






State Rail Authority of New South Wales 2002 - 2003 Annual Report



To navigate

- As you navigate through the document there will be text which has a link to another relevant section of the report.
- These links will become evident as you roll your mouse over them. The mouse pointer will change from a  to a .

To return to the link origin

- To return to the link origin, click on  in the toolbar.

About our Annual Report

State Rail Authority of New South Wales Annual Report for 2002–03

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StateRail is a service provider for NSW public transport users, providing passenger rail transport through its CityRail and CountryLink services. The Annual Report for 2002–03 aims to provide readers with a better understanding of how StateRail operates and the challenges faced by the organisation.

In particular, the report focuses on our efforts to maintain an operating culture governed by the principles of providing safe, secure, reliable and clean services for our customers.

The overall cost of producing StateRail's Annual Report 2002–03 is approximately \$65 000. This includes all artwork, design, photography, typesetting, printing and production. In response to comments by the Auditor General, the Report contains significantly more information than in previous years, including extensive reporting of performance against key indicators. As well as the printed version, the Report is available on CD-Rom and can also be accessed via the internet at www.staterail.info

The Report is also available at www.staterail.info



The Hon Michael Costa, MLC
Minister for Transport Services
Minister for the Hunter and
Minister Assisting the Minister for Natural Resources (Forests)
Level 31, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

I have pleasure in submitting, for your information and presentation to Parliament, the State Rail Authority of New South Wales' Annual Report for the year ended 30 June 2003.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*. The NSW Audit Office has audited the financial statements of the Authority, and the Auditor-General's Report is included.

Yours sincerely



Ross Bunyon

Chairman



Vince Graham

Acting Chief Executive

The State Rail Authority of New South Wales is established by Part 2 of the *Transport Administration Act 1988* (NSW). The principal objective of the State Rail Authority of New South Wales is to deliver safe and reliable railway passenger services in an efficient, effective and financially responsible manner. In exercising its functions, it is required to act in the best interests of the NSW rail network as a whole.

Other objectives are:

- To be a successful business and to that end:
 - to operate at least as efficiently as any comparable business, and
 - to maximise the net worth of the state's investment in StateRail.
- To exhibit a sense of social responsibility by having regard to the interests of the community in which it operates.
- Where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development.
- To exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates.

Statement of Values

StateRail provides a modern high-quality rail system serving the people of metropolitan and regional NSW as part of an integrated transport network.

StateRail aims to provide reliable and timely movement for our customers and to deliver friendly, accessible and informative service. In everything we do, StateRail intends to:

- Be uncompromising in safety.
- Provide secure, reliable and clean services.
- Provide responsive and efficient customer service.
- Improve accessibility and expand public transport choices for passengers.
- Deliver excellent value for money to the community.
- Build a future based on partnerships.

The StateRail approach is underpinned by our core values which embody our commitment to:

- Transparency in our dealings with our customers and staff.
- Respect for our people for the value they add to the organisation.
- An achievement focus by working towards agreed outcomes.
- Being information centred in our decision-making.
- Being ethical and honest in all our thinking, behaviour and relationships.

Our Structure

StateRail provides passenger rail services to New South Wales public transport users through its CityRail and CountryLink services. StateRail owns and operates the trains and stations; provides train crews and station staff; and all ticketing services. StateRail trains operate on the NSW rail network, which is owned and maintained by the Rail Infrastructure Corporation (RIC).

CityRail is the metropolitan passenger provider, and carried 273.4 million passenger journeys across 306 stations (2080 km of track) in 2002–03. Its network connects Sydney to regional areas as far as Scone and Dungog to the north, Bathurst to the west, Goulburn in the Southern Highlands and Bomaderry (Nowra) on the South Coast.

Almost 50% of all people travelling to Sydney's Central Business District in peak hours travel on CityRail services. Due to its configuration the CityRail network is one of the most complex passenger rail operations in the world. Each weekday, CityRail operates approximately 2 995 services and carries over 900 000 customers.

CountryLink operates long-distance passenger rail services across NSW and beyond, carrying 2.1 million passengers in 2002–03. It operates 158 rail services and 542 coach services per week, servicing 335 destinations both intra- and interstate.

Many of these coach services are the only mode of public transport from town to town in our State's rural areas. CountryLink services provide a direct transport link to the capital cities of the Australian Capital Territory, Queensland and Victoria.

StateRail's statutory functions in regard to the range of services offered include operating railway passenger services, subject to the requirements of the *Rail Safety Act 2002*; and, in connection with our railway services, operating other transport services, including bus services.



Message from the Chairman

The NSW rail industry is undergoing significant and necessary reform with the integration of StateRail and the Rail Infrastructure Corporation (RIC). This transition to a new organisation will ensure we have single-point accountability for the delivery of safe and reliable passenger rail services throughout NSW.



To aid this transition process, the Minister for Transport Services on 1 October 2003 appointed a common Board and Chief Executive. Our focus will be on providing the leadership required to deliver real reform to the industry and to better meet public expectations in terms of service delivery.

A number of events occurred during the year which have resulted in significant reforms and the need to change the way we manage safety, asset maintenance and operations.

It is essential that we use the experiences and the lessons learned during the past financial year to establish the performance measures and management accountabilities necessary for effective delivery of the State's passenger rail services. Clearly, there are further reforms to be made, and substantial improvements.

On behalf of the Board, I would like to offer our condolences to the families so seriously affected by the Waterfall accident.

Ross Bunyon

Chairman



Acting Chief Executive's Report

The 2002–03 financial year was a difficult year for StateRail. An accident at Waterfall on 31 January 2003 tragically cost the lives of seven people including our train driver. This accident has impacted on the public perception of rail safety and highlights the high safety standards demanded of railway operators by the community.

This accident and the subsequent recommendations of the judicial inquiry will be a catalyst to enhance the safety culture of railway operators in NSW and throughout Australia. Our passengers expect safe, secure, clean and reliable transport services, and taxpayers expect those services to be efficiently delivered. Evidence given at both the Glenbrook and Waterfall Commissions suggests an operating culture within StateRail that places undue emphasis on on-time running. In any safety conscious railway, safe operation must come before on-time running. Achieving improved safety performance must be seen to be more important than achieving on-time running.

StateRail electric trains have been progressively fitted with data loggers to continuously record train speed, brake application and other data. This important initiative will undoubtedly lead to a more cautious train operation and may marginally reduce the reliability of our services pending a new timetable.

By the end of the financial year StateRail had taken delivery of 14 four-car Millennium train sets. The commissioning of these trains has been affected by technical problems, particularly with the technology of the train operating system. Further deliveries of train sets from manufacturer EDI Rail during the 2003–04 year will be subject to achieving reliability targets for trains already delivered.

During the financial year, StateRail recruited, trained and deployed 300 transit officers with a dual objective of enhancing passenger security and substantially reducing fare evasion. These transit officers have been welcomed by the travelling public and early evidence suggests our objective will be met. A further 200 transit officers will be recruited, trained and deployed by December 2004, bringing our total force to 500.

Maintaining the cleanliness of trains and station buildings is a challenge for StateRail. Graffiti continues to be a community issue with public spaces and facilities a constant target. Removing rubbish bins from railway stations for security reasons has understandably made the task of cleaning trains more difficult. StateRail has employed an additional 40 mobile cleaning crews who are now patrolling trains to remove rubbish during train operations. Initial results and measurement of rubbish collected show the mobile cleaning crews have improved train cleanliness.



While the challenges presented during 2002–03 were significant, they have in their own way influenced the organisation's future direction with a keen focus on safety and customer service. The forthcoming merger of StateRail and RIC will provide single-point accountability and allow for streamlined decision making. The NSW Government is also continuing negotiations with the Commonwealth to develop a national freight policy through the Australian Rail Track Corporation proposal.

The challenges of 2003–04 will be measured by the organisation's ability to deliver safer, more reliable, cleaner and more secure rail services to the hundreds of thousands of passengers who travel on the rail network each day.

Vince Graham

Acting Chief Executive

Performance Summary

As part of StateRail's ongoing commitment to transparency, the following pages contain performance-related information for the financial year 2002–03. In this Report, emphasis has

been placed on three distinct categories as indicated by the NSW audit office: inputs, outputs and outcomes. Input equates to the physical and financial resources used by StateRail; output equates to the goods and services provided by StateRail; and outcomes are the results of the provision of these goods and services. As well as over the

next three pages, further information relating to inputs, outputs and outcomes can be found within the Year in Review.

The subsequent pages contain performance information relating to statistics covering StateRail's organisational goals of providing safe, secure, reliable and clean services.

Ten Year Summary

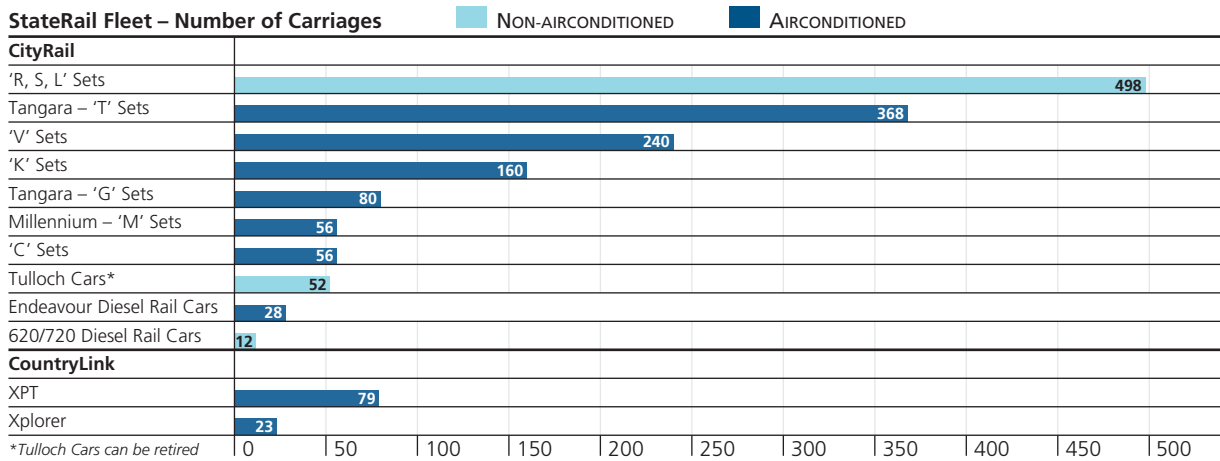
	Note	1993 1994	1994 1995	1995 1996	1996 1997	1997 1998	1998 1999	1999 2000	2000 2001	2001 2002	2002 2003
Quality											
CityRail passenger journeys (millions)	2	234.8	249.6	256.4	264.7	266.5	270.5	278.7	302.6	276.4	273.4
Suburban trains on time	3, 8	92.2	90.8	88.7	86.4	91.4	92.5	85.4	89.7	92.6	90.9
Intercity trains on time	3, 8	93.1	92.2	91.9	90.1	94.0	93.0	90.3	91.0	92.6	91.1
CityRail Customer Satisfaction Index	4	–	69	72	74	75	78	–	–	78	66
CountryLink passenger journeys (millions)	5	2.1	2.2	2.4	2.5	2.5	2.4	2.4	2.1	2.2	2.1
CountryLink On-time Running	6, 8	84.8	86.3	89.0	87.0	85.0	77.3	59.2	69.3	80.4	79.3
CountryLink Customer Satisfaction Index	4	–	–	91	90	–	–	78	83	–	78
Finance (expressed as 2002–03 \$m)											
Passenger revenue	1, 2	407.0	434.3	446.4	481.9	508.3	526.7	582.6	566.1	533.7	516.9
Social program funding	1, 2	–	–	–	594.8	580.2	557.1	538.9	628.3	652.1	769.5
Total revenue excl. government funding	1, 2	–	–	–	726.1	720.0	723.0	797.8	739.7	699.5	672.1
Operating expenses	1, 2	–	–	–	1 890.1	1 881.5	1 889.4	1 783.8	1 985.5	1 929.0	2 018.6
Capital program (incl. capital grants to RIC)	1, 2	–	–	–	319.2	256.6	357.1	352.1	263.9	282.3	580.3
Cost per passenger journey (\$/journey)	1, 2, 7	–	–	–	7.07	6.96	6.76	6.18	6.17	6.37	7.06

Notes

- Figures before and after 1 July 1996 are not directly comparable, due to the transfer of many StateRail functions to other entities on that date.
- Figures have not been adjusted to exclude the effect of the Sydney 2000 Olympic and Paralympic Games.
- CityRail on-time running statistics for 2001–02 and 2002–03 exclude delays due to force majeure events and are therefore not directly comparable with previous years' figures. The unadjusted figures for 2001–02 are 91.9% for suburban services and 91.7% for intercity services. The unadjusted figures for 2002–03 are 90.0% for suburban services and 89.9% for intercity services.
- Customer satisfaction surveys were not conducted in all years. Figures before and after 1 July 1999 are not directly comparable because of differences in the survey methodology used. The CSI represents the percentage of customers who rate their experience of CityRail and CountryLink to be 'good' or 'very good'.
- CountryLink passenger journeys include all train and intercity and feeder coach services.
- CountryLink on-time running is reported for train services only. Coach services are excluded.
- Base expenditure excludes capital grants made by StateRail to other entities.
- CityRail suburban trains are deemed on time if within three minutes 59 seconds of timetable; InterCity within five minutes 59 seconds. The target is for 92% of peak-hour services to be on time. CountryLink trains are deemed on time if within 10 minutes. The target is for 90% of services to be on time. In past reports, the measure of On-time Running (OTR) has been referred to as within three or five minutes. Please note that although the actual measure of OTR has not changed, we have identified a need to clarify the way the definition is expressed. Previous years' results are therefore directly comparable.

StateRail Performance Summary

StateRail Fleet – Number of Carriages



CityRail Special Timetables for Major Events

Date	Event
27 July 2002	Sydney Swans vs Carlton
3 August 2002	Bledisloe Cup
11 August 2002	City to Surf
31 August 2002	Sydney Swans vs Richmond
29 September 2002	NRL 2nd Preliminary Final
6 October 2002	NRL Grand Final
7 October 2002	M1 Concert Event
26 October 2002	World Speedway Championships
3 November 2002	Sydney to the Gong Bike Ride
17 November 2002	RTA Cycle Sydney
7 December 2002	Homebake Rock Concert
14 December 2002	Rumba Concert Event
21 December 2002	Seven's Carols in the Domain
31 December 2002	New Year's Eve
11 January 2003	Jazz in the Domain
18 January 2003	Symphony in the Domain
25 January 2003	Big Day Out Concert Event
26 January 2003	Australia Day
1 February 2003	Opera in the Domain
1 March 2003	Mardi Gras
15 March 2003	NRL Season Opener
29 March 2003	Sydney Swans vs Carlton
11 April 2003 to 24 April 2003	Royal Easter Show
19 April 2003	NRL Easter Double Header
25 April 2003	ANZAC Day
7 June 2003	Sydney Swans vs Essendon
14 June 2003	ARU Australia vs Wales
25 June 2003	NRL State of Origin II

In addition to providing regular timetabled services, CityRail facilitates Sydney's extensive program of major cultural and sporting events through the provision of special services, as well as producing comprehensive travel information and updates to both those attending the events and our regular passengers.

Timetabled CityRail Services

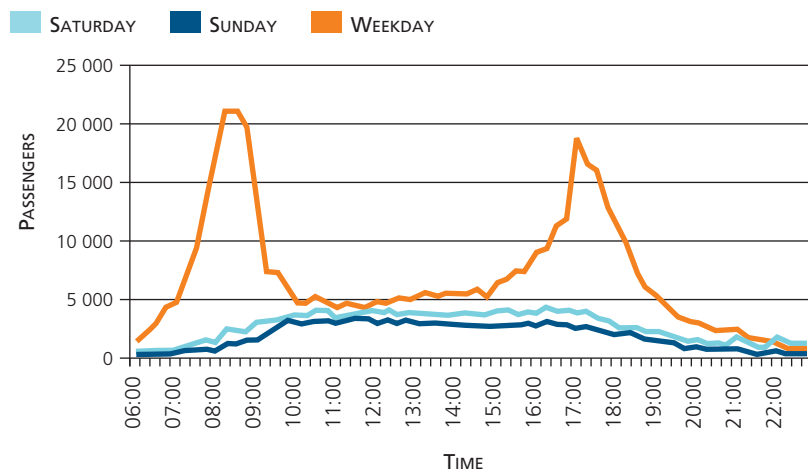
CityRail Lines	Weekdays			Weekends		
	Up	Down	Total	Up	Down	Total
Eastern Suburbs & Illawarra	153	156	309	105	104	209
Airport & East Hills	159	155	314	145	143	288
Bankstown via Sydenham	86	88	174	56	56	112
South via Regents Park	44	46	90	44	45	89
South via Granville	83	80	163	53	55	108
Inner West*	76	79	155	154	154	308
West**	143	136	279	92	93	185
Carlingford	29	29	58	21	21	42
Cumberland	37	36	73	26	26	52
Northern	69	70	139	38	38	76
North Shore	200	201	401	130	129	259
Olympic Park	110	110	220	217	217	434
Newcastle & Central Coast – CBD	52	54	106	36	36	72
Newcastle – Central Coast	18	17	35			
South Coast – CBD	33	33	66	19	19	38
Nowra – Kiama/Dapto	17	18	35	12	12	24
South Coast – Other Shuttles	39	43	82	26	31	57
Blue Mountains	33	35	68	20	22	42
Southern Highlands	15	14	29	12	12	24
Hunter	48	48	96	25	25	50
Total	1 444	1 448	2 892	1 231	1 238	2 469

*(includes Bankstown via Strathfield)

** (includes late-night shuttle services between Blacktown and Richmond)

Note: Other than the shuttle services listed, the above trips exclude trains that do not pass through Central.

Up trains travel towards Central, Down trains travel away from Central.

**CBD Weekend vs Weekday
Total of Entries and Exits by Time of Day**

CountryLink Services by Region

Region	Rail	Coach
South	36	88
West	8	87
North Coast	21	71
North-west	14	25
Return Services		
Weekly	79	271
Total Services		
Weekly	158	542

StateRail Performance Indicators

Reliability and Availability

CityRail Peak On-time Running by Line Average 2002–03

CityRail Lines	02–03 Ave*
West	85.1
North	85.3
South	85.4
Southern Highlands	86.5
East Hills	86.7
Inner West	88.8
Bankstown	89.5
Newcastle & Central Coast	89.7
Blue Mountains	90.2
South Coast	90.5
North Shore	91.7
Airport	92.1
Hunter	93.0
Illawarra	93.4
Eastern Suburbs	96.0

*Unadjusted figures.

Force majeure incidents are those incidents over which CityRail and our customers have no control. Sometimes referred to as Acts of God, they include (but are not limited to) lightning, storm, action of the elements, landslides, earthquakes, cyclones, floods, washouts and natural disasters.

They also include unavoidable accidents or incidents, including but not limited to fire, explosion, loss of power supply, radioactive contamination and toxic or dangerous chemical contamination, state emergency, suicide or attempted suicide.

CityRail Peak Trains on time* 2002–03 (target 92%)

July 02	92.6
August 02	92.8
September 02	94.2
October 02	93.7
November 02	91.4
December 02	92.7
January 03	93.3
February 03	83.3
March 03	87.9
April 03	91.7
May 03	87.8
June 03	88.7

*Figures adjusted for force majeure.

CountryLink On-time Running 2002–03, by Line and Train Type (target 90%)

	OTR	
	10 mins	30 mins
North Coast	76.6	90.3
North West	77.3	89.8
West	88.8	94.5
South	77.0	86.4
Canberra	81.9	93.5
XPT	78.8	89.7
Xplorer	80.0	92.0

CountryLink trains are determined 'on-time' when arriving at their final destination within ten minutes of timetabled time.

CityRail Service Performance

	Skipped Stops in peak hours (limit 1%)	Peak services* provided (target 99%)
July 02	0.4	99.5
August 02	0.4	99.6
September 02	0.5	99.4
October 02	0.6	99.5
November 02	0.7	99.5
December 02	1.0	99.6
January 03	0.4	99.5
February 03	1.3	98.9
March 03	0.8	99.3
April 03	0.7	99.4
May 03	1.1	99.4
June 03	1.0	99.1
Average	0.7	99.4

*Figures adjusted for force majeure.

Rollingstock Availability % (monthly average)

	Availability		Reliability (1000km/Failure)	
	Electric (target 89%)	Diesel (target 82%)	Electric (target 100.0 per failure)	Diesel (target 122.0 per casualty)
1998–99	90.2	91.0	134.7	115.6
1999–2000	89.1	91.0	112.6	113.1
2000–01	91.8	89.0	134.5	122.4
2001–02	92.1	84.0	144.6	130.8
2002–03	92.5	86.0	130.0	122.2

An electric train is deemed to have failed if mechanical problems cause delays and cancellations.

A casualty is when a diesel train is delayed by more than ten minutes by a mechanical fault.

System Availability % (monthly average)

	1998–99	1999–2000	2000–01	2001–02	2002–03	2002–03 Target
CityRail Ticketing System	N/A	N/A	N/A	99.5	99.6	98.5
Lifts and escalators	N/A	N/A	N/A	N/A	98.0	95.0
CCTV	N/A	N/A	N/A	95.4	97.9	98.0
Help Points	N/A	N/A	N/A	N/A	99.5	99.0
PA Systems on Trains*	98.8	98.8	98.5	99.2	98.9	99.0

*Excludes Millennium trains.

Security and Cleanliness

**Security Incidents per Million
Passenger Journeys**

	Against person	Against property
1999–2000	6.2	24.1
2000–01	8.5	24.9
2001–02	8.1	27.2
2002–03	8.9	24.9

Total Infringement Notices Issued

1998–99	63 903
1999–2000	70 356
2000–01	77 864
2001–02	78 245
2002–03	98 888

Note: Transit Officers commenced
25 November 2002.

Offences Against Persons/Property 2002–03

	Persons	Property
On stations	1 415 (57.8%)	2 670 (39.2%)
On trains	1 024 (49.1%)	3 448 (50.6%)
Other areas including track	7 (0.3%)	694 (10.2%)

Average Number of Litter Items per Carriage

	Weekdays		Weekends	
	September	March	September	March
Morning 4 am – 8.30 am	1.2	1.2	1.8	3.4
Early pm 12 pm – 3 pm	7.9	9.4	N/A	N/A
Late pm 5 pm – 7 pm	15.2	17.9	16.4	15.7

Note: Prior to July 2003, security incident data was obtained from the StateRail Corporate Security database and was not matched with official NSW Police crime data. Commencing from 1 July 2003, monthly CityRail criminal incident data will be reconciled against daily NSW crime data reports in the Offences Against Person category.

StateRail Performance Indicators

Infringement Notices Issued 2002–03

	Fare Evasion	Anti-social Behaviour
July 02	4 966	207
August 02	5 532	230
September 02	5 614	234
October 02	5 037	210
November 02	5 222	482
December 02	8 634	2 491
January 03	6 799	2 142
February 03	4 605	2 007
March 03	6 853	2 291
April 03	9 142	4 292
May 03	9 655	2 814
June 03	7 615	1 814

Carriages Cleaned (target 95%)

	Carriages cleaned nightly (% of fleet)	Carriages major cleaned (each 30 days – % of fleet)	Carriages outside washed (each 7 days – % of fleet)
July 02	100.00	97.53	95.20
August 02	99.45	98.70	100.00
September 02	100.00	96.57	97.12
October 02	100.00	97.74	95.75
November 02	100.00	96.57	96.30
December 02	100.00	98.01	88.07
January 03	100.00	97.53	96.43
February 03	100.00	98.29	97.12
March 03	100.00	96.30	98.90
April 03	100.00	88.00	90.12
May 03	100.00	95.88	96.02
June 03	100.00	98.22	97.39

Vandalism

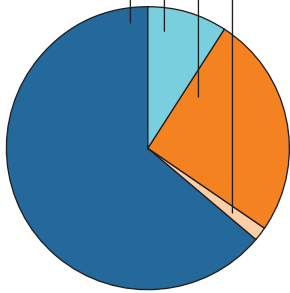
Seats/Windows Repaired, Graffiti Hits Removed

	Seats repaired	Windows repaired or replaced	Graffiti hits removed from trains	Work orders for repairs and graffiti removal on stations	Square metres of trackside graffiti painted out
July 02	565	378	9 262	59	37 200
August 02	1 419	426	11 098	169	36 500
September 02	2 364	422	17 648	319	38 400
October 02	2 284	397	13 005	307	39 300
November 02	1 082	210	14 808	187	50 400
December 02	2 067	401	18 959	218	24 100
January 03	1 009	321	14 025	245	30 300
February 03	761	157	12 127	302	30 800
March 03	1 563	496	16 817	370	37 600
April 03	764	276	14 564	291	38 100
May 03	1 272	221	11 129	297	35 300
June 03	954	128	15 102	247	61 899
Total 2002–03	16 104	3 833	168 544	3 011	459 899

Customer Communications

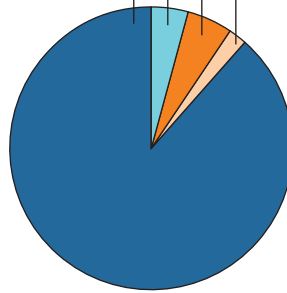
CityRail – Customer feedback

Compliment	1 203	(4.2%)
Query	1 495	(5.2%)
Suggestion	615	(2.1%)
Complaint	25 474	(88.5%)



CountryLink – Customer feedback

Compliment	333	(9.1%)
Query	935	(25.5%)
Suggestion	58	(1.6%)
Complaint	2 343	(63.9%)



CityRail – Average time (days) taken to close case with customer following feedback, 2002–03*

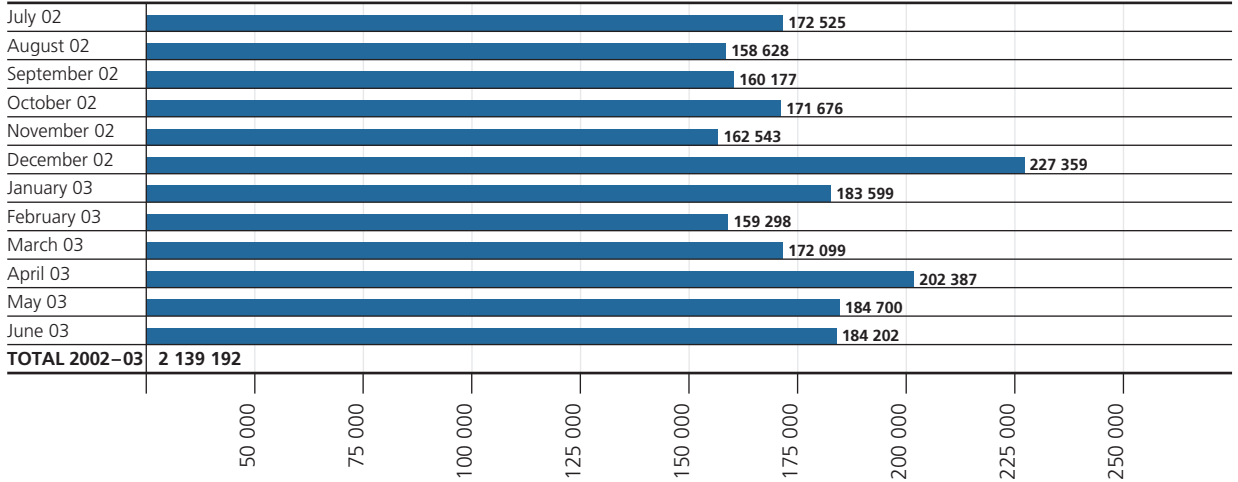
Phone 131 500	2.4
Letter	14.7
Web Lodgement	5.7

CountryLink – Average time (days) taken to close case with customer following feedback, 2002–03*

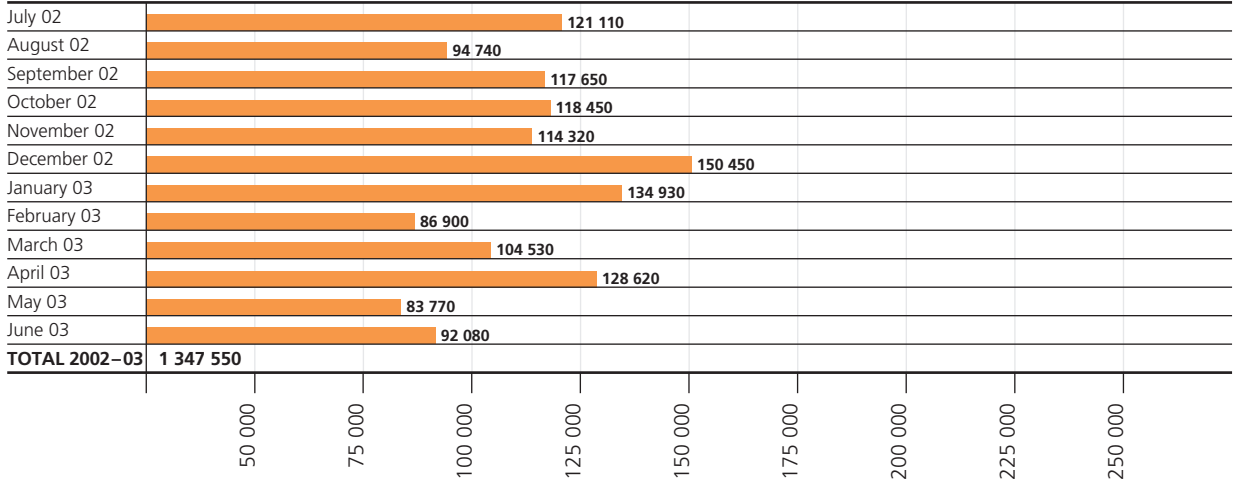
Phone 131 500	5.2
Letter	14.7
Web Lodgement	12.1

*This is the time taken to contact a customer who has made a complaint, to provide an explanation or apology. CityRail's Customer Service Commitment sets out targets for responding to customer feedback. We aim to respond to phone complaints within 5 days, written correspondence within 21 days and web lodgement within 6 days.

