Safety and Environment Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Stephen Cantwell (Chair)	3	3
Michael Goss	3	3
David Marchant AM	3	3
Heather Watson	3	3
Tracey Winters	2	3

### Major Projects and Procurement Committee

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

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

## Corporate governance (continued)

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

Committee member attendance at FY22 Major Projects and Procurement Committee meetings is detailed below:

Board Member	Attended	Meetings Eligible to Attend
Renaye Peters (Chair)	5	5
Stephen Cantwell	4	5
David Marchant	4	5
Tracey Winters	5	5

### Notifications by responsible Ministers

#### Queensland Rail dividends

By letter dated 27 June 2022, pursuant to section 56 of the QRTA Act, responsible Ministers approved Queensland Rail's dividend recommendation and directed Queensland Rail to pay a dividend equal to 100 per cent of the Queensland Rail Group's final adjusted Net Profit After Tax (NPAT) for the 2021-22 period. The dividend is to be paid to the Consolidated Fund no later than 30 November 2022.

#### Information management

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

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

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

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

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

#### Open data

Information relating to consultancies, overseas travel and Queensland Languages Services Policy is published through the Queensland Government Open Data website (<https://data.qld.gov.au>). In FY22, Queensland Rail's consultancy expenses totalled \$2,997,852. There was no overseas travel, therefore no expense was incurred.

#### Corporate entertainment and hospitality

There were no events related to corporate entertainment and hospitality that exceeded \$5,000 during the year.

---

## Human Rights Act

Queensland Rail is committed to ensuring it acts and makes decisions compatibly with the Human Rights Act Qld (HRA). Queensland Rail continually looks for process improvements to ensure that any decision made gives consideration to the impact on individual human rights. In the circumstance it is identified that individual human rights might be impacted, an impact assessment is undertaken.

During this financial year Queensland Rail:

- assessed new, relevant policies and procedures for compatibility with the HRA, making changes where necessary
- continued an awareness-raising campaign to educate employees about the HRA and its effect on Queensland Rail's operations
- delivered its annual 'Toolbox talk' to Travel and Tourism onboard customer service employees
- received one human rights complaint that was determined internally.

---

# Summary of the FY22 Operational Plan

The Operational Plan is the formal statement of Queensland Rail's strategic direction, including objectives, strategies and performance outcomes for FY22 and represents the performance agreement between the Board of Queensland Rail and responsible Ministers' departments. The Operational Plan is consistent with Queensland Rail's Strategic Plan and reflects the strategic activity in year one of this planning horizon.

The Annual Report provides a summary of Queensland Rail's performance outcomes against the FY22 Operational Plan relating to the delivery of strategic and operational objectives.

Queensland Rail measures performance against these objectives to focus efforts upon achieving its strategy. Key performance indicator measures and related targets were identified within the Operational Plan to track the success of strategies during this financial year. Key components of the FY22 Operational Plan are summarised below.

## Performance Monitoring

The FY22 Operational Plan contained a performance agreement between Queensland Rail and the Government.

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

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

## Government Revenues and Funding

The FY22 Operational Plan reflected funding under the Transport Service Contract agreement for:

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

The FY22 Operational Plan highlighted Queensland Rail's revised strategic direction in response to current and emerging challenges and future opportunities. The organisation updated its Purpose and Vision, revised its performance criteria and set strategic target performance outcomes to better reflect Queensland Rail's aspiration of providing world-class rail services for its customers.

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

The experience of customers continued to be enhanced through programmed safety and accessibility improvements at stations and onboard trains and the rollout of better communication technologies and customer service excellence.

In FY22, enhancement of regional connectivity and accessibility for Travel and Tourism customers continued to be a key focus as Queensland Rail progresses travel rollingstock overhaul programs and regional station upgrades.

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

## Employment and Industrial Relations

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

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

---

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

The QRTA Act requires that Queensland Rail's Annual Report include particulars of any direction given to Queensland Rail to modify its Operational Plan during the relevant year.

Queensland Rail did not materially modify its Operational Plan during this financial year.

# Compliance checklist

Summary of requirement	Basis for requirement	Annual report reference
<b>Letter of compliance</b> <ul style="list-style-type: none"> <li>A letter of compliance from the accountable officer or statutory body to the relevant Minister/s</li> </ul>	ARRs – section 7	Page 3
<b>Accessibility</b> <ul style="list-style-type: none"> <li>Table of contents</li> <li>Glossary</li> </ul>	ARRs – section 9.1	Page 4 Pages 50-51
<ul style="list-style-type: none"> <li>Public availability</li> </ul>	ARRs – section 9.2	Page 2
<ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>	<i>Queensland Government Language Services Policy</i>	Page 2
	ARRs – section 9.3	
<ul style="list-style-type: none"> <li>Copyright notice</li> </ul>	<i>Copyright Act 1968</i>	Page 2
	ARRs – section 9.4	
<ul style="list-style-type: none"> <li>Information Licensing</li> </ul>	<i>QGEA – Information Licensing</i>	Page 2
	ARRs – section 9.5	
<b>General information</b> <ul style="list-style-type: none"> <li>Introductory Information</li> </ul>	ARRs – section 10	Page 5
<ul style="list-style-type: none"> <li>Machinery of Government changes</li> </ul>	ARRs – section 10, 28, 29 and 30	N/A
<ul style="list-style-type: none"> <li>Agency role and main functions</li> </ul>	ARRs – section 10	Pages 2, 5
<ul style="list-style-type: none"> <li>Operating environment</li> </ul>	ARRs – section 10	Pages 5, 6, 8, 16-20
<b>Non-financial performance</b> <ul style="list-style-type: none"> <li>Government’s objectives for the community and whole-of-government plans/specific initiatives</li> </ul>	ARRs – section 11.1	Pages 6, 8, 10-11, 16-17, 19-20, 23, 25-26
<ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>	ARRs – section 11.2	Pages 12, 16, 19, 21-22
<ul style="list-style-type: none"> <li>Agency service areas and service standards</li> </ul>	ARRs – section 11.3	Page 46
<b>Financial performance</b> <ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>	ARRs – section 12.1	Pages 13-15
<b>Governance – management and structure</b> <ul style="list-style-type: none"> <li>Organisational structure</li> </ul>	ARRs – section 13.1	Page 31
<ul style="list-style-type: none"> <li>Executive management</li> </ul>	ARRs – section 13.2	Pages 31, 35-36
<ul style="list-style-type: none"> <li>Government bodies (statutory bodies and other entities)</li> </ul>	ARRs – section 13.3	Page 2
<ul style="list-style-type: none"> <li>Public Sector Ethics</li> </ul>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 39
<ul style="list-style-type: none"> <li>Human Rights</li> </ul>	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 45
<ul style="list-style-type: none"> <li>Queensland public service values</li> </ul>	ARRs – section 13.6	Pages 6, 8, 16-19, 25-26
<b>Governance – risk management and accountability</b> <ul style="list-style-type: none"> <li>Risk management</li> </ul>	ARRs – section 14.1	Pages 37-44
<ul style="list-style-type: none"> <li>Audit committee</li> </ul>	ARRs – section 14.2	Pages 39-41, 43
<ul style="list-style-type: none"> <li>Internal audit</li> </ul>	ARRs – section 14.3	Page 40
<ul style="list-style-type: none"> <li>External scrutiny</li> </ul>	ARRs – section 14.4	N/A
<ul style="list-style-type: none"> <li>Information systems and recordkeeping</li> </ul>	ARRs – section 14.5	Page 44
<b>Governance – human resources</b> <ul style="list-style-type: none"> <li>Strategic workforce planning and performance</li> </ul>	ARRs – section 15.1	Pages 25-26
<ul style="list-style-type: none"> <li>Early retirement, redundancy and retrenchment</li> </ul>	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	N/A
<b>Open Data</b> <ul style="list-style-type: none"> <li>Statement advising publication of information</li> </ul>	ARRs – section 16	Page 44



---

	• Consultancies	ARRs – section 31.1	Page 44 <a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	• Overseas travel	ARRs – section 31.2	Page 44 <a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	• Queensland Language Services Policy	ARRs – section 31.3	Page 44 <a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
<b>Financial statements</b>	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARR – section 17.1	Pages 52-105
	• Independent Auditor’s Report	FAA – section 62 FPMS – sections 46 ARRs – section 17.3	Pages 106-110

---

---

# Glossary and Acronyms

## Glossary

### **1TEAM**

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

### **Customer**

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

### **Freight**

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

### **Network**

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

### **Positive pARTnerships Program**

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

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

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

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

Defined as operating profit after tax divided by average equity.

### **Rollingstock**

Rail locomotives and wagons.

### **SEQ network**

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

### **Translink**

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

### **Travel and Tourism network**

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

## Acronyms

### **ASX**

Australian Securities Exchange

### **ARA**

Australasian Railway Association

### **CCC**

Crime and Corruption Commission

### **CCTV**

Closed Circuit Television

### **CEO**

Chief Executive Officer

### **CFO**

Chief Financial Officer

### **Corporations Act**

Corporations Act 2001 (Cth)

### **CRR**

Cross River Rail

### **CRRDA**

Cross River Rail Delivery Authority

### **DDA**

Disability Discrimination Act 1992 (Cth)

### **DFV**

Domestic and Family Violence

### **EBIT**

Earnings Before Interest and Tax

### **EBITDA**

Earnings Before Interest, Tax, Depreciation and Amortisation

### **EMU**

Electric Multiple Unit

### **ETCS**

European Train Control System

### **FAA**

Financial Accountability Act 2009 (Qld)

### **FPMS**

Financial and Performance Management Standard 2019

### **FTE**

Full-time equivalent (employee)

---

**GTKs**

Gross Tonne Kilometres

**HRA**

Human Rights Act 2019 (Qld)

**KPIs**

Key Performance Indicators

**KSR**

Kuranda Scenic Railway

**NGR**

New Generation Rollingstock

**OHLE**

Overhead power line equipment

**OTI**

On Track Insurance Pty Ltd

**QCA**

Queensland Competition Authority

**QPS**

Queensland Police Service

**QRL**

Queensland Rail Limited

**QRTA Act**

Queensland Rail Transit Authority Act 2013 (Qld)

**RORU**

Rail Operations Response Unit

**SEQ**

South East Queensland

**SPAD**

Signal Passed at Danger

**TRIFR**

Total Recordable Injury Frequency Rate

---

# **Queensland Rail**

ABN 68 598 268 528

## **Financial report for the year ended 30 June 2022**

---

# Queensland Rail

ABN 68 598 268 528

## Financial report - 30 June 2022

<b>Contents</b>	<b>Page</b>
Financial statements	
Statements of comprehensive income	54
Balance sheets	55
Statements of changes in equity	56
Statements of cash flows	58
Notes to the financial statements	60
Management certificate	105
Independent auditor's report	106

These financial statements cover Queensland Rail and its controlled entities.

