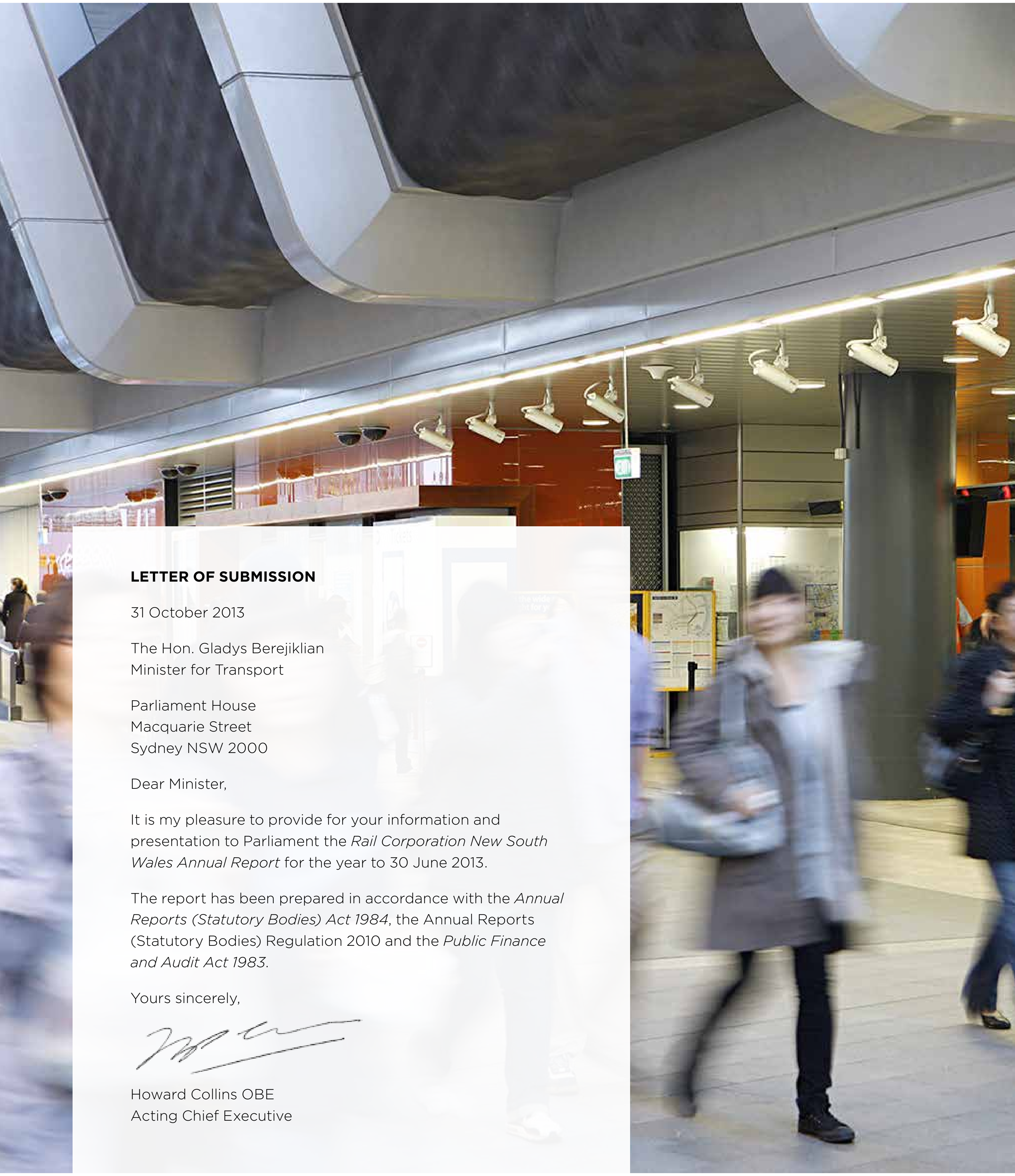
NSW GOVERNMENT | Transport RailCorp

ANNUAL REPORT 2012–13



LETTER OF SUBMISSION

31 October 2013

The Hon. Gladys Berejiklian
Minister for Transport

Parliament House
Macquarie Street
Sydney NSW 2000

Dear Minister,

It is my pleasure to provide for your information and presentation to Parliament the *Rail Corporation New South Wales Annual Report* for the year to 30 June 2013.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the Annual Reports (Statutory Bodies) Regulation 2010 and the *Public Finance and Audit Act 1983*.