Transport Infoline – Calls received regarding rail services, 2002–03 call volumes



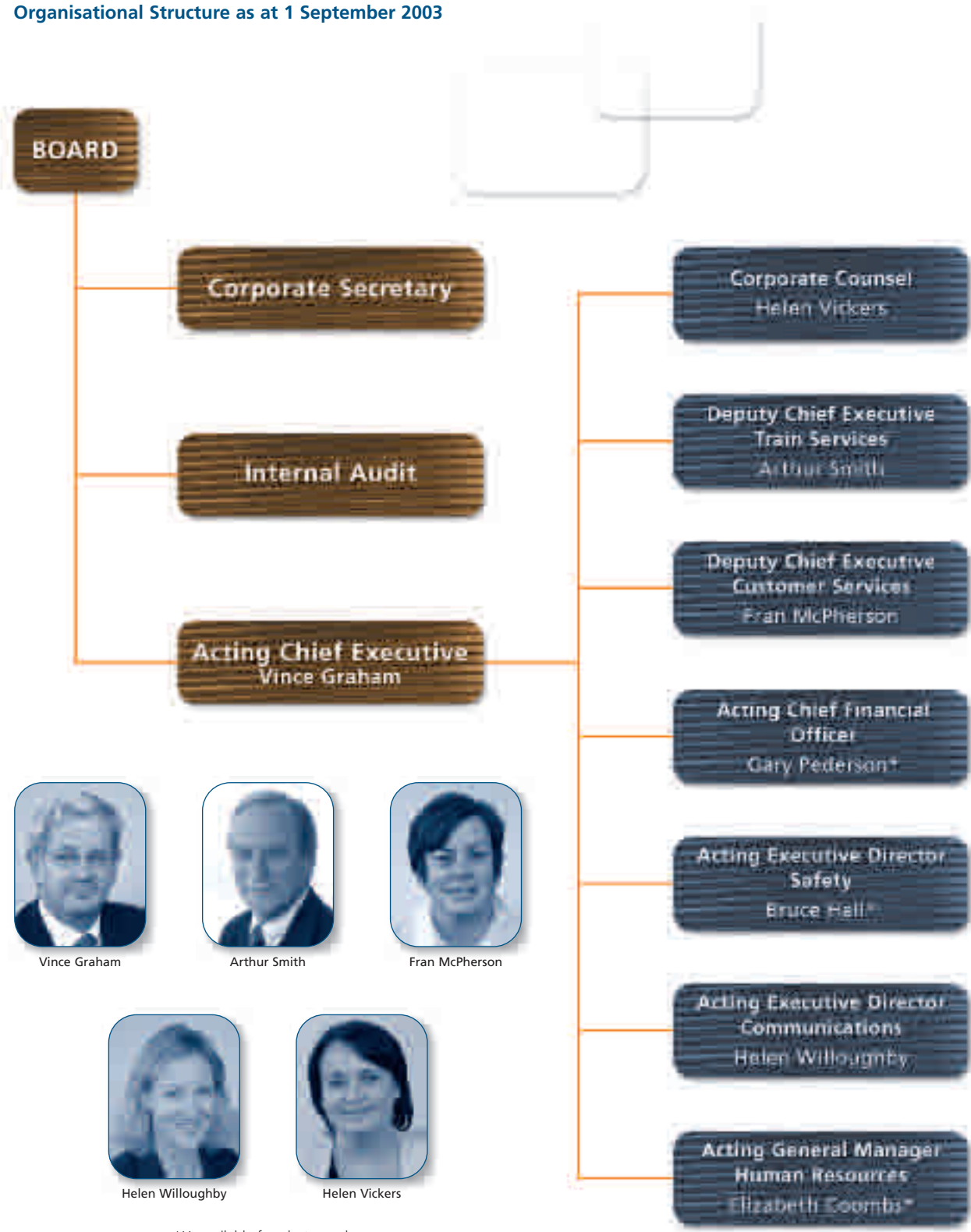
CountryLink – Calls received by call centres and for reservations, 2002–03 call volumes



Organisational Structure

State Rail Authority of New South Wales

Organisational Structure as at 1 September 2003



The Board

The Board of the State Rail Authority of New South Wales is established by the *Transport Administration Act 1988*. This requires a minimum of four and a maximum of seven directors plus the Chief Executive.

The Minister for Transport Services appoints directors and also nominates the Chairperson after being reviewed by Cabinet. The term of appointment is a maximum of three years with candidates eligible for reappointment.

Board Members

The current Board comprises six non-executive directors and the Acting Chief Executive:

Ross Bunyon

Chairman/Non-executive Director

Vince Graham

Acting Chief Executive/Ex-officio Director

Arthur Butler

Non-executive Director

Liza Carver

Non-executive Director

Paul Moy

Non-executive Director

Bob Plain

Non-executive Director

Dean Pritchard

Non-executive Director

All the Non-executive Directors were appointed since the end of the 2002–03 financial year.

Changes to the Board

A number of changes to the Board have taken place during and since the end of the year.

During the year:

- Mr Howard Lacy resigned as Chief Executive and a Director on 8 April 2003 and was replaced by Mr Vince Graham.

- Mr David Richmond, AO resigned as Chairman on 9 April 2003.
- Mr Rod Sims was appointed Chairman on 9 May 2003.

Since the end of the year:

- Mr Rod Sims resigned as Chairman on 20 August 2003.
- Mr Grahame Campbell, Mr Noel Cox, Mr Ron Cunningham, Ms Samantha Mostyn, Ms Joanne Rees and Ms Gabrielle Trainor resigned as Non-executive Directors on 3 September 2003.
- On 3 September 2003, Mr Ross Bunyon was appointed as a Non-executive Director and Chairman and Ms Liza Carver, Mr Bob Plain and Mr Dean Pritchard were appointed as Non-executive Directors until 31 December 2003.
- On 30 September 2003, Mr Arthur Butler was appointed as a Non-executive Director.
- On 1 October 2003, Dr Paul Moy was appointed as a Non-executive Director.

The Role of the Board

The functions of the Board include:

- Establishing goals and strategic direction.
- Determining policies.
- Endorsing capital, operating and expenditure plans, performance targets and budgets.
- Monitoring policies, procedures and internal controls to minimise the organisation's risks.
- Ensuring compliance with statutory, legal and budgetary obligations and meeting ethical and corporate governance standards.
- Monitoring performance to ensure activities are carried out properly and efficiently.

- Providing advice on rail transport and related issues to the Minister for Transport Services and the Government.
- Assessing the performance of the Chief Executive and senior management.

Independent Advice

Board members are able to seek independent professional advice at the expense of StateRail to assist in the performance of their duties.

Board Meetings

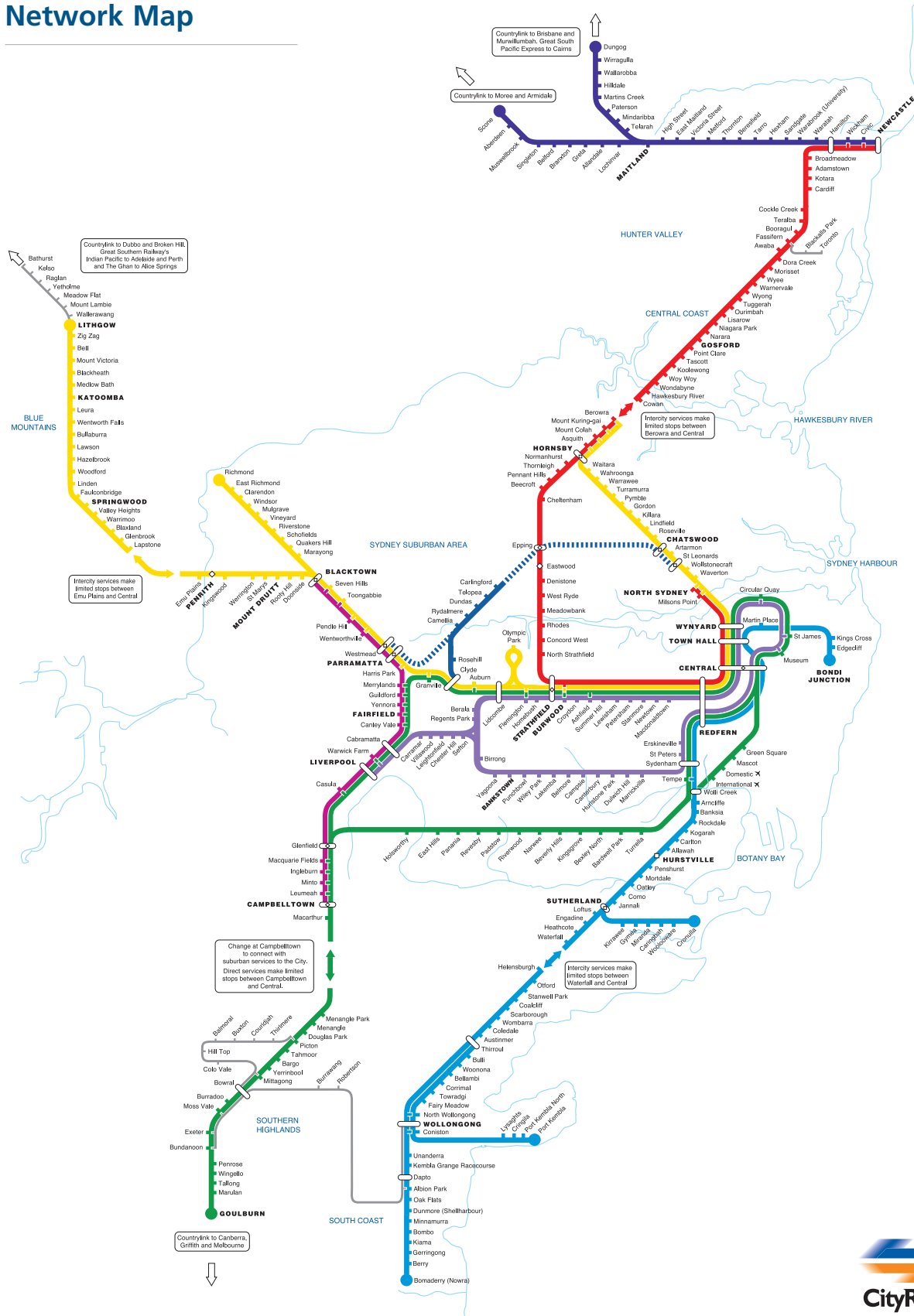
In the 2002–03 year, the Board met 19 times; 11 of these meetings were scheduled and 8 special Board meetings were held where matters could not be addressed at a scheduled meeting. In addition, there were a number of Board Committee meetings held. A schedule of Board and Committee meetings attendance during 2002–03 is included in Appendix 1.

Corporate Governance Charter

During the year, the Board adopted a revised Corporate Governance Charter that reflects current legislation and best practice principles. It provides a framework for the Board decision-making processes and addresses the key factors that affect Board effectiveness and efficiency.

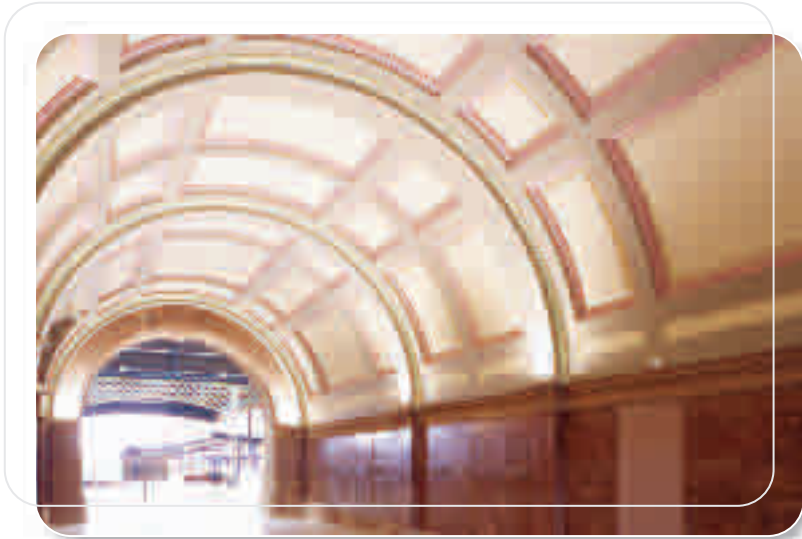
Information on the current Board members' qualifications and experience, risk management, conflicts of interest, professional development and Board Committees is set out in Appendix 1.

Network Map



Rail and Coach Network Map





StateRail's organisational focus is on the safe, clean, secure and reliable running of one of the most complicated networks worldwide. The following pages detail the contribution of each of the eleven operating divisions in the attainment of these corporate goals. Operation of the CityRail and CountryLink networks presents daily challenges, which we strive to meet and overcome as an organisation through the achievement of clearly defined performance targets. This section details our accomplishments, the difficulties we have met over the last financial year and the programs we have established in order to facilitate the achievement of our strategic focus.

Safety

Summary of Operations

The Safety division is responsible for developing the policies, management and reporting systems that drive the safe operation of StateRail's passenger rail services. The division oversees safety in the workplace and has responsibility for ensuring StateRail complies with all relevant environmental legislation, policies and procedures.

Through its Safety Management System (SMS) and Environmental Management System (EMS), the division develops system policies and procedures; conducts reviews and facilitates risk assessment and investigations; reports and audits operations. Operating divisions and all managers have specific responsibilities for safety and environmental management

which require them to likewise assess and manage risks and undertake investigations and audits and prepare reports.

Improvements to railway infrastructure and track communications and processes during the year resulted in a 16% reduction in Signals Passed at Danger (SPADs) and a 43% decrease in derailments.

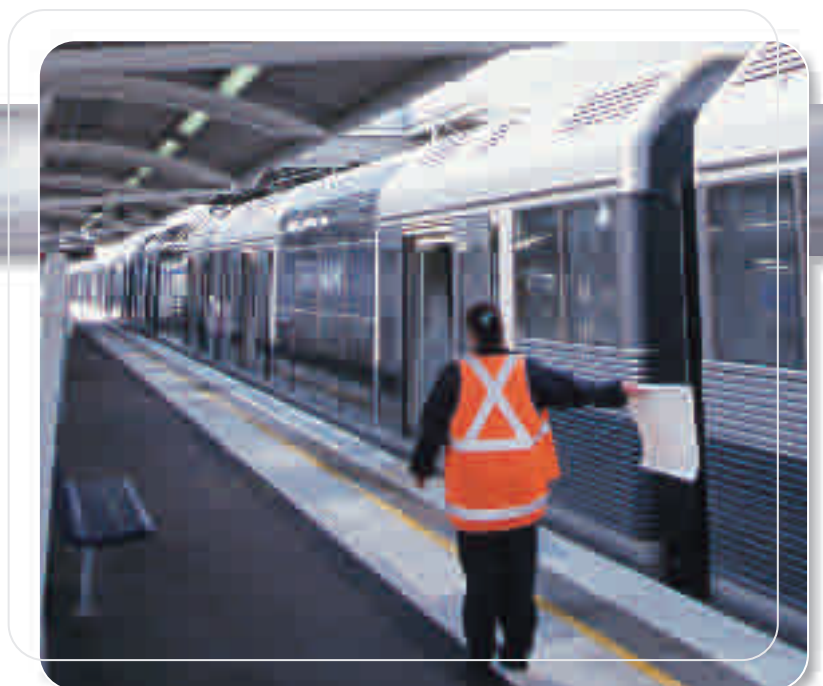
During the 2002–03 financial year, a number of major incidents brought focus upon StateRail's safety performance. The most significant of these was the Waterfall accident on 31 January in which seven people, including a StateRail driver, tragically lost their lives. A Special Commission

of Inquiry was established in February to investigate the circumstances around the accident. The Safety division will have a pivotal role in responding to the findings and recommendations of the Waterfall Inquiry.

Key improvements to railway infrastructure and track communications and processes during the year resulted in a 16% reduction in Signals Passed at Danger (SPADs) and a 43% decrease in derailments from 2001–02. In addition, the number of incidents per million passenger journeys was 1.72 – an 18% improvement on last year's result of 2.10.

During the year the Safety division oversaw the implementation of the new RIC *Network Rules and Procedures* and developed documentation to complement this rules change. Development of the SMS continued and new manuals were written for investigations, incident management and audit protocols.

The Safety Management System presents a systematic, comprehensive and coordinated approach to the management of safety throughout StateRail.



StateRail received its accreditation as an operator under Rail Safety legislation following an annual audit by the Rail Regulator. An audit manual was developed describing the protocols and processes StateRail uses to undertake Safety audits of its own operations, its interfaces with other organisations, and its relationship with contractors engaged to do work on behalf of StateRail.

The audit program for 2002–03 saw 297 safety audits undertaken in Station Operations, Signal Boxes, Operations Management and Safeworking areas, and joint audits were conducted with RIC at five sites.

Safety Incidents

Three major safety incidents, Hexham, Bargo and Waterfall, occurred during the year. During 2002–03, the Safety division commenced work on responding to these incidents, including the recommendations of the Rail Regulator's reports on Hexham and Bargo which occurred in July and August 2002.

A total of 78 actions were developed as a result of the recommendations in the Hexham Final Report, released in December 2002, of which 27 were completed by the end of the financial year. Actions in response to Bargo recommendations are under development, while the Waterfall accident remains the subject of a Special Commission of Inquiry.

Initiatives undertaken in 2002–03 to reduce derailments included:

- Review of consistency and clarity in railway infrastructure such as sign boards, speed boards, signal visibility, signal appropriateness, refuge loop length and catch point positioning. This review has resulted in the agreed changes, improvements and modifications being included into RIC's scope of works for future attention.

- Review of RIC practices conducted, such as welded track stability analysis and modifications retained.

- Ballast laying practices reviewed and modified to improve ballast trains running and prevent fouling running lines.

Derailments

Derailments – one or more wheels derailed on mainline or in yards

2001–02	14
2002–03	8

The appointment of the Human Factors Manager in February 2003 has enabled StateRail to improve safety management through the reduction and management of human error by better understanding the capabilities and limitations of the human operator. The manager is assisting with hazard reductions such as SPADs, as well as helping develop the SMS to include human factors and assisting with StateRail's understanding of human learning.

The audit program for 2002–03 saw 297 safety audits undertaken.

A 16% reduction occurred in SPADs from 86 in 2001–02 to 72 in 2002–03. A detailed project plan in relation to a SPAD reduction strategy was initiated and is currently being developed.

Glenbrook Inquiry recommendations

Work continued on the implementation of recommendations of the Glenbrook Inquiry. The recommendations fall under the categories of train driving, safeworking, communications, network control and drug and alcohol testing. A total of 114 actions were identified, of which 104 had been completed by the end of the financial year.

Workplace Safety

Worksite protection incidents increased in number from the previous year.

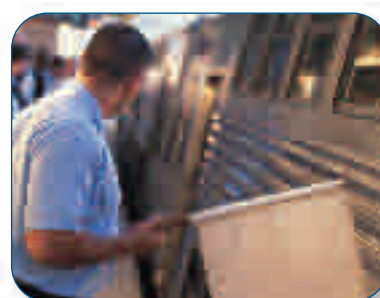
A number of strategies have been developed to specifically address train drivers' awareness of the worksites. These include reviewing current work practices, improving communications and simulator training, some of which combines the training of RIC workers with that of train drivers.

Worksite Protection

	StateRail at fault	StateRail at risk
2001–02	9	49
2002–03	13	52

While Lost Time Injury Frequency Rate (LTIFR) remained comparable with that of 2001-02, the nature of injuries to StateRail's workforce were less severe and injury management procedures were improved. Consequently, savings on the predicted costs of injuries based on past performance were in the order of \$9.8m.

Safety division expanded its drug and alcohol testing program in late 2002 to include an additional 3 897 tests as well as more frequent coverage of various sites. A total of 9 011 tests were conducted during the year, compared to 5 114 the previous year. Results for the year included 26 positive alcohol tests, as against 11 positive tests in the previous reporting period, and six positive drug tests, as against no positive tests in 2001–02.



Lost Time Injury Frequency Rates (Lost Time Injuries per million hours worked)

Division	2000	2001	2002	2003
Train & Crew Operations	62.5	84.1*	75.7*	75.1
Passenger Fleet Maintenance	40.4	39.0	48.1	48.5
Station Operations	30.4	21.7*	22.6*	20.3
Corporate Security**	N/A	N/A	N/A	73.8
Corporate divisions	4.5	3.4	6.4	5.7
Rural Services	27.0	N/A*	N/A*	N/A*
All StateRail	42.2	41.0	48.5	47.6

Duration Rate (days)

Division	2000	2001	2002	2003
Train & Crew Operations	9.6	6.3*	6.7*	6.5
Passenger Fleet Maintenance	8.7	9.2	7.9	8.2
Station Operations	7.4	8.8*	8.9*	7.9
Corporate Security**	N/A	N/A	N/A	6.6
Corporate divisions	5.7	2.2	14.6	6.6
Rural Services	8.4	N/A*	N/A*	N/A*
All StateRail	8.9	7.4	7.4	6.9

*Note: Following the *One StateRail* restructure in 2001, CountryLink Train Crew staff transferred to Operations (renamed Train & Crew Operations) and CountryLink Station staff transferred to CityRail Stations (renamed Station Operations).

**Note: Corporate Security was formerly a part of Station Operations. Corporate Security is now an independent unit following restructuring and the introduction of Transit Officers.

Fatalities

	1998–99	1999–2000	2000–01	2001–02	2002–03
Trespass, suicides, falls from train, natural causes while travelling	54	50	47	47	33
Level Crossing	3	2	7	2	0
Accident due to train operations	0	7	0	0	7

Reportable Safety Incidents per Million Passenger Journeys

	Actual	Limit
Collision	0.05	0.20
Derailment	0.03	0.15
Falls	2.01	2.25
Strike	0.31	2.00
Fire or explosion	0.21	0.25

The limits referred to are set out in the CityRail Services Agreement 2002–08

Signals Passed at Danger

1999–2000	69
2000–01	83
2001–02	86
2002–03	72

Safety Audits

Stations	240
Signal boxes	33
CityRail crew area managers	9
CountryLink on-board depots	5
CountryLink drivers depots	4
CityRail area managers	2
Network operations managers	2
CountryLink area managers	1
Network operations supervisors	1
Total	297

The Year in Review

A series of initiatives in the RailCover group, including the introduction of an injury reporting hotline and a revised approach to injury management focusing on lost time injury and injury duration rates have realised a \$1.34m reduction in workers compensation claims against budget (for injuries post 1 July 1996). The average delay for the reporting of injuries has also improved 71%, from 14 days in 2001–02 to four days in 2002–03. An external actuarial review indicates that funds required to pay future claims are also down 5.4% on the expected position at 30 June 2003.

Lost Time Injury Frequency Rates

Staff Lost Time Injury Frequency Rate (per million hours worked)

1993–94	96.8
1994–95	65.7
1995–96	69.5
1996–97	66.6
1997–98	57.4
1998–99	46.0
1999–2000	42.2
2000–01	41.0
2001–02	48.5
2002–03	47.6

- Figures before and after 1 July 1996 are not directly comparable, due to the transfer of many StateRail functions to other entities on that date.

Environmental Performance

Environmental Management System

StateRail is continuing to implement its electronic Environmental Management System (EMS). The Environment unit further developed StateRail's EMS with the drafting of new environmental procedures and undertaking audits of the EMS and StateRail's passenger fleet

maintenance centres, stations, stabling yards and refuelling and decant facilities in June 2002.

The audits found StateRail's EMS to be adequate and the risk management components of the EMS to be correct. Areas highlighted for improvement include due diligence, EMS implementation and overall compliance against environmental legislation. The auditor's key recommendations have been consolidated into action plans for Station Operations and Passenger Fleet Maintenance. Progress against the action plans will be reported monthly to the Safety steering committee.

In 2002, StateRail had a new mandatory requirement to report pollutant emissions to NSW and Victorian EPA, under the National Pollutant Inventory. StateRail successfully complied with the National Pollutant Inventory requirements.

The NSW Environment Protection Authority (EPA) issued StateRail with a fine of \$1 500 on 6 June 2003, under the *Protection of the Environment Operations Act 1997*. The fine was issued for not meeting the requirement for submitting an annual return for the 2002–03 reporting period by the due date, as required under EPA licence # 3952, held by the XPT Passenger Fleet Maintenance Centre.

NSW Government Waste Reduction and Purchasing Policy

StateRail continues to implement the NSW Government's Waste Reduction and Purchasing Policy (WRAPP), which focuses on reducing the generation of waste and increased use of recycled-content materials, particularly in offices. The Environment unit worked to establish paper recycling within various StateRail facilities. A mobile phone recycling system was established in the final quarter of the year to recycle

mobile phones, batteries and other mobile phone accessories from across the organisation.

This financial year, StateRail has sustained a high level of recycled-paper purchasing, whereby over 85% of white A4 office paper purchased contains 50% or more recycled-content. The EPA featured StateRail's Green Office Program in their booklet of WRAPP best-practice case studies.

NSW Government Energy Management Policy

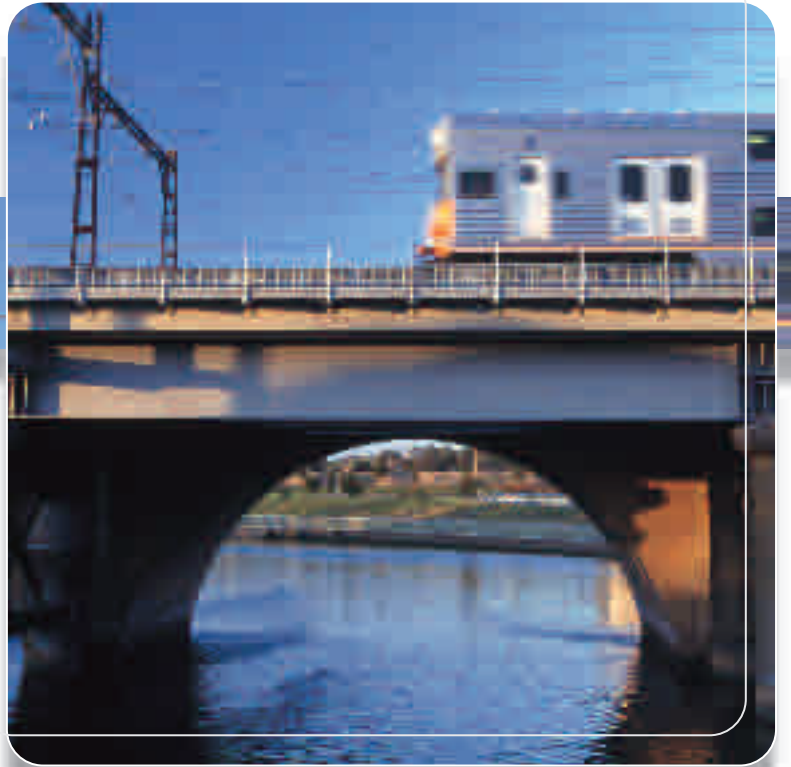
StateRail continues to implement the NSW Government's Energy Management Policy (GEMP). Energy audits in 2001–02 identified a range of energy efficiency opportunities in StateRail's offices, stations and maintenance depots. On the basis of these audits, an energy efficiency upgrade of StateRail's Lee Street head office building is currently being progressed. The upgrade is expected to see an estimated reduction in greenhouse gas emissions of 325 tonnes per year.

In 2003, StateRail purchased 6% green energy in the non-bulk energy supply contract, which includes energy supply for a significant number of StateRail's buildings. The purchase of 6% green energy over the three years of the contract is equivalent to offsetting 4 230 tonnes of carbon dioxide emissions, or taking 930 cars off the road.

The latest available figure for StateRail's energy consumption is for the 2001–02 period and was reported, under the GEMP, to be 3.1 million gigajoules.



The Operations division is always working towards providing effective, efficient and timely train services to customers throughout New South Wales.



Operations

The Operations division is responsible for all train movements across the Sydney metropolitan area and country New South Wales. The principal operational sections within the division comprise: Train Crewing; Train Operations (Metropolitan), including Network Operations; Train Operations (Country); and Train Planning, including timetables, Special Train Notices (STNs) and trackwork.

The primary role of the division is to ensure the following:

- safe operation of all services.
- that a minimum of 92% of all peak AM and PM suburban train services run to within three minutes 59 seconds of the scheduled timetable.
- that a minimum of 92% of all AM and PM peak intercity train services run to within five minutes 59 seconds of the scheduled timetable.
- that all off-peak suburban rail services run to within five minutes 59 seconds of the scheduled timetable.
- the provision of effective and efficient train control across New South Wales in order to facilitate timely intra- and interstate passenger and freight train services.

StateRail achieved its target of 92% on-time running in the first six months of the year.

Strategies to achieve these aims include the quality preparation of timetables and application of the principles of quality management in addressing low performance on-time running (OTR) across the system. Further strategies include identifying options to increase capacity of the infrastructure.

Strategic Focus

The Operations division management team, through its performance contracts, is held accountable for achieving specified business targets as indicated above. A five year plan and targets for performance indicators, as specified in the *StateRail Corporate Plan 2002–2006*, have been developed and are used to monitor the division's performance on an ongoing basis. The five year plan will also provide a basis for an ongoing review process.

On-time Running (OTR)

In the first six months of 2002–03 StateRail exceeded its OTR target in achieving 92.3%. Following the Waterfall accident in January and unseasonably bad weather during May, StateRail's OTR performance has been lower than expected. The final OTR figure for 2002–03 was 90%. When adjusted for force majeure, the final figure was 90.9%.

The Year in Review

Peak Service Provision

Peak Service Provision is the total number of train services scheduled per day, as per the timetable, less the number of services that did not complete their journey. This is expressed as a percentage.

The Peak Service Provision for 2002–03 was 99.3%, against a target of 99%. When adjusted for force majeure, the final figure was 99.4%.

Skip Stops

StateRail's Community Service Obligation (CSO) limit for daily skip stop services is 1% of all services scheduled to run. StateRail has a self-imposed limit of 40 skip stops daily, which represents 0.7% of the total daily scheduled stops.

The result for 2002–03 was 40.9 daily skip stops, which equals 0.7%.

