

STATEMENT OF CORPORATE INTENT

2021-22
2024-25



SAFETY



INTEGRITY



RESPECT



BEING REMARKABLE



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TasRail Snapshot



Total freight task

508,637,774 m

Net Tonne Kilometres (NTK)
2020-21



Capital spend

\$46.4 m

2020-21



Annual revenue

\$37.6 m

2020-21

Strategic Direction

1. Introduction and overview of the operating environment

Tasmanian Railway Pty Ltd (TasRail) was established on 1 December 2009 by an Act of Parliament. The principal objectives of the business are to:

- ❖ operate a rail business in Tasmania effectively and efficiently
- ❖ operate its activities in accordance with sound commercial practice
- ❖ maximise sustainable returns to its Shareholder Members.

TasRail's core business is the:

- ❖ provision of rail and associated freight services in Tasmania
- ❖ provision of train control services
- ❖ management of terminals, including bulk handling and shiploading
- ❖ maintenance of, and upgrades to, the rail network infrastructure.

TasRail is one of the state's largest logistics businesses and the supply chain partner of choice for Tasmania's heavy industries and major freight forwarders. It transports approximately 3 million tonnes of freight and provided more than 600,000 tonnes of bulk minerals shiploading services in 2020-21. With long-term contracts in place, TasRail's customers in the bulk, container and log markets rely on rail logistics to transport cement, finished paper, processed metals, industrial inputs, mineral ores, concentrates, logs and retail products.

Thanks to a seamless transition between funding programs, TasRail is now delivering Tranche Two (\$119.6 million) and Tranche Three Rail programs (\$96.0 million) of the \$399.2 million Tasmanian Freight Rail Revitalisation Program. As with Tranche One, the key objectives of Tranche Two and Three are to continue to reduce single points of failure (reducing derailment risk), remove temporary speed restrictions (improving on-time running) and deliver sustainable maintenance costs. The new shiploader at the Port of Burnie is a \$64.0 million project that also forms part of the Tasmanian Freight Rail Revitalisation Program. The committed Australian Government funding will allow TasRail to replace and

upgrade this essential last-mile infrastructure. In August 2020, the Federal Minister for Infrastructure formally approved the TasRail shiploader replacement project. The project is fully funded by the Australian Government, and this approval enabled TasRail to release in September 2020 a call for tenders from suitably qualified parties to 'design and construct' the new shiploader. It is anticipated that final design, early procurement and other preliminary works will commence in late 2021.

TasRail is safer than it has ever been due to a relentless focus on providing a Zero Harm environment for our staff, customers, communities and contractors. 2020-21 is the first financial year since inception in 2009 that TasRail has not experienced a mainline derailment, and as of 7 July 2021, it has been a record 730 days (two full calendar years) since a mainline derailment. This is a direct dividend of the ongoing network maintenance and investment combined with disciplined Above and Below Rail operations. As of 30 June 2021, it has been a record 1,524 days since a TasRail contractor experienced a lost time injury (LTI).

Ultimately, fit-for-purpose infrastructure is only as good as the people operating it and TasRail will continue to sharpen its focus on building the capability of its workforce. TasRail will continue to focus on creating a more diverse workforce; promoting its Vision and Values; and readying itself for the future through a commitment to leadership development, workforce requirements and succession planning.

TasRail is acutely aware of the role it plays in the broader Tasmanian economy, particularly for the major exporters that rely on rail logistics in their supply chains. TasRail will continue to partner with its customers, getting their product to market in a safe, efficient and competitive manner. As an infrastructure manager, TasRail's record capital program across regional Tasmania will continue, boosting local employment and infrastructure investment.

2. Strategic directions of the business

With secure funding for a forward capital program and long-term freight contracts, TasRail's long-term strategic objectives remain consistent with previous planning periods. They include to:

- ❖ provide efficient, on-time and safe rail supply chains for current and new customers
- ❖ deliver a Zero Harm environment for staff, customers, communities and contractors
- ❖ grow Above Rail profit, building capacity for contingencies and long-term sustainability
- ❖ deliver Tranche Two and Three (including the shiploader) of the Tasmanian Freight Rail Revitalisation Program
- ❖ partner with the forestry and mining industry to progress new projects and grow volumes
- ❖ focus on growing the capability and diversity of our workforce.

3. Key initiatives

3.1 Working towards Zero Harm

Safety, Health and Environment (SHE) are key values at TasRail, and we have a genuine care for the health of our staff, contractors, community and the environment.

The TasRail SHE Strategy focuses on continuous improvement in the core areas of risk management, safety culture, leadership, mental health, environmental management, and control assurance. This ensures risks are evaluated, prioritised and managed to minimise the impact upon our people, the environment, and our business.