Yours sincerely,

Howard Collins OBE
Acting Chief Executive

Contents

NSW 2021: A plan to make NSW number one again

NSW 2021 sets the Government's agenda for change in NSW.

It is a 10 year plan to rebuild the economy, return quality services, renovate infrastructure, restore accountability to government, and strengthen our local environment and communities. It replaces the State Plan as the NSW Government's strategic business plan. This plan sets immediate priorities for action and guides NSW Government resource allocation in conjunction with the NSW Budget. Agencies will identify cost-effective initiatives to achieve the goals and targets within the plan.

The plan has five key strategies:

1. Rebuild the economy

2. Return quality services

3. Renovate infrastructure

4. Strengthen the local environment and communities

5. Restore accountability to government.

Transport for NSW is the lead agency for delivering on the following goals and measures:

Goal 7 – Reduce travel times (private and public transport)

Goal 8 – Grow patronage on public transport by making it a more attractive choice

Goal 9 – Improve customer experience with public transport services

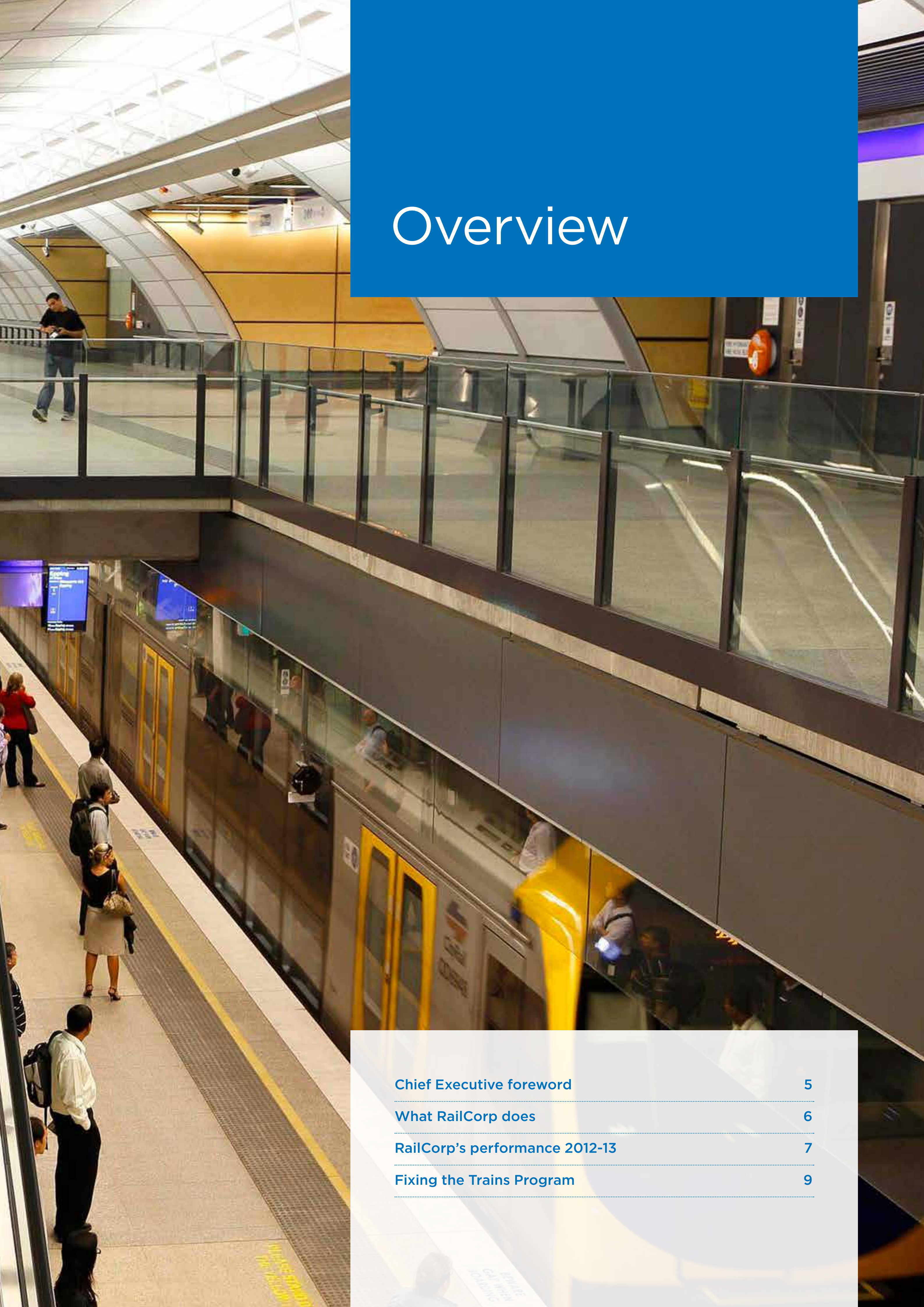
Goal 10 – Improve road safety

Implementing NSW 2021

There are various mechanisms in place to support the implementation of NSW 2021. Localised plans are being put in place through an extensive consultation process to help Transport for NSW focus on the transport outcomes that matter most in different communities and baseline reporting has been established to outline how success is measured.

Planning and performance management systems ensure accountability for delivering on specific components of the plan. Performance is publicly reported online, so the NSW community can track its progress, and tabled in NSW Parliament in an annual NSW 2021 performance report.

These processes ensure there is clarity about how the transport cluster is contributing to the NSW Government's vision for transport, and there is transparency in the way performance is measured and reported.
NSW 2021 will be reviewed periodically in consultation with the community, and Transport for NSW will work to improve its targets over time as more accurate and nationally comparable measures become available.



Overview

NSW 2021
FIVE KEY STRATEGIES

REBUILD THE ECONOMY

RETURN QUALITY SERVICES

RENOVATE INFRASTRUCTURE

STRENGTHEN THE LOCAL ENVIRONMENT AND COMMUNITIES

RESTORE ACCOUNTABILITY TO GOVERNMENT

Chief Executive foreword

The past 12 months have been a landmark year for RailCorp. Sunday 30 June 2013 was the organisation's final day as NSW's rail operator and the following day saw the launch of RailCorp's two successor organisations – Sydney Trains and NSW Trains.