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

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

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

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

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

**Statements of comprehensive income  
for the year ended 30 June 2022**

		Consolidated		Parent	
	Notes	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue from operations	1	<b>2,305,308</b>	2,218,925	<b>1,291,392</b>	1,259,240
Other income		<b>3,048</b>	3,570	-	-
<b>Total revenue and other income</b>		<b>2,308,356</b>	2,222,495	<b>1,291,392</b>	1,259,240
Supplies and services	2	<b>(477,897)</b>	(432,059)	-	-
Employee benefits expense	3	<b>(1,005,114)</b>	(974,674)	<b>(1,095,603)</b>	(1,072,482)
Depreciation and amortization		<b>(417,427)</b>	(395,913)	-	-
Other expenses		<b>(15,900)</b>	(20,392)	<b>(181)</b>	(294)
<b>Total expenses</b>		<b>(1,916,338)</b>	(1,823,038)	<b>(1,095,784)</b>	(1,072,776)
<b>Operating profit</b>		<b>392,018</b>	399,457	<b>195,608</b>	186,464
Finance income		<b>99</b>	112	-	-
Finance expenses	4	<b>(117,562)</b>	(136,353)	-	-
<b>Net finance costs</b>		<b>(117,463)</b>	(136,241)	-	-
<b>Profit before income tax</b>		<b>274,555</b>	263,216	<b>195,608</b>	186,464
Income tax expense	5	<b>(78,947)</b>	(76,752)	-	-
<b>Profit for the year</b>		<b>195,608</b>	186,464	<b>195,608</b>	186,464
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Changes in the fair value of cash flow hedges		<b>(683)</b>	(170)	-	-
Income tax relating to components of other comprehensive income	5	<b>205</b>	51	-	-
<b>Other comprehensive expense for the year</b>		<b>(478)</b>	(119)	-	-
<b>Total comprehensive income for the year</b>		<b>195,130</b>	186,345	<b>195,608</b>	186,464

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

## Balance Sheets

### As at 30 June 2022

	Notes	Consolidated 2022 \$'000	2021 \$'000	Parent 2022 \$'000	2021 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		235,976	1,282	-	-
Trade and other receivables		43,548	22,901	504,271	500,494
Prepayments		19,577	15,698	-	-
Inventories	6	109,943	107,202	-	-
Current tax assets		-	953	-	953
<b>Total current assets</b>		<b>409,044</b>	<b>148,036</b>	<b>504,271</b>	<b>501,447</b>
<b>Non-current assets</b>					
Receivables		-	-	34,297	37,178
Prepayments		6,894	3,325	-	-
Inventories	6	42,034	38,427	-	-
Property, plant and equipment	7	8,253,476	7,955,393	-	-
Intangible assets	8	59,695	99,445	-	-
Right-of-use assets	9	81,797	92,117	-	-
Deferred tax assets	10	-	-	86,650	90,216
Investment in subsidiary		-	-	2,845,324	2,845,324
Other assets		-	42	3,465	3,465
<b>Total non-current assets</b>		<b>8,443,896</b>	<b>8,188,749</b>	<b>2,969,736</b>	<b>2,976,183</b>
<b>Total assets</b>		<b>8,852,940</b>	<b>8,336,785</b>	<b>3,474,007</b>	<b>3,477,630</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	11	683,061	469,259	232,294	217,190
Borrowings	18	-	8,814	-	-
Lease liabilities	9	13,048	12,896	-	-
Provisions	12	277,381	286,392	274,575	282,651
Current tax liabilities		16,475	-	16,475	-
Other liabilities		12,923	8,438	58	202
<b>Total current liabilities</b>		<b>1,002,888</b>	<b>785,799</b>	<b>523,402</b>	<b>500,043</b>
<b>Non-current liabilities</b>					
Borrowings	18	4,020,000	3,710,000	-	-
Lease liabilities	9	77,934	87,730	-	-
Provisions	12	40,583	43,037	34,297	37,178
Deferred tax liabilities	13	387,938	380,603	-	-
Other liabilities		47,976	37,539	1,375	22,370
<b>Total non-current liabilities</b>		<b>4,574,431</b>	<b>4,258,909</b>	<b>35,672</b>	<b>59,548</b>
<b>Total liabilities</b>		<b>5,577,319</b>	<b>5,044,708</b>	<b>559,074</b>	<b>559,591</b>
<b>Net assets</b>		<b>3,275,621</b>	<b>3,292,077</b>	<b>2,914,933</b>	<b>2,918,039</b>
<b>EQUITY</b>					
Contributed equity		3,055,200	3,060,256	2,816,606	2,821,662
Reserves		(459)	19	-	-
Retained earnings		220,880	231,802	98,327	96,377
<b>Total equity</b>		<b>3,275,621</b>	<b>3,292,077</b>	<b>2,914,933</b>	<b>2,918,039</b>

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

**Statements of changes in equity  
for the year ended 30 June 2022**

Consolidated	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2021</b>		<b>3,060,256</b>	<b>19</b>	<b>231,802</b>	<b>3,292,077</b>
Adjustment for change in accounting policy	20	-	-	(12,872)	(12,872)
<b>Restated total equity at the beginning of the financial year</b>		<b>3,060,256</b>	<b>19</b>	<b>218,930</b>	<b>3,279,205</b>
Profit for the year		-	-	195,608	195,608
Other comprehensive expense		-	(478)	-	(478)
<b>Total comprehensive income / (expense) for the year</b>		<b>-</b>	<b>(478)</b>	<b>195,608</b>	<b>195,130</b>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions of equity		(5,056)	-	-	(5,056)
Dividends provided	14	-	-	(193,658)	(193,658)
		<b>(5,056)</b>	<b>-</b>	<b>(193,658)</b>	<b>(198,714)</b>
<b>Balance at 30 June 2022</b>		<b>3,055,200</b>	<b>(459)</b>	<b>220,880</b>	<b>3,275,621</b>
<b>Balance at 1 July 2020</b>					
		<b>3,068,249</b>	<b>138</b>	<b>228,802</b>	<b>3,297,189</b>
Profit for the year		-	-	186,464	186,464
Other comprehensive expense		-	(119)	-	(119)
<b>Total comprehensive income / (expense) for the year</b>		<b>-</b>	<b>(119)</b>	<b>186,464</b>	<b>186,345</b>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions of equity		(7,993)	-	-	(7,993)
Dividends provided	14	-	-	(183,464)	(183,464)
		<b>(7,993)</b>	<b>-</b>	<b>(183,464)</b>	<b>(191,457)</b>
<b>Balance at 30 June 2021</b>		<b>3,060,256</b>	<b>19</b>	<b>231,802</b>	<b>3,292,077</b>

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



**Statements of changes in equity**  
for the year ended 30 June 2022 (continued)

Parent	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2021</b>		<b>2,821,662</b>	-	<b>96,377</b>	<b>2,918,039</b>
Profit for the year		-	-	195,608	195,608
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>195,608</b>	<b>195,608</b>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions of equity		(5,056)	-	-	(5,056)
Dividends provided	14	-	-	(193,658)	(193,658)
		<b>(5,056)</b>	<b>-</b>	<b>(193,658)</b>	<b>(198,714)</b>
<b>Balance at 30 June 2022</b>		<b>2,816,606</b>	-	<b>98,327</b>	<b>2,914,933</b>
<b>Balance at 1 July 2020</b>					
		<b>2,829,655</b>	-	<b>93,377</b>	<b>2,923,032</b>
Profit for the year		-	-	186,464	186,464
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>186,464</b>	<b>186,464</b>
<b>Transactions with owners in their capacity as owners:</b>					
Distributions of equity		(7,993)	-	-	(7,993)
Dividends provided	14	-	-	(183,464)	(183,464)
		<b>(7,993)</b>	<b>-</b>	<b>(183,464)</b>	<b>(191,457)</b>
<b>Balance at 30 June 2021</b>		<b>2,821,662</b>	-	<b>96,377</b>	<b>2,918,039</b>

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

**Statements of cash flows**  
for the year ended 30 June 2022

Notes	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of GST)	354,140	362,112	1,095,784	1,072,776
Receipts from Rail Transport Service Contract (inclusive of GST)	2,270,992	2,123,347	-	-
Dividends received from subsidiaries	-	-	186,464	119,358
Interest received	103	115	-	-
Payments to suppliers and employees (inclusive of GST)	(1,569,454)	(1,527,280)	(1,102,710)	(1,071,299)
Interest and other costs of finance paid	(145,437)	(163,687)	-	-
GST input tax credits	94,938	91,090	758	695
GST remitted	(236,507)	(224,180)	-	-
Other	(23)	1	(23)	1
Income taxes paid	(53,979)	(57,998)	(53,979)	(57,998)
<b>Net cash inflow from operating activities</b>	<b>714,773</b>	<b>603,520</b>	<b>126,294</b>	<b>63,533</b>
15				
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment and intangibles	(604,272)	(608,778)	-	-
Proceeds from the disposal of property, plant and equipment and intangibles	17,347	25,756	-	-
Repayments of loans by related parties	-	-	57,170	55,825
<b>Net cash (outflow) / inflow from investing activities</b>	<b>(586,925)</b>	<b>(583,022)</b>	<b>57,170</b>	<b>55,825</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	301,186	88,814	-	-
Repayments of principal element of lease liabilities	(10,876)	(10,100)	-	-
Dividends paid	(183,464)	(119,358)	(183,464)	(119,358)
17				
14				
<b>Net cash inflow / (outflow) from financing activities</b>	<b>106,846</b>	<b>(40,644)</b>	<b>(183,464)</b>	<b>(119,358)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>				
Cash and cash equivalents at the beginning of the financial year	1,282	21,428	-	-
<b>Cash and cash equivalents at end of year</b>	<b>235,976</b>	<b>1,282</b>	<b>-</b>	<b>-</b>

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

---

## Contents of the notes to the financial statements

	Page
<b>Notes to the statements of comprehensive income</b>	60
1 Revenue from operations	60
2 Supplies and services	62
3 Employee benefits expense	62
4 Finance expenses	62
5 Income tax expense	63
<b>Notes to the balance sheets</b>	65
6 Inventories	65
7 Property, plant and equipment	66
8 Intangible assets	71
9 Leases	72
10 Deferred tax assets	76
11 Trade and other payables	77
12 Provisions	77
13 Deferred tax liabilities	80
14 Dividends	80
<b>Notes to the statements of cash flows</b>	81
15 Reconciliation of profit after income tax to net cash inflow from operating activities	81
16 Non-cash investing and financing activities	81
17 Reconciliation of liabilities arising from financing activities	81
<b>Risk</b>	82
18 Financial risk management	82
19 Capital risk management	85
20 Correction of errors and revision of estimates	86
<b>Unrecognised items</b>	87
21 Contingencies	87
22 Commitments	88
23 Events occurring after the reporting period	89
<b>Other items</b>	89
24 Key management personnel disclosures	89
25 Related party transactions	96
26 Subsidiaries	98
27 Remuneration of auditors	98
28 Special payments	99
29 Climate change	99
30 Queensland Rail Limited consolidated financial information	100
31 Summary of other significant accounting policies	101

## Notes to the statements of comprehensive income

### 1 Revenue from operations

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Revenue from contracts with customers</i>				
Rail Transport Service Contract revenue	1,997,965	1,912,421	-	-
Network access revenue	172,412	202,498	-	-
Other revenue from customer contracts	55,314	33,496	-	-
Passenger transport revenue	52,159	45,707	-	-
Operating lease revenue	26,397	23,899	-	-
Managed services revenue	-	-	1,095,784	1,072,776
<i>Other revenue</i>				
Other revenue	1,061	904	-	-
Inter-company dividend revenue	-	-	195,608	186,464
	<b>2,305,308</b>	<b>2,218,925</b>	<b>1,291,392</b>	<b>1,259,240</b>

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

#### (a) Rail Transport Service Contract

The previous Rail Transport Service Contract (TSC) was entered into between Queensland Rail Limited and the State of Queensland on 20 July 2015 and expired on 30 June 2022. Queensland Rail and the Department of Transport and Main Roads (DTMR) have entered into a new TSC, executed on 30 June 2022, with an initial four-year term and two extensions up to maximum term of seven years.