Special Events

The division has again successfully delivered timetabled services that catered for special events such as New Year's Eve and Australia Day. This continued with the delivery of many large-scale 'one-off' special events held at Olympic Park. Events such as State of Origin, NRL Grand Final and the Bledisloe Cup have tested CityRail's ability to move significant numbers of people over a short time to and from the venue (more than 40 000 people per hour at the completion of games).

CityRail again helped to deliver another successful Royal Easter Show, by providing a timely and efficient rail service to and from the Olympic Park site. CityRail carefully monitored patronage levels and made adjustments to divert additional trains via the Olympic loop to cater for excess demand when needed.

The Operations division undertook a lead role in all trackwork and major closedown programs during the year.

The success of these operations was a result of the continued careful planning that took place many months prior to each event, and based on the experience gained in previous years. The train services that were provided not only catered for the overall event itself, but also met with expected peak demand periods during the staging of each event.

Further to this, the Operations division staff are aware that a primary measure of their work performance in customer service is the sustained delivery of a high level of train service reliability. As a result, train services are continually monitored so that causes of delays can be clearly identified for remedial action. A group of operational specialists and other key personnel meet daily to discuss OTR performance and to develop and put in place strategies to improve overall train running.

Major Closedowns

The CBD closedown in October 2002 was the third in a program of major upgrading works between Central and the CBD, which enabled:

- The replacement of overhead wiring structures that had been in place for 75 years, and subsequent replacement of overhead wiring.
- Various other upgrading works to infrastructure around the CBD and North Shore Lines that could not be carried out without a closedown.
- Construction of the Airport Line/ Central Turnback facility.

The Operations division undertook a lead role in all trackwork and major closedown programs during the year. It provided a framework for altered train running, including special timetables for the movement of customers around affected areas and the movement of works trains and equipment into and out of worksite areas. During 2002–03, major closedown programs included Sydney's CBD, the Bankstown and North Shore Lines and major works between Blacktown and St Marys.

The works at these locations involved the total closure of the rail corridor to facilitate the upgrade of infrastructure, including new sleepers and rail track, signalling enhancements, renewal of overhead wiring, new overhead wire stanchions, track stabilisation and drainage works, vegetation clearance and the removal of rubbish and graffiti.

RIC opened a new signal box at Sydenham, which brought with it greatly improved facilities for the day-to-day running of the train plan.

CityRail Bus Operations During Planned Trackwork

	Number of operations
July 02	30
August 02	24
September 02	36
October 02	31
November 02	40
December 02	15
January 03	12
February 03	27
March 03	18
April 03	20
May 03	28
June 03	27
Total	308

Rail Management Centre

The Rail Management Centre (RMC) began operation on 15 December 2002. The purpose of the Centre is to amalgamate a number of previously separate train control groups into a single geographical location. Specifically these are:

- Train Control
- Mechanical Control (Defects)
- Security Control
- Passenger Information
- Stations Operations Coordinator
- Electric Train Running
(Train Crewing Coordinator)
- RIC Coordinator.

The RMC aims to facilitate smooth passenger management, which will achieve StateRail's primary objectives of safety, reliability, cleanliness and customer service.



The Year in Review

The installation of CCTV cameras across the CityRail network is fundamental to the achievement of delivering secure services, one of StateRail's corporate goals.



Station Operations

The Station Operations division is responsible for the management and operation of StateRail's stations. Its key objectives are to deliver quality customer service through the provision of safe and well-presented stations, accurate and timely information to passengers and by ensuring ease of ticket purchasing. Other key activities include planning and supply of buses to replace trains during track maintenance and closedowns; assisting with the implementation of measures to reduce fare evasion; management of the CountryLink Sales and Reservations network; management of the automatic ticketing system; and development of policy in areas such as fares and ticketing.

Factors Affecting Operations

The bushfires which affected the Blue Mountains, Central Coast, East Hills, Illawarra/South Coast Lines and others in December 2002 and January 2003 severely impacted on both CityRail and CountryLink operations. They are estimated to have cost \$276 000 in lost revenue (CityRail \$167 000 and CountryLink \$109 000). Additional costs for replacement bus and coach services and other associated costs, such as staff overtime and additional facilities provided for passengers, totalled \$35 000.

Three hundred extra CCTV cameras were installed during the year, bringing the total to 6 011 across 302 stations.

CountryLink revenue was also badly affected during the year both by the effects of the drought and the drop in inbound tourism as a result of world events.

Lower than expected patronage on New Year's Eve and Australia Day, mainly due to perceived terrorist threats, resulted in a reduction of \$362 000 in revenue compared with the budget.

The major challenges confronting Station Operations included improving information provision to customers, particularly during service disruptions, increasing customer perceptions of safety and further reducing fare evasion. Improvements to the CountryLink Sales and Reservations system included a reduction in average call waiting time and the lost-calls rate, as well as modification of the on-line booking process, which has resulted in an increase in email booking enquiries.

In conjunction with Transit Officers, a major eleven-day operation was undertaken on the Newcastle & Central Coast and Hunter Lines in April 2003 as part of the strategy to reduce fare evasion. Planning began to extend this successful operation to other lines on the network.

The division participated in the preparation for Integrated Ticketing, which will utilise Smartcards for fare payments across all public transport modes in Sydney. As part of the annual review of fares the division participated in preparing the submission to the Independent Pricing and Regulatory Tribunal.

Systems and Development

The new StateRail Asset Maintenance System (SAMS) was introduced on 1 January 2003. It provides an automated process for the lodgement, allocation, management, sign-off and recording of Station Maintenance Requests relating to building maintenance works. SAMS was developed in-house by Station Operations staff and is accessed via the StateRail intranet. Also incorporated is a Building Maintenance Register that is automatically updated every time work is performed.

In addition, a new system for the centralised electronic issue of information to ticket machines at stations was developed during the course of the year. This will enable updates on fares, ticket availability, new products and refunds to be sent to each station from a central location. It is anticipated that this system, which will result in significant economies and gains in time, will begin operation at the start of the next financial year.

Smarter Procurement

During the year the Smarter Procurement Project Team took over work originally initiated by Station Operations regarding the supply of low-voltage non-bulk electricity to stations and associated areas. A new contract was introduced after investigation showed that ongoing savings of more than \$500 000 each year could be realised through the consolidation of the supplies into one contract, with electronic billing.

Safety and Security

Work continued on the installation of Help Points. Work on the only stations yet to be equipped, Olympic Park and Metford, was completed by the end of July 2003.

*During the year
87 major upgrading
projects were completed
at various stations.*

The addition of a central Long Line Public Address (LLPA) console in the RMC, introduced in June 2003, allows communication with the platforms or concourses of the 218 stations that are

equipped with LLPA. The RMC can now make announcements to customers should the need arise. Funding has been approved to complete the LLPA network, with installation at the remaining 84 stations to be carried out during 2003–04.

By the end of the year, 31 stations were equipped with Station Passenger Information (SPI) systems, via a combination of plasma screens or LED indicators on platforms and concourses.

Three hundred extra closed-circuit television cameras were installed during the year, bringing the total to 6 011 across 302 stations, all monitored and controlled from 18 closed-circuit television Control Centres.



The Year in Review

Occupational Health and Safety

A total of 5 500 Plant Risk Assessments and 302 Safe Work Method Statements (SWMS) were developed and implemented during the year by StateRail staff.

This completed the program with the exception of lifts and escalators, which is expected to finish in September 2003.

Station Operations divisional Lost Time Injury Frequency Rate dropped to the target of a monthly average of 20.3 from 22.6 the previous year. The average duration rate also dropped to 7.9 days from 8.9 the previous year, compared with a target of 8.0. The drop in numbers is attributable to measures such as the successful development and implementation of Safe Work Method Statements, development of plant

risk assessment teams and the implementation of the injury hotline management system.

Compensation claims dropped to 248 from 405 the previous year, a reduction of 39%.

Bussing

The Alternative Transport unit has continued to provide replacement bus services during track closures. During the year there were 308 trackwork operations that required the use of buses, 72 of which cost more than \$100 000 each. The total cost of operations for the year was \$25 628 480. These figures exclude the costs of emergency bus operations,

which are arranged at short notice to cover incidents such as breakdowns or other disruptions.

Easy Access and Major Station Upgrades

A further 14 stations were upgraded to Easy Access standard during the course of the year, bringing the total to 65.

During the year 87 major upgrading projects were completed at various stations. These included, three platform upgrades, two car park upgrades, nine station amenity upgrades, 32 signage upgrades, 29 platform gap reductions, five station canopy upgrades and four other upgrades (storeroom, control room).

A further 15 stations were upgraded to the Easy Access standard during the course of the year, bringing the total to 65. Areas of improvement included station amenities, platform and platform gaps, and signage.





CountryLink operates long-distance passenger rail services across NSW and beyond, carrying 2.1 million passengers in 2002–03.

Rural Services

In 2002–03 CountryLink carried 1.585 million customers on rail services and 548 000 customers on its rural coach services, representing a decrease of 5.6% in passenger numbers compared to 2001–02. Various factors contributed to the decline in patronage including aggressive competition on interstate routes from air and coach operators, a continuing downturn in the domestic and international travel industry and the closure of the southern rail corridor at Menangle during April 2003. These factors primarily affected loadings in off-peak times, with demand remaining strong near school vacations and major holidays.

Load factors (the percentage of seat kilometres provided compared to seat kilometres occupied) has remained steady at 56.2%.

The Rural Services division of StateRail was formally established in July 2002 to provide a dedicated management focus on CountryLink services.

During the year, 79.3% of CountryLink trains arrived at their destination within 10 minutes of their scheduled time, exceeding the overall on-time running target for the year of 78%. Key factors impacting on service punctuality throughout the year included bushfires in November and December 2002 that reduced the punctuality for these months to 63% and 67% respectively.

Complaints from customers regarding CountryLink services totalled 2 343, a 53.6% reduction from 2001–02.

Management and Activities

The Rural Services division of StateRail was formally established in July 2002 to provide a dedicated management focus on CountryLink services. The division operates as a portfolio manager with the day-to-day operating responsibilities falling to the Operations, Stations Operations, Passenger Fleet Maintenance and Communications & Marketing divisions.

A key objective of Rural Services has been to enhance the value to customers of the CountryLink brand through sustainable business improvements that will result in an improved financial performance.

The Year in Review

The CountryLink Performance Improvement Program, introduced in August 2002, consists of a range of projects designed to address specific areas, including Customer Relations, Marketing and Operation planning, Passenger and Staff Safety and Security and Commercial Agreements.

A key objective of Rural Services has been to enhance the value to customers of the CountryLink brand.

Completed Projects

The CountryLink Marketing and Operations planning function coordinates the planning of service demand with service delivery within Sales, Marketing, Operations and Maintenance. This mechanism has resulted in improvements in the alignment of product capacity with demand and the availability of trackwork information to service schedulers.

Customer information has been improved through the delivery of updated seat pocket cards, including revised passenger safety and evacuation instructions and revised ticket wallets. Work began on developing www.countrylink.info to enhance customer service and to bring the level of information in line with that currently available on the CityRail website.

The implementation of a new luggage policy improved customer understanding of luggage entitlements and luggage handling procedures, and resulted in enhanced staff and passenger safety. In revenue terms, a saving in labour costs of \$38 000 has already been achieved in the April to June 2002 quarter. The projected annual saving in labour costs is \$292 000.

New livery was designed for CountryLink rail and coach vehicles, including on-board signage and collateral materials, helping to establish the CountryLink brand as a fresh product family that includes both rail and coach services.

Achievements of Continuing Projects

Service disruption communication protocols have been developed, ensuring consistency with the equivalent CityRail protocols. Procedures have been approved and circulated to all relevant staff. Draft incident management procedures have been prepared and a trans-shipping plan has been developed to deal with service failures. Timetable changes have been made to better reflect service running times, resulting in improved on-time running performance. These procedures and protocols are already delivering improved passenger satisfaction and improved incident responsiveness.

A new process has been developed for integrating trackwork planning with CountryLink service planning. A process for delivering timely and relevant on-board announcements for unplanned delays is in place. A more formal planning regime has resulted in improved protection of CountryLink services from planned infrastructure delays. A collateral benefit of this has been an improvement in the on-time running performance of all services sharing rural train paths with CountryLink.

CountryLink Passenger kms (millions) 1999–2003

	Train	Coach
1999–2000	77	6.8
2000–01	67.4	6.2
2001–02	70.7	6.3
2002–03	65.8	6.4

CountryLink Seat Utilisation by Line

	1999–2000	2000–01	2001–02	2002–03
North	67.8%	56.9%	61.3%	61.6%
North-west	54.9%	51.5%	59.0%	58.0%
West	35.2%	37.7%	40.6%	38.5%
South	65.0%	52.2%	55.5%	55.9%
Total	61.9%	52.3%	56.5%	56.2%

Brand Analysis

In order to increase understanding of the perception of the CountryLink brand, a detailed brand analysis was performed. Areas covered include brand market awareness, current attitudes to CountryLink and an analysis of the ongoing brand value. As part of this assessment, further analysis of the brand proposition and the actual value delivered is currently being undertaken.

The research showed that over 75% of customers consider CountryLink to be better than other forms of transport, while 78% rate their level of satisfaction with the service provided by CountryLink at eight or more out of ten.

Analysis of the survey results has provided Rural Services with recommendations that will capitalise on improvements to the key drivers of customer satisfaction. These include staff behaviour, on-board announcements and comfort levels, and are areas in which CountryLink scores highly on the current survey.

Research showed that over 75% of customers consider CountryLink to be better than other forms of transport.

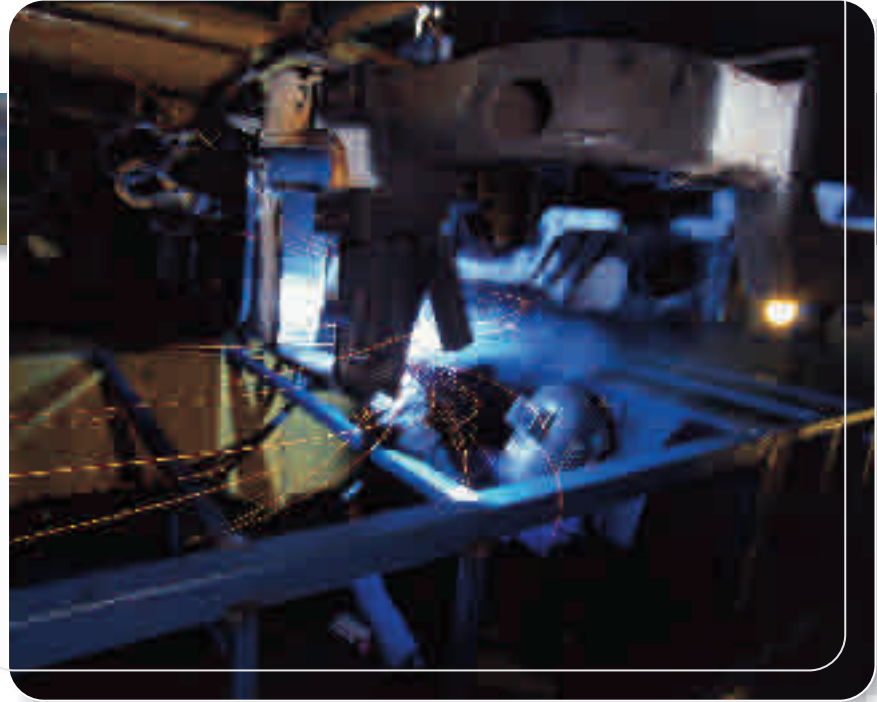
The research also indicated potential areas for improvement, such as the on-board catering that will allow CountryLink to improve the service provided as well as increase revenue. Initiatives already under way include a \$10 meal deal that has been promoted on the back of the new CountryLink Holidays ticket wallet. This has resulted in a quarterly revenue from meal sales of \$83 090, representing an improvement of 160% on meal sales from the previous period.

Commercial Agreements

A standard contract template has been prepared to provide consistency in contractual terms and conditions for future contracts between Rural Services and product and service providers. Negotiations are proceeding with the relevant rail organisations in Queensland and Victoria, ensuring that any existing rights of Rural Services are maintained until new agreements are reached. An Interim Access Agreement is now in place with Spencer Street Station Authority in Melbourne.



Passenger Fleet Maintenance facilitates the repair, maintenance, and cleaning of the passenger fleet through the six maintenance centres located across the network.



Passenger Fleet Maintenance

StateRail's Passenger Fleet Maintenance (PFM) division manages the repair, maintenance and cleaning of the CityRail and CountryLink passenger fleet. It is also responsible for StateRail's Rail Recovery unit, which attends derailments, collisions and breakdowns.

The services provided by PFM are delivered via maintenance centres and support groups. There are three Diesel Maintenance Centres – Sydenham, Eveleigh and Broadmeadow – that service, maintain, repair, clean and fuel CountryLink's diesel XPT and Xplorers, as well as CityRail's Endeavour fleet and 620/720 class Diesel Rail Carriages. The three Electric Fleet Maintenance Centres – Hornsby, Mortdale and Flemington – service, maintain and repair CityRail's Electric rollingstock

and are responsible for the internal and external cleaning of CityRail trains. Periodic heavy maintenance of CityRail's electric rollingstock is performed under contract at the MainTrain Centre, Auburn, by MainTrain.

Since January there has been a 75% improvement in Xplorer reliability and a 99% improvement in Endeavour reliability.

The StateRail Emergency group undertakes rail recovery within the greater metropolitan area. The Quality and Technical Support group provides technical advice on rollingstock, sets maintenance standards for the fleet, undertakes maintenance planning and scheduling, and provides research support in the monitoring of failure trends and rectification strategies.

Reliability

The key performance measure is kilometres per failure. The Electric fleet (excluding the Millennium train) exceeded the average target of 96 735 km per failure by 33 265 km in 2002–03. There are 1 454 electric cars in total. The Electric reliability results and targets for 2002–03 are listed below:

- Suburban double-decker cars: 113 300 km per failure against a target of 80 000 km
- Suburban Tangaras: 153 300 km per failure against 80 000 km
- Outer Suburban Tangaras: 157 600 km per failure against 115 000 km
- Intercity Cars: 129 800 km per failure against 170 000 km

The Diesel fleet, comprised of 142 cars, exceeded its target with the exception of Xplorers, which had some problems in the first half of the year. These problems, experienced by both Endeavours and Xplorers, were caused by shutdowns due to engine overheating and have been addressed with the implementation of the Xplorer/Endeavour Reliability Improvement program, including stricter maintenance controls. Since January 2003 there has been a 75% improvement in Xplorer reliability and a 99% improvement in Endeavour reliability. The Diesel reliability results and targets are listed below:

- XPTs: 312 283 km per failure against a target of 305 000 km
- Endeavours: 77 953 km per failure against 60 000 km
- Xplorers: 30 585 km per failure against 60 000 km

Age of Rollingstock (years)

	CityRail	CountryLink
0–5	4%	6.9%
6–10	12%	32.4%
11–15	21.2%	31.4%
16–20	17%	29.4%
21–25	23.9%	N/A
26–30	14.8%	N/A
31–35	3.1%	N/A
36–40	3.5%	N/A
41–45	0.5%	N/A



Availability

Electric Fleet:

- Suburbans: a daily average of 1 154 cars against a target of 1 112
- Intercity: a daily average of 211 cars against 210

Diesel Fleet:

- XPTs: a daily average of 85 cars against a target of 78
- Xplorers: a daily average of 85 cars against 70
- Endeavours: a daily average of 87 cars against 82

Presentation

A short-term presentation improvement program was undertaken in 2003 at a cost of \$6.7m. The purpose was to improve the cleanliness of the Electric fleet by reducing the number of cars overdue for daily cleans and also those due for major cleans, which are scheduled for every 30 days.

The number of overdue daily cleans was reduced from a monthly average of 56 cars in 2001–02 to eight cars in 2002–03, representing an 85% improvement. The yearly total for overdue major cleans was reduced from 1 980 cars in 2001–02 to 752 cars in 2002–03, an improvement of 62%.

Vandalism and graffiti cost \$11.6m in 2002–03 compared to \$7.7m in 2001–02, of which \$2.8m is due to increased activity by vandals and approximately \$1.1m in related labour costs. Security costs at stabling yards and maintenance centres to prevent attacks outside running hours total \$6.7m.

Lost Time Injury Frequency Rate

The Lost Time Injury Frequency Rate in 2002–03 was 48.5 against a target of 43.3. The figure was 48.1 in the previous reporting period. Action to address this issue has resulted in an improvement of 33% from May to June.

Vandalism and graffiti cost \$11.6m in 2002–03 compared to \$7.7m in 2001–02.

Safety

All depots have been trained in developing and implementing Safe Work Method Statements (SWMS). In total, 104 method statements have been developed during the year. There has been improved depot OHS committee activity during the year, including weekly and quarterly inspections in conjunction with depot-specific checklists.

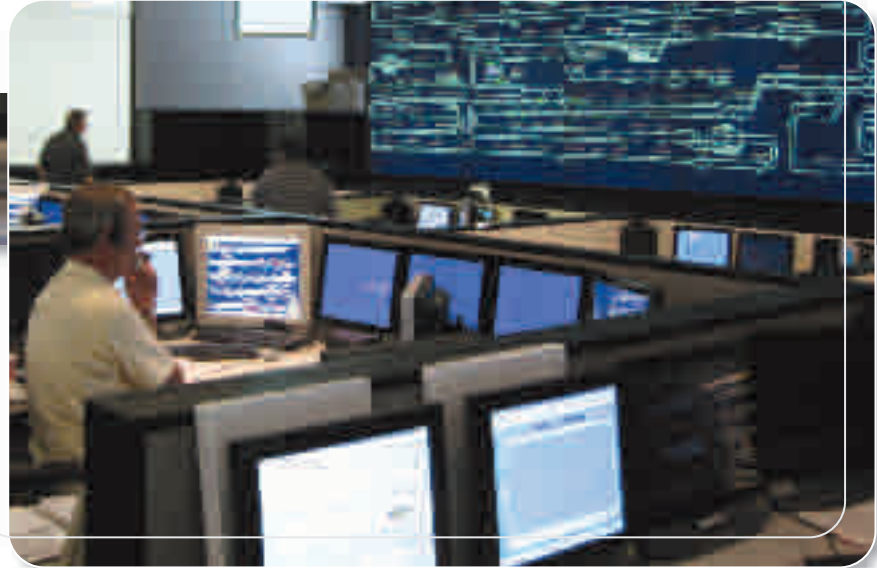
As part of recommendations arising from the Glenbrook Inquiry, data loggers have been installed in the motor cars of the Electric fleet. Testing and commissioning was completed by the end of June 2003, while maintenance staff training commenced in June. MetroNet radios have been installed in all Diesel motor cars and testing and commissioning has been completed as well as train crew training.

Staff Development

Passenger Fleet Maintenance has 81 apprentices training in the Electrical Trade, Fitting and Machining, and Vehicle and Building Trimming. Thirty apprentices were recruited in 2002–03. PFM has an ongoing Mentoring Program in place for apprentices.

Stage One of the Trades Re-classification was completed with the addressing of past grievances, including re-alignment of grades.

The Rail Management Centre facilitates smooth passenger management, helping StateRail to achieve its organisational goals



Capital Works & Development

Capital Works & Development's core business involves developing and communicating the vision of how the rail system is to look to meet service needs; identifying what capital investment is required to meet customer demand now and in the future; and managing the development and delivery of the capital works program. These functions are performed in conjunction with a number of other stakeholders and include strategic alignments with key transport agencies such as RIC and the Ministry of Transport. These relationships have provided opportunities for both long- and short-term commercial gains, such as joint ventures in relation to the procurement of major assets and implementation of agreements for the provision of rail access services.

A number of safety initiatives have been progressed during the year. These include the improvement of site safety procedures and practices, which was extended to include documentation of non-compliance for future reference. This documentation assists in minimising the risk to StateRail and all personnel associated with the worksite.

The Rail Management Centre enhances the daily operational management capability of the StateRail network.

Since 1 February 2003, the Deputy Chief Executive (Operations & Infrastructure) who leads Capital Works & Development has also been charged with overseeing the Waterfall accident investigation on behalf of StateRail. He has liaised closely with the Special Commission of Inquiry, particularly in relation to rollingstock issues. The rollingstock investigation has been extremely thorough and has been commended by the Commission for its robust approach.

Key Achievements

The 2002–03 financial year heralded some important milestones for StateRail, with the completion of several significant Rail Development and Capital Works projects. The principal elements in the program are ongoing funding of both additional and replacement rollingstock; commencement of rail infrastructure enhancements to improve service delivery, reliability and capacity; continuing the roll-out of the station Easy Access program; and the provision of 'real time' information to customers.

Capital Works Completed

Infrastructure

- The \$28.6m second stage of the Richmond branch line duplication between Marayong and Quakers Hill, which provides operational flexibility, improves reliability and service delivery.
- The \$10.2m Central turnback facility was completed ahead of schedule and under budget. This facility allows the continued operation of train services on the Airport Line when trackwork is being undertaken in the City underground.

Stations and Buildings

- The commissioning of the \$15m Rail Management Centre at Central in December 2002. The RMC improves operational management through the centralisation of various functions such as train control, network management and passenger information.
- The commissioning of two new train simulators for crew training, thus implementing a key Glenbrook Inquiry recommendation. In addition, the commissioning of the virtual reality centre provides a state-of-the-art training facility for customer service, station management and safety training. This facility is the only one of its kind in use for railway operations in Australia.
- The completion of Easy Access station upgrades including Beresfield, Thornton, Riverwood, Maitland, Beverly Hills, Fairfield, Campsie, Padstow, Marayong, Rockdale, Kiama, Holsworthy and Wollongong. In addition, a new interchange station was constructed at Oak Flats.
- Other station upgrade achievements include \$1.5m spent on the platform gap reduction program; \$1.8m on station canopy extensions, which provide shelter and contribute to service reliability through better crowd management on platforms; and \$700 000 on improving station signage.

Rollingstock

The first Millennium train went into revenue service on 1 July 2002. On 10 April 2003, the Coordinator General of Rail withdrew the fleet of four, eight-carriage trains from service following the identification of a number of technical difficulties that were impacting on the reliability of the CityRail network. None of these were safety issues.

On 2 June 2003, StateRail announced the progressive return of the Millennium train to revenue service to enable ongoing assessment of their performance. Delivery of the Millennium train cars in stage one of the contract continued through the year. As at 30 June 2003, 56 of the 81 cars in stage one have been accepted from the manufacturer, EDI Rail.

Rail Development

Future train planning was undertaken, such as the development of analysis and specification for future timetables, including for the proposed 2008 Parramatta Rail Link (PRL) timetable.

The CityRail Passenger Fleet Development Strategy was drafted to identify future train requirements, likely timing of delivery deployment, and set configuration, and concepts were developed for new rail infrastructure to meet increased demand and to address operational deficiencies.

The division also assisted with PRL station design works at Parramatta, Chatswood, Epping and Hornsby and the development of concepts for station upgrades at North Sydney, Town Hall, Burwood and Redfern. In conjunction with the Ministry of Transport, design concepts were finalised for a new station to serve students of UWS Penrith and TAFE Nepean, to be located between existing Kingswood and Werrington stations.

Support was given to the Ministry of Transport's investigation work into station design and operations for proposed new rail links for major growth areas, such as north-west from Epping to Mungerie Park.

Capital Works In Progress

Infrastructure

The Bondi Junction turnback, the completion of which is expected in mid 2005, will enable StateRail to turn back up to 20 trains per hour at Bondi Junction. This, in conjunction with the proposed duplication of the Cronulla branch line, is part of a total scheme to reduce the over-crowding currently being experienced on these lines. The estimated total project cost of the Bondi Junction turnback is \$54.5m.

StateRail is continuing the development and planning work for the Cronulla branch line duplication, which is estimated will cost \$106m. This project includes the provision of Easy Access at Kirrawee station. Construction is expected to commence in the 2005–06 financial year.

Stations and Buildings

StateRail is continuing to improve access to stations through its Easy Access program. During the 2003–04 financial year, the Easy Access works in progress at Miranda, Cabramatta, Granville, Guildford, Summer Hill, Kings Cross and Mt Druitt will be completed. In addition, five new locations have been funded in the 2003–04 capital budget: Gymea, Thirroul, Kingsgrove, Blaxland and Gordon.

Long Line Public Address systems will be installed at 84 stations in the Central Coast, Hunter Valley, South Coast and Southern Highlands regions. These will provide commuters with real-time information at these stations.

Work has begun on a program to install smoke curtains at ten underground stations at a total cost of \$2.2m. This safety initiative will continue into the 2003–04 financial year.

Rollingstock

Since the reintroduction of the Millennium train a comprehensive action plan was implemented to solve the technical issues that were identified. StateRail and the train's contractor, EDI Rail, is continuing to cooperate in a testing regime to better identify and address potential issues. It is expected that delivery of the 81 cars in stage one will be completed by late 2003.

In addition, StateRail has committed to and signed stage two of the Millennium train contract with EDI Rail for the supply of an additional 60 cars in stage two of the project. Delivery of the cars in this tranche is expected to be completed towards the end of 2004.

Over the 2002–03 financial year, StateRail awarded contracts for other rollingstock acquisitions, including:

- The award, in December 2002, of a contract to Hunter Valley-based United Goninan for the supply of 14 new Hunter Valley rail cars at an estimated total project cost of \$102m. Delivery is expected by late 2005.
- The award, in February 2003, of a further contract to United Goninan for the supply of 41 new Outer Suburban Electric cars at an estimated total project cost of \$171.5m. These cars will service the lower Blue Mountains, Central Coast, and Illawarra/South Coast regions. The first cars are expected in late 2005 with delivery of the total to be complete by late 2006.

Commercial Agreements

The Commercial group works closely with Corporate Counsel and other divisions (particularly Finance, Operations and Capital Works and Development) to develop new agreements between StateRail and other entities.

During the year the Commercial group was involved in negotiation and execution of a number of agreements, including a new CityRail Access Agreement with the RIC and a CityRail Community Services Agreement with the Ministry of Transport.

The CityRail Access Agreement acknowledges the mutually dependent roles that both StateRail and RIC have in delivering safe and reliable train services across the metropolitan area. The agreement also formalises the working principles and relationship that assist each entity in fulfilling its legislative obligations.