Key initiatives to drive a Zero Harm environment include:

- ❖ building on a positive safety culture to drive injury prevention
- ❖ delivering the Derailment Prevention Strategy using a multivariate methodology to analyse all the underlying causes of derailment risk
- ❖ analysing how 'human factors' contribute to risk
- ❖ systemising fatigue management prevention throughout the business
- ❖ investing in mental health support for our staff and their capacity to respond to others in need of assistance
- ❖ an Environmental Management System that promotes visibility and ownership of environmental matters
- ❖ a Control Assurance process that provides objective evidence that the safety controls are in place and working.



TasRail is delivering level crossing upgrades that improve safety for motorists and rail operations

3.2 Meeting industry expectations

TasRail operates efficient, on-time and safe train services that meet the needs of Tasmania's heavy industrial base and freight forwarders. A commitment to safe working systems and enthusiasm for new projects have enhanced TasRail's reputation for sustainable supply chains and excellent service standards (targeting 98 per cent Freight Availability on the General Intermodal Service).

The initiatives to meet these objectives during the planning period are to:

- ❖ maintain reliable rolling stock and robust operational plans to provide on-time rail capacity to industry
- ❖ develop services for new customers that leverage TasRail's rail supply chains, terminals, and bulk mineral loading services
- ❖ work with industry to leverage the log haulage capacity from the Brighton Hub and the Parattah Log Siding
- ❖ capitalise on the synergies created by having integrated customer service delivery, account management and business development teams
- ❖ enhance opportunities for the mining sector via an expanded Bulk Minerals Export Facility and a new shiploader at the Burnie Port
- ❖ where advantageous, partner with the private sector to provide specialised terminal services, such as log loading and container handling services
- ❖ repurpose existing equipment where appropriate to reduce the capital cost for new projects.

3.3 Delivering business sustainability

TasRail understands that ongoing business sustainability is critical and has worked with industry to secure long-term freight contracts and maintain a competitive cost base.

TasRail is focusing on the following sustainability initiatives during the planning period:

- ❖ continuing a collaborative commercial approach to dealing with major new customer projects and providing high quality, sustainable rail logistics services
- ❖ investing Tranche Two and Three of the Tasmanian Freight Rail Revitalisation Program into infrastructure that enables industry to transition from road to rail
- ❖ building a new shiploader at the Port of Burnie and expanding the Bulk Minerals Export Facility to provide supply chain surety to Tasmania's mining industry
- ❖ finalising a strategy to replace and/or extend the life of TasRail's legacy locomotives
- ❖ using new technology to better monitor track condition and renewing rail assets to deliver a fit-for-purpose network.

3.4 People, culture and capability

The growth of any organisation's capability is tied to the engagement and development of its people. In this planning period, TasRail will deliver on the next phase of its broader People and Culture Strategy, which will address organisational culture and capability, workforce diversity, talent management and succession planning, and health and wellness programs.

These strategies will be achieved by:

- ❖ promoting TasRail's Vision, Purpose and Values across the organisation, focusing behavioural expectations
- ❖ prioritising performance development plans for individual staff that are directly linked to business performance targets
- ❖ maintaining our commitment to workforce diversity and talent management and succession planning processes
- ❖ developing cross-functional pathways that can provide internal learning opportunities, secondments, and inform recruitment and selection
- ❖ focusing on employee engagement opportunities, building positive momentum with increased leadership visibility and workforce interaction.

3.5 Strategic asset management

TasRail has adopted a proactive approach to ensure that investment in rolling stock, the rail network and terminals deliver the anticipated long-term benefits. In this planning period, TasRail will bolster its strategic asset management by:

- ❖ constructing the new bulk minerals shiploader at the Burnie Port
- ❖ completing Tranche Two and Three on time and on budget
- ❖ continuing the rollout of the Asset Management Enterprise System
- ❖ developing individual asset management plans to underpin the Strategic Asset Management Plan
- ❖ reviewing the current rolling stock fleet against industry demand and operational requirements
- ❖ maintaining a proactive partnership approach to rail corridor vegetation management.



TasRail's Infrastructure team – operating the track tamper machine to ensure safe train operations

4. TasRail value proposition

TasRail's freight rail logistics provide Tasmanian industry with:

- ❖ long-term surety of haulage capacity and customer charges
- ❖ fit-for-purpose rail infrastructure designed for the bulk, intermodal and log sectors
- ❖ connectivity with a statewide network of rail terminals that interface with the ports, including bulk shiploading services and Tasmania's only open access bulk shiploader
- ❖ operational safety and simplicity – a single train clearing a day's production as opposed to coordinating a fleet of trucks
- ❖ the ability to haul heavyweight and dangerous goods containers (challenging by road and sea) to reduce total supply chain costs
- ❖ reduced exposure to heavy vehicle accident risk and legal liability
- ❖ the opportunity to deliver surge volumes of freight to meet shiploading windows
- ❖ a very low-emission supply chain that provides environmental and social benefits compared to current road transport.