As the performance obligations of the TSC are satisfied progressively, revenue is recognised over time. For the financial year as a whole, the practice of recognising revenue generated on a straight-line basis (over time) with periodic adjustments is consistent with the requirements of the Australian Accounting Standards.

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

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

#### (b) Network access

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

## 1 Revenue from operations (continued)

### (c) Passenger transport

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

### (d) Managed Services Agreement

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

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

<b>Consolidated</b>	<b>Passenger transport revenue</b>	<b>Other revenue from customer contracts</b>	<b>Rail Transport Service Contract revenue</b>	<b>Total</b>
<b>2022</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	3,470	19,310	-	22,780
Revenue recognised from the opening balance as performance obligations are satisfied	(3,470)	(19,310)	-	(22,780)
Income in advance recognised as performance obligations not yet satisfied	50,258	13,688	956	64,902
Revenue recognised as performance obligations are satisfied	(45,188)	6,075	-	(39,113)
Closing balance	<u>5,070</u>	<u>19,763</u>	<u>956</u>	<u>25,789</u>
2021				
Opening balance	3,538	1,904	-	5,442
Revenue recognised from the opening balance as performance obligations are satisfied	(3,538)	(1,904)	-	(5,442)
Income in advance recognised as performance obligations not yet satisfied	40,755	61,038	-	101,793
Revenue recognised as performance obligations are satisfied	(37,285)	(41,728)	-	(79,013)
Closing balance	<u>3,470</u>	<u>19,310</u>	<u>-</u>	<u>22,780</u>

The parent entity does not have any income in advance.

## 2 Supplies and services

	Consolidated	
	2022	2021
	\$'000	\$'000
Materials and consumable items	154,671	139,049
Trade services	113,129	104,600
Professional services and fees	60,047	52,264
Traction electricity and train fuel	40,870	37,997
Lease and hire charges	30,100	30,090
Utilities	25,988	24,597
Other supplies and services	17,975	17,460
Vehicle running expenses	17,648	15,152
Capital and external works	17,469	10,850
	<b>477,897</b>	<b>432,059</b>

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

## 3 Employee benefits expense

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	730,102	699,981	813,750	791,115
Annual leave	75,084	72,812	75,084	72,812
Long service leave	3,664	17,612	3,664	17,612
Superannuation				
Defined benefit superannuation expense	13,293	14,694	13,293	14,694
Defined contribution superannuation expense	79,450	74,879	79,450	74,879
Other employee benefits	40,708	32,584	40,708	32,584
Employee related expenses	62,813	62,112	69,654	68,786
	<b>1,005,114</b>	<b>974,674</b>	<b>1,095,603</b>	<b>1,072,482</b>

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

The consolidated entity's total employee benefits expense was \$1,118.6 million (2021: \$1,092.3 million). Of this \$113.5 million (2021: \$117.6 million) was recognised directly in property, plant and equipment leaving \$1,005.1 million (2021: \$974.7 million) reported as employee benefits expense.

The number of full-time equivalent (FTE) employees as at reporting date was 7,416.6 (2021: 7,442.1). FTEs include full-time, part-time and casual employees based on a thirty-eight hour week.

## 4 Finance expenses

	Consolidated	
	2022	2021
	\$'000	\$'000
Interest and finance charges on borrowings	115,717	134,437
Interest on lease liabilities	1,683	1,819
Other interest	162	97
	<b>117,562</b>	<b>136,353</b>

The parent entity does not incur any finance expenses.

## 5 Income tax expense

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

### (a) Income tax expense

	Notes	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current tax		74,108	59,137	(3,566)	1,291
Deferred tax		6,587	17,990	3,566	(1,291)
Adjustments for current tax of prior periods (Recognition) / utilisation of unused capital tax loss		58	(2,266)	-	-
		<b>(1,806)</b>	1,891	-	-
		<b>78,947</b>	76,752	-	-
Deferred income tax expense / (benefit) included in income tax expense comprises:					
(Increase) / decrease in deferred tax assets	10	2,307	5,066	3,566	(1,291)
Increase in deferred tax liabilities	13	4,280	12,924	-	-
		<b>6,587</b>	17,990	<b>3,566</b>	(1,291)

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

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Profit from continuing operations before income tax expense	274,555	263,216	195,608	186,464
Adjustment for change in accounting policy	(12,872)	-	-	-
Adjusted profit from continuing operations before income tax expense	<b>261,683</b>	263,216	<b>195,608</b>	186,464
Tax at the Australian tax rate of 30% (2021: 30%)	78,505	78,965	58,683	55,939
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:				
Entertainment	4	3	-	-
Research and development	349	-	-	-
Dividends received from subsidiaries	-	-	(58,683)	(55,939)
Luxury car tax	30	49	-	-
Other	1	1	-	-
Adjustments for current tax of prior periods	58	(2,266)	-	-
	<b>442</b>	(2,213)	<b>(58,683)</b>	(55,939)
Total income tax expense	<b>78,947</b>	76,752	-	-

## 5 Income tax expense (continued)

### (c) Amounts recognised directly in equity

		Consolidated		Parent	
	Notes	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:					
Net deferred tax – debited / (credited) directly to equity	10, 13	(205)	(51)	-	-
		<u>(205)</u>	<u>(51)</u>	<u>-</u>	<u>-</u>

### (d) Income tax consolidation

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

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

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



## Notes to the balance sheets

### 6 Inventories

Consolidated	2022			2021		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Raw materials and stores	116,618	42,034	158,652	118,756	38,427	157,183
Work in progress	2,031	-	2,031	380	-	380
Less: allowance for inventory obsolescence	(8,706)	-	(8,706)	(11,934)	-	(11,934)
	<b>109,943</b>	<b>42,034</b>	<b>151,977</b>	<b>107,202</b>	<b>38,427</b>	<b>145,629</b>

The parent entity does not hold any inventories.

#### (a) Inventory expense

Inventory recognised as expense during the year ended 30 June 2022 amounted to \$69.6 million (2021: \$69.4 million). Inventory capitalised to property, plant and equipment during the year ended 30 June 2022 amounted to \$58.6 million (2021: \$69.1 million).

#### *Judgements and estimates*

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

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

## 7 Property, plant and equipment

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

<b>Consolidated</b>	<b>Work in progress \$'000</b>	<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Major plant and equipment \$'000</b>	<b>Infrastructure \$'000</b>	<b>Total \$'000</b>
<b>At 1 July 2021</b>							
Cost	928,686	93,447	839,900	395,691	2,053,634	7,256,110	11,567,468
Accumulated depreciation and impairment losses	-	(690)	(328,475)	(186,282)	(1,103,780)	(1,992,848)	(3,612,075)
Net book amount	<u>928,686</u>	<u>92,757</u>	<u>511,425</u>	<u>209,409</u>	<u>949,854</u>	<u>5,263,262</u>	<u>7,955,393</u>
<b>Year ended 30 June 2022</b>							
Opening net book amount	928,686	92,757	511,425	209,409	949,854	5,263,262	7,955,393
Additions	723,105	-	-	70	2,118	-	725,293
Transfers between asset classes	(538,820)	-	53,921	38,947	24,832	421,120	-
Transfers from intangible assets	-	-	-	-	-	3,191	3,191
Transfers to supplies and services	(10,895)	-	-	-	-	-	(10,895)
Transfers to State Government	-	-	(396)	-	-	(4,660)	(5,056)
Disposals	-	(1,653)	(1,034)	(5,776)	(424)	(13,126)	(22,013)
Depreciation expense	-	-	(36,384)	(30,151)	(94,883)	(231,019)	(392,437)
Closing net book amount	<u>1,102,076</u>	<u>91,104</u>	<u>527,532</u>	<u>212,499</u>	<u>881,497</u>	<u>5,438,768</u>	<u>8,253,476</u>
<b>At 30 June 2022</b>							
Cost	1,102,076	91,613	889,378	415,336	2,015,262	7,631,937	12,145,602
Accumulated depreciation and impairment losses	-	(509)	(361,846)	(202,837)	(1,133,765)	(2,193,169)	(3,892,126)
Net book amount	<u>1,102,076</u>	<u>91,104</u>	<u>527,532</u>	<u>212,499</u>	<u>881,497</u>	<u>5,438,768</u>	<u>8,253,476</u>

## 7 Property, plant and equipment (continued)

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

Consolidated	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Major plant and equipment \$'000	Infrastructure \$'000	Total \$'000
<b>At 1 July 2020</b>							
Cost	577,432	101,375	848,173	418,931	2,100,900	7,036,463	11,083,274
Accumulated depreciation and impairment losses	-	(690)	(312,673)	(172,460)	(1,132,201)	(1,774,680)	(3,392,704)
Net book amount	<u>577,432</u>	<u>100,685</u>	<u>535,500</u>	<u>246,471</u>	<u>968,699</u>	<u>5,261,783</u>	<u>7,690,570</u>
<b>Year ended 30 June 2021</b>							
Opening net book amount	577,432	100,685	535,500	246,471	968,699	5,261,783	7,690,570
Additions	670,290	-	-	153	-	-	670,443
Transfers between asset classes	(307,442)	-	5,891	(4,872)	59,419	247,004	-
Transfers to supplies and services	(11,594)	-	-	-	-	-	(11,594)
Transfers to State Government	-	(7,924)	-	-	-	-	(7,924)
Disposals	-	(4)	315	(3,896)	(348)	(14,192)	(18,125)
Depreciation expense	-	-	(30,281)	(28,447)	(77,916)	(231,333)	(367,977)
Closing net book amount	<u>928,686</u>	<u>92,757</u>	<u>511,425</u>	<u>209,409</u>	<u>949,854</u>	<u>5,263,262</u>	<u>7,955,393</u>
<b>At 30 June 2021</b>							
Cost	928,686	93,447	839,900	395,691	2,053,634	7,256,110	11,567,468
Accumulated depreciation and impairment losses	-	(690)	(328,475)	(186,282)	(1,103,780)	(1,992,848)	(3,612,075)
Net book amount	<u>928,686</u>	<u>92,757</u>	<u>511,425</u>	<u>209,409</u>	<u>949,854</u>	<u>5,263,262</u>	<u>7,955,393</u>

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

---

## 7 Property, plant and equipment (continued)

### (b) Initial recognition

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

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

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

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

#### *Work in progress*

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

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

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

#### *Land*

The *Transport Infrastructure Act 1994* stipulates that the consolidated entity only retains ownership of its non-corridor land. As such, only non-corridor land is recorded in these accounts. Ownership of corridor land remains with the Department of Resources on behalf of the State. This land is leased to the Department of

Transport and Main Roads and subsequently subleased to the consolidated entity for no cost. The sublease term is for an initial term of 100 years with a renewal option for an additional 100 years.