The Community Services Agreement negotiated with the Ministry of Transport forms the principal contract between government and StateRail and sets down the obligations StateRail is required to fulfil for the community. The Community Services Agreement also references appropriate sections of the CityRail Access Agreement to ensure an holistic rail approach in those important community-related agreements.

Rail Estate

Rail Estate contributes to StateRail business by managing surplus property sales and acquisitions and by conducting property management of non-operational investment-style holdings.

During 2002–03 Rail Estate upgraded and expanded a number of StateRail's retail outlets at station precincts, including Padstow, Rockdale and Campsie. In addition, Rail Estate, with Landcom as joint vendors, sold the Interciti site at Wolli Creek to Australand for \$54.4m, one of Sydney's largest development site sales during the year.

A key focus for Rail Estate was also the restoration and adaptation of major heritage station precincts and buildings. This work has included locations such as North Eveleigh and Werris Creek.

The restoration of Werris Creek precinct recognises the heritage value of the station buildings and will include a monument to NSW rail employees who died whilst in service, acknowledging their valuable contribution to the development of the railways in NSW.

Eveleigh North is a significant heritage precinct that is being redeveloped to allow commercial and residential opportunities to be undertaken in conjunction with community art and rail-related activities.



StateRail and the contractor of the Millennium train, EDI Rail, have implemented a comprehensive action plan to solve technical issues.



Environmental Projects

StateRail is one of the largest landholders in New South Wales. Due to industrial practices associated with railway operations over the past 100 years, some of this land may be contaminated to varying degrees. Land contamination presents a significant risk and liability to StateRail's current and future operations.

To minimise environmental risk within StateRail's property management portfolio and to ensure due diligence within the framework of relevant environmental legislation, a program is underway to actively identify, investigate and remediate contaminated land.

The Environmental Projects unit (EPU) is part of StateRail's Capital Works and Development division. The EPU provides project directorship and management of the contaminated land management program. The major function of the EPU is to assist the property management division of StateRail with land divestment and acquisition, by ensuring that land transactions are not created, renewed, or terminated without giving proper consideration to the environmental status of the land.

The unit works closely with the NSW Environment Protection Authority and other government departments to ensure that StateRail land is being managed in an environmentally acceptable manner.

During the year approximately \$1.7m was spent on contaminated land projects, including desktop studies, remedial works and in particular, environmental investigations which were undertaken at over 100 separate sites in both urban and rural areas of the state. These ranged from larger investigation and remediation programs, such as the 2.3 hectare Eveleigh Gasworks site, to smaller projects at residential-sized properties. The EPU has recently commenced environmental investigations at an additional 40 properties at various locations across the state.

The expansion of the Easy Access program will enable StateRail to provide improved facilities and services to our passengers, as part of our ongoing commitment to customer service.



Improving Access

CityRail is in the process of implementing a program to enable 'Easy Access' at many stations throughout the network. Features vary from station to station, but they generally include installations of lifts or ramps and a range of related station improvements.

Stations

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

- \$38m invested in the ongoing Easy Access program during 2002–03 to improve station accessibility:
 - 14 stations completed
 - access upgrade works in progress at additional seven stations during 2003
 - trial installation of three stairway lifts for platform access and interchange at Clyde station
 - 72 CityRail stations (23.5%) are now wheelchair accessible

- \$986 000 invested to provide portable boarding ramps throughout the CityRail network:

- completed design, testing and manufacture of a safer, more functional ramp
- progressive installation to ensure availability at all operational platforms (85% complete)
- ramps carried on board Endeavours to Southern Highlands/South Coast and all Hunter and CountryLink services

- \$1.5m invested in a progressive platform – train gap reduction program has delivered safer boarding for passengers with mobility restrictions at 20 stations (29 platforms).
- Installation of warning tactile tiles on the edge of 15 station platforms.
- Accessible emergency help points installed at all stations (100% complete).

- High-intensity lighting maintained at all stations, bus-rail interchanges and approximately 90 car parks.

- 93% of CountryLink stations are wheelchair accessible via level access or a ramp.

Trains

100% of metropolitan and outer suburban CityRail services are wheelchair accessible with the deployment of boarding ramps. 48% of non-metropolitan CityRail services are wheelchair accessible. Initiatives to further improve the accessibility of the CityRail fleet included:

- Commissioning of new accessible Millennium train carriages for suburban service.
- Design review undertaken on successful tender proposal for new rail carriages:
 - 41 outer-suburban double-deck cars with accessible toilet for Central Coast and South Coast services

- 14 single-deck cars with accessible toilet to replace the 620/720 class Hunter Valley cars
- Commenced progressive program to colour contrast (yellow) door edges (12.5% complete) and the outside of door surfaces in the suburban fleet (2.6% complete).
- Feasibility and design options explored for access upgrade of intercity fleet.

- Commenced review of accessibility requirements/provision within StateRail’s Emergency Transport Policy.

StateRail continues to consult with peak disability organisations and independent access consultants to maximise the accessibility of all new rail cars. Access features on new cars include designated wheelchair space and priority seating; flexible access options for the elderly and passengers with disabilities, small children and luggage; audio and visual internal destination information; highly

visible safety features (e.g. hand/grabrails) and accessible help points for wheelchair boarding and emergencies.

CountryLink rail services have also allocated wheelchair space and priority seating for passengers with disabilities, as well as carrying boarding ramps. Direct assistance is provided to services/facilities where wheelchair access is limited. Ticketing guidelines and policies for passengers with disabilities are periodically reviewed to maximise access on existing CountryLink services.

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

All CountryLink rural coach services are now wheelchair accessible with 48 hours notice prior to travel.

Communication

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

- Four websites provide information about StateRail services and facilities:
 - www.cityrail.info
 - www.countrylink.info
 - www.staterail.info
 - www.131500.com.au
- CityRail website was upgraded for navigability and user-friendliness in 2002.
- Transport Infoline 131 500 includes:
 - rail service information
 - Teletypewriter (TTY) facility



The Year in Review

- Research commenced to publish third (updated) edition of 'Accessing CityRail' brochure.
- CountryLink's brochure 'Travelling Made Easy' available from CountryLink Customer Relations (02 9379 4850).
- Information on altered service/trackwork is communicated at least two days prior to the service change via:
 - Transport Infoline website (www.131500.com.au) and call centre (131 500)
 - CityRail website (www.cityrail.info)
 - station posters and announcements
 - free weekly subscription email advice
 - major promotions when required

Passenger destination information is progressively being upgraded on CityRail stations:

- 81.4% of CityRail booking offices have hearing induction loops.
- \$30.3m invested in 2002–03 to improve destination information on CityRail stations:
 - installation of public address/long-line digitised voice announcement (DVA) systems at 21 stations on the Blue Mountains Line (72% network complete)
 - 10.3% stations have electronic, real-time visual destination information displays
- \$700 000 invested to upgrade wayfinding signage (19.3% complete).
- All new stations and trains designed to have accessible passenger information in a range of formats.

Access to centralised complaint management is currently provided by phone, TTY, website and email:

- CityRail services – register service complaints/feedback via:
 - phone (131 500)
 - websites: www.131500.com.au or www.cityrail.info (via 'contacts' pathway)
- CityRail website: www.cityrail.info to register feedback electronically on website accessibility.
- CountryLink service complaints registered via:
 - phone CountryLink Customer Relations Unit (02 9379 4850)
 - transport website: www.transport.nsw.gov.au
 - email: customers@countrylink.nsw.gov.au
- Teletypewriter (TTY) service – register complaints/feedback on both CityRail and CountryLink services (1800 637 500).
- Track maintenance/environmental feedback via 24 hour RIC phone hotline (1300 656 999).



Employment/Training

- 1.6% of total StateRail staff are disabled.
- 35% of disabled staff require work-related adjustment.
- Reasonable adjustment and specialised equipment used as required.
- StateRail participated in NSW Government Traineeship Program for People with a Disability.

Community Relations

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

- The design development of two new stations on the Parramatta Rail Link.
- Mt Druitt rail-bus interchange.
- Clyde stair lift design, operation and wayfinding.
- Hearing augmentation on Millennium train.
- New car designs for Hunter and outer-suburban cars.
- Retrofit of the intercity fleet.
- Forum on key industry issues with Deafness Forum.

Disability Action Plan

- Transport Portfolio Action Plan 2002–03 includes integrated planning of key public transport agencies including StateRail:
 - completed December 2002
 - lodged with Department of Ageing, Disability and Home Care
 - released as a public document
 - StateRail website link to Action Plan on Transport NSW website



IT&T division develops, acquires and operates the business systems and solutions which assist StateRail in the delivery of most aspects of our business.

Information Technology & Telecommunications (IT&T)

The core function of StateRail's IT&T division is to provide business strategies and solutions that assist StateRail to meet and improve upon its corporate KPIs (Key Performance Indicators), and to support these solutions with sound, cost-effective and secure technological infrastructure.

Business Relationships

The Business Relationships unit is responsible for managing inter-divisional relationships pertaining to issues and projects within the scope of IT&T, acting as a conduit between those divisions and individual IT&T business units. Much of the year's focus for the unit was on enhancing electric rollingstock maintenance software to incorporate the requirements of the Millennium train, and compiling and presenting proposals for improvements to the quality of information to the travelling customer through an enhanced

Station Passenger Information (SPI) system. Additionally, the unit developed and presented an analysis of options for a replacement Enterprise Resource Planning (ERP) system. The ERP White Paper was completed in February 2003.

Strategy

The Strategy unit manages the IT&T strategic planning process, advises on records and information management, and oversees IT&T security and the measures necessary to protect StateRail information and technology assets. This year the unit facilitated the formulation of a new three-year IT&T Strategic Plan and agreed to a framework for IT&T architecture and policy development.

In order to assess StateRail's information security controls, an independent Penetration Test was performed. While the results were satisfactory, measures were implemented to further tighten security.

The unit also implemented StateRail's new Records Management thesaurus, which provides a standardised methodology for record-keeping that is compliant with relevant NSW government standards.

Program Delivery

The Program Delivery unit manages the IT&T capital investment program, and following this project manages the delivery of all major IT&T projects.

This year Program Delivery was involved in the implementation of OpCrew – an automated crew scheduling and rostering system for drivers and guards.

The Digital Voice Announcement system enables centralised announcement capability to 218 CityRail stations.

Program Delivery also oversaw the Train Visibility System (TVS) project that tracks train movements in the Lapstone to Mt Victoria area, and displays information on train location, identification and movement to related signal boxes, station staff, and those in the Rail Management Centre.

The Year in Review

The unit also participated in the upgrade and improvement of Station Passenger Information (SPI), which included installation of visual displays at 15 stations and the implementation of the Digital Voice Announcement (DVA) system, which enables centralised announcement capability to 218 CityRail stations.

Telecommunications

The Telecommunications unit is responsible for the strategic planning of radio, telephone and data communications for StateRail.

This year, the unit completed a full survey of train control radio coverage of the entire metropolitan track area and is working with RIC to seek solutions for several areas of poor coverage.

Another highlight for the unit was the preparation and enactment of a strategy to effect strong savings and improve management of land-based mobile phones. The strategy saw the combination of mobile phone fleets between StateRail and RIC, then utilising the resultant increased purchasing power to obtain a more competitive contract from a single-source supplier. On an annual StateRail spend of approximately \$2.8m on mobile telephony, an ongoing saving of \$946 000 per annum is expected to be saved through the arrangement.

Service Delivery

The key responsibility and function of the Service Delivery unit is to deliver information technology services that cost-effectively meet IT&T customer needs. This year, the unit commissioned a new computer Disaster Recovery Centre (DRC) to provide a 'hot standby' facility from which StateRail could re-establish its key operational systems in the event that the primary IT infrastructure is damaged or becomes disabled. This was undertaken as part of the Disaster Recovery and Business Continuity plans which were developed by the unit as a contingency to support continuity of critical business functions in a disaster scenario.

The team also developed and implemented IT&T Key Performance Indicators (KPIs) for division operations reporting against service delivery performance (logged work requests, helpdesk activities etc.) as well as Work Requests (WRs) by Key Product Categories, WRs Resolved by Skill Group, Operational Budget and Capital Budget. Additionally, the unit conducted a replacement program for 45 'life-expired' servers.

Service Delivery was responsible for improving hardware and systems availability from 98.2% to an average of 99.6% for the year. The unit revised lease agreements for monitoring software, generating a saving of \$241 000 over three years, and established a new lease agreement for PC Equipment, with a total cost of \$11.3m over four years.





On 24 November 2002, the Minister for Transport Services issued StateRail's first 98 Transit Officers with their certificates and badges, earned after three months of intensive training. Since then, the number of Transit Officers has risen to over 190.

Human Resources

The year saw StateRail's Human Resource (HR) division continue to lead, develop and manage specialist HR functions. These included Training & Development, Industrial Relations, HR Policy & Equity, Change Management, Workforce Planning and Performance Reporting, Job Evaluation and HR Systems Development.

A number of initiatives designed to streamline business processes and the enhancement of training and staff development were the major focus, as well as the development and implementation of structural changes as detailed in the *One StateRail Delivery Plan*. The continued development of human resource strategies covering key areas such as equity, Aboriginal employment and the employment of staff with a disability was a priority.

Training & Development

- A total of 89 new courses were conducted, of which 52 were pilot courses, five were developed for RIC employees, 29 were safety focused, two addressed Millennium train crew procedures and one was a new on-line course in 'Emergency Preparedness'.

Three hundred Transit Officers were recruited and trained.

- In total 8 503 staff attended training, with 48 995 training sessions being conducted.
- StateRail was shortlisted for the third time for Employer of the Year Awards by the Department of Education and Training in the Annual National Training Awards.

- This year saw full integration of Reality Centre scenarios into all initial and continuation training.

Three hundred Transit Officers were recruited and trained in a program that was custom-designed to meet the needs of StateRail's customers and the corporate goals of the organisation. The innovative program forged new partnerships with other industry areas and registered training organisations.

During 2002 the new Eveleigh Crew Training Centre opened. Currently both Millennium train and Train Management System training are being delivered at the new centre. To date, 260 drivers and guards have completed the initial two-day Millennium train course and more than 2 000 drivers and guards have completed Train Management System Training (part one).

The Year in Review

The year also saw the establishment of competency-based training for signallers, duty managers, cleaners and train planners.

The establishment of the role of principal drivers in StateRail was a recommendation arising from the Glenbrook Commission of Inquiry. The role has been designed to provide quality assurance support, training and assessment and leadership to driver trainers, trainee drivers and to operations inspectors. StateRail has provision for the appointment of 24 principal drivers throughout the Electric Train Running (ETR), intercity and CountryLink depot locations.

The establishment of the Operations Training Standards unit has been a critical development in supporting the management of safety business standards and supporting new staff in continuous competency acquisition and consolidation on the job. Programs that are managed by the unit include the driver support program and refresher courses for both driver and guard trainers.

A Senior Education Officer was seconded from the Department of Education and Training (DET) to assist with the development of the StateRail Schools Program for teachers and students.

Staff and Management Development

Approximately 100 frontline supervisory staff, representing 90% of network operations superintendents and operations inspectors, completed the Leadership Development Program (LDP) and graduated in Certificate III in Business (Frontline Management).

A total of 38 duty managers in Station Operations completed Frontline Leadership Training, which has been established to focus on problem-solving, leadership and team management to improve service and communication to customers.

Other results of key programs saw the graduation in Certificate IV in Business (Frontline Management) of Graduates (intake 2002) as well as approximately 25 Operational managers, representing 90% of Station Area and Crew Area managers.

A high-level task-force has commenced addressing the issues of random drug testing in the workplace.

The year also saw the delivery of workshops in Project Management and Project OHS Safety Management for up to 100 Capital Works and Development division staff, representing 90% of staff at senior project manager and project officer level.

Safety Management Systems (SMS) Training

The successful integration of simulation technology into SMS training was highlighted during the three SMS training programs conducted over the last year. Training and Development also facilitated intensive training in the Stage 2 and 3 new RIC Network Rules and Procedures.

The driver training simulators have been upgraded to incorporate the use of the latest computer-generated imagery technology to support a wide range of flexible scenarios. This has enabled the training to simulate and contextualise situations that cannot be easily or safely addressed in the workplace.

HR Policy and Diversity

Following the major revision of HR policy the previous year, the focus in 2002–03 was on implementing and finetuning policies and developing performance indicators to evaluate their effectiveness. Clear performance indicators have been developed and implemented for the Absence Management Policy. Draft performance indicators for other policies are currently being developed. As industrially agreed, further review and negotiation was undertaken after the policies had been in place for six months, and all amendments have now been implemented.

New draft policies have been developed on Psychometric Testing, Workplace Surveillance, Overtime, Mutual Exchange of Position and Management of Pregnant Workers. These policies are currently being industrially negotiated separate to the above review.

A high-level taskforce, including representatives from all areas of transport, has commenced addressing the issues of random drug testing in the workplace as outlined in the revised *Rail Safety Act* assented to in November 2002.

An Absence Management project team was established in September 2002 to ensure that line managers are educated and confident in the efficient application of the Absence Management policy. Since the introduction of the project team, sick leave has shown a downward trend. For each month in the reporting period except September, October and November, the total average number of sick days taken has decreased compared to the corresponding month in the previous year. Additionally, year-to-date sick leave is 6.43% less than at the same time last year.

Average Sick Leave per Employee Comparison (days per month)

Month	2001–02	2002–03
July	1.23	0.95
August	0.97	0.91
September	0.84	0.88
October	0.74	0.80
November	0.93	0.96
December	0.82	0.80
January	0.91	0.87
February	0.79	0.75
March	0.87	0.83
April	0.85	0.78
May	1.03	0.87
June	1.21	1.13

The Staff Handbook has been revised and will be implemented early in the next financial year. This will ensure that new employees have immediate access to information relating to their conditions, entitlements, HR Policies and acceptable standards of behaviour.

Workplace Conduct

The Workplace Conduct unit is a specialist unit established to consistently manage the zero-tolerance policy for unprofessional behaviour across the organisation. The unit provides advice, undertakes investigations and monitors the management of grievances at the line. A database system has been established to record and monitor the progress of disciplinary matters and grievances.

Some disciplinary matters can be finalised following a preliminary investigation by the Workplace Conduct and Fraud Investigation units. If this is not possible, a disciplinary investigation report is forwarded to the Disciplinary Review Panel. This process ensures a consistency in outcome and penalties across all business units. The Code of Workplace Standards has been revised and will be implemented next year.

Central Recruitment and Redeployment Centre

The Centralised Recruitment and Redeployment Centre structure was formalised during the reporting period and all positions were filled as of 5 May 2003. The Redeployment function was added to the Centre to provide an effective system where the management of surplus staff is integrated into the recruitment and selection process.

Workforce Planning

The creation of the Workforce Planning unit was intended to centralise planning previously undertaken by each operational area, resulting in a more effective, coordinated approach. The unit has developed and implemented a corporate workforce plan to ensure operational workforce numbers are achieved and maintained in line with current strategies and budget constraints.

The unit has developed a workforce tool that produces a recruitment and training schedule to ensure StateRail has the required number of frontline staff to meet operational needs. Other factors incorporated in the model include forecast attrition rates, staff movements and corporate and operational initiatives over a seven year period.

The original Workforce Model was developed to monitor and manage train crew (drivers and guards) but has recently been expanded to incorporate all operational staff. Based on a three year trend analysis of staff absenteeism, the crew availability model was developed to allow operational managers to identify future shortfalls in staffing levels, and manipulate variables such as leave and training to ensure that the available number of crew meets operational requirements.

A workforce planning document has been developed which incorporates organisational strategic direction and the human resources strategies that have been, and are being, developed to support the organisational strategic plan, and also suggests strategies to address issues raised by this analysis.

Major Initiatives 2003–04

In 2003–04 Workforce Planning will continue to monitor, manage and report on workforce numbers in accordance with operational requirements, corporate initiatives and within operational budgets. In addition to this the Workforce Planning unit will develop a process to ensure the integrity of the workforce data is maintained into the future.

Industrial Relations Policies and Practices

Following extensive negotiations with Unions and approval by staff ballot, the StateRail Enterprise Bargaining Agreement 2002 was certified by the Australian Industrial Relations Commission in November. The Agreement covers all StateRail staff other than CityRail drivers and guards, who are covered by separate agreements. It is envisaged that the agreements will be re-aligned in the next round of enterprise bargaining.

Despite being involved in various industrial issues, adherence to the dispute settlement procedure ensured that time lost due to industrial disputation in 2002–03 was minimised. Only 19.5 working hours were lost by a total of five staff.

Throughout the year, the Communications and Marketing division produced and distributed posters, brochures and other promotional materials, as part of StateRail's continuing commitment to providing timely and accurate information.



Communications & Marketing

The Communications and Marketing division is responsible for the regular functions and special projects that communicate important information to internal and external stakeholders, develop business and promote the values embodied by the StateRail family of brands.

As a key driver of StateRail's focus on customers, the division's primary functions are to grow the CityRail and CountryLink businesses; develop products to better meet the needs of customers; create and facilitate communication between customers, the community and StateRail; and provide important and timely information for customers using the CityRail and CountryLink networks.

Communications and Marketing also works closely with other divisions to promote safety within the organisation and with contractors, as well as safe use of the rail network by customers.

Blue Mountains ExplorerLink ticket revenue showed an increase of 206% during the year.

The Marketing and Strategic Communications unit has been actively involved in projects aimed at increasing patronage, improving the quality of information and information channels to customers, increasing StateRail's understanding of its customers and strengthening the relationship between StateRail and the community.

Promotion

A major integrated communications campaign to attract new commuters to the CityRail network was launched in the second half of 2002. The campaign featured targeted advertising and direct marketing aimed at generating trial usage amongst commuters. Through a partnership with Australia Post, people moving into suburbs close to CityRail stations are sent a trial offer for CityRail, and over 1 000 new movers are taking advantage of this offer every month.

Business growth has also been achieved through targeting tourist and off-peak markets. Communications campaigns promoting DayTripper, Blue Mountains ExplorerLink and other tourist tickets, as well as new visitor information brochures published in seven major tourist languages, resulted in a significant increase in the sale of these tickets. DayTripper ticket revenue increased by 26%, and Blue Mountains ExplorerLink ticket revenue showed an increase of 206% during the year.

The division developed and promoted a number of CountryLink products during the year, including the 'Outback n' back' package and the suite of Backtracker Rail Passes. Additionally, changes to the bookings enquiry form on the CountryLink website improved the interface with prospective customers and a new livery was designed for CountryLink coaches and trains.

Communicating with Customers

A number of new initiatives were undertaken throughout the year to improve the delivery of information to customers. StateRail continued to develop the way it communicates CityRail trackwork and service disruption information to customers with the ongoing improvement of the trackwork email subscription service. Over the year, the subscription base for this service grew threefold.

Passenger Information

Other developments in electronic communications included the update of the library of digital voice announcements used on CityRail and CountryLink stations. Further, the Passenger Information unit made improvements in the quality and timeliness of communication to customers through its involvement in the newly launched Rail Management Centre.

A key focus throughout the year was the communication of service disruptions and travel arrangements for major trackwork projects and special events. Communications and Marketing, in cooperation with other StateRail divisions, began to formulate standard operational and communication procedures aimed at minimising disruption to passengers during trackwork on the CityRail and CountryLink networks.

Successful communications campaigns were conducted in 2002–03 for major trackwork projects on the City Circle, Bankstown and North Shore Lines as well as special events including New Year's Eve, the Royal Easter Show and State of Origin.

Transparency

Efforts to increase transparency and better inform customers using the CityRail website saw detailed information on the introduction of the Millennium train being published on www.cityrail.info ensuring StateRail's ongoing commitment to report on the delivery of this important project. Additionally, work began on a major project to publish significant performance data from across the organisation on the site.

The opening of the John Whitton Memorial Reserve in Leeton won an Australia Day award.

Community Relations

StateRail actively worked on improving its communication with non-English speaking background communities throughout the year. The Marketing and Strategic Communications unit produced essential information in seven community languages, which was then distributed on request through community groups and Adult Migrant English Program centres. Non-English speaking material was also developed for the CityRail website for the first time, and further translations of website content are planned.

The Community Relations unit coordinated and participated in a number of community events in 2002–03 and was instrumental in StateRail's involvement with the Rain Train appeal in December 2002 and support for the Westmead Children's Hospital Bandaged Bear Day, as well as strong organisational participation in events such as Walk Against Want and Clean Up Australia Day.

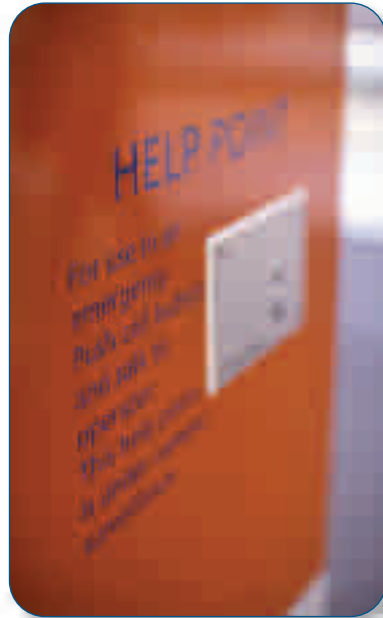
Another highlight for the year was the series of events celebrating the Year of the Outback in regional centres around New South Wales. One of these events, the opening of the John Whitton Memorial Reserve in Leeton, won an Australia Day award from the Leeton Shire Council Australia Day Committee. Other notable events during the year included the NAIDOC celebration at Liverpool Station and a number of Easy Access station launches.



Customer Feedback

Through Communications and Marketing, StateRail conducts a large amount of community consultation and customer research with a view to better understanding their needs and how best to meet their expectations. Extensive customer surveys were undertaken for the CityRail and CountryLink services, along with community consultation and issues management programs for significant capital works and environmental matters.

Customer complaint and compliment handling continued to improve during the year following the centralisation of StateRail customer feedback handling into the Customer Relations unit in July 2002. The establishment of a single complaints database has enabled better tracking and analysis of complaints data for the organisation, and response times to all forms of customer feedback have improved from an average seven days in 2001–02 to an average of three days.



Media

Communications and Marketing provided the focal point for external media enquiries through the Media unit, and advice for senior management and the Minister on public affairs issues. The Media Unit coordinated a range of media launches throughout the year.

Last year the Corporate Counsel division negotiated a landmark CityRail Access Agreement, which sets out the parameters for StateRail and RIC to work together to achieve a safe, reliable rail network in the metropolitan area.



Corporate Counsel

Corporate Counsel heads a team of specialist solicitors in the Corporate Counsel division that provide a range of commercial, employment, environmental, property, intellectual property and litigation services to StateRail. The division has dealt with a number of claims of discrimination and claims for remedies arising from disciplinary action against employees, including dismissal.

Legal advice and support was also provided to the Office of the Coordinator General of Rail relating to external applications for access to the Rail Corridor.

During the last financial year, Corporate Counsel negotiated a landmark CityRail Access Agreement with RIC which was signed in February 2003.

The Agreement sets out relationship principles agreed between StateRail and RIC which provide for mutually transparent and timely reporting, both financially and operationally. The CityRail Access Agreement sets out the framework for the agencies working together cooperatively to achieve a safe, reliable rail network in the metropolitan area.

The Rail Safety Act 2002 commenced operation in February 2003 and Corporate Counsel has been involved in the provision of advice and education to StateRail regarding the obligations under the legislation. The division continues to monitor legislative changes that affect StateRail, in particular the *Occupational Health and Safety Act* and *Transport Administration Act* and relevant regulations.

Corporate Counsel has been extensively involved in representing StateRail at the Special Commission of Inquiry into the Waterfall accident.

The division continues to provide input to StateRail's development of strategies to comply with Commonwealth and NSW disability legislation and environmental compliance.

Freedom of Information

The Freedom of Information and Privacy Officer ensures StateRail's compliance with all aspects of the *Freedom of Information Act 1989* (NSW) and the *Privacy and Personal Information and Protection Act 1998* (NSW), providing information to external clients and advising StateRail about compliance with legislative provisions.



Finance

StateRail's Finance division has responsibility for corporate financial and management accounting services, insurance and associated risk management activities, internal audit services and revenue and financial advisory services.

In 2002–03, the role of the insurance unit was extended to cover associated risk management activities. This will ensure an enhanced risk management approach to contractual, commercial and other business activities.

A Revenue and Financial Analysis unit was also established during the year. This unit will focus on revenue planning to ensure StateRail maximises its revenue and will also carry out financial analysis of major projects, particularly those involving complex financial arrangements. During the year, cross-border lease arrangements covering the first stage of the Millennium train were finalised.

The division also contributed to the completion of a new Access Agreement and a new CityRail Service Agreement. These agreements incorporate revised performance standards and management arrangements to more properly reflect the operational arrangements between StateRail, RIC and the Ministry of Transport.

During the year, the division worked closely with the Treasury and Audit Office in order to achieve a shortened deadline for the production of annual accounts so that the NSW Government accounts could be produced at an earlier date.

Financial Summary for 2002–03 Annual Report

StateRail's operating surplus for the year ended 30 June 2003 was \$80.8m, compared with \$1.8m the previous year.

The result included social program funding and other government contributions of \$1 427.3m, comprising:

- \$769.5m of social program funding (community service obligations) for concession fares, non commercial operations, and other pricing support; and
- \$657.8m of other contributions, including capital works (\$456.2m), major periodic maintenance (\$166.2m), staff redundancy payments (\$12.0m), and the servicing of old borrowings (\$11.7m).

Capital funds of \$52.4m were sourced from the net proceeds of sale of surplus StateRail properties.

Social program funding increased by \$135.4m (21.4%). Capital and other government contributions increased by \$94.5m (16.8%).

Passenger revenue declined by \$2.0m, being a decrease of \$5.4m in CountryLink offset by increase in CityRail of \$3.4m. CityRail revenue increased as a result of the 2% IPART fare rise from 1st July 2002, despite passenger journeys declining by 3.0 million journeys (1.1%) to 273.4 million.

The impact of the economic downturn experienced last year continued into 2002–03 impacting the first half-year results for CityRail, however in the second half of the year economic activity contributed to improved employment levels in the Sydney CBD and other commercial centres. CountryLink passenger journeys decreased by 100 000 journeys (4.6%) to 2.06 million.