This major milestone in the history of the rail industry in NSW followed the launch of Transport for NSW, established in 2011 to take responsibility for managing and shaping the future of the transport system in NSW. Transport for NSW's aim is to put the customer first and ensure their needs and expectations are integrated in transport planning and policy and in the delivery of services and infrastructure across all modes of transport.

The Minister for Transport launched the Fixing the Trains program on 15 May 2012. The program is designed to make rail transport more customer focused, sustainable and ready for growth.

The safety of everyone using RailCorp's services was the top priority during the year. Ongoing capital investment in safety systems and our investment in safety leadership training – "Target Zero" – yielded encouraging results.

RailCorp achieved a significant reduction in workplace injuries and operational incidents.

Fixing the Trains – progress

Fixing the Trains created new organisations which have been designed to put customers at the centre of everything we do. Since 1 July 2013, new fit for purpose operating models for each organisation are starting to deliver improved services to customers. Simpler business models mean management attention is focused on the core functions of customer service, rolling stock and infrastructure maintenance, train operations and corporate support services. Leaner management structures and a new performance framework are giving managers greater accountability for customer service delivery.

Customers will have seen some early improvements. The new air-conditioned Waratah trains are now a common sight on the network and the Tangara fleet is being upgraded. The Opal card is starting to provide integrated ticketing across buses, ferries and trains and will revolutionise the way customers travel around Sydney when it is fully introduced. Some 1800 staff have received new customer service training, including radio school announcement training, and new real-time travel apps provide customers with access to accurate service information. A $3.5m deep cleaning blitz has left the train fleet looking cleaner and the reintroduction of bins on stations has reduced litter.

The network has undergone the biggest timetable change in a generation, with the introduction of more than 1000 additional services a week, 600 extra express services, reduced journey times and 20,000 additional seats to the city every weekday morning. The decisions around the new timetable were based on unprecedented levels of stakeholder and community consultation in 2012 which resulted from the development of Transport for NSW's integrated transport strategy in Sydney.

These early achievements are hugely commendable and have taken place during a time of great organisational change. They would not have been possible without the dedication and commitment of the thousands of staff involved. I am proud of what has been done to date.