#### *Major plant and equipment*

Rollingstock is considered to be major plant and equipment.

#### *Gifted and donated assets*

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

### (c) Subsequent and maintenance costs

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

### (d) Depreciation

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

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

Buildings, plant and equipment, major plant and equipment and infrastructure are depreciated on a straight-line basis over the useful life net of the residual value. Motor vehicles are depreciated using the diminishing value basis (percentages range from 13.64% to 33.00%).

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

## 7 Property, plant and equipment (continued)

### (d) Depreciation (continued)

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

Land and work in progress are not depreciated.

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

Infrastructure 6 - 100 years including:

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

Buildings 5 - 50 years including

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

Major plan and equipment 8 - 40 years including:

Country and suburban cars	35 - 40 years
Locomotives	30 - 40 years
Overhauls	8 - 16 years

Plant and equipment 4 - 25 years

Remaining useful lives of assets are reviewed annually.

### *Judgements and estimates*

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

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

### (e) Impairment

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

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

The consolidated entity bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the consolidated entity's CGUs to which the individual assets are allocated.

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

---

## 7 Property, plant and equipment (continued)

### (e) Impairment (continued)

#### *Judgements and estimates*

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

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

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

### (g) Cross River Rail

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

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

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

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

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

Following an independent review of the ETCS Program, commissioned by the Project Sponsor the Department of Transport and Main Roads (DTMR), it was decided that a new delivery model be established for rolling out ETCS Level 2 across the SEQ Rail Network. The ETCS Program Alliance was established and became effective in January 2022 charged with designing, developing and delivering the rollout of ETCS Level 2 across the SEQ Rail Network with the first phase of works to support the successful delivery of the CRR Project.

#### *Judgements and estimates*

Queensland Rail will own and manage a portion of the assets associated with the CRR program including the ETCS Inner City network and RIS. Queensland Rail, CRRDA and the Department of Transport and Main Roads are working collaboratively on the financial governance associated with this program.

The consolidated entity recognises capitalisable costs associated with the CRR RIS and ETCS programs in work in progress progressively as the costs incurred are transferred to the consolidated entity. The balance of work in progress includes costs incurred directly associated with this program that is expected to generate future economic benefits to Queensland Rail. Expenditure that does not meet the asset recognition criteria under the accounting standards and policies of Queensland Rail is recognised as capital works expense when incurred.

Assets delivered under the RIS and ETCS programs are commissioned and transferred from work in progress to the Fixed Assets Register progressively as they are available for use and capable of operating in the manner intended by management.

As at the reporting date, the composition of all the CRR assets and their legal ownership was still to be determined by the Queensland Government. Management has formed the view that all of the CRR assets funded by the consolidated entity will ultimately be owned by the consolidated entity and therefore are recognised as an asset in the balance sheet.

## 8 Intangible assets

Consolidated	Software under development \$'000	Software \$'000	Total \$'000
<b>At 1 July 2021</b>			
Cost			
Accumulated amortisation and impairment losses	-	(132,864)	(132,864)
Net book amount	33,006	66,439	99,445
Adjustment for change in accounting policy	(10,533)	(8,715)	(19,248)
Restated net book amount	<u>22,473</u>	<u>57,724</u>	<u>80,197</u>
<b>Year ended 30 June 2022</b>			
Restated opening net book amount	22,473	57,724	80,197
Additions	10,018	-	10,018
Transfers between asset classes	(7,142)	7,142	-
Transfers to property, plant and equipment	-	(3,191)	(3,191)
Transfers to supplies and services	(13,946)	-	(13,946)
Disposals	-	(445)	(445)
Amortisation expense	-	(12,938)	(12,938)
Closing net book amount	<u>11,403</u>	<u>48,292</u>	<u>59,695</u>
<b>At 30 June 2022</b>			
Cost	11,403	173,492	184,895
Accumulated amortisation and impairment losses	-	(125,200)	(125,200)
Net book amount	<u>11,403</u>	<u>48,292</u>	<u>59,695</u>
<b>At 1 July 2020</b>			
Cost	22,980	187,597	210,577
Accumulated amortisation and impairment losses	-	(120,508)	(120,508)
Net book amount	<u>22,980</u>	<u>67,089</u>	<u>90,069</u>
<b>Year ended 30 June 2021</b>			
Opening net book amount	22,980	67,089	90,069
Additions	25,772	-	25,772
Transfers between asset classes	(15,188)	15,188	-
Transfers to supplies and services	(558)	-	(558)
Disposals	-	(34)	(34)
Amortisation expense	-	(15,804)	(15,804)
Closing net book amount	<u>33,006</u>	<u>66,439</u>	<u>99,445</u>
<b>At 30 June 2021</b>			
Cost	33,006	199,303	232,309
Accumulated amortisation and impairment losses	-	(132,864)	(132,864)
Net book amount	<u>33,006</u>	<u>66,439</u>	<u>99,445</u>

The parent entity does not hold any intangible assets.

---

## 8 Intangible assets (continued)

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

Software-as-a-Service (SaaS) arrangements are service contracts which provide the right to access the cloud provider's application software over the contract period. Costs incurred to access the application software are recognised as an expense in profit or loss over the period the services are provided. Costs incurred for configuration and customisation are usually expensed in profit or loss, except where these costs are for the development of software code that enhances or creates additional capability to existing systems or development costs of bridging modules and are recognised as an intangible asset when the recognition criteria are met.

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

## 9 Leases

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

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

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

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

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

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

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

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

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



---

## 9 Leases (continued)

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

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

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

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

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

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

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

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

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

#### *Judgements and estimates*

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

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

## 9 Leases (continued)

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

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

##### Right-of-use assets

Consolidated	Land and buildings	Infrastructure	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2021</b>	<b>78,652</b>	<b>13,229</b>	<b>236</b>	<b>92,117</b>
Additions	666	691	412	1,769
Remeasurement	180	39	-	219
Depreciation / amortisation expense	(10,669)	(1,242)	(141)	(12,052)
Derecognised	(256)	-	-	(256)
<b>At 30 June 2022</b>	<b>68,573</b>	<b>12,717</b>	<b>507</b>	<b>81,797</b>
<b>At 1 July 2020</b>	<b>82,035</b>	<b>15,595</b>	<b>-</b>	<b>97,630</b>
Additions	3,577	-	287	3,864
Remeasurement	4,561	(877)	(26)	3,658
Depreciation / amortisation expense	(10,618)	(1,489)	(25)	(12,132)
Derecognised	(903)	-	-	(903)
<b>At 30 June 2021</b>	<b>78,652</b>	<b>13,229</b>	<b>236</b>	<b>92,117</b>

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

##### Lease liabilities

Consolidated	Land and buildings	Infrastructure	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2021</b>	<b>89,370</b>	<b>11,018</b>	<b>238</b>	<b>100,626</b>
Additions	666	691	412	1,769
Remeasurement	180	39	-	219
Lease payments	(11,526)	(1,311)	(163)	(13,000)
Interest expense	1,453	228	2	1,683
Derecognised	(315)	-	-	(315)
<b>At 30 June 2022</b>	<b>79,828</b>	<b>10,665</b>	<b>489</b>	<b>90,982</b>
<b>At 1 July 2020</b>	<b>91,980</b>	<b>12,970</b>	<b>-</b>	<b>104,950</b>
Additions	3,364	-	287	3,651
Remeasurement	4,561	(877)	(26)	3,658
Lease payments	(11,132)	(1,322)	(23)	(12,477)
Interest expense	1,572	247	-	1,819
Derecognised	(975)	-	-	(975)
<b>At 30 June 2021</b>	<b>89,370</b>	<b>11,018</b>	<b>238</b>	<b>100,626</b>

The parent entity does not have any lease liabilities.

## 9 Leases (continued)

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

#### (ii) Amounts recognised in the statements of comprehensive income

	<b>Consolidated</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<b>Depreciation charge of right-of-use assets</b>		
Land and buildings	<b>10,669</b>	10,618
Infrastructure	1,242	1,489
Plant and equipment	141	25
	<b>12,052</b>	12,132
Lease liability - interest expense	<b>1,683</b>	1,819
Other - rental expense*	<b>550</b>	597

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

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

#### (iii) Amounts recognised in the statements of cash flows

The total cash outflow for leases in 2022 was \$11.4 million (2021: \$10.6 million).

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

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

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

The total cash inflow for leases in 2022 was \$5.8 million (2021: \$22.3 million).