Payroll costs increased by \$52.1m (10.3%) due to wage increases and increased staffing levels.

Employee benefits increased by \$59.4m (36.4%) largely due to revised superannuation liability as assessed by the Schemes' trustees.

Non-payroll expenses increased by \$33.8m or 2.9%. Significant changes included:

- A \$49.5m (or 12.6%) increase in contract and general expenses, due to increased activity at MainTrain and other rollingstock maintenance centres and a net increase in the public liability claims expense.

- A \$25.9m (or 6.7%) increase in rail access fees paid to RIC to fund increased track maintenance.
- A \$23.6m (or 70.4%) increase in assets written off, mainly due to the property sales program.
- A \$78.1m (or 51.6%) decrease in capital grants to other entities, due to fewer land purchases on behalf of Transport NSW for the Parramatta Rail Link project.

Significant asset and liability movements during the year were:

- A \$283.8m (or 5.7%) increase in property, plant and equipment, due to additional land and buildings and an increase in the work in progress.
- A net increase of \$129.6m (or 14.7%) in provisions due to the creation of the public liability claims provision and revised superannuation liability as assessed by the Schemes' trustees.
- A \$42.0m (or 22.0%) increase in the amount owed to creditors, due to an increase in capital works accruals and other creditors and accruals. Trade creditors are relatively unchanged.
- A \$74.3m (or 30.4%) decrease in investments due to a reduction in the amount of capital funding carried forward.

Financial Statements

State Rail Authority of New South Wales Financial Statements for 2002–03

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(Start of audited financial statements)

Statement of Financial Performance for the Year Ended 30 June 2003

	Note	2002–03 \$000	2001–02 \$000
Revenues			
Passenger services	2.2	516 893	518 882
Social program funding	2.2	769 472	634 083
Capital and other Government contributions	2.1	657 787	563 315
Ancillary services to other NSW rail entities	2.2	48 957	82 760
Rents		43 080	37 900
Asset disposals		78	1 050
Interest		3 605	2 437
Other (non operating)		59 524	37 144
Total revenues from ordinary activities		2 099 396	1 877 571
Expenses			
Payroll costs	3	555 689	503 571
Employee benefits	3.2, 3.3	222 489	163 065
Severance payments		4 595	3 290
Workers' compensation	11.5	22 537	26 393
Operating lease rentals (including rail access fees)	3.1	450 753	420 872
Contract and general expenses		443 671	394 176
Consultants		967	367
Depreciation		169 154	161 450
Assets written-off or sold		57 055	33 471
Borrowing costs	3.1	14 697	14 415
Other financing expenses	1.2	0	264
Audit fees	3.1	393	378
Board members' emoluments		263	226
Doubtful debts expense		3 004	2 374
Capital grants	1.13	73 289	151 411
Total expenses from ordinary activities		2 018 556	1 875 723
Net surplus from ordinary activities	13	80 840	1 848
Direct non-owner adjustments of equity			
Increase in Asset Revaluation Reserve	12	4 204	180
Derecognition, pursuant to UIG 50, of deferred gains and losses on rollingstock leases	1.2	39 334	0
Initial recognition of new Public Liability Claims Provision and receivables under AASB 1044	1.2	(23 515)	0
Initial recognition of new Litigated Claims Provision and receivables under AASB 1044	1.2	(3 400)	0
Total direct non-owner adjustments of equity		16 623	180
Total changes in equity other than those resulting from transactions with owners as owners		97 463	2 028

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position as at 30 June 2003

	Note	30.6.2003 \$000	30.6.2002 \$000
Current Assets			
Cash	4	7 397	11 191
Receivables	5	74 140	65 071
Investments	6	163 200	244 316
Inventories		1 739	1 737
Tax assets		6 970	8 570
Total current assets		253 446	330 885
Non-current assets			
Receivables	5	128 551	118 588
Investments	6	6 803	0
Property, plant and equipment	7	5 243 067	4 959 281
Other	8	4 520	3 041
Total non-current assets		5 382 941	5 080 910
Total assets		5 636 387	5 411 795
Current liabilities			
Borrowings	9	96 920	85 798
Creditors	10	232 817	190 860
Provisions	11	174 561	130 547
Tax liabilities		7 926	8 491
Total current liabilities		512 224	415 696
Non-current liabilities			
Borrowings	9	94 601	109 237
Provisions	11	839 833	754 213
Tax liabilities		3 824	2 972
Deferred revenue		0	41 235
Total non-current liabilities		938 258	907 657
Total liabilities		1 450 482	1 323 353
Net assets		4 185 905	4 088 442
Equity			
Reserves	12	2 733 767	2 774 456
Accumulated funds	13	1 452 138	1 313 986
Total equity		4 185 905	4 088 442

The accompanying notes form an integral part of these financial statements.



Financial Statements

Statement of Cash Flows for the Year Ended 30 June 2003

	Note	2002-03 \$000	2001-02 \$000
Operating Activities			
Cash received			
Receipts from customers and others		846 913	862 784
Social program receipts from government		769 472	634 083
Government contributions received		617 224	468 414
Funding for pre-1.7.1996 workers' compensation		13 868	21 446
Interest received		3 605	2 437
Total cash received		2 251 082	1 989 164
Cash used			
Payments to suppliers, employees and others		1 791 058	1 646 760
Payment of grants to RIC		54 189	88 789
Borrowing costs		14 289	13 968
Total cash used		1 859 536	1 749 517
Net cash from (used by) operating activities	4.1	391 546	239 647
Investing activities			
Cash received			
Plant and equipment disposals		78	1 050
Investments redeemed		254	0
Total cash received		332	1 050
Cash used			
Property, plant and equipment acquisitions		465 877	175 497
Investments made		9 530	14 886
Total cash used		475 407	190 383
Net cash from (used by) investing activities		(475 075)	(189 333)
Financing activities			
Cash used			
Borrowings repaid		3 854	1 716
Total cash used		3 854	1 716
Net cash from (used by) financing activities		(3 854)	(1 716)
Net increase (decrease) in cash held		(87 383)	48 598
Cash at the beginning of the year		239 477	190 879
Cash at the end of the year	4.2	152 094	239 477

The accompanying notes form an integral part of these financial statements.





Note 1 Summary of Accounting Policies

1.1 Bases of accounting

The financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group consensus views, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000*, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, most items of property, plant and equipment (and associated depreciation expenses) are measured at their current value, and the right to receive Airport Line stations, and certain provisions (and associated revenues and expenses) are measured at their present value. See notes 1.8, 1.11 and 1.17.

The accrual and going concern bases of accounting have been adopted in the preparation of the financial statements.

Despite current liabilities exceeding current assets at year end, StateRail's continued operation and ability to pay its debts are assured because the annual *Appropriation Act* was passed before the end of the year, allocating funds for the government to purchase rail services from StateRail during the ensuing year.

1.2 Consistency of accounting policies

Except as stated below, the accounting policies adopted are consistent with those of the previous year.

(i) Transactions involving the legal form of a lease

As a result of applying *Urgent Issues Group Abstract UIG 50 Evaluating the Substance of Transactions involving the Legal Form of a Lease*, as from 1 July 2002, rollingstock leasing arrangements are no longer recognised as finance leases. Leased rollingstock is no longer distinguished from non-leased rollingstock and the deferred gains and losses arising from the leasing arrangements have been derecognised.

UIG 50, issued during 2002–03, indicates that such arrangements do not, in substance, involve leases under *Australian Accounting Standard AAS 17 Leases*. Therefore the leased rollingstock assets have been reclassified as non-leased and the deferred gains and losses on the arrangements have been derecognised. There were no lease liabilities to derecognise as they had been defeased in prior years.

Leased rollingstock totalling \$696.339m has been reclassified as non-leased as at 1 July 2002 and comparative figures have been adjusted accordingly.

Deferred gains (liabilities) of \$41.235m and deferred losses (assets) of \$1.901m have been derecognised as a net adjustment of \$39.334m to accumulated funds as at 1 July 2002. The revised accounting treatment has an adverse effect of \$4.698m on the 2002–03 operating result and, had it always applied, would have had a similar effect on the 2001–02 operating result. However, the altered accounting policy has no cash impact.

Restated comparative information for 2001–02, excluding the amortisation of the deferred gains and losses, has not been disclosed because the \$4.698m net effect on the operating result is immaterial.

See Notes 1.8, 7 and 13.

(ii) Provisions and contingent assets

As a result of applying the new *Accounting Standard AASB 1044 Provisions, Contingent Liabilities and Contingent Assets*, public liability claims payable (and the related insurance recoveries receivable) and litigated claims payable and receivable as at 1 July 2002 have been recognised for the first time. A Public Liability Claims Provision of \$26.570m and a receivable of \$3.055m were established, with the difference of \$23.515m being recognised as an adjustment to accumulated funds. A Litigated Claims Provision of \$4.600m and a receivable of \$1.200m were established, with the difference of \$3.400m also being recognised as an adjustment to accumulated funds.

The initial entries relate to claims arising prior to 1 July 2002. It is not practicable to allocate the provision or receivable to specific years.

See notes 5, 11, 13 and 15.

1.3 Comparative information

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

Due to a change in accounting policy, the leased and non-leased rollingstock classes of property plant and equipment have been combined and the previous year's comparative figures have been adjusted accordingly. The balance of leased rollingstock as at 30 June 2002 (\$696.339m) has been combined with non-leased rollingstock. See Notes 1.2 and 7.

1.4 Foreign currency translation

(i) Translation

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



under the contract at reporting date is also translated at that fixed exchange rate.

Any other foreign currency transaction is recognised and initially translated into Australian currency using the spot rate at the date of the transaction.

A monetary item outstanding under a foreign currency contract (that does not specify a fixed exchange rate) at any subsequent reporting date is translated at the spot rate at that date.

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

(ii) Exchange differences

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

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

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

1.5 Cash

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

cash management function and which are not subject to a term facility. See note 4.

1.6 Receivables

(i) Recoveries

Some settlements of liabilities represented by the Workers' Compensation Provision and the Public Liability Claims Provision are expected to be recovered from third parties. These recoveries are recognised as receivables and are measured and reviewed consistently with the provisions to which they relate. See note 1.11.

(ii) Doubtful debts

An allowance is made for doubtful debts. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. See note 5.

1.7 Investments

Investments are valued at cost which, because of the nature of the investments, is also the market value. See note 6.

1.8 Property, plant and equipment

(i) Recognition

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

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

Expenditure on the acquisition, replacement or enhancement of property, plant and equipment is

capitalised, provided it exceeds the capitalisation threshold or qualifies for recognition as a capital spare.

Expenditure on the partial replacement of certain categories of networked assets (such as computer networks) is also capitalised.

Costs incurred on an item of property, plant and equipment subsequent to it being first put into use or held ready for use are added to the asset's carrying value when and only when it is probable that future economic benefits, in excess of the originally assessed standard of performance will arise. All other such costs are expensed in the reporting period in which they are incurred.

The capitalisation threshold for a network of property, plant and equipment items or for an individual (non-networked) item (other than a capital spare) is \$5 000. A capital spare is only capitalised if it is part of a pool of rotatable spares, primarily held for the overhaul of the asset to which it relates, and significant enough to warrant being individually tracked. Expenditure below the capitalisation threshold or not qualifying for recognition as a capital spare is charged to operating expenses.

(ii) Valuation

Property, plant and equipment purchased or constructed is initially recorded at its cost of acquisition. Property, plant and equipment acquired by grant is initially recorded at fair value.

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

As the future economic benefits embodied in property, plant and equipment are not primarily dependent on those assets' ability to generate net

cash inflows, no item of property, plant and equipment has been written down to its recoverable amount.

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

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

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

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

(iii) Depreciation

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

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

Depreciation rates are reviewed at least annually, and adjusted if necessary, to ensure they continue to reflect the most recent assessments of the useful lives of the respective assets, having regard to such factors as asset usage and the rate of technical and commercial obsolescence.

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

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

(iv) Disposals

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

(v) Assets leased

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

(vi) Work in progress

Work in progress comprises expenditure on incomplete capital works. It also includes expenditure on minor projects completed in the last month of the financial year. See note 7.

1.9 Borrowings

A borrowing is recognised after deducting any unamortised discount from, or adding any unamortised premium to, its face value. Any discount or premium is deferred and amortised over the term of the borrowing on a straight line basis.

The face value of all principal amounts falling due within 12 months after the end of the year, and any unamortised discounts or premiums thereon, are recognised as current liabilities. All other principal amounts, and the related unamortised discounts or premiums are recognised as non-current liabilities.

See note 9.

1.10 Leases

(i) Details of leasing arrangements

Various operating leases are in place.

The NSW rail network is used by StateRail as lessee under ten or fifteen year, non-exclusive, non-cancellable operating leases (access agreements). The lease rentals (access fees) are reviewed annually.

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

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

Some telecommunications facilities are obtained under an 11-year non-cancellable operating lease. In addition to minimum lease payments, contingent rentals are payable in future



as the total cost of connecting locations to the network has now exceeded a predetermined sum.

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

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

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

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

Various operating leases have also been granted to other rail operators giving them non-exclusive access to StateRail stations and trackwork. Such leases generally cover a five year period and are terminable by either party giving six months' notice.

(ii) Accounting treatment

Minimum lease payment and contingent rental revenue or expense is recognised in the reporting period in which it is earned or incurred, respectively. See Note 3.1.

Where StateRail is the lessor under an operating lease, the asset leased is classified as a non-current asset. See Notes 1.8 and 8.

Each finance lease arrangement is accounted for as a single transaction in accordance with *Urgent Issues Group Abstract UIG 50 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. See Notes 1.12 and 7.8.

1.11 Provisions

(i) Provisions generally

Provisions are made for unavoidable liabilities of uncertain amount or uncertain timing of settlement. They comprise employee benefits, workers' compensation claims, public liability claims and litigated (contractual and other) claims.

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

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

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

An expense recognised in the statement of financial performance in respect of a provision is presented net of any recovery revenue.

(ii) Employee benefits

Employee benefits comprise wages and salaries (including allowances and non-monetary benefits), annual leave (including annual leave loading), award leave (public holidays, bank holidays and picnic days), long service leave, parental leave, sick leave, special leave, severance benefits, superannuation, and post-employment travel passes.

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

Liabilities for wages and salaries (in the form of allowances or non-monetary benefits), sick leave, parental leave and post-employment travel passes are not recognised. Liabilities for allowances and non-monetary benefits are not recognised because they do not accumulate or do not have any net marginal cost. Sick leave liabilities (which are all non-vesting) are not recognised because experience indicates that, on average, the sick leave taken each year is less than the entitlement accruing in that year and, as this experience is expected to continue, it is considered improbable that existing accumulated entitlements will be used by employees. Parental leave liabilities are not recognised because they do not accumulate. Travel pass liabilities are not recognised because they do not result in material net marginal costs.

All annual leave, wages and salaries, and any other employee benefit liabilities expected to be settled within twelve months of the reporting date are measured at the nominal amount of the

estimated future payments. All other recognised employee benefit liabilities and associated expenses are measured at the present value of the estimated future payments.

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

See notes 3 and 11.



1.12 Revenue

Revenue is measured at the fair value of the consideration or contributions received or receivable. In most cases this is the value of the cash exchanged or exchangeable.

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

Contributions and social program revenues are recognised when control of the cash or other asset (or the right to receive it) is gained. If, after being recognised as revenue, a contribution is to be repaid or returned because of a failure to meet specific conditions attaching to it, a creditor and an expense are recognised. See note 2.

Social program funding is provided by the NSW Government to reimburse StateRail for the revenue foregone in providing concession fares to specified classes of passenger and for revenue

shortfalls resulting from providing certain train services at the request of the Government.

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

Any lump-sum rental premium received from a lessee at the beginning of a long-term lease is recognised as asset disposals revenue.

Rent revenue is recognised as outlined in note 1.10(iv).

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

Revenue from any arrangement to which *Urgent Issues Group Abstract UIG 50 Evaluating the Substance of Transactions involving the Legal Form of a Lease* applies is included in Other Revenue in the statement of financial performance at the inception of the arrangement. See note 2.3.

Revenue is not recognised unless receipt is probable and the amount is reliably measurable.

1.13 Capital grant expense

StateRail makes capital grants to the RIC for infrastructure improvement works and to Transport NSW for Parramatta Rail Link land acquisitions. Such capital grants are recognised as expenses as they do not result in the creation of StateRail assets.

1.14 Redundancy

Amounts received during the year to fund payments to employees electing to take voluntary redundancy are recognised as contributions. Severance payments, job search allowances, and payments in lieu of notice are recognised as severance payments expense. Payments for annual leave, long service leave, superannuation and pay in lieu of

certain holidays worked which are paid on redundancy are charged to the respective provisions. See notes 2 and 11.

1.15 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position. However, where practicable, an estimate of their estimated potential financial effect is disclosed in the notes. They are measured and reviewed similarly to provisions. See notes 1.11 and 15.

1.16 Financial instruments

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

(i) Derivative financial instruments

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

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

Interest rate swap contracts are used to manage exposures to interest rate risk by enabling a floating rate interest obligation to be swapped into a fixed rate obligation, or vice versa.

The difference between the two rates, calculated by reference to an agreed notional principal amount, is exchanged between the parties at specified intervals, usually semi-annually.

These contracts entail a right to receive floating rate interest, which is offset by an obligation to pay fixed rate interest or a right to receive fixed rate interest, which is offset by an obligation to pay floating rate interest.

Forward foreign exchange contracts or foreign currency option contracts are used to hedge against fluctuations in exchange rates in relation to purchase orders denominated in a foreign currency. Between 30% and 80% of such commitments are hedged in this manner. These contracts entail a right to receive a fixed amount of foreign currency at a specified future date, which is offset by an obligation to pay a fixed amount of domestic currency at that time.

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

(ii) Financial guarantees and obligations

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

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

The due repayment of all borrowings and the due payment of interest and other associated expenses thereon are guaranteed by the Government and are charges on StateRail's income and revenue pursuant to sections 22A and 22C of the *Public Authorities (Financial Arrangements) Act 1987*. The payments due in respect of derivative financial instruments are also charges on StateRail's income and revenue pursuant to section 22C of that Act.

(iii) Accounting treatment

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

Interest rate swap contracts are not recognised in the statement of financial position because the value of the floating rate component of each contract cannot be measured reliably until settlement date. At that time any realised gain or loss is recognised as revenue or expense respectively.

Forward foreign exchange contracts are not recognised in the statement of financial position because they are intended to be held until maturity and the value of the foreign currency component of each contract cannot be reliably measured until that date. Upon maturity they are accounted for as outlined in note 1.4.

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

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

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

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

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

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

An exchange difference arising in relation to a hedge is accounted for as outlined in note 1.4.

If and when it becomes probable that some or all of the hedged anticipated transaction will not occur as designated, any deferred gain or loss on that part of the transaction is immediately recognised in the statement of financial performance. If and when the hedge ceases to be effective, any further gain or loss arising



in the period when the hedge is no longer effective is immediately recognised in the statement of financial performance.

(iv) Valuation

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

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

- A borrowing is valued at the quoted offer price or the risk-adjusted market price of the instrument.
- An interest rate swap contract, forward foreign exchange contract, foreign currency option contract, or commodity swap contract is valued at the amount quoted by a bank or the NSW Treasury Corporation to realise the contract (if it is favourable) or to settle it (if it is unfavourable).
- A financial guarantee is valued at its contractual amount.

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

See note 16.

1.17 Private sector participation in the provision of public infrastructure

Three arrangements have been made with private sector companies for the provision of public infrastructure. The accounting treatment adopted for each arrangement is summarised below.

(i) Upgrading of Auburn Service Centre

Clyde Maintenance Facilities Pty Limited upgraded the maintenance workshop known as Auburn Service Centre.

The company borrowed the necessary funds for the project.

As StateRail assumed the majority of the risks and enjoys the benefits of the project, the financing for the upgrading has been recognised as a borrowing and the upgraded centre has been recognised as property, plant and equipment.

(ii) Construction and operation of Airport Line stations

Airport Link Company Pty Limited designed, financed, constructed and commenced operating four stations on the Airport Line, which runs from Central to Turrella via Sydney Airport. The company is to operate the stations until 2030 and then offer to transfer the ownership to StateRail. The company went into receivership in November 2000.

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

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

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

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

See note 8.

(iii) Construction and operation of the Sydney light railway

A privately owned light railway running from Sydney Central to Lilyfield was built on land owned or leased by StateRail. It is to be operated by the private sector until 2028.

StateRail's only involvement in the arrangement is to lease the land as lessor at a nominal rental.



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Note 2 Revenues

	2002-03 \$000	2001-02 \$000
2.1 Capital and other Government contributions		
Capital grants from NSW Government		
Funding for capital works	430 798	368 806
Transfer of assets from Transport NSW	15 574	13 083
Transfer of Parramatta Rail Link works in progress	9 832	14 546
Total capital grants from NSW Government	456 204	396 435
Capital grants from local government		
Funding for capital works	0	243
Total capital grants	456 204	396 678
NSW Government operating subsidies		
Major periodic maintenance	166 200	141 270
Employee redundancy funding	12 000	12 000
Industry restructuring transitional funding	23 124	13 152
Training schemes	0	75
Total NSW Government operating subsidies	201 324	166 497
Commonwealth Government operating subsidies		
Employment and training schemes	259	140
Total contributions	657 787	563 315
2.2 Revenue from rendering of services		
Passenger services	516 893	518 882
Social program funding	769 472	634 083
Ancillary services to other NSW rail entities	48 957	82 760
Total revenue from rendering of services	1 335 322	1 235 725
2.3 Particular revenues		
Gain from participating in leasing arrangement	1 641	0
Operating lease contingent rentals	806	1 264
Net foreign exchange gains	168	0
Net gain on disposal of non-market-valued property plant and equipment	60	0



Note 3 Expenses

	2002-03 \$000	2001-02 \$000
3.1 Particular expenses		
Interest	12 740	12 485
Auditor's fee for auditing services	393	378
Minimum lease payments under operating leases		
– Rail access agreements	415 817	389 868
– Other leases	33 961	30 197
Contingent rentals under operating leases	974	807
Net foreign exchange losses	0	262
Net loss on disposal of non-market-valued property plant and equipment	0	1 252
3.2 Components of net superannuation expense		
Accruing liability recognised as payroll oncost	67 938	61 543
Actuarial adjustment	58 850	10 029
Net superannuation expense	126 788	71 572

3.3 Board members' superannuation expense

Employer superannuation contributions in respect of non-executive board members were \$22 905 (2001-02: \$18 107).

These were recognised as employee benefit expenses.



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Note 4 Cash

	Note	2002-03 \$000	2001-02 \$000
4.1 Reconciliation of operating result with net cash from operating activities			
Operating surplus		80 840	1 848
Government contributions		(40 563)	(94 901)
Asset disposals revenue		(78)	(1 050)
Airport Line lease premium		(3 380)	(1 140)
Amortisation of deferred gains		0	(4 962)
Amortisation of loan premiums		(68)	(131)
Workers' compensation funding		(6 805)	(12 514)
Capital WIP expensed		7 137	3 433
Depreciation		169 154	161 450
Assets written off or sold		57 055	33 471
Debt management (gains)/losses		(96)	9
Amortisation of loan discounts		504	438
Amortisation of deferred losses		0	264
Doubtful debts expense		3 004	2 374
Accrued grant expense		3 943	(9 867)
Parramatta Rail Link land derecognised		15 157	67 272
Grant expense reclassified as capital		0	5 217
Net movements in assets and liabilities applicable to operating activities:			
– (Increase)/decrease in receivables		(10 461)	38 111
– (Increase)/decrease in inventories		(2)	114
– Increase/(decrease) in net tax liability		1 887	(8 360)
– Increase/(decrease) in creditors		15 854	14 021
– Increase/(decrease) in provisions		98 464	44 550
Net cash from operating activities		391 546	239 647
4.2 Reconciliation of cash			
Cash shown in statement of financial position		7 397	11 191
Short term investments	6	144 697	228 286
Cash shown in statement of cash flows	1.5	152 094	239 477

Note 5 Receivables

	Note	30.6.2003 \$000	30.6.2002 \$000
5.1 Analysis of receivables			
Current receivables			
Trade and other debtors		55 064	42 984
Public liability insurance recoveries		5 051	–
Workers' compensation recoveries	11.5	16 253	21 348
Prepayments		3 267	3 278
		79 635	67 610
Less allowance for doubtful debts		5 495	2 539
Total current receivables		74 140	65 071
Non-current receivables			
Workers' compensation recoveries	11.5	108 695	110 663
Public liability insurance recoveries		12 884	–
Advances to employees (repayable on exit)		2 444	2 643
Prepayments		4 528	5 282
Total non-current receivables		128 551	118 588
Total receivables		202 691	183 659
5.2 Minimum lease rentals receivable on non-cancellable operating leases			
Not later than 1 year		32 796	30 134
Later than 1 year and not later than 5 years		97 493	82 816
Later than 5 years		418 438	405 841
Total non-cancellable lease rentals receivable		548 728	518 791
No other operating lease commitments were receivable from lessees.			
Note 6 Investments			
Current investments			
Deposits with NSW Treasury Corporation		144 697	228 286
Security deposits		18 503	16 030
Total current investments		163 200	244 316
Non-current investments			
Deposits with NSW Treasury Corporation		6 803	0
Total non-current investments		6 803	0
Total investments		170 003	244 316

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Note 7 Property, Plant and Equipment

	30.6.2003 \$000	30.6.2002 \$000
7.1 Property, plant and equipment classes		
Land		
Gross amount	1 221 850	1 171 178
Buildings		
Gross amount	2 386 076	2 272 734
Less accumulated depreciation	856 088	835 720
Total buildings	1 529 988	1 437 014
Rollingstock		
Gross amount	4 192 027	4 034 164
Less accumulated depreciation	2 227 121	2 142 749
Total rollingstock	1 964 906	1 891 415
Plant and machinery		
Gross amount	354 176	317 395
Less accumulated depreciation	159 478	135 854
Total plant and machinery	194 698	181 541
Trackwork and infrastructure		
Gross amount	161 228	260 237
Less accumulated depreciation	82 174	154 576
Total trackwork and infrastructure	79 054	105 661
Capital works in progress	252 571	172 472
Total property plant and equipment	5 243 067	4 959 281



	30.6.2003 \$000	30.6.2002 \$000
7.2 Analysis of valuation bases		
Land		
At historical cost	68 954	2 112
At fair value	8 167	8 167
At valuation	1 049 324	1 081 677
At market selling price	95 405	79 222
Total land	1 221 850	1 171 178
Buildings		
At historical cost	67 952	23 734
Less accumulated depreciation	2 796	1 233
	65 156	22 501
At replacement cost	2 104 715	2 023 818
Less accumulated depreciation	773 884	746 769
	1 330 831	1 277 049
At market selling price	213 409	225 183
Less accumulated depreciation	79 408	87 719
	134 001	137 464
Total buildings	1 529 988	1 437 014
Rollingstock		
At historical cost	191 158	11 990
Less accumulated depreciation	2 403	8
	188 755	11 982
At replacement cost	4 000 869	4 022 174
Less accumulated depreciation	2 224 718	2 142 741
	1 776 151	1 879 433
Total rollingstock	1 964 906	1 891 415

Continued...



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	30.6.2003 \$000	30.6.2002 \$000
7.2 Analysis of valuation bases <i>Continued</i>		
Plant and machinery		
At historical cost	178 006	138 866
Less accumulated depreciation	36 530	18 043
	141 476	120 823
At market selling price	388	388
Less accumulated depreciation	0	0
	388	388
At replacement cost	175 782	178 139
Less accumulated depreciation	122 948	117 809
	52 834	60 330
Total plant and machinery	194 698	181 541
Trackwork and infrastructure		
At historical cost	1 708	1 687
Less accumulated depreciation	10	1
	1 698	1 686
At replacement cost	159 520	258 549
Less accumulated depreciation	82 164	154 574
	77 356	103 975
Total trackwork and infrastructure	79 054	105 661
Capital works in progress	252 571	172 472
Total property plant and equipment	5 243 067	4 959 281

The market value of surplus trackwork has been assessed to be similar to its written down replacement cost.

	2003 Years	2002 Years
7.3 Useful lives		
Assets are depreciated over the following useful lives:		
Stations (and related works)	200	200
Trackwork and infrastructure	200	200
Non-station buildings, brick	80	80
Non-station buildings, non-brick	50	50
Rollingstock	20–35	20–35
Plant and machinery	5–30	5–30

Since their introduction in July 2002, the operation of the new Millennium trains has been restricted due to technical problems with some of their components. The problems are being reviewed with the manufacturer in accordance with the contract and are not expected to compromise the useful life or basic functionality of the trains. StateRail is not obligated to pay for the remediation work.

7.4 Revaluations

Surplus buildings were revalued in 2002–03 by the State Valuation Office.

Land and non-surplus buildings were revalued in 1999–2000 by the State Valuation Office. Strata leased to tenants for air space development were revalued in 1999–2000 by Herron Todd White.

Rollingstock, non-surplus trackwork, and plant and machinery were revalued during 1998–99. The revaluations were performed by management except for certain categories of plant and machinery, which were revalued by Hyman Valuations Pty Limited.

See note 1.8 (ii).

7.5 Encumbrance of surplus land

All future net proceeds arising from the sale of surplus real estate, all premiums received from the leasing of surplus real estate, and certain rental revenues have been assigned to the Treasurer in consideration for the injection of equity capital in 1990.