I believe that transforming the train service in NSW will take three to five years. Over the next 12 months we will need to build on what we have achieved to date, continue the reform agenda and promote increased efficiency and productivity. As demand for rail continues to grow, I am confident that what we have planned over the coming years will enable us to keep abreast of the increasing popularity of rail travel while greatly enhancing our customers' view of the service.

Howard Collins OBE
Acting Chief Executive

What RailCorp does

Transport for NSW has primary responsibility for transport coordination, transport policy and planning, transport services, and transport infrastructure. The intention is to deliver integrated transport planning and service delivery, and to consolidate similar functions, reduce costs and provide additional funds for frontline staff and services.

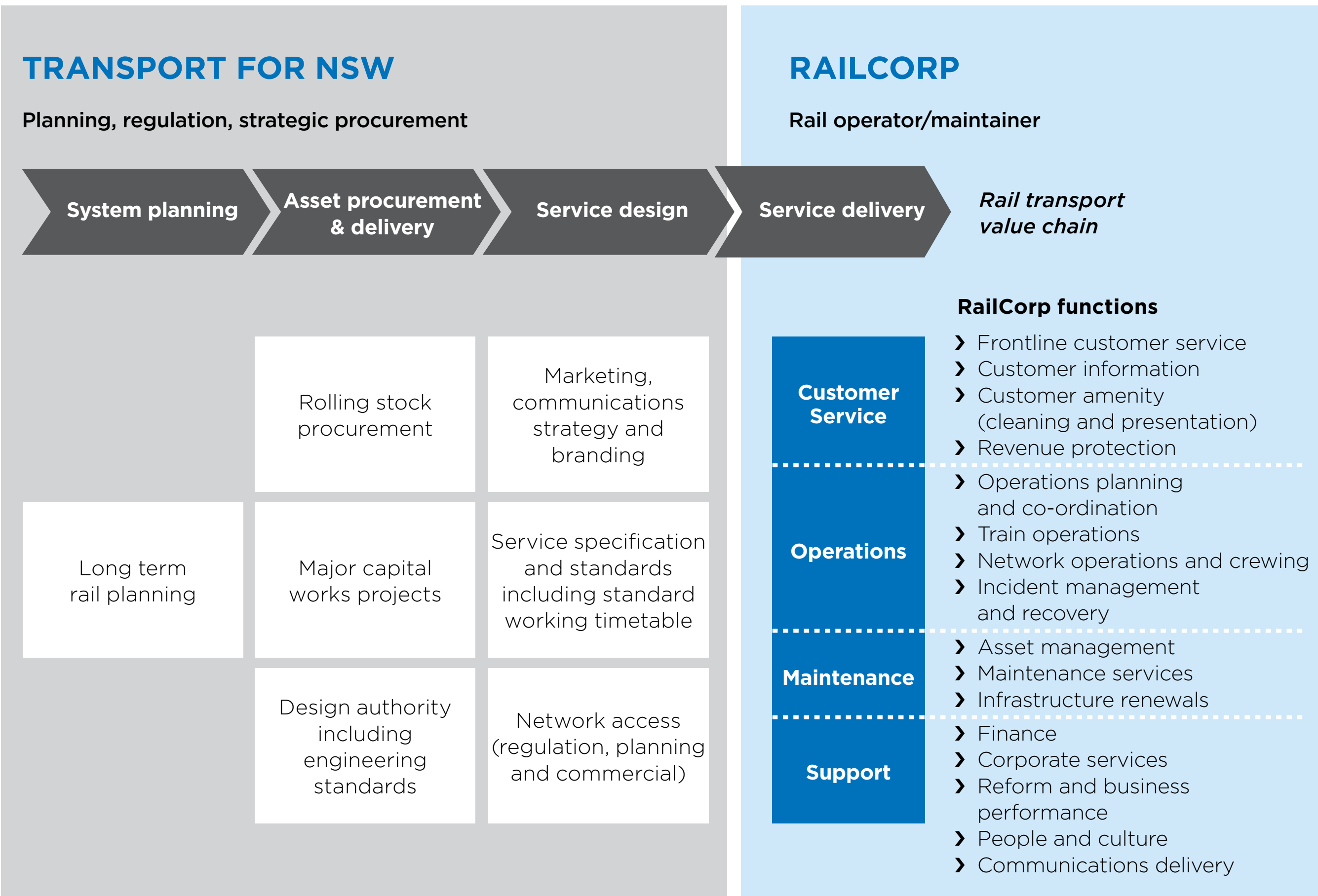
The aim is to put the customer at the centre of everything the transport portfolio does and to make it easier for services to be delivered in a seamless way.