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

## 10 Deferred tax assets

	Notes	Consolidated		Parent	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>The balance comprises temporary differences attributable to:</b>					
Accrued expenses		7,235	5,493	900	868
Capital losses		1,806	-	-	-
Provisions		91,940	97,336	85,750	89,348
Lease liabilities		27,295	30,188	-	-
Unearned revenue		15,856	12,115	-	-
Cash flow hedges		197	-	-	-
Total deferred tax assets		144,329	145,132	86,650	90,216
Set-off of deferred tax liabilities pursuant to set-off provisions	13	(144,329)	(145,132)	-	-
Net deferred tax assets		-	-	86,650	90,216
<b>Movements:</b>		-	-	90,216	88,925
Opening balance					
Prior year adjustments		(499)	894	-	-
Credited / (charged) to the statements of comprehensive income	5	(2,307)	(5,066)	(3,566)	1,291
Cash flow hedges		197	-	-	-
Recognition of unused capital tax loss		1,806	-	-	-
Utilisation of capital losses		-	(1,891)	-	-
Set-off of deferred tax liabilities pursuant to set-off provisions	13	803	6,063	-	-
Closing balance at 30 June		-	-	86,650	90,216
Deferred tax assets expected to be recovered within 12 months		-	-	80,744	83,543
Deferred tax assets expected to be recovered after more than 12 months		-	-	5,906	6,673

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

### *Judgements and estimates*

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

## 11 Trade and other payables

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables	492,898	279,473	38,434	33,625
Dividend payable	193,658	183,464	193,658	183,464
Other payable	1,348	1,313	266	164
	<b>687,904</b>	464,250	<b>232,358</b>	217,253
GST input tax credits receivable	(16,973)	(12,539)	(64)	(63)
GST payable	12,130	17,58	-	-
	<b>(4,843)</b>	5,009	<b>(64)</b>	(63)
Total trade and other payables	<b>683,061</b>	469,259	<b>232,294</b>	217,190

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

## 12 Provisions

Consolidated	2022			2021		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Employee benefits	265,579	18,762	284,341	275,069	21,280	296,349
Litigation and workers' compensation provision	11,802	16,727	28,529	9,492	16,747	26,239
Land remediation provision	-	5,058	5,058	1,831	4,975	6,806
Make good provision	-	36	36	-	35	35
	<b>277,381</b>	<b>40,583</b>	<b>317,964</b>	286,392	43,037	329,429
Parent	2022			2021		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Employee benefits	265,579	18,762	284,341	275,069	21,280	296,349
Litigation and workers' compensation provision	8,996	15,535	24,531	7,582	15,898	23,480
Land remediation provision	-	-	-	-	-	-
Make good provision	-	-	-	-	-	-
	<b>274,575</b>	<b>34,297</b>	<b>308,872</b>	282,651	37,178	319,829

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

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

---

## 12 Provisions (continued)

### (a) Employee benefits

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

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

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

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

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

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

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

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

#### Judgements and estimates

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

#### Superannuation

Contributions are expensed as they are made.

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

Employer contributions to the Super Defined Benefit Fund are determined by the State Actuary. The rate of employer contribution is reviewed at each triennial actuarial investigation. The most recent actuarial investigation was completed in 2020 and the actuary's recommendation of 7.75% of salary plus 1 x member contributions was approved by the Treasurer from 1 July 2020. No liability is recognised for accruing superannuation benefits as this liability is held on a Whole-of-Government basis and reported in the Whole-of-Government consolidated financial statements. The entity also makes superannuation guarantee payments into the QSuper Accumulation Fund (RailSuper) and QSuper Accumulation Fund (Contributory) administered by the Government Superannuation Office.

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

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

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

## 12 Provisions (continued)

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

#### *Judgements and estimates*

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

### (c) Land remediation provision

This provision recognises the estimated costs to remediate potential contaminated land in accordance with the consolidated entity's constructive obligations. These estimated costs have arisen as a result of historical land use and activities with potential for causing contamination.

The provision for land remediation is the present value of management's best estimate of the expenditure required to remediate and / or manage potentially affected land at the reporting date. The provision was originally recognised in 2010 based on expert external advice and management's best estimate of likely remediation costs. In the prior reporting period external experts were engaged to provide updated estimate of costs in consideration of risk and remediation options, and no changes are made to the value of the base position at the reporting date. Management gave consideration to the most recent valuation and the likelihood of their remediation within the foreseeable future.

#### *Judgements and estimates*

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

### (d) Movements in provisions

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

<b>Consolidated 2022</b>	<b>Litigation and workers' compensation provision \$'000</b>	<b>Land remediation provision \$'000</b>	<b>Make good provision \$'000</b>	<b>Total \$'000</b>
<b>Current and non-current</b>				
Carrying amount at start of year	26,239	6,806	35	33,080
Charged / (credited) to profit or loss				
- additional provisions recognised	14,805	-	-	14,805
- unused amounts released	(1,273)	(1,905)	-	(3,178)
- unwind discount	-	157	1	158
Amounts used during the year	(11,242)	-	-	(11,242)
Carrying amount at end of year	<u>28,529</u>	<u>5,058</u>	<u>36</u>	<u>33,623</u>

<b>Parent 2022</b>	<b>Litigation and workers' compensation provision \$'000</b>	<b>Land remediation provision \$'000</b>	<b>Make good provision \$'000</b>	<b>Total \$'000</b>
<b>Current and non-current</b>				
Carrying amount at start of year	23,480	-	-	23,480
Charged / (credited) to profit or loss				
- additional provisions recognised	13,045	-	-	13,045
- unused amounts released	(1,273)	-	-	(1,273)
- unwind discount	-	-	-	-
Amounts used during the year	(10,721)	-	-	(10,721)
Carrying amount at end of year	<u>24,531</u>	<u>-</u>	<u>-</u>	<u>24,531</u>

### 13 Deferred tax liabilities

		Consolidated	
		2022	2021
	Notes	\$'000	\$'000
<b>The balance comprises temporary differences attributable to:</b>			
Accrued income		(355)	596
Consumables and spare parts		8,526	7,619
Property, plant and equipment		497,487	489,687
Right-of-use assets		24,539	27,635
Prepayments		2,070	190
Cash flow hedges		-	8
Total deferred tax liabilities		<u>532,267</u>	525,735
Set-off of deferred tax liabilities pursuant to set-off provisions	10	<u>(144,329)</u>	(145,132)
Net deferred tax liabilities		<u>387,938</u>	380,603
<b>Movements:</b>			
Opening balance		380,603	357,989
Prior year adjustments		2,260	3,678
Charged to the statements of comprehensive income	5	4,280	12,924
Cash flow hedges		(8)	(51)
Set-off of deferred tax liabilities pursuant to set-off provisions	10	803	6,063
Closing balance at 30 June		<u>387,938</u>	380,603
Deferred tax liabilities expected to be settled within 12 months		(87,227)	(90,248)
Deferred tax liabilities expected to be settled after more than 12 months		475,165	470,851

The parent entity does not have any deferred tax liabilities.

### 14 Dividends

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Dividend declared	193,658	183,464	193,658	183,464
Dividend paid	183,464	119,358	183,464	119,358

All dividends declared / paid were unfranked.



## Notes to the statements of cash flows

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

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Profit for the year	195,608	186,464	195,608	186,464
Depreciation and amortisation	417,427	395,913	-	-
Losses on sale of non-current assets	10,581	2,844	-	-
Unrealised gain on derivatives	-	(184)	-	-
(Writeback) / impairment of trade receivables	(2,197)	781	-	-
Inventory obsolescence	1,914	(17)	-	-
Change in operating assets and liabilities:				
(Increase) / decrease in trade debtors	(18,865)	12,780	(9,144)	(67,107)
(Increase) in inventories	(8,262)	(5,419)	-	-
(Increase) in other operating assets	(576)	(3,871)	(70,454)	(55,039)
Increase / (decrease) in trade creditors	91,876	(47,049)	4,909	(10,042)
Increase / (decrease) in other liabilities	38,733	46,843	16,332	(2,942)
Increase / (decrease) in other provisions	(11,466)	14,435	(10,957)	12,199
Net cash inflow from operating activities	714,773	603,520	126,294	63,533

### 16 Non-cash investing and financing activities

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

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

### 17 Reconciliation of liabilities arising from financing activities

Consolidated	Borrowings \$'000	Leases \$'000	Total \$'000
At 1 July 2021	3,718,814	100,626	3,819,440
Cash flows	301,186	(10,876)	290,310
Non-cash lease swaps	-	(441)	(441)
Acquisitions - finance leases	-	1,769	1,769
Revaluations - finance leases	-	219	219
Release - finance leases	-	(315)	(315)
At 30 June 2022	4,020,000	90,982	4,110,982
At 1 July 2020	3,630,000	104,950	3,734,950
Cash flows	88,814	(10,100)	78,714
Non-cash lease swaps	-	(558)	(558)
Acquisitions - finance leases	-	3,651	3,651
Revaluations - finance leases	-	3,658	3,658
Release - finance leases	-	(975)	(975)
At 30 June 2021	3,718,814	100,626	3,819,440

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

## Risk

### 18 Financial risk management

#### (a) Financial instruments categories

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

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

	Consolidated		Parent	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
<i>Financial assets at AC</i>				
Cash and cash equivalents	235,976	1,282	-	-
Trade and other receivables	43,548	22,901	538,568	537,672
<i>Financial assets at FVOCI</i>				
Derivative assets	-	42	-	-
<b>Total financial assets</b>	<b>279,524</b>	<b>24,225</b>	<b>538,568</b>	<b>537,672</b>
<b>Financial liabilities</b>				
<i>Financial assets at AC</i>				
Trade and other payables	683,061	469,259	232,294	217,190
Borrowings	4,020,000	3,718,814	-	-
Lease liabilities	90,982	100,626	-	-
<i>Financial liabilities at FVOCI</i>				
Derivative liabilities	656	14	-	-
<b>Total financial liabilities</b>	<b>4,794,699</b>	<b>4,288,713</b>	<b>232,294</b>	<b>217,190</b>

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

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

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

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

##### (i) Market risk

###### Foreign exchange risk

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

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

Consolidated	30 June 2022			30 June 2021		
	USD \$'000	EUR €'000	JPY ¥'000	USD \$'000	EUR €'000	JPY ¥'000
Cash and cash equivalents	57	27	288,942	39	176	315
Forward exchange contracts (qualifying for hedge accounting)	-	-	598,120	97	-	897,170
Net exposure	<b>57</b>	<b>27</b>	<b>887,062</b>	<b>136</b>	<b>176</b>	<b>897,485</b>

## 18 Financial risk management (continued)

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

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

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

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

#### *Interest rate risk*

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

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

#### Financial liabilities at amortised cost

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

<b>Consolidated</b>	<b>2022</b>		<b>2021</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Non-traded financial liabilities</i>				
Current lease liabilities (secured)	<b>13,048</b>	<b>13,048</b>	12,896	12,896
Non-current lease liabilities (secured)	<b>77,934</b>	<b>77,934</b>	87,730	87,730
Current borrowings (unsecured)	-	-	8,814	8,814
Non-current borrowings (unsecured)	<b>4,020,000</b>	<b>3,811,936</b>	3,710,000	4,084,281
	<b>4,110,982</b>	<b>3,902,918</b>	3,819,440	4,193,721
Weighted average interest rate	<b>3.7%</b>		4.0%	

The carrying amount of current borrowings in the prior year of \$8.8 million represents the drawdown of funds from the working capital facility with QTC. In the current period the working capital facility was in credit to the amount of \$232.1 million and is included in cash and cash equivalents.