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7.6 Asset class movements

	Land	Buildings	Rollingstock	Plant and machinery	Trackwork & infrastructure	Capital works in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2002–03							
Carrying amount at start of year	1 171 178	1 437 014	1 891 415	181 541	105 661	172 472	4 959 281
Additions	71 357	112 304	197 457	47 209	3 302	–	431 629
Disposals	(18 768)	(2 838)	(2 634)	(3 679)	(29 187)	–	(57 106)
Net revaluation increments	–	4 204	–	–	–	–	4 204
Transfers to/from FreightCorp	–	–	–	–	–	–	–
Depreciation expense	–	(17 237)	(121 428)	(29 739)	(750)	–	(169 154)
Other movements	(1 917)	(3 459)	96	(634)	28	80 099	74 213
Carrying amount at end of year	1 221 850	1 529 988	1 964 906	194 698	79 054	252 571	5 243 067
2001–02							
Carrying amount at start of year	1 191 394	1 386 876	1 972 052	191 134	118 328	98 866	4 958 650
Additions	2 467	65 780	28 010	29 153	1 980	–	127 390
Disposals	(29 366)	(858)	(881)	(1 403)	(13 038)	–	(45 546)
Net revaluation increments	–	–	–	–	–	–	–
Transfers to/from FreightCorp	6 613	760	–	388	(274)	–	7 487
Depreciation expense	–	(16 106)	(118 477)	(26 090)	(777)	–	(161 450)
Other movements	70	562	10 711	(11 641)	(558)	73 606	72 750
Carrying amount at end of year	1 171 178	1 437 014	1 891 415	181 541	105 661	172 472	4 959 281

7.7 Rollingstock leasing arrangements

Some rollingstock is subject to leasing arrangements. These vary in form but typically involve lease, prepayment and deposit transactions. Each arrangement is accounted for as a single transaction in accordance with *Urgent Issues Group Abstract UIG 50 Evaluating the Substance of Transactions involving the Legal Form of a Lease*. The arrangements (i) do not restrict StateRail's use of the rollingstock in normal operations, (ii) have lives of between 14 and 30 years, and (iii) include options allowing StateRail to purchase the rollingstock at the end of the term and, in some instances, to extend the term.



Note 8 Other Assets

	Note	30.6.2003 \$000	30.6.2002 \$000
Non-current other assets			
Deferred losses on rollingstock sale and leaseback		0	4 050
Less accumulated amortisation		0	2 149
Total deferred losses on sale and leaseback	1.2	0	1 901
Earned portion of right to receive Airport Line stations		4 520	1 140
Total other assets		4 520	3 041

Note 9 Borrowings

Not later than 1 year		96 920	85 798
Later than 1 year and not later than 2 years		2 209	22 692
Later than 2 years and not later than 5 years		60 002	28 419
Later than 5 years		32 390	58 126
Total borrowings		191 521	195 035

Note 10 Creditors

Current creditors			
Trade creditors		27 936	31 363
Capital works accruals		62 590	40 944
Other creditors and accruals		142 291	118 553
Total creditors		232 817	190 860



Financial Statements



Note 11 Provisions

	Note	30.6.2003 \$000	30.6.2002 \$000
11.1 Total provisions			
Current provisions			
Superannuation (unfunded)	11.3	35 846	20 707
Annual leave		56 643	52 317
Long service leave	11.4	14 205	13 125
Severance payments		909	1 178
Pay in lieu of certain holidays worked		6 986	6 815
Wages and salaries		833	4 190
Total current employee benefits		115 422	98 332
Workers' compensation	11.5	9 094	10 867
Pre-1.7.1996 workers' compensation	11.5	16 253	21 348
Public liability claims	11.6	27 745	—
Litigated claims	11.7	6 047	—
Total current provisions		174 561	130 547
Non-current provisions			
Superannuation (unfunded)	11.3	552 064	497 906
Long service leave	11.4	119 815	103 031
Total non-current employee benefits		671 879	600 937
Workers' compensation	11.5	47 497	42 613
Pre-1.7.1996 workers' compensation	11.5	108 695	110 663
Public liability claims	11.6	11 762	—
Total non current provisions		839 833	754 213
Total provisions			
Superannuation (unfunded)	11.3	587 910	518 613
Long service leave	11.4	134 020	116 156
Annual leave		56 643	52 317
Pay in lieu of certain holidays worked		6 986	6 815
Severance payments		909	1 178
Wages and salaries		833	4 190
Total employee benefits		787 301	699 269
Workers' compensation	11.5	56 591	53 480
Pre-1.7.1996 workers' compensation	11.5	124 948	132 011
Public liability claims	11.6	39 507	—
Litigated claims	11.7	6 047	—
Total provisions		1 014 394	884 760

	Note	30.6.2003 \$000	30.6.2002 \$000
11.2 Employee benefits and related on-costs			
Current liabilities			
Employee benefits provisions	11.1	115 422	98 332
Accrued wages and salaries		6 870	4 405
Payroll and fringe benefits taxes		7 926	8 491
Total current employee benefits and related on-costs		130 218	111 228
Non-current liabilities			
Employee benefits provisions	11.1	671 879	600 937
Payroll tax		3 824	2 972
Total non-current employee benefits and related on-costs		675 703	603 909
Total employee benefits and related on-costs		805 921	715 137

11.3 Superannuation

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

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

The net unfunded superannuation liability to the three schemes comprises:

	SASS \$000	SANCCS \$000	SSS \$000	Total \$000
30.6.2003				
Gross liability	524 156	68 471	8 437	601 064
Plus/(less) investment reserve	(15 200)	7 781	(5 735)	(13 154)
Net unfunded liability	508 956	76 252	2 702	587 910
30.6.2002				
Gross liability	470 202	61 624	6 080	537 906
Plus/(less) investment reserve	(19 821)	4 824	(4 296)	(19 293)
Net unfunded liability	450 381	66 448	1 784	518 613

The gross superannuation liability for each scheme at year end was assessed by a consulting actuary, William Mercer Pty Limited, using membership databases as at 31 March 2003. The actuary assumed an interest rate of 7% (2002: 7%) per annum, salary growth rates for the next year and beyond of 4% and 4% respectively (2002: 6.5% and 4.0%), and a Consumer Price Index increase of 2.5% (2002: 2.5%) per annum.

11.4 Long service leave

The liability for long service leave was assessed in July 2003 by a consulting actuary, Mr T. Snoyman FIAA of Mercer Human Resource Consulting. The actuary assumed an interest rate of 5% (2002: 6%) per annum and a salary growth rate of 4.5% (2002: 4.5%) per annum.



11.5 Workers' compensation

The pre-1.7.1996 workers' compensation provision relates to all claims incurred prior to 1 July 1996, the date of the restructuring of the NSW rail industry. The NSW Treasury has undertaken to fund all such claims and this recovery is recognised as a receivable with a corresponding credit to workers' compensation expense. See note 5.

For injuries incurred on or after 1 July 1996, workers' compensation insurance is in place to cover any claim exceeding \$1m and the workers' compensation provision is maintained for smaller claims, for which StateRail is a licenced self-insurer.

The workers' compensation liabilities at year end were assessed by a consulting actuary, Mr D.A. Zaman FIA FIAA, using a "central" estimate and assuming interest rates of between 4.4% and 5.5% (2002: 5.2% and 6.1%) per annum and claims escalation rates of between 3.7% and 4% (2002: 3.7% and 4%) per annum. The liabilities are inherently uncertain due to doubts over the existence and quantum of individual claims and due to time lags between reporting date and settlement date.

The movements in the workers' compensation provisions during the year were as follows:

	30.6.2003 \$000	30.6.2002 \$000
Workers' compensation		
Carrying amount at start of year	53 480	44 120
Additions		
Increases in provision	22 537	27 002
Subtotal	76 017	71 122
Reductions		
Payment of claims	19 426	17 032
Remeasurements and no-cost settlements	0	610
Carrying amount at end of year	56 591	53 480
Pre 1.7.1996 workers' compensation		
Carrying amount at start of year	132 011	140 942
Additions		
Increases in provision	13 389	14 070
Subtotal	145 400	155 012
Reductions		
Payment of claims	13 868	21 446
Remeasurements and no-cost settlements	6 584	1 555
Carrying amount at end of year	124 948	132 011



11.6 Public liability claims

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

Any claim recoverable from StateRail's insurer is also recognised as a receivable or disclosed as a contingent asset, depending on its probability of settlement. See notes 5 and 16.

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

The movement in the Public Liability Claims Provision during the year was as follows:

	30.6.2003	30.6.2002
	\$000	\$000
Carrying amount at start of year	0	–
Additions		
Initial balance recognised as at 1 July 2002	26 570	–
Increases in provision	26 931	–
Subtotal	53 501	–
Reductions		
Payment of claims	10 601	–
Remeasurements and no-cost settlements	3 393	–
Carrying amount at end of year	39 507	–

11.7 Litigated claims

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

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

The movement in the Litigated Claims Provision during the year was as follows:

	30.6.2003	30.6.2002
	\$000	\$000
Carrying amount at start of year	0	–
Additions		
Initial balance recognised as at 1 July 2002	4 600	–
Increases in provision	1 447	–
Subtotal	6 047	–
Reductions		
Payment of claims	0	–
Carrying amount at end of year	6 047	–

Financial Statements

Note 12 Reserves

	Note	30.6.2003 \$000	30.6.2002 \$000
Asset revaluation reserve			
Balance at start of year		2 774 456	2 803 094
Net revaluation increments		4 204	180
Transfers to accumulated funds on asset disposal		(44 893)	(28 818)
Balance at end of year		2 733 767	2 774 456

The Asset Revaluation Reserve recognises the accumulated net revaluation increments in relation to property plant and equipment currently held.

Note 13 Accumulated funds

Accumulated funds at start of year		1 313 986	1 275 833
Transactions other than with owners as owners			
Net result from operating activities for the year		80 840	1 848
Derecognition, pursuant to UIG 50, of deferred gains and losses on rollingstock leases	1.2	39 334	0
Initial recognition of new provisions and receivables under AASB 1044	1.2	(26 915)	0
Transfers from Asset Revaluation Reserve on asset disposal	12	44 893	28 818
Total transactions other than with owners as owners		138 152	30 666
Equity contributions by Government			
Assets contributed by transfer from other entities	1.12	0	7 888
Total contributions by owners		0	7 888
Less equity distributions to Government			
Assets withdrawn for transfer to other entities	1.12	0	401
Total distributions to owners		0	401
Accumulated funds at end of year		1 452 138	1 313 986



Note 14 Expenditure Commitments

	30.6.2003 \$000	30.6.2002 \$000
14.1 Expenditure commitments		
Rail access fees		
Within 12 months	466 676	438 460
12 months or longer but not longer than 5 years	1 972 249	1 382 252
Longer than 5 years	5 753 745	0
Total rail access fees	8 192 670	1 820 712
Leasing (excluding rail access fees)		
Within 12 months	26 046	18 877
12 months or longer but not longer than 5 years	88 739	53 539
Longer than 5 years	23 872	38 504
Total leasing (excluding rail access fees)	138 657	110 920
Capital		
Within 12 months	293 740	292 625
12 months or longer but not longer than 5 years	183 791	113 341
Total capital	477 531	405 966
Other expenditure		
Within 12 months	252 748	265 115
12 months or longer but not longer than 5 years	591 770	125 707
Longer than 5 years	213 542	9 899
Total other expenditure	1 058 060	400 721
Total		
Within 12 months	1 039 210	1 015 077
12 months or longer but not longer than 5 years	2 836 549	1 674 839
Longer than 5 years	5 991 159	48 403
Total expenditure commitments	9 866 918	2 738 319

The expenditure commitments have not been adjusted to allow for the effect of the planned restructuring of the New South Wales rail industry to take place on 1 January 2004.

The expenditure commitments include any associated Goods and Services Tax. Related input tax credits of \$896.992m (2002: \$248.818m) are expected to be recoverable from the Australian Taxation Office.

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	30.6.2003 \$000	30.6.2002 \$000
14.2 Minimum lease payments committed under non-cancellable operating leases		
Not later than 1 year	488 584	453 672
Later than one year and not later than 5 years	2 049 744	1 433 752
Later than 5 years	5 777 589	38 504
Total committed	8 315 917	1 925 928

The expenditure commitments have not been adjusted to allow for the effect of the planned restructuring of the New South Wales rail industry to take place on 1 January 2004.

Minimum lease payment commitments include any associated Goods and Services Tax. Related input tax credits of \$755.992m (2002: \$175.084m) are expected to be recoverable from the Australian Taxation Office.

Note 15 Contingent Liabilities and Contingent Assets

Contingent liabilities

Public liability claims	18 017	28 894
Contractual and other claims	40 052	42 612
Total contingent liabilities	58 069	71 506

Contingent assets

Public liability recoveries	257	–
Contractual and other recoveries	3 075	–
Total contingent assets	3 332	–

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

Public liability claims against StateRail arise from personal injuries or property damage occurring on its premises or involving its assets. The existence or quantum of each claim is usually in dispute. Where the cost of a claim would be recoverable from an insurer it is also recorded as a contingent asset.

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

Public liability recoveries represent insurance claims made by StateRail in relation to public liability claims made against it by others. The amount or timing of each recovery is usually uncertain due to the underlying public liability claim being disputed as to existence or quantum.

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

Note 16 Financial Instruments

16.1 Credit risk

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

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

The maximum credit risk in relation to interest rate swap contracts, forward foreign exchange contracts, foreign currency option contracts and commodity swap contracts is the fair value of the contracts, as set out in note 16.3.

The only significant concentration of credit risk arises in respect of receivables, totalling \$17.725m (2002: \$15.874m) at year end, from the RIC. It is considered that, despite the size of the credit risk exposure, the risk of loss is minimal due to the nature and general financial standing of the debtor.



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16.2 Interest Rate Risk

Cash at bank, investments, borrowings and interest rate swap contracts are exposed to the risk that their value will fluctuate due to changes in market interest rates.



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

Timing of exposure	Average interest rate		Principal amount	
	2003 %	2002 %	30.6.2003 \$000	30.6.2002 \$000
Not later than 1 year				
Cash	4.18	4.31	7 397	11 191
Investments	4.70	4.70	144 697	228 286
Borrowings*	5.35	5.19	96 920	85 798
Interest rate swap contracts:				
– Fixed rate paying	9.68	5.07	40 000	5 000
– Fixed rate receiving	6.50	6.26	12 000	12 000
– Floating rate	4.70	4.97	(52 000)	(17 000)
			249 014	325 275
Later than 1 year and not later than 5 years				
Investments	5.00	–	6 803	–
Borrowings*	7.99	7.75	62 211	51 111
Interest rate swap contracts:				
– Fixed rate paying	5.89	9.42	3 000	43 000
– Fixed rate receiving	6.70	6.60	12 000	24 000
– Floating rate	4.71	4.94	(15 000)	(67 000)
			69 014	51 111
Later than 5 years				
Borrowings*	7.22	7.93	32 390	58 126
Interest rate swap contracts:				
– Fixed rate paying	6.33	6.326	3 000	3 000
– Floating rate	4.74	5.395	(3 000)	(3 000)
			32 390	58 126
Total principal exposed			350 418	434 512

*Borrowings are net of any unamortised discounts or premiums



16.3 Valuation of financial instruments

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

	Note	Carrying/contract value		Fair value	
		30.6.2003 \$000	30.6.2002 \$000	30.6.2003 \$000	30.6.2002 \$000
Assets (current and non-current)					
Favourable commodity swap contracts		1 924	1 217	2 021	1 465
Favourable interest rate swap contracts		24 000	39 000	823	528
Favourable forward foreign exchange contracts		3 351	2 417	3 209	2 460
Financial guarantees receivable		92 166	50 832	92 166	50 832
Liabilities (current and non-current)					
Borrowings	9	191 521	195 035	203 251	204 217
Unfavourable commodity swap contracts		171	587	170	586
Unfavourable interest rate swap contracts		46 000	48 000	1 845	2 736
Unfavourable forward foreign exchange contracts		16 229	4 290	15 176	4 335

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

StateRail has entered into an agreement with a private sector company requiring the company to operate four stations on the Airport Line until 2030. If the agreement is terminated early due to default by either party, StateRail has an obligation, depending on the cause of the termination, to pay the company either (i) the value of the future income expected to be earned by the station business or (ii) compensation for its shareholders and to meet its debt obligations. The liability would be assessed by an independent appraiser. The company went into receivership in November 2000. The receiver and manager continues to operate the stations in accordance with the original agreement.

It is not practicable to estimate the potential financial impact of the contingent liability as its amount and timing are uncertain, being dependent upon the timing and cause of any early termination of the agreement and an independent appraiser's assessment of the amount payable.

16.4 Maturity profiles of interest rate swap and commodity swap contracts

Maturity profiles	Notional contract value	
	30.6.2003 \$000	30.6.2002 \$000
Interest rate swaps		
Not later than 1 year	52 000	17 000
Later than 1 year and not later than 5 years	15 000	67 000
Later than 5 years	3 000	3 000
Total interest rate swaps	70 000	87 000
Commodity swaps		
Not later than 1 year	2 095	1 804
Total commodity swaps	2 095	1 804

Financial Statements

16.5 Forward foreign exchange contracts

At year end \$64.942m (2002: \$25.232m) of overseas purchase orders were exposed to fluctuations in foreign exchange rates. Forward foreign exchange contracts were used to hedge many of these purchases.

Maturity profiles	Average exchange rate		Contract value	
	30.6.2003	30.6.2002	30.6.2003 A\$000	30.6.2002 A\$000
Contracts denominated in Euros				
Not later than 3 months	0.5509	0.5981	4 811	1 505
Later than 3 months and not later than 12 months	0.5509	0.5954	9 630	1 461
Total hedged Euro contracts			14 441	2 966
Contracts denominated in US dollars				
Not later than 3 months	0.5617	0.5406	668	1 143
Later than 3 months and not later than 12 months	0.5777	0.5399	2 170	741
Total hedged US dollar contracts			2 838	1 884
Contracts denominated in New Zealand dollars				
Not later than 3 months	1.1147	1.2250	664	57
Later than 3 months and not later than 12 months	1.1083	1.2250	812	498
Total hedged New Zealand dollar contracts			1 476	555
Contracts denominated in Japanese yen				
Not later than 3 months	65.47	61.44	382	250
Later than 3 months and not later than 12 months	66.20	65.57	300	960
Total hedged Japanese yen contracts			682	1 210
Contracts denominated in Swiss francs				
Not later than 3 months	0.0000	0.8724	0	92
Later than 3 months and not later than 12 months	0.7890	0.0000	81	0
Total hedged Swiss franc contracts			81	92
Contracts denominated in pounds sterling				
Later than 3 months and not later than 12 months	0.3879	0.0000	62	0
Total hedged pounds sterling contracts			62	0
Total hedged purchases			19 580	6 707



Note 17 Legal Form

The Transport Administration Act 1988 constitutes the State Rail Authority of New South Wales as a statutory body representing the Crown in right of New South Wales.

The Act provides that StateRail is, in the exercise of its functions, subject to the direction of both the Minister for Transport Services and the Coordinator General of Rail. In the event of any inconsistency, a direction of the Minister takes precedence over a direction of the Coordinator General of Rail.

Note 18 Principal Activities

During the year StateRail continued to operate passenger rail services and rural feeder coach services, principally in New South Wales.

Note 19 Interest in Associate

StateRail has an interest in an associated entity, Parramatta Rail Link Company Pty Limited.

The company was registered on 14 June 2000 for the purpose of facilitating the design and construction of a railway from Parramatta to Chatswood via Epping. Construction of the Epping to Parramatta section has been deferred.

StateRail, RIC, and the Director-General of the Department of Transport each hold one third of both the equity and the voting power in the company.

The company manages the Parramatta Rail Link Project as agent of the three shareholders.

The carrying amount of StateRail's investment is \$10.



Gary Pedersen

Acting Chief Financial Officer

18 September 2003

(Finish of audited financial statements)

Statement by Members of the Board in relation to the financial statements for the year ended 30 June 2003

Pursuant to section 41C (1B) of the *Public Finance and Audit Act* and clause 14 (1) of the *Public Finance and Audit Regulation 2000* and in accordance with a resolution of the Board of the State Rail Authority of New South Wales, we state that:

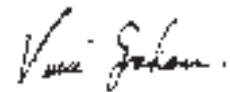
1. In our opinion, the accompanying financial statements for the year ended 30 June 2003, read in conjunction with the notes thereto, exhibit a true and fair view of the financial position and transactions of the State Rail Authority of New South Wales;
2. The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000*, and the Treasurer's directions; and
3. We are not aware, as at the date of this statement, of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Ross Bunyon

Chairman

18 September 2003



Vince Graham

Acting Chief Executive





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INDEPENDENT AUDIT REPORT STATE RAIL AUTHORITY OF NEW SOUTH WALES

To Members of the New South Wales Parliament

Audit Opinion

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

- (a) presents fairly the Authority's financial position as at 30 June 2008 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the Public Finance and Audit Act 1983 (the Act).

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

The Board's Role

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

The Auditor's Role and the Audit Scope

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

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

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

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

My opinion does not provide assurance:

- about the future viability of the State Rail Authority of New South Wales,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

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

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



A. J. Whitfield
Deputy Auditor-General

SYDNEY
18 September 2003



Appendices

State Rail Authority of New South Wales Appendices for 2002–03

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Appendix 1

Corporate Governance

Biographies – Board Members

Ross Bunyon

BCom(UNSW), CIEAust

Appointed a Non-executive Director and Chairman on 3 September 2003

Mr Bunyon is Chairman of Rail Infrastructure Corporation, Eraring Energy and Pacific Western. He is former Chairman and Director of Pacific Power and subsidiary companies, former Chairman of the Electricity Supply Association of Australia, Green's Foods Ltd and a former Director of the Treasury Corporation of NSW. He has over 30 years' experience in large capital intensive entities.

Vince Graham

BE(Civil), Grad.Dip.Mgmt, FAICD

Appointed Acting Chief Executive on 8 April 2003

Mr Graham has over thirty years experience in the rail industry. He is the Coordinator General of Rail and the Chief Executive Officer and a Director of Rail Infrastructure Corporation. He previously held the positions of Managing Director, National Rail Corporation, Chief Operating Officer, State Rail Authority of NSW and Managing Director, Grain Handling Authority of NSW. In each of these senior executive positions his role has been to develop and lead a strategic reform program with a focus on customer service quality improvements and safety and risk management.

Arthur Butler

BEc, FCPA

Appointed a Non-executive Director on 30 September 2003

Mr Butler is a Director of Rail Infrastructure Corporation. He is a past Chief Financial Officer and member of the Executive Management of Sydney Water and a former Director of its subsidiary companies Australian Water Technologies Pty Ltd and Water Ecoscience Pty Ltd. He has also held senior finance positions in the Electricity Commission of New South Wales and the Commonwealth Treasury.

Liza Carver

BEc, LLB, LLM

Appointed a Non-executive Director on 3 September 2003

Ms Carver is a Director of Rail Infrastructure Corporation and was formerly a Director of Rail Access Corporation. She is a partner in the law firm Gilbert & Tobin. Formerly an Associate Commissioner with the Australian Competition and Consumer Commission and a member of the NSW Independent Pricing and Regulatory Tribunal, and a member of the NSW Premier's Council for Women between 1995 and 1999.

Bob Plain

Appointed a Non-executive Director on 3 September 2003

Mr Plain is a Director of Rail Infrastructure Corporation, having joined the Board after holding a number of union positions, including the National President of the Rail Tram & Bus Union. He has over 33 years of railway experience and is a former member of the Labor Council Executive.

Paul Moy

Phd

Appointed a Non-executive Director on 1 October 2003

Dr Moy is a company director and consultant. He is a Non-executive Director of Rail Infrastructure Corporation, Western Power Corporation, Innovation Investment Fund and Centennial Coal. Previously Dr Moy was a senior investment banking executive, most recently with UBS Warburg. His experience includes transaction and advisory assignments in a wide range of sectors including energy, transport and communications.

Dr Moy has extensive public advisory experience and has previously held the positions of Deputy Secretary, NSW Treasury, Member of the National Competition Council and Member of the Australian Statistics Advisory Council.

Dean Pritchard

BE(Civil), FIEAust

Appointed a Non-executive Director on 3 September 2003

Mr Pritchard is a Director of Rail Infrastructure Corporation and was formerly a Director of Rail Services Australia. He is currently Chairman of ICS Global Limited and a Director of OneSteel Limited and Eraring Energy. He has over 30 years experience in the engineering and construction industry.

Remuneration

The Board's remuneration is an annual fee determined by the Premier of NSW, based on StateRail being a Category B Governing Board. The annual fees are:

- Chairperson..... \$59 400
per annum
- Non-executive Directors..... \$35 200
per annum

Risk Management

StateRail's risks are managed through the risk management process developed by NSW Treasury.

The Board has in place a number of arrangements to ensure it can monitor the management of risks, including

- A Safety Committee to review and make recommendations on safety risks.
- An Audit Committee to review corporate risk management issues through regular reporting from the newly created Corporate Risk and Insurance Management group. The Audit Committee also reviews reports from internal and external auditors and makes recommendations on risk areas.
- Formal reporting of contracts over \$1m.

Conflicts of Interest

To ensure potential conflicts of interest are identified at an early stage, on appointment each director completes a register of interests, which is updated, as required, and reconfirmed annually. The Board has adopted procedures to manage conflicts including declaration of the potential interest at the Board meeting. If material, the particular director will not be involved in discussion on the matter. In addition, the Board observes a Code of Conduct.

Professional Development

Board members are offered opportunities for professional development at StateRail's expense.

An induction package has been developed which includes briefings on the organisation, corporate governance issues and the legislative framework.

Board Committees

The Board, from time to time, establishes committees to enable detailed attention to be given to key areas and to ensure it meets its responsibilities. At the date of this report, there are three main Board committees:

- Audit
- Human Resources
- Safety

Each committee has a charter and the minutes of the committee meetings are provided to the Board, along with a short report from the Committee Chair.

Two additional special purpose committees were established during the year, a Legal committee and Waterfall Inquiry committee, which meet as required.

The Secretary of the Board and each of its committees is Margot Maasackers, Corporate Secretary.

Board Committees at the date of this Report

Committee	Charter
Audit	The primary objectives of the Audit Committee are to:
Membership Arthur Butler (Chair) Ross Bunyon	<ul style="list-style-type: none">• Assist the Board in discharging its oversight and corporate governance responsibilities relating to:<ul style="list-style-type: none">– Financial reporting practices, including accounting policies– Business ethics, and corruption prevention policies and practices– Risk management and internal controls– Compliance with laws, regulations, standards, and best practice guidelines.• Provide a forum for communication between the Board, senior management and both the internal and external auditors.• Ensure the independence, integrity and objectivity of the internal audit function. <p>The Charter is reviewed by the Board annually, and was last reviewed and endorsed in September 2003. It satisfies the essential elements of the <i>Best Practice Guide on Audit Committees – 2nd Edition</i> (developed by the Institute of Internal Auditors – Australia, Australian Accounting Research Foundation and Australian Institute of Organisation Directors).</p> <p>The Committee consists of three non-executive directors. At the date of this report, an additional appointment is to be made to this committee.</p> <p>The Committee has unlimited access to both the internal and external auditors and to senior management and other reviewers. It has access to information from any employee from within StateRail or relevant external party. The Committee may also consult independent experts where it is considered necessary to carry out its duties.</p> <p>The Chair periodically meets separately with the Director Audit & Investigations and Assistant Auditor General, without management present.</p> <p>During the last quarter of 2002–03, the Committee undertook an assessment of its performance, the results of which indicated that the Committee complies with best practice. The Committee will pursue any best practice improvement opportunities that might arise.</p>

Committee	Charter
<p>Human Resources</p> <p>Membership Liza Carver (Chair) Ross Bunyon</p>	<p>The primary objectives of the Human Resources Committee are to:</p> <ul style="list-style-type: none"> • Develop and review the overall workforce planning strategy. • Review and make recommendations to the Board on human resources policies. • Review and advise Management on employment policies and practices, working environments, management education and training. • Review and advise Management on succession planning for the Chief Executive and senior management positions. • Recommend appointments to key positions reporting to the Board, including the Chief Executive and Corporate Secretary. • Review the performance and remuneration of the Chief Executive and Senior Management.
<p>Safety</p> <p>Membership Dean Pritchard (Chair) Vince Graham Liza Carver Bob Plain Bruce Hall Alex Claassens* *John Leonard (Alternate)</p>	<p>The Charter of the Committee is reviewed annually. The Committee consists entirely of non-executive independent directors. At the date of this report, an additional appointment is to be made to this Committee.</p> <p>The primary objectives of the Safety Committee are to:</p> <ul style="list-style-type: none"> • Improve safety attitudes and behaviour across the organisation. • Review the overall safety policies with respect to passengers, operations, staff and contractors. • Review specific policies which have an effect on safety performance, for example drug and alcohol policy • Review safety performance. • Review significant safety incidents. • Monitor and review the implementation of recommendations in respect of rail accidents. <p>The Safety Committee consists of a majority of Non-executive Directors, the Chief Executive, the Executive Director Safety and a member of StateRail's operational staff.</p>
<p>StateRail and RIC Joint Boards Safety Liaison Committee</p>	<p>The Committee comprises the Board Safety Committees of both organisations. Its aim is to foster co-operation, commitment and understanding between the two organisations in respect of safety issues, with a view to improving safety attitudes and behaviour across both organisations. The Committee met once during the year.</p>

Appendices

Meetings Attendance 2002–03

Name	Board		Audit Committee	
	Eligible	Attended	Eligible	Attended
Board Members				
Rod Sims *	3	3	–	–
Vince Graham**	4	4	–	–
Grahame Campbell	19	18	–	–
Noel Cox	19	17	–	–
Ron Cunningham	19	19	4	4
Samantha Mostyn	19	12	–	–
Joanne Rees	19	16	5	4
Gabrielle Trainor	19	18	–	–
Howard Lacy***	15	15	–	–
David Richmond, AO****	15	15	–	–
Non-Board Members				
Arthur Butler	–	–	5	5
Alex Claassens	–	–	–	–
Catherine Herriman	–	–	–	–

* Appointed 9 May 2003, resigned 20 August 2003

** Appointed 8 April 2003

*** Resigned 8 April 2003

**** Resigned 9 April 2003

	Human Resources Committee		Safety Committee	
	Eligible	Attended	Eligible	Attended
	-	-	-	-
	-	-	1	0
	-	-	4	4
	-	-	4	4
	-	-	4	4
	3	3	-	-
	3	3	-	-
	3	3	4	1
	-	-	3	3
	2	2	3	3
	-	-	-	-
	-	-	4	4
	-	-	4	4

Appendix 2

Board Code of Conduct

1. A director must act honestly, in good faith and in the best interests of the organisation as a whole.
2. A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. A director must use the powers of office for a proper purpose, and in the best interests of the organisation as a whole.
4. A director must recognise that the primary responsibility is to the organisation's stakeholders as a whole.
5. A director must not make improper use of information acquired as a director.
6. A director must not take improper advantage of the position of director.
7. A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the organisation.
8. A director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
9. Confidential information received by a director in the course of the exercise of directors' duties remains the property of the organisation from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that organisation, or the person from whom the information is provided, or is required by law.

