

Department of Transport and Main Roads
Decision Brief
AR28343

To: Minister for Transport and Main Roads

SUBJECT: Queensland Rail Annual and Financial Report 2017–18	Urgent Documents need to be approved and tabled by 28 September 2018
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Summary

- The purpose of this brief is to provide an overview of the highlights included in the 2017–18 annual report for Queensland Rail.

Recommendations

- That you note:
 - the content of the Queensland Rail Annual and Financial Report (2017–18) (**Attachment 1**).
 - the annual report is to be tabled in the Legislative Assembly no later than 30 September of each year as per your requirements under Section 63(2) of the *Financial Accountability Act 2009*. As 30 September 2018 is a Sunday, this means tabling must occur by 28 September 2018
- That you sign the letter to the Clerk of the Parliament (**Attachment 2**) requesting the tabling of the annual report in the Legislative Assembly.

Financial Implications

- There are no financial implications.

Background

- As a statutory body, Queensland Rail must comply with the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2009.
- This legislation provides that Queensland Rail must prepare and submit its Annual and Financial Report to you, as the appropriate minister, for tabling in the Legislative Assembly within three months after the end of the financial year.

Key Issues

- The annual report is required to be tabled no later than 30 September each year. The actual tabling dates will need to be coordinated with your office.
- Queensland Rail's 2017–18 Annual and Financial Report meets the requirements of the *Financial Accountability Act 2009* and is suitable for tabling.
- A summary of Queensland Rail's performance for 2017–18 is provided at **Attachment 3**.

Endorsed by:
Christina Heffner
Executive Director
(Governance, Freight and
Partnerships)
Tel: 3066
Date: 21 September 2018

Endorsed by:
Christina Heffner
A/General Manager
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Tel: 3066 1400
Date: 21 September 2018

Endorsed by:
Julie Mitchell
Deputy Director-General
(Policy, Planning and
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Tel: 3066 2245
Date: 25/9/2018

Endorsed by:
Neil Scales
Director-General
Tel: 3066 7316
Date: 25/9/18

- A total dividend amount to be paid to government by Queensland Rail for 2017–18 is \$112.3 million.
- Queensland Rail's dividend requirements for 2017–18 equate to 100 per cent of their net profit after tax.

Financial Implications

- There are no financial implications.

Consultation with Stakeholders

- Shareholder and Structural Policy Division (SSPD) within Queensland Treasury has been consulted during the drafting of the annual report.
- Queensland Treasury agrees the Department of Transport and Main Roads is to lead the annual reporting process for 2017–18 and table the relevant annual reporting documents.
- Queensland Treasury will be briefing the Treasurer separately on the contents of the annual report.

Employment

- There are no employment impacts associated with this matter.

Election Commitments

- This matter does not relate to an election commitment.

Summary of Actions

- That you note:
 - the content of the Queensland Rail Annual and Financial Report (2017–18) (**Attachment 1**).
 - the annual report is to be tabled in the Legislative Assembly no later than 30 September of each year as per your requirements under Section 63(2) of the *Financial Accountability Act 2009*. As 30 September 2018 is a Sunday, this means tabling must occur by 28 September 2018
- That you sign the letter to the Clerk of the Parliament requesting the tabling of the annual report in the Legislative Assembly.

Minister's comments:

Approved / Not Approved

Minister's signature.....

Date 27.9.18.....



Minister for Transport and Main Roads

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27 SEP 2018

Mr Neil Laurie
The Clerk of the Parliament
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Laurie

Please find enclosed the *Queensland Rail Annual and Financial Report 2017–2018*.

In accordance with s 63 of the *Financial Accountability Act 2019* and Standing Order 31, I request the Annual Report be tabled in the Legislative Assembly today.

The department has made arrangements to provide the Table Office with copies of the report on my behalf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Bailey', written over a large, faint watermark that says 'Released under RTI - DTMR'.

MARK BAILEY MP
Minister for Transport and Main Roads

Queensland Rail Annual and Financial Report 2017–18 Performance Summary

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

Queensland Rail's functions are discharged through its wholly-owned subsidiary, Queensland Rail Limited, a corporation under the *Corporations Act 2001*. Queensland Rail Limited owns all non-employee related assets and contracts but does not employ any personnel. It performs the role of railway manager and railway operator under the *Transport Infrastructure Act 1994*.

Through the Rail Transport Service Contract (TSC) with government, Queensland Rail provides Citytrain, Traveltrain and rail infrastructure services.

For the 2017–18 financial year, Queensland Rail's earnings before interest and taxes (EBIT) was \$343.0 million, an increase of \$18.2 million compared to the 2016–17 result of \$324.8 million. Queensland Rail's net profit after tax (NPAT) for 2017–18 was \$112.3 million which was \$11.8 million above the 2016-17 result of \$100.5 million.

Total revenue (including finance income) for 2017–18 was \$1,960.0 million which was \$59.4 million below the budget of \$2,019.4 million. The lower than expected revenue performance was mainly attributable to lower rail access revenue because of a regulatory imposed adjustment change.

Total expenses (including finance expense and income tax expense) for 2017–18 was \$1,847.7 million which was \$81.2 million below the budget of \$1,928.9 million. This was primarily due to an increase in capitalised labour and a reduction in consumable expenses partly offset by higher labour costs, higher than planned full time equivalents (FTEs) and consequential increase in employee leave provisions.

Queensland Rail declared a dividend of \$112.3 million for the 2017–18 financial year which was 100% of the adjusted NPAT.

The number of FTEs as at 30 June 2018 was 6725, compared to 6,520 FTEs at 30 June 2017.