The Rail Services Contract for 2012-13 between the Director General of Transport for NSW and RailCorp stipulates the government's expectations for service levels, service alterations, community consultation, regular service reviews, performance standards and the handling of complaints.

The contract in place reflects the cooperative approach adopted by the Director General and RailCorp* to deliver a more capable, safe and reliable transport network across metropolitan, regional and rural NSW, and to achieve efficiencies and service delivery improvements.

*Rail Service Contracts have been established for Sydney Trains and NSW Trains, commencing 1 July 2013.

Up until 1 July 2013, RailCorp was the rail operator/maintainer. Its function was as follows:



RailCorp's performance 2012-13

For the 2012–13 year, RailCorp generated $1.276 billion income from operating activities, while incurring expenses of $4.028 billion operating the business, recording a deficit from operations, before government support, of $2.752 billion.

Government contributions towards the day-to-day operations of RailCorp were $1.763 billion, giving an operating deficit of $989 million for the year. Government and other contributions towards RailCorp's capital investment program totalled $1.616 billion and, after treating this as income for the year, RailCorp recorded a surplus of $627 million.

Income rose this year by $102 million or 8.7 per cent, being driven by an increase in both passenger and non passenger revenue over the previous year.

Total expenses for the year increased by $141 million or 3.6 per cent.

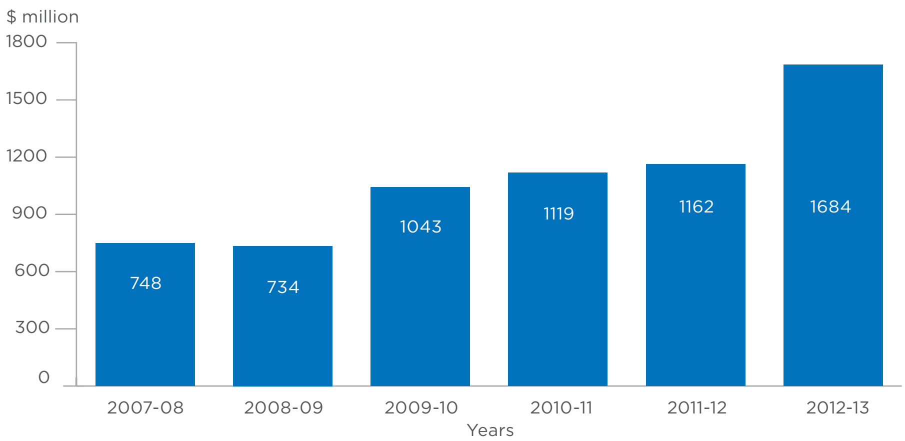
Budget

The surplus for the 2012-13 year of $627 million was $23 million higher than the original budget. Government contributions towards operating expenditure were $50 million higher than the budget. Government contributions towards capital expenditure were on budget.

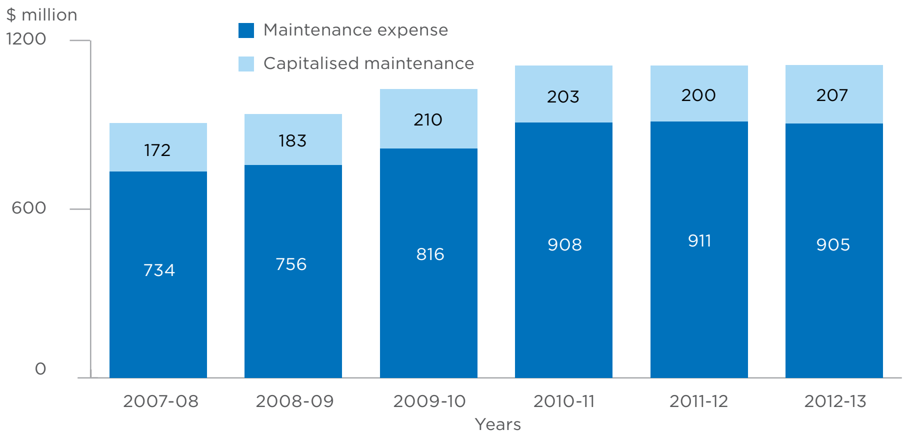
Overall, during the year asset grants received from TfNSW were $100 million under budget and cash contributions were $100 million over budget.