## 18 Financial risk management (continued)

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

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

Consolidated 30 June 2022	Carrying amount \$'000	Interest rate risk			
		-1%	Equity	+1%	Equity
		Profit \$'000	\$'000	Profit \$'000	\$'000
Client Specific Debt Pool	3,710,000	2,334	2,334	(2,038)	(2,038)
Total increase / (decrease)		2,334	2,334	(2,038)	(2,038)
30 June 2021					
Client Specific Debt Pool	3,710,000	2,781	2,781	(2,480)	(2,480)
Total increase / (decrease)		2,781	2,781	(2,480)	(2,480)

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

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

Borrowing costs which are directly attributable to the construction of material qualifying assets are recognised as part of the cost of the asset. Qualifying assets are assets not funded from other sources, acquired from capital projects with a budget of more than \$1.0 million and take a substantial period of time to prepare for intended use or sale. The rate used to determine the amount of borrowing cost to be capitalised is the QTC interest rate applicable to the consolidated entity's outstanding borrowings during the year, in this case 3.74% (2021: 4.02%). During the year, interest costs of \$27.1 million were capitalised (2021: \$25.0 million).

#### (ii) Credit risk

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

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

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

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

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

## 18 Financial risk management (continued)

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

#### (iii) Liquidity risk

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

#### Financing arrangements

The amount of undrawn working capital facilities with QTC available at reporting date is \$250.0 million (2021: \$241.2 million).

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

Borrowings are not secured.

#### Maturity analysis

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

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

Consolidated 30 June 2022	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>Non-derivatives</b>				
Trade payables	489,403	-	-	489,403
Borrowings	118,523	473,984	4,051,003	4,643,510
Lease liabilities	11,841	27,826	8,768	48,435
Total non-derivatives	619,767	501,810	4,059,771	5,181,348
30 June 2021				
<b>Non-derivatives</b>				
Trade payables	285,795	-	-	285,795
Borrowings	125,285	465,516	3,710,000	4,300,801
Lease liabilities	11,632	38,528	10,208	60,368
Total non-derivatives	422,712	504,044	3,720,208	4,646,964

## 19 Capital risk management

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

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

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

## 19 Capital risk management (continued)

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

	<b>Consolidated 2022 \$'000</b>	2021 \$'000
Borrowings	<b>4,020,000</b>	3,718,814
Lease liabilities	<b>90,982</b>	100,626
Total debt	<b>4,110,982</b>	3,819,440
Total equity	<b>3,275,621</b>	3,292,077
Total capital	<b>7,386,603</b>	7,111,517
<b>Total debt to total capital ratio</b>	<b>Consolidated 56%</b>	54%

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

## 20 Correction of errors and revision of estimates

The consolidated entity changed its accounting policies in 2021/22 after completing a full analysis of the previously capitalised software in response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision released in March 2021.

The consolidated entity's new accounting policy now considers where the software code resides, whether it is identifiable and whether the entity has the power to both obtain economic benefits from the software and restrict the access of others to those benefits.

Configuration or customisation costs that do not qualify for recognition as an intangible asset are further assessed as to the appropriate timing of expense recognition, using the following criteria:

- Where the configuration or customisation is considered a distinct (i.e. separately identifiable) service from the subsequent access to the cloud software, the costs are expensed when the configuration or customisation services are received. This is typically the case when the vendor providing the services is different from the vendor providing access to the software.
- Where the configuration or customisation is not a distinct service from the entity's right to access the software, the costs are expensed over the period of access on a straight-line basis. A prepayment asset is recognised when the payment is made up front. This is usually the case when the same vendor is providing both the configuration or customisation services and the access to the cloud software.

Any software that qualifies as an intangible asset is recognised in accordance with the consolidated entity's existing accounting policies on software assets, which have not changed.

As the changes do not have a material impact on the financial statements of the consolidated entity, the statements comparative period has not been adjusted.

### (a) Impact of changes

As a result of the change in accounting policy:

- At 1 July 2020 \$6.965 million of capitalised software intangible assets have been expensed through opening retained earnings. A further \$4.034 million of intangible assets have been reclassified to prepayment asset, which required recognising \$0.543 million for the amortisation of the prepayment asset to opening retained earnings.
- For the year ended 30 June 2021, \$3.933 million of capitalised software intangible assets have been expensed through retained earnings. A further \$4.316 million of intangible assets have been reclassified to prepayment asset, which required recognising \$1.431 million for the amortisation of the prepayment asset to retained earnings.

## 20 Correction of errors and revision of estimates (continued)

### (a) Impact of changes (continued)

In the statements of cash flows, payments for capitalised configuration and customisation costs in 2020/21 were reported as "payments for property, plant and equipment and intangibles". In the current reporting period, these Software-as-a-Service (SaaS) cash flows are recognised as "payments to suppliers and employees".

The accumulative net impacts are summarised in the table below:

	2021 \$'000	1 July 2020 \$'000
<b>Balance sheets</b>		
Intangible assets	(19,248)	(10,999)
Prepayments - current	2,125	873
Prepayments - non-current	4,251	2,618
<b>Net assets</b>	<b>(12,872)</b>	<b>(7,508)</b>
Retained earnings	12,872	7,508
<b>Total equity</b>	<b>12,872</b>	<b>7,508</b>
	<b>2021 \$'000</b>	
<b>Statements of comprehensive income</b>		
Supplies and services	7,085	
Depreciation and amortisation	(1,722)	
<b>Profit before income tax</b>	<b>5,363</b>	
	<b>2021 \$'000</b>	
<b>Statements of cash flows</b>		
Payments to suppliers and employees	(9,970)	
<b>Net cash inflow from operating activities</b>	<b>(9,970)</b>	
Payments for property, plant and equipment and intangibles	9,970	
<b>Net cash outflow from investing activities</b>	<b>9,970</b>	

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

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

## Unrecognised items

### 21 Contingencies

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

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

#### (a) Contingent assets

	2022 Fair value \$'000	2021 Fair value \$'000
<b>Consolidated</b>		
Non-qualifying assets	200	225
Third party guarantees	81,000	81,000
Bank guarantees	100,755	108,541
Insurance company guarantees	830	830
	<b>182,785</b>	<b>190,596</b>

The parent entity does not hold any guarantees.

## 21 Contingencies (continued)

### (b) Contingent liabilities

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

<b>Consolidated</b>	<b>2022 Fair value \$'000</b>	<b>2021 Fair value \$'000</b>
Non-qualifying assets	<b>42,472</b>	39,499
Bank guarantees	<b>39,793</b>	30,405
	<b>82,265</b>	69,904

The parent entity has not issued any guarantees.

#### *Litigation*

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

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

	<b>Consolidated 2022</b>	2021	<b>Parent 2022</b>	2021
Number of cases before the Federal Circuit Court	<b>2</b>	1	<b>1</b>	-
Number of cases before the Supreme Court	<b>2</b>	1	-	-
Number of cases before the District Court	<b>8</b>	5	-	-
Number of cases before the Magistrates Court	<b>2</b>	1	-	-

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

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

A clean-up notice was issued by the Department of Environment & Science in February 2019 in association with the inundation of a third-party operator train during flooding upon the Mt Isa Line, which resulted in the release of transported products to the environment. The notice has been complied with and a request to close out was lodged with the regulator in early FY2021/22. Liaison with affected stakeholders is ongoing, including actions to mitigate stakeholder business impacts as a result of the incident.

#### *(ii) Environmental incident - third-party derailment*

Localised environmental remediation following the derailment of a third-party operator train at Traveston has progressed and is nearing completion.

## 22 Commitments

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

### (a) Commitments payable

<b>Consolidated</b>	<b>2022 Capital \$'000</b>	<b>2021 Capital \$'000</b>
Within one year	<b>411,146</b>	367,584
Later than one year but not later than five years	<b>12,433</b>	74,831
	<b>423,579</b>	442,415

The parent entity does not have any commitments payable.



## 22 Commitments (continued)

### (b) Commitments receivable

	2022 Lease \$'000	2021 Lease \$'000
<b>Consolidated</b>		
Within one year	5,129	4,159
Later than one year but not later than five years	12,504	12,679
Later than five years	20,995	22,897
	<b>38,628</b>	<b>39,735</b>

The parent entity does not have any commitments payable.

## 23 Events occurring after the reporting period

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

## Other items

## 24 Key management personnel disclosures

### (a) Responsible Ministers

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

The responsible Ministers of Queensland Rail and its subsidiaries during the year ended 30 June 2022 were:

- C Dick MP  
Treasurer and Minister for Trade and Investment
- M Bailey MP  
Minister for Transport and Main Roads

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

Compensation and other terms of employment for the specified executives are formalised in service agreements. Details of the compensation of each specified Member, Director and executive are as follows:

	2022 \$'000	2021* \$'000
Short-term benefits	4,504	4,928
Post-employment benefits	371	393
	<b>4,875</b>	<b>5,321</b>

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

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

## 24 Key management personnel disclosures (continued)

### (c) Key management personnel compensation

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

2022

		Short-term benefits	Post-employment benefits	Total
		Member fees and allowances	Super-annuation	
		\$'000	\$'000	\$'000
<b>Members</b>				
D Marchant AM Reappointment date: 1 October 2021 Reappointment term: 2 years	Chair	132	13	145
S Cantwell* Reappointment date: 1 October 2019 Reappointment term: 3 years	Member	46	5	51
M Goss Appointment date: 1 October 2020 Appointment term: 3 years	Member	44	4	48
R Peters Reappointment date: 1 October 2019 Reappointment term: 3 years	Member	46	5	51
H Watson Reappointment date: 1 October 2020 Reappointment term: 3 years	Member	46	5	51
T Winters Appointment date: 1 October 2020 Appointment term: 3 years	Member	44	4	48
<b>Total</b>		<b>358</b>	<b>36</b>	<b>394</b>

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

2021

		Short-term benefits	Post-employment benefits	Total
		Member fees and allowances	Super-annuation	
		\$'000	\$'000	\$'000
<b>Members</b>				
D Marchant AM	Chair	132	13	145
S Cantwell*	Member	46	4	50
M Goss	Member	31	3	34
R Peters	Member	46	4	50
H Watson	Member	46	4	50
T Winters	Member	31	3	34

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

## 24 Key management personnel disclosures (continued)

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

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

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

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

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

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

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

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

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

2022	Short-term benefits		Post-employment benefits	Total \$'000
	Cash salary and fees \$'000	Non-monetary benefits \$'000	Super-annuation \$'000	
<b>Specified executives</b>				
N Easy Chief Executive Officer Appointment date: 3 April 2017 Ceased: 17 December 2021	459	3	14	476
K Stapleton Chief Executive Officer Appointment date: 12 April 2022 Appointment term: 5 years Acting Chief Executive Officer (from 18 December 2021 until 18 January 2022) Chief Financial Officer and Group Executive Finance & Corporate Services (until 11 April 2022)	505	6	64	575
R Holloway* Acting Chief Executive Officer (from 19 January 2022 until 20 February 2022) Group Executive Major Projects Integration	494	6	62	562
S Riedel* Acting Chief Executive Officer (from 21 February 2022 until 11 April 2022) Head of SEQ	667	6	27	700
J Benstead* Head of Regional	464	6	59	529

## 24 Key management personnel disclosures (continued)

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

2022	Short-term benefits		Post-employment benefits	Total \$'000
	Cash salary and fees \$'000	Non-monetary benefits \$'000	Super-annuation \$'000	
<b>Specified executives</b>				
B Clark <sup>^</sup> Acting Chief Financial Officer and Group Executive Finance & Corporate Services (from 12 April 2022)	60	1	5	66
S Cornish* Group Executive Safety, Risk & Assurance	436	6	48	490
T Juzwin <sup>^</sup> Acting Group Executive Customer & Corporate Affairs (until 31 July 2021)	19	1	2	22
A MacDonald* Group Executive Strategy, Planning and Transformation	507	6	27	540
R Munn* Group Executive People & Culture	488	6	27	521
<b>Total</b>	<b>4,099</b>	<b>47</b>	<b>335</b>	<b>4,481</b>

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

<sup>^</sup> Non-executive employees, acting in specified executive positions.