10. A director should not engage in conduct likely to bring discredit upon the organisation.

11. A director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

Appendix 3

Code of Workplace Standards

StateRail's Code of Workplace Standards provides details of the standards of conduct expected of all employees, and the policies and guidelines that are available to assist them to better understand their rights and responsibilities under the Code.

The Code has been thoroughly reviewed and re-drafted to reflect recent changes to legislation and policies and to provide clearer guidance to staff and managers regarding appropriate and acceptable behaviour. The new draft will be the subject of extensive consultation with unions prior to publication later in 2003.

Appendix 4

Statement on Ethics

StateRail is committed to conducting its business on a sound commercial and ethical footing, and to maintaining proper principles of public accountability. StateRail employees and Board members are required to observe a high standard of ethical behaviour. Employees are required to abide by StateRail's Code of Workplace Standards and other StateRail and Government policies, procedures and codes of practice. A separate Board Code of Conduct is in place. Employees can obtain advice on ethical issues on a confidential ethics hotline.

StateRail also encourages our private sector partners to understand our ethical standards, as a common understanding of the ethical conduct required by StateRail promotes fair and productive relationships. StateRail's two most important procurement principles are to obtain the best value for public money; and to encourage open and effective competition. These principles should enable suppliers to promote their interests productively and avoid potentially unacceptable activity, and assure suppliers that their competitors are also expected to behave ethically according to a known set of guidelines.

StateRail has mechanisms in place that enable management to keep abreast of fraud and corruption trends in Australia and overseas, to ensure that the organisation is well positioned to respond to emerging risks, and to facilitate continuous improvement to policies and processes in line with best practice guidelines. In this regard, key initiatives implemented during 2002–03 included:

- Introduction of a Statement of Business Ethics – in accordance with best practice guidelines of the Independent Commission Against Corruption (ICAC) – that identifies clear guidelines for the ethical behaviour appropriate to businesses dealing with StateRail and its staff.
- Establishment of an Ethics Committee consisting of several senior executives to provide advice on ethical questions, mostly relating to potential conflicts of interest for property management, procurement and contract award processes.
- Participation in an ICAC pilot across selected public sector agencies aimed at encouraging members of Non-English Speaking Background (NESB) communities to report corrupt conduct to the ICAC.

- Promotion of ethical behaviour through a variety of internal communication channels, such as the staff newspaper *Between the Lines*, during staff induction, through formal lectures to specific work groups, messages on pay-slips and in weekly staff circulars.
- Introduction and dissemination of updated HR policies for secondary employment.
- Establishment of a comprehensive and prominently placed intranet site on Ethics and Honesty to provide staff with ready access to information on fraud, corruption, probity and ethics.

All fraud, corruption and other matters subject to investigation are reported monthly to the Board and the Independent Commission Against Corruption.

Appendix 5

Internal Audit

The Board, Board Audit Committee and Executive Management Team are committed to supporting an internal audit function that operates as an independent, objective assurance and consulting activity designed to add value and improve StateRail's operations. Reflecting this commitment, the Director Audit & Investigations reports on audit matters directly to the Board Audit Committee and the Chief Executive.

The Audit & Investigations unit supports management in the accomplishment of StateRail's statutory and business objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. To this end, the unit is expected to be innovative, proactive, responsive and effective.

StateRail has a strong internal audit and corruption prevention capability, staffed by a professional well-equipped multi-disciplinary team. Internal audit reviews are conducted across a range of operations and activities, in line with the Annual Plan approved by the Board Audit Committee.

The mandate of the Audit & Investigations unit is contained in the Internal Audit Charter, which is approved by the Board Audit Committee. The Charter was last reviewed and updated in November 2002 and accords with international best practice. The Charter is available on the StateRail intranet for reference by staff, who are encouraged to fully cooperate with authorised auditors and investigators.

The Board Audit Committee plays an important role in ensuring that the internal audit function is effective. The Committee is satisfied with the:

- Level of resources allocated to internal audit.
- Scope of the authority of internal audit.
- Appropriateness of the internal audit program and reporting line.
- Quality and timeliness of internal audit reports.
- Extent to which management reacts to the matters raised by internal audit; and the effective coordination and working relationship maintained between internal and external auditors.

Appendix 6

Research and Development

The Communications & Marketing division, through its Product & Segment unit, undertook the annual CountryLink Customer Satisfaction Study in November 2002. The study produced a Customer Satisfaction Index (CSI) rating

of 78, meaning that 78% of customers rated their experience of 30 aspects of CountryLink's service delivery as "good" or "very good".

The survey results also provide further insights into what drives customer behaviour and attitudes in relation to medium to long haul travel in NSW, and what StateRail needs to focus on to meet customer requirements from CountryLink.

Investment = \$90 000

Two stages of the ongoing CityRail Customer Service Performance were conducted:

- Over the period August and October 2002, a Reference Group of existing CityRail customers was established across 210 people. The purpose of the Reference Group is to identify the major changes and trends in customer perception of CityRail service delivery over time based on the changes in perception of the established group. The findings will supplement and complement results from ongoing CSI surveys.
Investment = \$30 000
- The Customer Survey was conducted in May 2003 across a population of 2 700 CityRail customers concentrating on the seven aspects of service identified as the most important contributors to the level of service provided by CityRail. The CSI number derived from this survey was 66.

This survey was the first in what will be a continuous tracking of customer service via quarterly surveys of a minimum 2 500 CityRail customers. The surveys will be conducted every three months in an endeavour to more closely monitor shifts in general customer satisfaction and to more effectively facilitate the implementation of strategies and actions to meet customer service requirements during the year.

Investment = \$60 000

Appendices

Appendix 7

Major Works in Progress

The uncapitalised costs of major works in progress as at 30 June 2003 are as follows:

Project	\$000	Completion due
New InterCity cars	26 925	2006
Millennium trains	17 075	2005
New rail cars for Hunter Valley services	16 321	2006
Upgrading of suburban cars	10 949	2004
MetroNet radios for diesel fleet	1 665	2003
Data loggers – electric fleet	1 107	2003
XPT trip gear	1 091	2003
Parramatta Rail Link land	14 050	2004
Parramatta Rail Link station works	73 062	2008
Closed circuit television for stations	13 433	2003
West Ryde station access upgrade	8 199	2003
Station upgrading	3 921	2003
Guildford station access upgrade	3 300	2003
Summer Hill station access upgrade	2 481	2003
Granville station access upgrade	1 904	2004
Canopy extensions at stations	1 841	2003
Platform gap reduction	1 433	2007
Miranda station access upgrade	1 315	2003
Kings Cross station access upgrade	1 270	2003
Cabramatta station access upgrade	1 082	2003
Station beautification	1 038	2003
Integrated ticketing system	8 791	2004
Reality Centre simulation	4 351	2007
Timetabling automation	2 965	2003
Automation of track possession	1 435	2003
Train location and visual tracking system	1 195	2003
On-train and station passenger information systems	1 186	2003
Train crew rostering system	1 127	2003
Train Operations datamart	1 079	2003
Total	225 591	

Appendix 8

Changes in Acts and Subordinate Legislation

The *Rail Safety Act 2002* commenced on 8 February 2003, and repeals the *Rail Safety Act 1993*. The Act promotes the safe construction, operation and maintenance of railways.

The *Rail Safety (General) Regulation 2003* commenced on 7 February 2003. This Regulation describes the penalties that can be enforced, also in conjunction with the *Rail Safety Act 2003*, together with other provisions.

The *Allocation of the Administration of Acts (No 3) 2003* commenced on 23 April 2003. This Act details which Acts come under the Minister's control (specifically in relation to transport).

Public Sector Employment and Management Act 2003 commenced on 6 September 2002. The Act relates to public sector employment and management; it repeals the *Public Sector Management Act 1988* and *Government and Related Employees Appeal Tribunal Act 1980*.

The *Civil Liability Act 2002* commenced 20 March 2002. The Act makes provisions in relation to the recovery of damages for death or personal injury caused by the fault of a person; to amend the *Legal Profession Act 1987* in relation to costs in civil claims.

This was amended by:

The *Civil Liability Amendment (Personal Responsibility) Act 2002*, commencing on 6 December 2002. The Act amends the *Civil Liability Act 2002* in relation to duty of care, causation, assumption of risk, professional negligence and other issues.

The *Industrial Relations Amendment (Unfair Contracts) Act 2002*, assented to on 24 June 2002. This Act amends

the *Industrial Relations Act 1996* and provides the Commission with greater powers with respect to industrial claims.

Transport Administration (Staff) Amendment (Promotion Appeals) Regulation 2003 (GG No. 39 of 7 February 2003, p 860). This Regulation reinstated promotion appeals for officers with a salary below the salary for the position of Clerical and Administrative Officer Class 1.

Appendix 9

StateRail Pricing Policies

The Independent Pricing & Regulatory Tribunal (IPART) and the NSW Government regulate CityRail passenger fares. StateRail is required to make an annual submission on fares to IPART. At the same time, members of the public and other interested groups are also invited by IPART to present submissions on CityRail fares. On the basis of these submissions, together with their own research, IPART makes a determination on the maximum fares CityRail is permitted to charge.

In May 2003 StateRail delivered its annual CityRail Fare Review submission to IPART. In this submission, StateRail sought a fare increase linked to CPI to maintain current operations plus consideration of a portion of the recovery of the expenditure to improve customer service levels. In 2002–03 this expenditure was mainly on security and cleaning improvements. The key points in the submission were:

- Fares contribute only 23% of the costs of running the rail system
- The funding gap is increasing. The cost recovery position has deteriorated over the past three years from 27% in 1999–2000 to 23% in 2002–03.
- Fares have increased by less than CPI and GST resulting in a real decline of 6.3% over the past three years.

- CityRail provides discounts to weekly and periodical ticket holders of an average 26% discount on the cost of ten single fares. Sales of discounted periodical tickets have grown by 9% over the last five years whilst full fare single and return tickets have declined by 5%.

Appendix 10

Insurance Activities

StateRail manages its insurable risks through a combination of self-insurance and risk transfer to international insurance markets.

The three-year term of its main insurance policies has insulated StateRail from cost increases and coverage reductions. However, current market conditions will apply when the policies are renewed in 2003.

StateRail continues to work with its brokers, Heath Lambert Group, to establish long term, effective risk minimisation strategies and to make representations on risk profile to international insurance markets to maximise coverage and minimise premiums.

Claims management is an integral part of the insurance activities. StateRail's management of liability claims arising from the Glenbrook accident of December 1999 won the support and confidence of our insurers. StateRail took the initiative of managing the claims that arose from that accident, coordinating medical, psychological and financial assistance to victims.

The Waterfall accident of January 2003 is being successfully managed using the experience gained from the Glenbrook accident.

Appendices

Appendix 11

Seven Year Comparative Statement of Financial Performance

	1996–1997	1997–1998	1998–1999
	Actuals	Actuals	Actuals
	\$000	\$000	\$000
Revenues			
Passenger services	411 262	434 083	457 292
Social program funding	507 501	495 525	483 650
Capital and other government contributions	413 578	458 045	490 923
Ancillary services to other NSW rail entities	137 608	121 901	102 308
Rents	25 495	26 127	25 857
Asset disposals	1 362	2 081	4 354
Interest	1 367	2 872	3 275
Other (non operating)	42 484	27 849	34 541
Total Revenue From Ordinary Activities	1 540 657	1 568 483	1 602 200
Expenses			
Payroll costs	422 259	440 474	445 422
Employee entitlements	145 151	177 308	168 042
Severance payments	3 024	15 297	25 984
Workers' compensation	38 727	41 271	17 905
Rail access fees	419 047	332 609	
Operating lease rentals (including rail access fees)			343 257
Contract and general expenses	309 868	350 548	353 754
Consultants	1 403	855	790
Depreciation	190 639	171 017	150 851
Assets revaluation decrements	0	3 565	0
Assets written off or sold	59 060	36 602	73 423
Inventory write down or losses	0	4 572	121
Borrowing costs	20 948	18 164	21 057
Other financing expenses	1 915	3 812	264
Audit fees	449	349	376
Board members' emoluments	159	211	245
Doubtful debts expense	170	2 707	55
Capital grants	0	7 319	38 725
Total expenses from ordinary activities	1 612 819	1 606 680	1 640 271
Net surplus/(deficit) from ordinary activities	(72 162)	(38 197)	(38 071)
Abnormal items	(11 756)	(7 187)	51 600
Extraordinary items	–	–	–
Operating profit/(deficit)	(83 918)	(45 384)	13 529

1999–2000 Actuals \$000	2000–2001 Actuals \$000	2001–2002 Actuals \$000	2002–2003 Actuals \$000	2002–2003 Budget \$000	2003–2004 Budget \$000
517 850	534 373	518 882	516 893	543 651	529 569
478 900	593 116	634 083	769 472	704 472	762 290
481 512	596 961	563 315	657 787	610 184	637 557
81 688	82 717	82 760	48 957	84 078	47 582
30 416	29 477	37 900	43 080	40 776	39 615
21 230	969	1 050	78	0	0
1 798	1 293	2 437	3 605	1 791	710
56 002	49 429	37 144	59 524	44 812	70 729
1 669 396	1 888 335	1 877 571	2 099 396	2 029 764	2 088 052
431 481	505 677	503 571	555 689	539 755	614 330
130 237	178 312	163 065	222 489	164 348	188 202
9 047	5 488	3 290	4 595	3 080	3 056
25 590	43 273	26 393	22 537	25 178	24 251
362 617	381 993	420 872	450 753	483 218	460 960
366 800	398 135	394 176	443 671	414 651	367 299
587	391	367	967	384	240
153 006	154 726	161 450	169 154	171 793	182 932
0	0	0	0	0	0
48 005	88 781	33 471	57 055	52 000	40 387
0	37	0	0	3	3
13 412	16 847	14 415	14 697	14 605	14 252
1 152	264	264	0	264	0
353	397	378	393	480	420
232	243	226	263	330	271
371	500	2 374	3 004	0	0
42 372	99 216	151 411	73 289	69 421	61 539
1 585 262	1 874 280	1 875 723	2 018 556	1 939 510	1 958 142
84 134	14 055	1 848	80 840	90 254	129 910
–	–	–	–	–	–
84 134	14 055	1 848	80 840	90 254	129 910

Appendices

Appendix 12

Payment of Accounts

The performance in paying trade creditor accounts during the year ended 30 June 2003 was as follows:

	Current (Paid on time)	Up to 30 days overdue	31–60 days overdue	61–90 days overdue	Over 90 days overdue	Total paid
1st quarter						
Number of accounts (%)	92	7	1	0	0	100
Amount paid (\$m)	342	14	1	0	0	357
2nd quarter						
Number of accounts (%)	91	7	1	0	1	100
Amount paid (\$m)	331	14	1	1	1	348
3rd quarter						
Number of accounts (%)	88	9	2	0	1	100
Amount paid (\$m)	342	19	2	1	4	368
4th quarter						
Number of accounts (%)	91	7	1	1	0	100
Amount paid (\$m)	341	18	2	1	2	364
Total for 2002–03 (\$m)	1356	65	6	3	7	1437

During the year, an average of 90% of invoices (by number) were paid on time, thereby meeting the corporate target for the first time in several years.

Continued focus on process improvement will enable the achievement of the corporate target to be maintained in the coming year.

No penalty interest was paid during the year ended 30 June 2003, under clause 18 of the *Public Finance and Audit Regulation Act 2000*, due to the late payment of any supplier's account.

Appendix 13

Investment Performance

In the year ended 30 June 2003, StateRail earned 4.80% on surplus funds invested. During the same period the comparable Treasury Corporation "hour-glass" cash investment facility earned 4.85%.

Appendix 14

Liability Management Performance

In the year ended 30 June 2003, the generalised cost of funds in StateRail's debt portfolio was 7.18%. During the same period the generalised cost of funds of a risk-neutral benchmark portfolio (determined in accordance with the Treasurer's guidelines) was 5.93%.

Appendix 15

Credit Card Use

Credit card use in StateRail has been in accordance with the requirements of Premier's Memoranda and Treasurer's Directions.

Appendix 16

Land Values and Land Disposal

Land use	Value as at 30 June 2003 \$000	Value as at 30 June 2002 \$000
Rail infrastructure or stations	2 659 015	2 513 499
Strata (air space) leased to tenants	13 952	12 527
Residences and occupied land	11 030	11 372
Surplus land	44 500	40 100
Total land owned or occupied	2 728 497	2 577 498

The total value of land owned or occupied is higher than the land value recognised in the statement of financial position. The latter value excludes land under rail infrastructure because, despite its being owned by StateRail, it is controlled by RIC and is therefore not recognisable as an asset.

During 2002–03, 34 property sales were completed, yielding gross proceeds of \$66.165m. Contracts were exchanged on a further three properties with a value of \$1.191m.

Of the 34 properties sold, three were disposed of by public auction, three by tender, one by expression of interest and 27 by private treaty. Of the last group, 12 were sold to government bodies, five were sold to adjoining landowners and 10 were sold to others. Private treaty sales were all conducted in accordance with StateRail policy and none exceeded \$5m.

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

Properties were disposed of during 2002–03 to raise funds for Treasury to fund part of StateRail's capital works program.

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

Appendix 17

Privacy and Personal Protection

Over the period 2002–03 StateRail has introduced Privacy Statements for use on forms used to collect personal information from internal and external sources. The Privacy Statements ensure that those providing personal information are advised of how the information is to be used by StateRail and to ensure personal information is used by StateRail for the purpose for which it was collected.

Statement of Action

StateRail is in the process of developing a plan to ensure the Privacy Management Plan is implemented throughout the organisation in accordance with the *Privacy and Personal Information Protection Act 1998*. The Freedom of Information and Privacy Officer will assist with aspects of the implementation of the Privacy Management Plan and is the designated officer for all inquiries and complaints.

Section 53 internal review

No applications for internal review pursuant to section 53 of the *Privacy and Personal Information Protection Act 1998* were received for the period 2002–03.

Appendix 18

Responses to Significant Issues Raised by the Auditor-General

Responses to significant issues raised by the Auditor-General in his report on the 2001–02 year, under section 43(2) of the *Public Finance and Audit Act 1983*, are set out below.

1. Failure of Airport Link Company

The audit noted that if the agreement with the company (in receivership) for operating the Airport Line stations were to be terminated, StateRail might need to compensate the company and that negotiations were under way to resolve the situation.

Response

Negotiations aimed at resolving outstanding claims and minimising any future compensation payable by StateRail are at an advanced stage.

2. Millennium train cost increases

The audit noted that the contractor's cost of building the new Millennium cars was significantly over budget and that StateRail was assessing the financial implications of this.

Response

The settlement of a contractual claim by the manufacturer of the Millennium train has been agreed and includes an increased payment to the manufacturer.

3. Non-provision for public liability claims

The audit found that StateRail had not recognised its public liability claims in the statement of financial position.

Response

A Public Liability Claims Provision was established as at 1 July 2002.

4. CountryLink revenue system problems

The audit found continuing internal control deficiencies in CountryLink's revenue system.

Response

Compensating processes have been instituted to overcome system deficiencies.

5. Excessive overtime

The audit noted that StateRail is reducing the excessive levels of overtime worked.

Response

Overtime levels have remained consistent with the reduction that occurred.

6. Excessive uncleared leave

The audit noted that StateRail is reducing the excessive levels of uncleared annual leave and leave in lieu of public holidays worked.

Response

Some \$1.9m of excessive accumulated annual leave and public holidays was paid out during 2002–03. In future, untaken leave in excess of permitted limits will be paid out at the beginning of each leave year.

Appendix 19

External Committees

- ATRC/StateRail Access Agreement Committee with Victoria
- Australasian Railway Association Executive Committee
- Budget Investment Steering Committee (Ministry of Transport)
- Central West Emergency Management Committee
- CEC – Chief Executives Committee (Premier's Department)
- Construction Policy Steering Committee – StateRail
- Cross City Tunnel (Roads and Traffic Authority)
- Customer Relations Working party (Ministry of Transport)
- Editorial Advisory Group, "SafeTrans" magazine (Ministry of Transport/Industry safety publication)
- Executive Working Party Group with Commission (Waterfall Commission)
- Graduate School of Government – Graduate Diploma in Public Administration Working Group (The University of Sydney)
- Household Travel Survey PCG (Ministry of Transport)
- I.P.D.C. (Ministry of Transport)
- Infrastructure Coordination Unit
- Infrastructure Project Delivery Committee (Ministry of Transport)
- Interchange Management Working Party (Ministry of Transport)
- Living Centres and Urban Improvement Program
- Long Term Strategic Plan for Rail (Ministry of Transport)
- NSW Security Industry Council
- NSW Ethics Committee
- North West Rail Link – Chaired by DIPNR
- Northern Rivers Emergency Management Committee
- PRL Management Committees
- PRL Project Control Group – Parramatta Rail Link
- Peel District Emergency Management Committee
- Premier's Graffiti Taskforce
- Public Sector Medal Awards Committee (Premier's Department)
- Regional and Rural Planning Steering Committee
- R.I.C.G. Coordinator General for Rail
- Senior Officer's Committee (falls under the NSW Government Procurement Council) – NSW Treasury
- Signalling and Control Systems Steering Committee (RIC)
- SNRUP (Sydney – Newcastle) – Chaired by RIC
- Shiftwork and Workload Study (consortium member) with other Australian Railways, with the University of South Australia's Centre for Sleep Research (CFSR)
- StateRail-NSW Police Rail Security Steering Committee (Police and StateRail)
- State Chamber of Commerce
- State Chamber of Commerce – Infrastructure Committee
- TAM Reference Group NSW Treasury
- Technical Advisory committee for the Transport Data Centre (TDC) (Ministry of Transport)
- Tourism Task Force
- Train Operations Management Agreement (StateRail and Queensland Rail)
- TCC – Transport Coordination Committee (Ministry of Transport)
- UITP Board of Management: Australia and New Zealand Association for major transport operators
- Urban Planning and Infrastructure Committee
- Youth Justice Conferencing
- Waterfall Working Party (Ministry of Transport)

Appendix 20

Heritage Management

StateRail is the owner of the largest collection of heritage assets of any State government agency, and is one of the State's leaders in heritage management.

Assets in the StateRail collection include:

- Railway stations and other structures
- Disused (non-essential) infrastructure
- Rollingstock and track vehicles
- Machinery and equipment
- Antique furniture and clocks
- Artworks
- Small artefacts
- Historic records
- Archaeology

Buildings and Structures

During the year, various restoration projects were undertaken in a number of places around New South Wales including Gulgong, Martins Creek, Mortuary, Trangie and Hay.

In Werris Creek, an Australian Railway Monument is being established to provide a focal point for a changing exhibition on the importance of the railway to the past, present and future, and a tribute to the sacrifice of railway men and women. The project, which commenced during the year, includes the restoration of the station buildings, which will house an Interpretative Centre, the erection of the monument and landscaping which will be characteristic of a railway garden. Physical restoration works costing \$1.2m were in progress at the end of the year. Detailed planning is also under way in relation to the design of the monument. The design is being prepared by Dominique Sutton, designer of the statues on the top of Centrepoin for the 2000 Sydney Olympics.

Moveable Heritage

During the year, assessments of antique furniture and track vehicles were completed, leaving only a small number of paintings and fine arts still to be assessed.

Restoration work continued on the Commissioner's Train and Premier's Carriage, and work commenced on a steam locomotive and a 1937 vintage rail bus. As part of the continuing partnership with Passenger Fleet Maintenance division, StateRail's apprentices this year commenced work on the restoration to operation of a 1926 vintage rail motor.

The Commissioner's Train and Premier's carriage were listed on the State Heritage Register, and the Rail Bus is currently under consideration for listing.

Conservation Management Plans are being written progressively for StateRail heritage assets to facilitate the ongoing preservation and proper conservation of the assets. Additional items are being included on StateRail's Section 170 Register as they are identified.

StateRail is committed to achieving full compliance with the NSW Heritage Act, and to the protection, promotion and presentation of its heritage assets for the ultimate benefit of the community.

StateRail's heritage registers may be inspected by appointment.

Appendix 21

NSW Government's Action Plan for Women

- StateRail is actively committed to developing and implementing strategies aimed at improving the welfare of women workers and customers. As well as a commitment to the welfare of women workers within StateRail, there is a strong commitment to improving service delivery for passengers – both for women and for people with disabilities.

- Safety measures across the CityRail and CountryLink networks have included improved lighting, security, lifts and escalators, which are designed to improve security and access for all customers, including women using public transport.
- CountryLink continues to offer a range of services to cater for women travelling with young children or others who may be less mobile, including offering a mobile buffet service to passengers in their seats. Sleeping compartments, wheelchair access, toilet facilities, baby changing tables and activity packs for children are now readily available, as well as access to nebulisers if required.
- StateRail continues to implement and develop programs to recruit and retain women as part of its workforce, particularly in non-traditional areas such as train crewing, Network Control and Security Services.
- Existing and new employees participate in training and education programs aimed at enhancing diversity and eliminating harassment and discriminatory work practices.
- StateRail is improving its performance as a family-friendly workplace, continuing to provide access to a free child and aged care advisory service and a free counselling and trauma assistance service.
- StateRail has developed a draft *Managing Pregnant Workers* policy. The policy is being developed to provide a framework for managing pregnant employees to ensure StateRail fulfils its overall legal obligations, in particular those related to Anti-Discrimination and OHS. The policy will include broad practical information relevant to all pregnant employees, as well as specific information aimed at managers who manage individual employees in a range of job categories, including cleaners, train crews and station staff.

Appendices

Appendix 22

Consultants

Consultant	Project	Cost (\$)
Contracts of \$30 000 or more		
Management services		
McDonald & Associates	Development of corporate plan, strategy and performance agenda	145 000
Global Foresight	Development of corporate plan, strategy and performance agenda	129 000
Fellows Medlock & Associates	Assessment of staff claims for wage increases due to changes in work practices	60 000
Finance, accounting or tax		
Greenwood & Freehills	Financial advice in relation to cross-border lease	173 000
NSW Treasury Corporation	Financial advice in relation to cross-border lease	73 000
Advokatfirman Vinge	Financial advice in relation to cross-border lease	43 000
Legal		
Freehills	Legal advice in relation to cross-border lease	263 000
Total contracts of \$30 000 or more	(7 contracts)	886 000
Contracts under \$30 000		
Management services		55 000
Finance, accounting or tax		26 000
Total contracts under \$30 000	(7 contracts)	81 000
Total expenditure in 2002–03	(14 contracts)	967 000

Appendix 23

Funds Granted to Non-Government Community Organisations

Grantee	Amount (\$)
3801 Limited	40 000
NSW Railway Employees' Welfare Fund	20 000
NSW Railway Institute	10 000
Focus Force Friendship Exhibition	1 389
Total granted in 2002–03	71 389

Appendix 24

Human Resources

StateRail	2003	CES/SES Bands	Total CES/SES as at 30 June 2003	Total CES/SES as at 30 June 2002
Staff	9 733			
Percent female employees	19			
Average absenteeism (Days)	9.49			
		Level		
		6	5	6
		5	2	1
		4	4	5
		3	11	10
		2	6	5
		1	–	–
		CEO under s.11A	1	1
		Total	29	28
		Women in SES positions	8	7

Staff Numbers

Year	Salaried Professional	Tradesperson	Non-tradesperson	Total
1994–95	6 781	1 792	11 613	20 186
1995–96	6 993	1 588	11 161	19 742
1996–97	5 038	776	3 530	9 344
1997–98	3 742	595	4 980	9 317
1998–99	3 137	465	4 942	8 544
1999–2000	2 976	430	5 560	8 966
2000–01	3 033	430	5 554	9 017
2001–02	3 219	415	5 487	9 121
2002–03	3 299	568	5 866	9 733

Average sick leave per employee comparison 2001–02 – 2002–03

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2001–02	1.23	0.97	0.84	0.74	0.93	0.82	0.91	0.79	0.87	0.85	1.03	1.21
2002–03	0.95	0.91	0.88	0.80	0.96	0.80	0.87	0.75	0.83	0.78	0.87	1.13

Appendices

Staff By Level

Salary Level	Total Staff	Staff responded to EEO data form	Male	Female
Less than 27 606	48	–	46	2
27 606 to 36 258	2 201	435	1 510	691
36 259 to 40 535	1 143	299	899	244
40 536 to 51 593	4 530	1 257	3 888	642
51 594 to 66 332	989	327	859	130
66 333 to 82 914	578	218	494	84
More than 82 914	215	71	173	42
SES	29	5	21	8
Total	9 733	2 612	7 890	1 843

Staff by Category

Staff by Employment Category	Total Staff	Staff responded to EEO data form	Male	Female
Permanent				
Full-Time	9 297	2 560	7 654	1 643
Part-Time	354	47	174	180
Temporary				
Full-Time	51	–	39	12
Part-Time	1	–	1	–
SES	29	5	21	8
Casual	1	–	1	–
Other				
Total	9 733	2 612	7 890	1 843

Aboriginal or Torres Strait Islander	People from racial, ethnic, ethno-religious minority groups	People whose first language is not English	People with a disability	People with a disability requiring adjustment at work
27	149	93	22	3
7	89	59	20	4
39	367	241	57	24
9	87	64	29	9
2	61	42	16	5
–	10	7	7	2
84	763	506	151	47

Aboriginal or Torres Strait Islander	People from racial, ethnic, ethno-religious minority groups	People whose first language is not English	People with a disability	People with a disability requiring adjustment at work
80	750	499	150	46
4	13	7	1	1
84	763	506	151	47

Appendix 25

SES Performance Statements

Senior Executive Remuneration for SES Level 5 and Above

No performance pay incentive payments were made to any StateRail staff engaged in the Chief and Senior Executive Service.