A total of 53.66 million passengers travelled on the Citytrain network in 2017–18, an increase of 3.81 per cent compared to the 51.69 million passenger trips in 2016–17. In 2017–18, 95.89 per cent of all Citytrain services arrived at their destination on time against a target of 95.00. Overall customer satisfaction with the Citytrain network during 2017-18 remained relatively strong at 69.56 compared to a target of 70.00.

More than 750,000 passengers travelled on Queensland Rail's travel and tourism network in 2017–18 which was a decrease of 10,000 compared to the 760,000 passengers in 2016-17.

In 2017–18, Queensland Rail made good progress to stabilise its services, and progress its objectives in accordance with the Queensland Rail Train Crewing Practices Commission of Inquiry and Queensland Government's Fixing the Trains Action Plan. 18 of the total 36 recommendations have been completed with 17 completed by Queensland Rail and the accelerated recruitment and training of additional train crew is well progressed.

Queensland Rail was a major contributor to the running of the Gold Coast 2018 Commonwealth Games, with 270 services each day during competition and trains operating on average every 10 minutes, 24 hours a day, servicing an additional 600,000 customer trips on the Gold Coast Line.

BACKGROUND

Key Performance and Non-Financial Indicators Summary for the Year Ending 30 June 2018

Indicators	2016-17	2017-18	2017-18	2017-18
	Actual	Budget ¹	Actual	Variance
Financial				
Earnings Before Interest & Tax (EBIT) (\$m)	324.8	311.3	343.0	31.7
Net Profit After Tax (NPAT) (\$m)	100.5	89.8	112.3	22.5
Return on Operating Assets (%)	5.08	4.80	5.21	0.41
Debt to Debt + Equity Ratio	53.83	55.16	54.49	(0.67)
Non-Financial Indicators				
Signals Passed at Danger per Million Train Kilometres - Operator (rate)	1.93	1.78	2.35	0.57
Customer injuries per million passenger journeys (rate)	9.88	1.52	1.36	(0.16)
Total Recordable Injury Frequency Rate (TRIFR)	9.14	7.90	5.54	(2.36)
Safeworking Breaches as a Rail Infrastructure Manager (count)	60.00	67.00	57.00	(10.00)
Unscheduled absence (Days/FTE)	10.82	10.25	12.45	2.20
Operational cost per Revenue Train Kilometres – SEQ Above Rail (\$ million)	25.38	27.70	27.95	0.25
Operational cost per Revenue Train Kilometres – SEQ Below Rail (\$ million)	14.27	13.42	13.86	0.44
Operational cost per thousand GTK – Regional (\$ million)	13.70	15.27	14.89	(0.38)
Capital Plan Scheduling (%)	23.90	80.00	23.17	(56.83)
On time running – Citytrain 24/7 (%) ²	94.52	95.00	95.89	0.89
Reliability – Citytrain 24/7 (%) ²	99.34	99.50	99.71	0.21
Customer satisfaction – Citytrain Translink Index (rate)	69.32	70.00	69.56	(0.44)
Customer satisfaction – Traveltrain (rate)	79.50	81.00	79.87	(1.13)

1. 2017-18 Operational Plan
2. Adjusted for force majeure

Dividend Payable

Queensland Rail is to pay a dividend amount equivalent to 100 per cent of adjusted net profit after tax. Queensland Rail's Board declared a dividend of \$112.3 million to be paid to the state for the 2017–18 financial year. This is an \$11.8 million increase compared to the \$100.5 million dividend declared for 2016–17.

Capital Expenditure

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Employment

As at 30 June 2018, there were 6725 FTEs, compared to 6520 FTEs as at 30 June 2017.

Safety

Safety was a key priority for Queensland Rail during 2017–18 with a number of key actions being achieved:

- Queensland Rail held more than 630 workplace health and safety workshops with employees across the state
- Queensland Rail held more than 150 rail safety presentations to 35,700 Queenslanders
- Queensland Rail established a dedicated taskforce to mitigate the risk of Signals Passed at Danger
- Employee Lost Time Injuries reduced by 42.50 per cent
- Total Recordable Injury Frequency Rate reduced by 39.39 per cent

For 2017–18, Queensland Rail recorded a 33 per cent increase in the number of level crossing near miss incidents compared to 2016–17. 107 incidents were reported whereby over height motor vehicles struck rail over road bridges across Queensland Rail's network. In early 2018, a car disobeyed the level crossing signs and signals and entered the path of the Kuranda Scenic Railway locomotive causing the first collision in more than a decade.

Environment

In 2017–18 Queensland Rail continued to commit to managing its services and activities in an environmentally responsible manner and incorporating environmental sustainability into operations, for the benefit of customers, employees, the community and the environment:

- In line with the Queensland Government's single use plastic bag ban, which came into effect 1 July 2018, Queensland Rail Travel services have replaced plastic bags onboard with paper bags. To maintain safe carrying of hot drinks on board for customers, Queensland Rail's Travel and Tourism team have also effectively implemented eco-friendly cardboard drink carriers to replace the plastic sleeves previously used.
- In May 2018, Queensland Rail and Kuranda Envirocare joined forces to help protect important habitat for the endangered Kuranda Tree Frog. Queensland Rail's Asset Maintenance team in Far North Queensland are working to support the endangered species and its environment by adapting their maintenance activities.
- Throughout 2017–18, Queensland Rail's Environment team also hosted various workshops across the state to engage and train key business areas on new or key environmental requirements such as fire ants, working in and around waterways, erosion and sediment control and general environmental assessment.

Sponsorship, Advertising, Corporate Entertainment, Donations and Strategic Stakeholder Engagement

- Queensland Rail reported one corporate entertainment and hospitality event during the year which exceeded \$5000:
 - Australia Day 2018 customer barbecue event to encourage locals to visit and promote the Kuranda Scenic Railway - \$6946.

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