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

## 24 Key management personnel disclosures (continued)

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

2021	Short-term benefits		Post-employment benefits	Total
	Cash salary and fees	Non-monetary benefits	Super-annuation	
Specified executives	\$'000	\$'000	\$'000	\$'000
K Stapleton Chief Financial Officer and Group Executive Finance & Corporate Services	403	5	51	459

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

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

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

Termination of the employment of an executive can be made by Queensland Rail to the specified executive either with notice, without notice or due to the incapacity of the specified executive. The formal policy concerning the termination of employment of Queensland Rail chief and senior executives is the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements (version dated 27 October 2021)*. This policy was issued by the Government in the 2014/15 period and is applicable to arrangements issued from this period.

#### Chief Executive provisions

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

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

- any accrued leave;
- salary for the balance of the notice period (if Queensland Rail elects to make payment in lieu of the notice period); and
- if the termination is by Queensland Rail in circumstances other than serious misconduct, a termination payment of 6 months salary.

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

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

#### Senior Executive provisions

Under the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements (version dated 27 October 2021)*, all new appointments to senior executives are on an ongoing (tenured) basis with no specific end date. Termination by notice can be made by the specified executive or Queensland Rail at any time by either party giving to the other 1 month written notice. When such termination occurs, specified executives that are tenured are entitled to the following:

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

---

## 24 Key management personnel disclosures (continued)

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

Queensland Rail reviews the total fixed remuneration of eligible employees on 1 July each year. Senior Executives' individual remuneration reviews require Board approval under the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements (version dated 27 October 2021)*. Under these provisions, the Board has the discretion to approve annual total fixed remuneration increases to a maximum of 10% per annum, subject to the total fixed remuneration not exceeding the latest market median for the position's work value. The Board should act prudently and take account of the economic climate when considering annual total fixed remuneration increases.

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

#### (iii) Performance Payments

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

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

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

There remain 11 specified award employees and 1 employee currently on an Enhanced Remuneration Package eligible for performance based, at risk, incentive bonus compensation.

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

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

## 24 Key management personnel disclosures (continued)

### (d) Transactions with key management personnel

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

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

During the current and prior reporting periods, N Easy, specified executive of Queensland Rail and Queensland Rail Limited until 17 December 2021, and K Stapleton, specified executive of Queensland Rail and Queensland Rail Limited, were Directors of Australasian Railway Association and Directors of TrackSAFE Foundation. Queensland Rail Limited paid corporate membership and conference fees to Australian Railway Association and a contribution to TrackSAFE Foundation during these periods.

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

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

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

All figures displayed below are exclusive of GST.

	<b>Consolidated</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Electrical works - South East Electrical and Airconditioning	<b>290</b>	427
Corporate membership and conferences - Rail Industry Safety and Standards Board	<b>281</b>	178
Contribution - TrackSAFE Foundation	<b>122</b>	60
Corporate membership and conferences - Australasian Railway Association	<b>95</b>	82
Project, calibration and training services - Monash University	<b>4</b>	88
Medical services - Metro South Hospital and Health Services	<b>-</b>	56
Rental revenue - Move Bank	<b>(157)</b>	(127)
Telecommunications revenue - Airservices Australia	<b>(71)</b>	(67)
	<b>564</b>	697

## 25 Related party transactions

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

### (a) Transactions with related parties

The following transactions occurred with related parties:

	Parent	
	2022	2021
	\$'000	\$'000
Sale of goods and services to subsidiaries	1,095,784	1,072,776
Dividend revenue from subsidiaries	195,608	186,464
Dividend receivable from subsidiaries	195,608	186,464
Receivables from subsidiaries - current	308,663	314,030
Receivables from subsidiaries - non-current	34,297	37,178
Shares in subsidiaries	2,845,324	2,845,324

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

	Parent	
	2022	2021
	\$'000	\$'000
<i>Loans to / (from) subsidiaries</i>		
Beginning of the year	(18,905)	(13,702)
Loans advanced	83,034	74,728
Loans repayments received	(62,039)	(79,931)
End of year	<u>2,090</u>	<u>(18,905)</u>



## 25 Related party transactions (continued)

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

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

All material related party transactions are negotiated under commercial terms.

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

	Notes	Consolidated		Parent		Nature of transaction
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	
Revenue from continuing operations	1	<b>2,066,747</b>	1,973,382	-	-	Rail Transport Service Contract, government concessions and sales
Supplies and services	2	<b>320,177</b>	219,352	-	-	Consumables
Employee benefits expense	3	<b>49,768</b>	48,903	<b>49,717</b>	48,820	Payroll tax
Other expenses		<b>4,899</b>	4,787	-	-	Land tax and audit fees
Finance income		<b>5</b>	3	-	-	Interest revenue
Finance expenses	4	<b>142,832</b>	159,470	-	-	Interest and financing costs
Income tax expense	5	<b>78,947</b>	76,752	-	-	Income tax
Cash and cash equivalents		<b>232,103</b>	-	-	-	Short-term investments
Trade and other receivables		<b>18,277</b>	(11,836)	-	-	Rail Transport Service Contract and other accounts receivables
Current prepayments		<b>474</b>	-	-	-	Prepaid investigation fees
Current tax assets		-	953	-	953	Current tax receivable
Trade and other payables	11	<b>525,025</b>	277,081	<b>199,156</b>	188,581	Dividend, Rail Transport Service Contract, interest, capital works, consumables and payroll tax payables
Current borrowings	18	-	8,814	-	-	Short-term borrowings
Current tax liabilities		<b>16,475</b>	-	<b>16,475</b>	-	Current tax payable
Other current liabilities		<b>2,366</b>	435	-	-	Asset funding and other income in advance
Non-current borrowings	18	<b>4,020,000</b>	3,710,000	-	-	Long-term borrowings
Other non-current liabilities		<b>31,147</b>	20,636	-	-	Asset funding in advance
Contributed equity		<b>5,056</b>	7,993	<b>5,056</b>	7,993	Capital distributions
Dividend declared	14	<b>193,658</b>	183,464	<b>193,658</b>	183,464	Dividend declared

## 26 Subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding 2022 %	2021 %
Queensland Rail Limited	Australia	Ordinary	100	100
On Track Insurance Pty Ltd	Australia	Ordinary	100	100

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

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

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

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

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

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

Accounting policies have been adopted consistently across the consolidated entity.

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

## 27 Remuneration of auditors

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

	Consolidated		Parent	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Queensland Audit Office				
Audit of the financial statements	578	538	70	65
	<b>578</b>	<b>538</b>	<b>70</b>	<b>65</b>

## 28 Special payments

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Ex-gratia payments	<b>181</b>	294	<b>181</b>	294
	<b>181</b>	294	<b>181</b>	294

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

Special payments greater than \$5,000 include:

- Ex-gratia payments made to employees in the form of medical separations which are not required under their respective employment agreements in the current and prior reporting periods.
- Ex-gratia payments made to employees who worked additional hours and were not able to return to depot and / or home as a consequence of the South East Queensland flooding event which are not covered under their respective employment agreements in the current reporting period.
- Ex-gratia payments made to employees in the form of confidential deeds of settlement on resignation or dismissal in the current and prior reporting periods.
- Ex-gratia payments made to employees in the form of confidential deeds of settlement for wages disputes in the current and prior reporting periods.
- Ex-gratia payments made in the form of a Death Benefit to the Trustee on behalf of a deceased employee in the prior reporting period.

## 29 Climate change

The consolidated entity acknowledges climate change and is aware of the Queensland Government's Climate Response, inclusive of the Queensland Government's Climate Transition Strategy and Climate Adaptation Strategy.

The consolidated entity has a broad understanding of the key climate change hazards such as increases in mean temperature and extreme heat events, increased rainfall intensity, prolonged bushfire weather, more intense tropical cyclones and longer droughts, and the potential risks, including physical risks relevant to its operations and asset base. The consolidated entity is progressing improved processes to embed risk based climate change planning to facilitate effective adaptation and demonstrate delivery of a sustainable, resilient and fit-for-purpose operation.

In addition to an understanding of key physical risk exposures, the consolidated entity acknowledges that there will be risk and opportunity associated with the global and local transition to a low carbon economy. Key climate change transition drivers have been identified including adoption of net zero emissions policies, and action plans, shifting stakeholder expectations on corporate climate change response, uptake of energy efficiency and low carbon technology and shifts in consumer / customer preferences for travel and freight. Further work is underway to plan and progress action against priority risks and opportunities, including planning a feasible pathway in support of transitioning to net zero emissions.

The consolidated entity's Energy & Emissions Strategy, which is progressively being implemented, recognises and seeks to align with the commitments of the Queensland Government's Climate Response and its Transition Strategy specifically.

While the consolidated entity is progressing the development of more robust processes and plans to manage climate change risk, currently financial risks relating to climate change are able to be considered through extant processes including those for potential change in useful asset life, fair value of assets and provisions or contingent liabilities. The consolidated entity has not identified any material financial impacts from climate change at the reporting date.