Name: Vince Graham

Position: Acting Chief Executive

Level: 8

Period in position

8 April 2003 – 30 June 2003

Total Remuneration Package

\$352 000 (includes allowance for occupying dual roles)

Since his appointment Mr Graham has familiarised himself with current management structures and focussed on initiatives to improve the reliability, safety and cleanliness of the rail network. Mr Graham has led the establishment of protocols and review structures designed to facilitate the integration of StateRail and RIC and has also overseen the management of major issues including the Waterfall accident and the Millennium train.

Name: Howard Lacy

Position: Chief Executive

Level: 8

Period in position:

1 July 2002 – 8 April 2003

Total Remuneration Package:

\$350 000
(includes recruitment allowance)

Mr Lacy continued to focus on the management of daily operational issues such as on-time running and customer

service. He oversaw the implementation of new safeworking rules, the commissioning of Sydenham signal box, the re-organisation of CountryLink, the commissioning of the Rail Management Centre, the commissioning of virtual reality simulators and the Millennium train.

Mr Lacy continued to steer organisational improvements and implement structural changes and realignments, as detailed in the *One StateRail* delivery plan. Security and revenue protection were a major focus and joint initiatives with the Police Service were implemented to enhance safety on the rail system.

Mr Lacy continued to lead a number of communication and management forums to provide greater interaction between senior management and staff.

Name: Ron Creighton

Position: Chief Operations Manager

Level: 6

Period in Position:

1 July 2002 – 30 June 2003

Total Remuneration Package:

\$215 650

Mr Creighton's primary responsibility during 2002–03 was the successful delivery of the daily train plan, which takes into account all aspects of train crewing, timetabling and train operations.

During 2002–03, the Operations division completed its share of the Glenbrook recommendations in the key operational processes, including communication protocol monitoring (train speed monitoring). There was a 16% reduction in the number of SPADS recorded for the year. An initiative by StateRail and RIC to pool resources in an attempt to reduce Lost Time Injury Frequency Rates also commenced.

During the year, Mr Creighton took a lead role in delivering the 2002–03 special event program, which delivered timetables and resources that catered for major events at Olympic Park, including the NRL State of Origin, ARU Bledisloe Cup, 2002 NRL Grand Final and the 2003 Royal Easter Show.

On-time running for 2002–03 was recorded at 90%. The force majeure-adjusted figure was 90.9%. Daily average skip stops were recorded at 40.9, which was minimally above the annual target limit of 40. The climatic extremes during the year, including bushfires and unusually wet weather, were a major contributor to this result.

Major achievements during the year included the commissioning of the new Rail Management Centre on 15 December 2002, which for the first time has brought all aspects of train control together in the one location.

A workforce-planning model has been developed which enables the planning of recruitment for train crew, signallers and area controllers.

Name: Peter Scarlett

Position: Executive Director, Finance

Level: 6

Period in Position:

1 July 2002 – 30 June 2003

Total Remuneration Package:

\$236 000

Mr Scarlett continued to lead StateRail's Finance function and completed a number of initiatives that will enhance StateRail's capacity to meet business challenges.

Mr Scarlett finalised the establishment of a Corporate Risk Management unit that will enhance risk management activities currently undertaken within the operating divisions. A Revenue and Financial Analysis unit was also

established during the year and work commenced on developing a structured approach to revenue planning and providing financial analysis of major projects, including those containing components of private sector funds.

The annual budgeting and funding process was completed in accordance with government guidelines and the annual financial reports for StateRail were produced in a shorter timeframe to comply with government requirements.

A revised CityRail Services Agreement was finalised with the Ministry of Transport and the financial aspects of a revised Access Agreement were also completed.

During the year, StateRail finalised cross-border lease arrangements covering the first tranche of the Millennium train in order to maximise financial return to StateRail. Mr Scarlett also assumed responsibility for the management of StateRail's Property group and Environmental unit.

Name: Arthur Smith

Position: Deputy Chief Executive (Operations & Infrastructure)

Level: 6

Period in position:

1 July 2002 – 30 June 2003

Total Remuneration Package:

\$262 000

(includes recruitment allowance)

In his role as Deputy Chief Executive (Operations and Infrastructure) Mr Smith provided strong leadership through developing close alliances with other rail entities, including the Ministry of Transport and RIC, to ensure organisational alignment and implementation of integrated public transport strategies. This incorporated initiatives such as Property Management, Strategic Asset Management, Rail Access

Management, Long Term Rail Planning and the delivery of StateRail's Capital Works program.

In overseeing areas such as Capital Works and Development, Strategic Projects, Train Operations, Station Operations and Passenger Fleet Maintenance, Mr Smith provided the foundation for an integrated approach to StateRail's core business of passenger train operations. A key project related to this was the design, construction and commissioning of the Rail Management Centre, which will have a major impact on the effective and efficient safety management of train movements within the metropolitan area.

Since February 2003, Mr Smith has taken on the role of Project Director for the Waterfall accident Inquiry on behalf of StateRail. This has involved high-level project management of the accident investigation aspects of the inquiry. It has also involved close liaison with the Special Commission of Inquiry's legal representatives and other rail entities.

Name: Fran McPherson

Position: Deputy Chief Executive (Workforce Strategy & Development)

Level: 6

Period in Position:

1 July 2002 – 30 June 2003

Total Remuneration Package:

\$236 000

Ms McPherson continued to lead the Human Resources function in the development and implementation of a range of human resource initiatives, and the implementation of organisational development initiatives. Ms McPherson led the negotiations on the implementation of a new Train Crew enterprise agreement in addition to an enterprise agreement to cover remaining StateRail staff.

A review and subsequent update of human resources policies, which included consultative phases to meet both management and union requirements, was completed. A number of revised policies were implemented during 2002–03. A centralised recruitment centre was established, which included the transfer of the redeployment function to provide a more holistic approach to the management of staff.

A workforce-planning model to ensure StateRail has available appropriately skilled and trained frontline staff was developed and introduced and the rollout of the HR Datamart to provide improved access and quality of HR Data is substantially completed. The Code of Workplace Standards has been revised and will be implemented next year.

An absence control program to better manage sick leave with a particular focus on long-term absences and improved overall sick leave performance has been introduced.

Ms McPherson retained direct responsibility for the strategic direction of the StateRail security program.

This incorporated deployment of the inaugural Transit Officer workforce on trains and stations in November 2002, and subsequent review and further expansion of the program to 300 Officers by June 2003.

In conjunction with this front line security operational initiative was the initiation of a regular program of joint NSW Police – StateRail Rail Security Committee meetings at Deputy Commissioner/Deputy Chief Executive level. These were initiated to better coordinate and to manage implementation of joint agency efforts targeting crime and offending behaviour on the rail network, and improve intelligence sharing between StateRail and NSW Police.

Appendices

Name: Rob Mackinnon

Position: Chief Information Officer

Level: 6

Period in Position:

1 July 2002 – 30 June 2003

Total Remuneration Package:

\$250 000

(includes recruitment allowance)

During 2002–03 Mr Mackinnon focussed on developing the competencies of the Information Technology and Telecommunications (IT&T) division to assist StateRail in achieving its strategic and operational objectives. Key areas addressed were: strategy development; project delivery; governance; risk management; and cost containment.

A draft IT&T Strategic Plan was developed that articulates a three-year vision for StateRail in terms of business improvements and the underlying information technology solutions that these improvements will require. Mr Mackinnon has overseen a program of project completion. The following major projects were delivered during the financial year:

- The deployment of Help Points to 302 stations.
- The provision of train monitoring and display software, as well as telecommunications for the new Rail Management Centre.
- The enhancement of central train management through the completion of stage 1C of the Train Visibility System (TVS), operational between Mount Victoria and Lapstone.
- The production of software to develop an electronic form of the Daily Working Timetable.
- The development of an automated timetable distributor to pass electronic timetable data to all dependent internal and external systems (including those of the RIC).

- The deployment of systems to optimise the allocation of resources required to provide planned services and to pro-actively monitor and control staff fatigue levels.
- The completion of a series of initiatives to enhance visual and audio customer information at metropolitan and country stations.
- The delivery of a Human Resources management information system.

During the year an executive IT Steering Committee was established and a standardised, best practice project management methodology adopted.

Security and risk prevention matters were focus areas and new corporate Business Continuity and Disaster Recovery plans were drafted. A corporate disaster recovery centre was commissioned and a series of new measures introduced to strengthen system security at a technical level.

Mr Mackinnon has focussed on improving the commercial aspects of StateRail's information technology and telecommunications services and a series of current initiatives are targeted at reducing operational costs by \$1m annually.

Name: Catherine Herriman

Position: Executive Director Safety

Level: 5

Period in position:

1 July 2002 – 30 June 2003

Total Remuneration Package:

\$182 630

Ms Herriman continued to lead the Safety division function and develop a range of safety and environment initiatives.

A major outcome for the year was the implementation of Stage 2 of the RIC Network Rules and Procedures and the development of complementary Operator Specific Procedures for StateRail, which came into operation on 1 December 2002.

The Safety division developed a Safety and Environmental Investigation guide and StateRail Network Incident Management plan to assist managers in the process of investigation. Work continued on the implementation of recommendations of the Glenbrook Inquiry and the management of recommendations from the Hexham Investigation.

Work continued in the Safety division on programs aimed at reducing the Lost Time Injury Frequency Rates (LTIFRs) and further development of the Safety Management System, by establishing the production of Safe Work Method Statements by local work teams. Divisional procedures defining the safety arrangements of each division were revised. OHS Regulation guidelines were developed and communicated across the organisation.

A Plant Risk Assessment system and training package was introduced in line with the OHS Regulation to assist with the completion of plant risk assessments. Contractor management remained a clear focus and a series of workshops were held to educate project managers on the OHS management requirements for StateRail contracts.

During the year the drug and alcohol testing program was expanded. The total number of tests undertaken was 9 011 (8 107 excluding RIC), an increase of 3 897 (3 028 excluding RIC) on the previous year. A major project commenced to comprehensively review StateRail's medical standards in partnership with the Department of Infrastructure Victoria.

A series of initiatives in the RailCover group, including the introduction of an injury reporting hotline and a revised approach to injury management focussing on lost time injuries and injury duration rates, have realised a \$1.34m reduction in workers' compensation claims on budget (for injuries post 1 July 1996).

The Environment unit further developed StateRail's Environmental Management System (EMS) with the drafting of new environmental procedures and undertaking audits of the EMS and StateRail's operational facilities. A total of 6% Green Power was purchased for StateRail's non-bulk electricity supply contract.

Name: Andrew Pondekas

Position: General Manager
Passenger Fleet Maintenance

Level: 6

Period in position:
1 July 2002 – 30 May 2003

Total Remuneration Package:
\$262 000
(includes recruitment allowance)

Mr Pondekas led the Passenger Fleet Maintenance division and was responsible for the repair, maintenance and cleaning of the CityRail and CountryLink passenger fleet. During the year significant improvement occurred in the reduction of overdue cleans from a daily average of 56 cars in 2001–02 to eight cars in 2002–03, an 85% improvement. Overdue major cleans were reduced from 1 980 in 2001–02 to 752 in 2002–03, an improvement of 62%.

Staff at all maintenance depots were trained in developing and implementing Safeworking Method Statements and increased involvement of staff in OHS activities occurred.

As part of the Glenbrook recommendations Dataloggers were installed in the motor cars of the electric fleet. Testing and commissioning was completed, while

maintenance staff training has commenced and is planned for completion by mid August 2004. Metro net radios were installed in all diesel motor cars, testing and commissioning has been completed as well as train crew training.

A long term Presentation Improvement program is being finalised and will be implemented in 2003–04. The recruitment of apprentices continued and the ongoing mentoring program again proved successful.

Name: Paul Gilbertson

Position: Manager Capital Works

Level: 5

Period in position:
1 July 2002 – 30 June 2003

Total Remuneration Package:
\$236 000
(includes recruitment allowance)

During 2002–03 Mr Gilbertson led the Capital Works and Development division through a period of consolidation and further development. Mr Gilbertson focussed on enhancing project development and project management skills within StateRail, ensuring better value for money solutions and increasing project accountability.

In conjunction with RIC Mr Gilbertson also drove the development of a Strategic Asset Management plan and began integrating this into the corporate strategic planning process.

Major achievements during 2002–03 included the following:

- The introduction of the Millennium train into revenue service.
- The awarding of a contract for 41 new electric carriages for outer suburban services.
- The awarding of a contract for 14 new diesel rail cars for Hunter Valley services.

- The improvement of passenger access through the upgrading of 14 stations.
- The commissioning of two new reality centre training simulators.
- The development of accredited project management training courses.
- The commencement of a Strategic Asset Management Plan for Rail.
- The completion of the second stage of the \$28.6m Richmond branch line duplication between Marayong and Quakers Hill.
- The completion of the \$10.2m Central Turnback facility.
- The commencement of the installation of smoke curtains at 10 underground stations at a total cost of \$2.2m.
- The introduction of a robust financial review process for capital works.

Safety continues to underpin all works. A key focus has been to further develop and refine the Capital Works safety management processes in the context of the StateRail Safety Management System.

CES/SES Positions and Performance

Level	Total CES/SES 2001–02	Total CES/SES 2002–03
6	7	6
5	2	2
4	5	5
3	11	11
2	3	5
1	nil	nil
CEO under S.11A	1	1
TOTAL	29	30

CEO position listed under S.11A of the *Statutory and Other Offices Remuneration Act 1975*, not included in Schedule 3A of the *Public Sector Management Act 1988*.

Number of positions filled by women in 2002–03 is 8. The figure for 2001–02 was 7.

Appendix 26

Equal Employment Opportunity

During 2002–03 StateRail has achieved considerable progress in relation to planned outcomes of the Equal Employment Opportunity (EEO) Management Plan.

The key features of the 2002–03 EEO Management Plan were that it extended accountability for equity and diversity outcomes to all business divisions within the organisation and that the strategies and initiatives were inclusive of employee participation in determining expected outcomes and future planning.

Achievements during 2002–03 include:

- The development of a comprehensive EEO Management Plan that encompassed StateRail's overall equity and diversity initiatives and strategies for target groups, but which also identified and sought to address specific divisional EEO needs.
- The publication of the EEO Management Plan on StateRail's website.
- Communication of the EEO Management plan to all staff through internal publications and availability of the plan on the intranet.
- Provision of information sessions relating to equity, diversity and EAPS to employees participating in equity programs, as well as other staff.
- Expansion of the Spokeswomen's program, including the introduction of 21 new Spokeswomen representative of all operational divisions, and the continued whole-of-agency approach to developing the program.
- Acceptance and ownership of the Aboriginal and Torres Strait Islander program by indigenous employees.

- The expansion of the Aboriginal and Torres Strait Islander Network Committee to include four new members and the increase in representation of Torres Strait Islanders and women.
- Participation in the NSW Government's Aboriginal and Torres Strait Islander Management Development Program.
- Employee participation in NSW Government recruitment workshops to recognise overseas qualifications.
- Continued management and development of the organisation's participation in the NSW Government's traineeship program for people with a disability. An offer of full time permanent employment with StateRail has been formally offered to a trainee who has successfully completed the traineeship.
- Inclusion of target group representatives in achieving the outcomes of the EEO Management plan.
- Establishment of a panel that reviews applications from train crew employees for transfers on compassionate grounds.
- New and improved facilities for women at Waterfall, North Sydney and Cronulla Passenger Fleet Maintenance carriage cleaning depots.

With a consistent whole-of-agency approach now adopted across all business divisions in the development and delivery of equity and diversity strategies, initiatives, programs and policies, StateRail expects to develop an Equal Employment Opportunity Management Plan for 2003–04. Using the same consultative approach will enable employees to participate in achieving the expected outcomes, as well as taking ownership of the programs and strategies.

Appendix 27

Ethnic Affairs Priority Statement 2002–04

StateRail's 2002–04 Ethnic Affairs Priority Statement was developed in consultation with all business divisions within the organisation and enhances StateRail's existing employment programs and Customer Service Commitment.

The Ethnic Affairs Priority Statement reinforces StateRail's corporate values of respect, improved internal communication, safety and enhanced customer service including information, signage, ticketing, staff presentation and access to our services by all communities.

The Ethnic Affairs Priority Statement also promotes a workplace that is free of harassment and discrimination and reinforces our commitment to the provision of safe train transport for the community.

From a HR perspective, progress being made towards the implementation of the Ethnic Affairs Priority Statement includes the following:

- 2002–04 Ethnic Affairs Priority Statement has been made available on StateRail's website and intranet site.
- Ongoing employee briefing sessions are being conducted for employees in relation to the Ethnic Affairs Priority Statement to enable a better understanding and acceptance of the plan.
- Provision of relevant information to the Community Relations Commission annually and to StateRail's board when required.
- A copy of the Ethnic Affairs Priority Statement has been forwarded to the Community Relations Commission.

The key strategies of the 2002–04 Ethnic Affairs Priority Statement include:

- Translation of StateRail’s Customer Service Commitment into six community languages.
- The communication of information relating to changes in StateRail services, such as major trackwork, through targeted community media such as radio and local press.
- Promotion of StateRail as an equal opportunity employer, with staff that represent the diversity of the communities we serve.
- Awareness of equity and diversity issues as an integral part of our customer service.
- Review of the disability access plan.
- Maintaining an Aboriginal & Torres Strait Islander presence at Redfern to facilitate community and staff harmony.
- Recognition of cultural diversity and inclusion of cultural awareness issues in internal publications.
- Development of policies and programs aimed at ensuring that the rights and well-being of homeless people are upheld.
- Development of partnerships with community groups and participation in cultural community events.
- Maintaining and monitoring customer complaints and suggestions from racial and ethnic religious minority groups that have been logged with the *Your Say* telephone response line.

Appendix 28

Customer Complaints and Commendations

StateRail Feedback 2002–03

Transport Infoline 131500 remains the most commonly used entry point for customer feedback to StateRail. There has, however, been a marked increase in the amount of feedback received electronically. Web Lodgement of all issue types (Complaints, Commendations, Queries and Suggestions) has risen from 1 095 during the 2001–02 financial year to 3 395 during 2002–03, an increase of over 200%.

131500 feedback now stands at 65.9% of all feedback, while Web Lodgement comprises 9.5% of all feedback. This is the first year in which the number of Web Lodgements has exceeded the number of letters received by StateRail. The number of issues raised in direct correspondence to StateRail stands at 2 965 issues, 8.3% of all feedback for the year.

CityRail

During 2002–03, 4.2% of non-Ministerial CityRail feedback (1 203 issues) was registered as compliments received from customers. The vast majority of these (959 issues) were directed towards helpful staff.

A total of 20 602 complaint cases was recorded for CityRail. 25 474 complaint issues were raised in these cases, an increase of 31% on the number of issues registered in 2001–02. This may be due in part to the increased capture rate made possible by full centralisation, as well as substantial increases in direct correspondence to StateRail leading up to the March 22 election, and following the Waterfall and Menangle incidents.

The largest number of complaints concerned the following issues:

CityRail Complaint Issues by Transaction (excludes Ministerials)

Train Service	22%
Inside the Carriage	15%
Ticket Office	10%
Announcements	8%
Platform	7%
Other	38%

Ministerials

The Government Relations team registered 2 406 Ministerial matters, raising a total of 3 090 issues. 2 590 of these issues concerned CityRail, while the remaining 500 were CountryLink issues.

CountryLink

During 2002–03, 9.1% of non-Ministerial feedback for CountryLink was complimentary, a total of 333 issues for the year. The majority of these were directed at helpful staff.

A total of 2 343 complaint issues was received in 2002–03, compared with 5 479 the previous year. This was the first year during which all customer feedback was registered at a centralised point.

The majority of these issues were received by letter and direct phone call to the Customer and Government Relations unit.

The most significant areas of complaint for CountryLink customers were:

CountryLink Complaint Issues by Transaction (excludes Ministerials)

Reservations & Ticketing	24%
Train Service	15%
Inside the Carriage	14%
Passenger Attendant	10%
Booked Luggage	7%
Other	38%

Appendix 29

Overseas Travel 2002–03

Officer and position	Travel details
Fiona Love Director, Learning and Development	USA – for research into security issues, simulations based technology implementation and attendance at Global Security Summit for Transportation.
Kevin Platt Director Corporate Security	USA – for research into security issues, simulations based technology implementation and attendance at Global Security Summit for Transportation.
Arthur Smith Deputy Chief Executive	Stockholm, London, Paris and Singapore – to undertake negotiations on the cross-border lease for the Millennium trains, and discuss in detail critical rail issues, the impact of the introduction of new technologies, safety initiatives and the relationship and impact that these have on operations.
John Comb Corporate Manager, Insurance Services	London, Zurich and Bermuda – to solicit support from International Underwriters for StateRail's medium term insurance coverage.
Robert Blanch	New Zealand – to attend the OZTalk show in Auckland. OZTalk is an annual ATC and state tourism event held in NZ to promote inbound tourism to Australia.

Appendix 30

Freedom of Information

The 2002–03 reporting period saw a substantial increase in the number of applications received under the *Freedom of Information Act 1989* (NSW). In 2001–02, StateRail received 128 applications. This increased by 36% to 174 in 2002–03.

The majority of applications were processed within the prescribed statutory period.

StateRail's commitment to the objects of the Act saw access granted in 81.2% of completed applications (117). Full access was granted in 58.3% of completed applications (84). Partial access was granted in 22.9% of completed applications (33).

The FOI and Privacy Officer is located in the Communications and Marketing Division, Level 6, 18 Lee Street, Chippendale NSW 2008, and may be contacted on 02 8202 2323 during business hours.

Dates	Class of Travel	Annual Leave or Private Travel Taken	Expenditure Estimate	Actual Expenditure	Report Submitted
28 August – 18 September 2002	Various – Business International (First or Economy Domestic depending on availability)	nil	\$50 000	\$26 071.08	Yes
2 September – 21 September 2002	Various – Business International (First or Economy Domestic depending on availability)	nil	\$50 000	\$32 675.32	Yes
2 October – 17 October 2002	Business	nil	\$30 000	\$12 010.13	Yes
16 September – 4 October 2002	Business	nil	\$20 000	\$10 448.36	Yes
4 – 5 April 2003	Economy	nil	\$4 180	\$5 081.49	Yes

FOI Statistics, NSW Freedom of Information Act

Data between 1/7/2002 and 30/06/2003

Section A Number of new FOI requests – Information relating to numbers of new FOI requests received, those processed and those incomplete from the previous year.

FOI Requests	Personal	Other	Total
A1 New (Including transferred in)	81	92	173
A2 Brought forward	0	12	12
A3 Total to be processed	81	104	185
A4 Completed	71	73	144
A5 Transferred out	2	2	4
A6 Withdrawn	0	4	4
A7 Total processed	73	79	152
A8 Unfinished (carried forward)	8	25	33

Appendices

Section B What happened to completed requests? (Completed requests are those on the line A4)

Results of FOI Request	Personal	Other	Total
B1 Granted in full	50	34	84
B2 Granted in part	11	22	33
B3 Refused	10	17	27
B4 Deferred	0	0	0
B5 Completed	71	73	144

Section C Ministerial Certificates – Number issued during the period

C1 Ministerial Certificates issued			0
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Section D Formal Consultations – Number of request requiring consultations (issued) and total number of FORMAL consultation(s) for the period.

	Personal	Other	Total
D1 No. of requests requiring formal consultations	1	16	17

Section E Amendments of personnel records – Number of requests for amendment processed during the period.

Result of Amendment Request	Total
E1 Result of amendment – agreed	0
E2 Result of amendment – refused	0
E3 Total	0

Section F Notation of personal records – Number of requests for notation during the period

F1 No. of requests for notation	0
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Section G FOI request granted in part or refused – Basis of disallowing access – number of time each reason cited in relation to completed requests which were granted in part or refused.

Basis of disallowing or restricting access	Personal	Other
G1 Section 19 (application incomplete, wrongly directed)	0	1
G2 Section 22 (deposit not paid)	0	3
G3 Section 25 (1)(a1) diversion of resources)	0	5
G4 Section 25 (1) (a) (exempt)	3	20
G5 Section 25 (1) (a), (b), (c), (d) (otherwise available)	0	2
G6 Section 28 (1) (b) (documents not held)	18	7
G7 Section 24 (2) -deemed refused, over 21 days	0	0
G8 Section 31 (4) (released to Medical Practitioner)	0	1
G9 Totals	21	39

Section H Costs and fees of requests processed – During the period (i.e. those included in line A4, A5 and A6).

	Assessed Costs	FOI Fees Received
H1 All completed requests	\$8 060.00	\$5 702.00

Section I Discounts allowed – Number of FOI requests processed during the period where discounts were allowed.

Type of Discount allowed		Personal	Other
I1	Public interest	0	0
I2	Financial hardship – Pensioner/Child	15	3
I3	Financial hardship – Non profit	0	0
I4	Totals	15	3
I5	Significant correction of personal records	0	0

Section J Days to process – Number of completed requests by calendar days (elapsed time) taken to process.

Elapsed time		Personal	Other
J1	0–21 days	64	51
J2	22–35 days	5	19
J3	Over 35 days	2	3
J4	Totals	71	73

Section K Processing time – Number of completed requests (A4) by hours taken to process

Processing hours		Personal	Other
K1	0–10 hrs	69	70
K2	11–20 hrs	1	3
K3	21–40 hrs	1	0
K4	Over 40 hrs	0	0
K5	Totals	71	73

Section L Reviews and Appeals – Number finalised during period

L1	Number of internal reviews finalised	8
L2	Number of Ombudsman reviews finalised	0
L3	Number of ADT appeals finalised	1

Details of Internal Reviews – In relation to internal reviews during the period

Basis of internal review	Personal		Other	
	Upheld*	Varied*	Upheld*	Varied*
Grounds on which internal review requested Upheld*	Upheld*	Varied*	Upheld*	Varied*
L4 Access Refused	0	0	0	0
L5 Deferred	0	0	0	0
L6 Exempt matter	0	0	4	2
L7 Unreasonable charges	0	0	1	0
L8 Charge unreasonable incurred	0	0	1	0
L9 Withdrawn	0	0	0	0
L10 Totals	0	0	6	2

* Note: relates to whether or not the original agency decision was upheld or varied by the internal review

Appendix 31

Publications

StateRail

2001–02 Annual Report

EEO Annual Report

CityRail

Posters

- 3 Festivals
- Apology from CityRail (Illawarra Line)
- Apology from CityRail (Sydenham and Tempe)
- Athletics Meeting
- Auburn Film and Video Festival
- Australia v Wales Rugby Union
- Bali Tribute
- Bandaged Bear Day Appeal
- Bankstown Line Closedown
- Bargain Shopping with CityRail
- Blacktown to St Marys Closedown
- Bledisloe Cup
- Blue Mountains ExplorerLink
- Carnivale
- Christmas Timetable Changes
- CityRail Ticketing – Things you should know
- DayTripper
- Daffodil Day
- Email Subscription
- Gay Games
- Generate (Powerhouse Museum exhibition)
- Greater West Trackwork
- Hornsby Service Cancelled
- Millennium Train Stamps
- Millennium Train Virtual Tour
- Motor Show
- NAIDOC
- New Fares
- New Year's Eve 2002
- No Smoking

- North Shore Christmas Closedown
- Operation CBD (October 2002)
- Operation CBD (June 2003)
- Please Remember
- "Project Rocket" Competition
- Rail Accident at Waterfall
- Royal Easter Show 2003
- State of Origin (June 2003)
- Sydney Swans v Carlton
- Teddy Bear's Picnic
- Timetable Changes (Berowra – North Sydney via Strathfield)
- Timetable Changes (Newcastle & Central Coast Line)
- Timetable Changes (Woy Woy to Central)
- Trackwork (weekly posters)
- Walk against Want
- TravelPass
- WonderLand
- WonderLand 2

Brochures

- Bankstown Line Closedown
- Blue Mountains ExplorerLink
- Customer Service Commitment 2002–03 (English, Spanish, Greek, Chinese, Vietnamese, Arabic)
- DayTripper
- Easter Show
- Easy Guides (English, Japanese, Chinese – traditional, Chinese – simplified, Thai, Korean, French, German, Indonesian)
- Food for Thought
- Greater West Trackwork
- New Year's Eve 2002
- North Shore Christmas Closedown
- Operation CBD (October 2002)
- Operation CBD (June 2003)
- Project Rocket (two flyers)
- Tickets to Ride
- Tickets to Shop

- TravelPass
- Travel Safe
- Sydney and Beyond
- Travelling with CityRail (English, Arabic, Chinese, Korean, Turkish, Vietnamese, Spanish, Macedonian)

CountryLink

Posters

- Alpine Express
- Backpacker Passes
- Broken Hill Packages
- CountryLink Holidays (4 posters in the series)
- CountryLink Network Map
- Floriade
- Rediscover Rail (5 posters in the series)
- Star Wars (exhibition at Powerhouse Museum)

Brochures

- Backpacker Passes (brochure and flyer)
- Backtracker NSW (jointly funded by StateRail and Tourism NSW)
- Blue Mountains Packages
- Broken Hill Packages
- CountryLink Holidays (brochure)
- CountryLink Holidays (series of eight flyers)
- CountryLink Timetable (flyer for North West/Western regions)
- Floriade
- On-board Train Directory
- Outback 'n Back
- Star Wars (exhibition at Powerhouse Museum)

Maps

- CountryLink Network Map

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Contact Details

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Head Office*

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PO Box K349 Haymarket NSW 1238

Telephone (02) 8202 2000

Fax (02) 8202 2111

www.staterail.info

CityRail

For timetables and service information

call the Transport Infoline 131500 between 6am and 10pm seven days a week.

Teletypewriter service

for hearing and speech impaired customers 1800 637 500.

www.cityrail.info

CountryLink

For timetables and reservations call:

CountryLink Central Reservation Centre

13 22 32 between 6.30am and 10.30pm seven days a week.

CountryLink Holidays

13 28 29 between 9am and 5pm Monday to Friday, and between 9am and 2pm Saturday.

CountryLink Group Bookings

(02) 9379 4606 between 9am and 5pm Monday to Friday.

Teletypewriter service

for hearing and speech impaired customers 1800 637 500

www.countrylink.info

*This is the Head Office for StateRail, CityRail and CountryLink.