TasRail continues to harness its infrastructure advantages with a culture that is focused on its customers. This is achieved by having a highly flexible delivery model that responds to changes in the intermodal and forestry markets in real time.

TasRail has worked with existing and new customers to substantially increase (~30 per cent) freight hauled by rail since the Company was formed in December 2009. Industry embraces TasRail's low-risk, reliable and efficient supply chains to improve its own commercial, safety and sustainability outcomes. In this planning period, there are further opportunities to meet customer expectations and grow rail volumes.

Opportunities include:

- ❖ delivering reliable and flexible rail freight services for industry, adding additional tonnage to existing services and rolling over long-term freight contracts
- ❖ partnering with new mining developments to further utilise TasRail's unique bulk minerals storage and shiploading facilities at the Burnie Port
- ❖ partnering with the forestry sector for continued growth from Brighton Transport Hub and the reopened Parattah Log Siding
- ❖ marketing TasRail's competitive advantages as Tasmanian industry increasingly seeks a low-emission supply chain.



TasRail working with road transport and forestry contractors at the Brighton Transport Hub

5. Performance agreement

5.1 Performance targets and actual results for 2020-21

Performance Target	Target Result for FY 2020-21	Actual Result for FY 2020-21
Lost Time Injury Frequency Rate (1)	0.0	1.72
Recordable Injury Frequency Rate (2)	2.0	3.44
Freight Availability (General Intermodal)	98 per cent	96.45 per cent
Mainline Derailments	0	0
Below Rail Infrastructure Cost (Per Track Kilometre)	\$21.0 thousand	\$20.2 thousand
Customer Revenue	\$37.1 million	\$37.6 million
Capital Spend (3)	\$65.9 million	\$46.4 million
EBITDA (Consolidated after BRIC) (4)	\$374 thousand	\$2.9 million
Above Rail Net Profit (Loss)	\$(950) thousand	\$714 thousand

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

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

(3) The capital spend for the rail program was achieved in FY20-21. Due to delays in tendering and awarding the contract, the target spend for the shiploader replacement was not met in this period and will be incurred in future periods.

(4) BRIC – Tasmanian Government Below Rail Infrastructure Contribution.

5.2 Performance targets to FY 2024-25

Performance Target	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Lost Time Injury Frequency Rate (1)	0.0	0.0	0.0	0.0
Recordable Injury Frequency Rate (2)	1.66	1.66	1.66	1.66
Freight Availability (General Intermodal)	98 per cent	98 per cent	98 per cent	98 per cent
Mainline Derailments	0	0	0	0
Below Rail Infrastructure Cost (Per Track Kilometre)	\$21.9 thousand	\$22.4 thousand	\$22.7 thousand	\$23.3 thousand
Customer Revenue	\$39.2 million	\$41.5 million	\$43.7 million	\$45.3 million
Capital Spend (3)	\$92.1 million	\$89.9 million	\$53.2 million	\$5.6 million
EBITDA (Consolidated after BRIC) (4)	\$3.4 million	\$5.6 million	\$6.7 million	\$6.8 million
Above Rail Net Profit	\$612 thousand	\$903 thousand	\$2.2 million	\$2.5 million

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

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

(3) Phasing of the Capital Spend is based on agreed reprofiling with both the Tasmanian and Australian governments. Capital expenditure targets exclude the costs to remediate the Burnie hardstand. Settlement money of \$9 million received is also excluded from FY20-21 actual results reported at 5.1.

(4) BRIC – Tasmanian Government Below Rail Infrastructure Contribution.

Directors' Statement of Corporate Intent and agreement of Shareholding Ministers

The Board of Tasmanian Railway Pty Ltd agrees to provide the Shareholding Ministers with financial and other information as set out in this Statement of Corporate Intent.

In signing this Statement of Corporate Intent, the Board of Tasmanian Railway Pty Ltd commits to the targets proposed for the 2021-22 financial year.

This Statement of Corporate Intent has been agreed between:



Stephen Cantwell
Chairman
Tasmanian Railway Pty Ltd
On behalf of the Board



The Hon Peter Gutwein MP
Treasurer



The Hon Michael Ferguson MP
Minister for Infrastructure and Transport