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

### 30 Queensland Rail Limited consolidated financial information

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

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

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

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

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

	2022 \$'000	2021 \$'000
<b>Consolidated statement of comprehensive income</b>		
Revenue	2,308,356	2,222,495
Expenses	(1,916,338)	(1,823,038)
<b>Operating profit</b>	<b>392,018</b>	<b>399,457</b>
Net finance costs	(117,463)	(136,241)
<b>Profit before income tax</b>	<b>274,555</b>	<b>263,216</b>
Income tax expense	(78,947)	(76,752)
<b>Profit for the year</b>	<b>195,608</b>	<b>186,464</b>
Other comprehensive expense for the year	(478)	(119)
<b>Total comprehensive income for the year</b>	<b>195,130</b>	<b>186,345</b>
<b>Consolidated balance sheet</b>		
Current assets	409,044	147,083
Non-current assets	8,445,271	8,211,119
<b>Total assets</b>	<b>8,854,315</b>	<b>8,358,202</b>
Current liabilities	983,757	786,250
Non-current liabilities	4,664,546	4,352,590
<b>Total liabilities</b>	<b>5,648,303</b>	<b>5,138,840</b>
<b>Net assets</b>	<b>3,206,012</b>	<b>3,219,362</b>
<b>Total equity</b>	<b>3,206,012</b>	<b>3,219,362</b>

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

	2022	2021
	\$'000	\$'000
<b>Consolidated statement of changes in equity</b>		
<b>Balance at the beginning of the financial year</b>	<b>3,219,362</b>	3,219,481
Adjustment for change in accounting policy	<b>(12,872)</b>	-
<b>Restated total equity at the beginning of the financial year</b>	<b>3,206,490</b>	3,219,481
Total comprehensive income for the year	<b>195,130</b>	186,345
Transactions with owners in their capacity as owners	<b>(195,608)</b>	(186,464)
<b>Balance at end of year</b>	<b>3,206,012</b>	3,219,362
	2022	2021
	\$'000	\$'000
<b>Consolidated statement of cash flows</b>		
Cash flows from operating activities	<b>774,943</b>	659,345
Cash flows from investing activities	<b>(644,095)</b>	(638,847)
Cash flows from financing activities	<b>103,846</b>	(40,644)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>234,694</b>	(20,146)
Cash and cash equivalents at the beginning of the financial year	<b>1,282</b>	21,428
<b>Cash and cash equivalents at end of year</b>	<b>235,976</b>	1,282

### 31 Summary of other significant accounting policies

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

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

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

The consolidated entity's shared purpose is to connect communities with a vision to deliver world-class rail services for our customers by achieving these performance outcomes:

- Safety;
- Efficiency and sustainability;
- Reliability;
- Valued by customers; and
- Supporting communities.

In the current reporting period, the consolidated entity continued to focus on driving cultural and structural changes in the business to deliver a more integrated public transport structure for Queensland.

During the year, the principal activities of the consolidated entity consisted of:

- South East Queensland above and below rail services;
- Regional above and below rail services including Travel and Tourism Services; and
- Construction and maintenance of rail transport infrastructure.

These financial statements were approved for issue by the Members on 29 August 2022. The Members have the power to amend and reissue the financial statements.

---

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

### (a) Basis of preparation

#### (i) Statement of compliance

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

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

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

The consolidated entity has not applied any new standards for the first time for their annual reporting period commencing 1 July 2021. All new and amended standards mandatory from 1 July 2021 are not applicable to or do not impact the financial statements of the consolidated entity.

#### (iii) Early adoption of standards

Standards and amendments that are available for early adoption for the current financial year beginning 1 July 2021 were not early adopted and are not expected to have a material impact on the accounts of the consolidated entity in future periods.

#### (iv) Historical cost convention

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

#### (v) Going concern

The financial report for the consolidated entity is prepared on a going concern basis. Current liabilities exceed current assets by \$593.8 million. The consolidated entity has access to short-term borrowing facilities up to the amount of \$250.0 million of which \$250.0 million are undrawn as at reporting date (refer note 18(b)(iii)). The consolidated entity has also secured approval from the Queensland Government to source additional long-term borrowings in the 2022/23 financial year up to the amount of \$440.0 million to fund operational, capital and dividend payments throughout that year. In addition revenue through the Rail Transport Service Contract, adequate interest coverage and a low total debt to total capital ratio provides further assurance of the consolidated entity's status as a going concern.

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

### (b) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates (i.e. the functional currency). The consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

### (c) Rounding of amounts / comparative restatements

Amounts included in the financial statements have been rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

---

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

### **(c) Rounding of amounts / comparative restatements (continued)**

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

### **(d) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Trade receivables and trade payables in the balance sheets are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheets.

Cash flows are presented in the cash flow statements on a gross basis, except for the GST component of investing or financing activities, which are disclosed as operating cash flow.

Queensland Rail and its subsidiaries are grouped for GST purposes. This means that any inter-company transactions within the Queensland Rail consolidated entity do not attract GST. Queensland Rail is the representative member of the GST group and is responsible for reporting all GST liabilities and credits on behalf of the consolidated entity.

### **(e) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **(f) Trade and other receivables**

Trade and other receivables are initially recognised at the transaction price and are subsequently measured at and classified as amortised cost. Trade receivables generally have standard payment terms of 7 to 30 days. The consolidated entity applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which requires the use of the lifetime expected loss provision for all trade receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment of trade receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the debt. Trade receivables have not had a significant increase in credit risk since they were originated.

Other receivables are classified as current assets unless collection is not expected within the 12 months from the reporting date.

### **(g) Contributed equity**

Equity injections and distributions of equity are treated as a change in the value of contributed equity.

### **(h) Insurance**

The consolidated entity insures against risks which are largely uncontrollable, have significant or catastrophic consequences for assets and / or revenue and the aggregate costs of which would exceed the limit of exposure the organisation is prepared to accept.

Insurance cover has accordingly been effected for a variety of such risks. Other areas of risk exposure are self-insured, including workers' compensation.

Until 30 June 2010, self-insurance and other underwriting activities were performed by Queensland Rail's wholly-owned subsidiary, On Track Insurance Pty Ltd. On Track Insurance Pty Ltd was transferred from Aurizon Operations Limited (formerly QR National Limited) on 6 October 2010 and will continue to provide cover for claims relating to events up until 30 June 2010 for both Queensland Rail and the Aurizon Operations Limited group.

### **(i) Environmental regulation**

The consolidated entity is subject to a variety of laws and regulations in the jurisdiction in which it operates or maintains land. Where remediation measures are probable and can be reliably measured, such costs incurred in complying with relevant laws and regulations are accounted for in accordance with the policy in note 12.

---

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

### (j) Coronavirus (COVID-19) Impact

The consolidated entity continued to operate through the impact of the COVID-19 pandemic in the current and prior reporting periods providing services to passengers with the number one priority being the health and safety of customers and employees. In South East Queensland a full timetable was maintained for Citytrain passengers ensuring customers, such as healthcare workers, could travel safely to and from work each day. Long-distance and tourism services were temporarily reduced or suspended in the prior reporting period and subsequently reinstated gradually with social distancing measures as travel restrictions were eased across the State. The regional freight network continued to operate as normal.

The consolidated entity worked with the Queensland Government to provide relief arrangements to support businesses as a result of the COVID-19 pandemic in the prior reporting period. This comprised the waiving of property and advertising rental fees for small to medium businesses and not-for-profits, and the extension of payment terms on existing balances for tour operators and tenants facing financial hardship. The impact of these relief measures included a reduction in travel and tourism revenue and rental revenue along with an increase in the provision for doubtful debts. Freight services across the State remained strong despite the COVID-19 pandemic and the consolidated entity's network access revenue was not impacted.

The impact of the COVID-19 pandemic has not been significant and the consolidated entity's assets remain unimpaired at reporting date.



---

## Management certificate

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material aspects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Queensland Rail and its controlled entities for the financial year ended 30 June 2022 and of the financial position of the consolidated entity at the end of that year.

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

K Stapleton  
Chief Executive Officer

D Marchant AM  
Chair

Brisbane, Qld  
29 August 2022

Brisbane, Qld  
29 August 2022

## INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Rail

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Queensland Rail (the parent) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2022, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards.

The financial report comprises the balance sheets as at 30 June 2022, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the parent and group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

### **Depreciation expense (\$392.4 million)**

Refer to note 7(a) and 7(d) in the financial report

<b>Key audit matter</b>	<b>How my audit addressed the key audit matter</b>
<p>Depreciation expense is a significant balance that requires management to forecast the useful life of assets and their component parts.</p>	<p>My procedures included but were not limited to: Assessing the useful life estimates of assets and their component parts by:</p> <ul style="list-style-type: none"> <li>• reviewing management's annual assessment of useful lives and condition assessments. This represents a comprehensive review of all assets</li> <li>• for a sample of remaining useful life reviews examining supporting documentation and confirming revised estimates to the fixed asset register</li> <li>• checking the consistency of useful lives compared to the prior year</li> <li>• comparing useful life assessments recorded in the fixed asset register to the disclosed accounting policy</li> <li>• reviewing for evidence of asset obsolescence, failure or disposals that could indicate a need to review useful life assumptions</li> <li>• reviewing for evidence that the entity will use assets for longer than the useful lives estimated for valuation and depreciation purposes</li> <li>• for a sample of assets, recalculating depreciation expense</li> <li>• evaluating remaining useful life estimates for reasonableness with reference to management's documented assessments, historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.</li> </ul>

### **Indicators of impairment of property, plant and equipment**

Refer to note 7(e) of the financial report

<b>Key audit matter</b>	<b>How my audit addressed the key audit matter</b>
<p>Management have considered the existence of impairment indicators during 2021-22 and performed an impairment test to ensure that the assets carrying value was greater than its value in use.</p>	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• assessing the adequacy of management's review of the</li> <li>• impairment process</li> <li>• obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness for the impairment test with reference to common industry practice</li> <li>• challenging the reasonableness of key assumptions based on my knowledge of the entity and industry</li> </ul>

Key audit matter	How my audit addressed the key audit matter
<p>The impairment assessment is complex and management adopts assumptions in developing inputs used in the discounted cashflow models to calculate an asset's value in use.</p>	<ul style="list-style-type: none"> <li>• assessing the identification of cash generating units, and input assumptions adopted by management in the value in use model</li> <li>• evaluating the reasonableness of management's documented considerations of indicators of impairment against my knowledge of the entity</li> <li>• reviewing the accuracy of calculations used in the value in use model</li> <li>• reviewing the impairment model to assess the models used and the reasonableness of key assumptions applied in the assessment against my knowledge of the entity and industry</li> <li>• reviewing the asset impairment accounting policies disclosures in the financial statements for consistency with Australian Accounting Standards.</li> </ul>

### Other information

Other information comprises financial and non-financial information (other than the audited financial report).

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

## **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

### **Statement**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the *Financial and Performance Management Standard 2019*. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



Vaughan Stemmett  
as delegate of the Auditor-General

31 August 2022

Queensland Audit Office  
Brisbane