Income from passenger services was $11 million under budget, reflecting a softening in CityRail patronage growth in 2012-13 from the stronger growth of 2011-12.

Capital expenditure



Maintenance



Capital investment

Total capital expenditure increased by 45 percent in 2012-13 to a record $1.684 billion. In addition, a further $207 million of major periodic maintenance was capitalised. RailCorp also recognised leased assets totalling $833 million with a further 35 Waratah 8-car trains accepted during the year. This gave a total capital investment of $2.724 billion for 2012-13 ($1.577 billion in 2011-12).

Capital investment

2012-13 capital investment, by program	$ million
South West Rail Link	537
North West Rail Link	352
Northern Sydney Freight Corridor	117
Clearways	110
Traction Supply Upgrade (Waratah A-Sets)	87
Lidcombe to Granville Corridor Upgrade	55
Wynyard Walk	49
Waratah Rollingstock – enabling and ancillary works	49
Digital Train Radio System	40
Automatic Train Protection	31
Easy Access	25
Outer Suburban Cars – tranche 3	24
Other capital programs	208
Capital expenditure	**1684**
Capitalised maintenance works	207
Leased assets under Private Public Partnership	833
Total capital investment	**2724**

RailCorp finance at a glance

Finance	2008-09	2009-10	2010-11	2011-12	2012-13
					$ million
Passenger services revenue	660.8	693.3	703.5	766.2	790.5
Other income	277.3	267.2	310.7	407.8	485.2
Income from operating activities	938.1	960.5	1014.2	1174.0	1275.7
Total expenses	3072.7	3225.9	3502.5	3886.2	4027.7
Deficit from operations before government contributions	-2134.6	-2265.4	-2488.3	-2712.2	-2752.0
Government subsidies and concessions	1466.8	1605.8	1638.0	1734.7	1763.0
Deficit from operations before capital contribution	-667.8	-659.6	-850.3	-977.5	-989.0
Government and other contributions for capital expenditure	932.0	710.8	872.8	1396.6	1615.8
Surplus for the year	**264.2**	**51.2**	**22.5**	**419.0**	**626.8**

Cost and revenue per journey

Finance	2008-09	2009-10	2010-11	2011-12	2012-13
					$
Cost per passenger journey	10.46	11.09	11.82	12.69	13.08
Revenue per passenger journey	2.25	2.38	2.37	2.50	2.57

Fixing the Trains Program

Sunday 30 June 2013 was RailCorp's final day as a rail operator maintainer. The 12 months leading to this conclusion were focused on bringing RailCorp's two new successor organisations into being.

This enormous task was undertaken because RailCorp had fallen behind other heavy rail operators around the globe in meeting the needs of its customers and the NSW Government was determined to remedy this situation. The result was the Fixing the Trains program launched by the Minister for Transport in May 2012.

Fixing the Trains introduced three major changes:

- The creation of two new specialist organisations – Sydney Trains and NSW Trains – to service the different needs of Sydney and regional/intercity rail customers
- Cutting back-office bureaucracy
- Creating a specialist cleaning subsidiary company to attack graffiti and rubbish on trains and at stations.

The best train systems in the world are focused on the unique needs of their customers. In NSW, about 50 per cent of customers travel less than 30 minutes. They need quick, frequent and reliable trains. Intercity and regional customers, on the other hand, travel longer distances. They need comfortable services, with on-board facilities.

RailCorp tried to service both city and regional and intercity customers and, as a result, neither customer group received the services they deserve.

Establishing two new specialist organisations addressed this problem.

- Sydney Trains now operates quick, frequent and reliable trains in the greater Sydney suburban area.
- NSW Trains operates train and coach services focused on the needs of regional and intercity customers.

Sydney Trains also operates and maintains what was the CityRail network and provides maintenance services to NSW Trains. Both organisations operate under a Rail Services Contract with Transport for NSW.

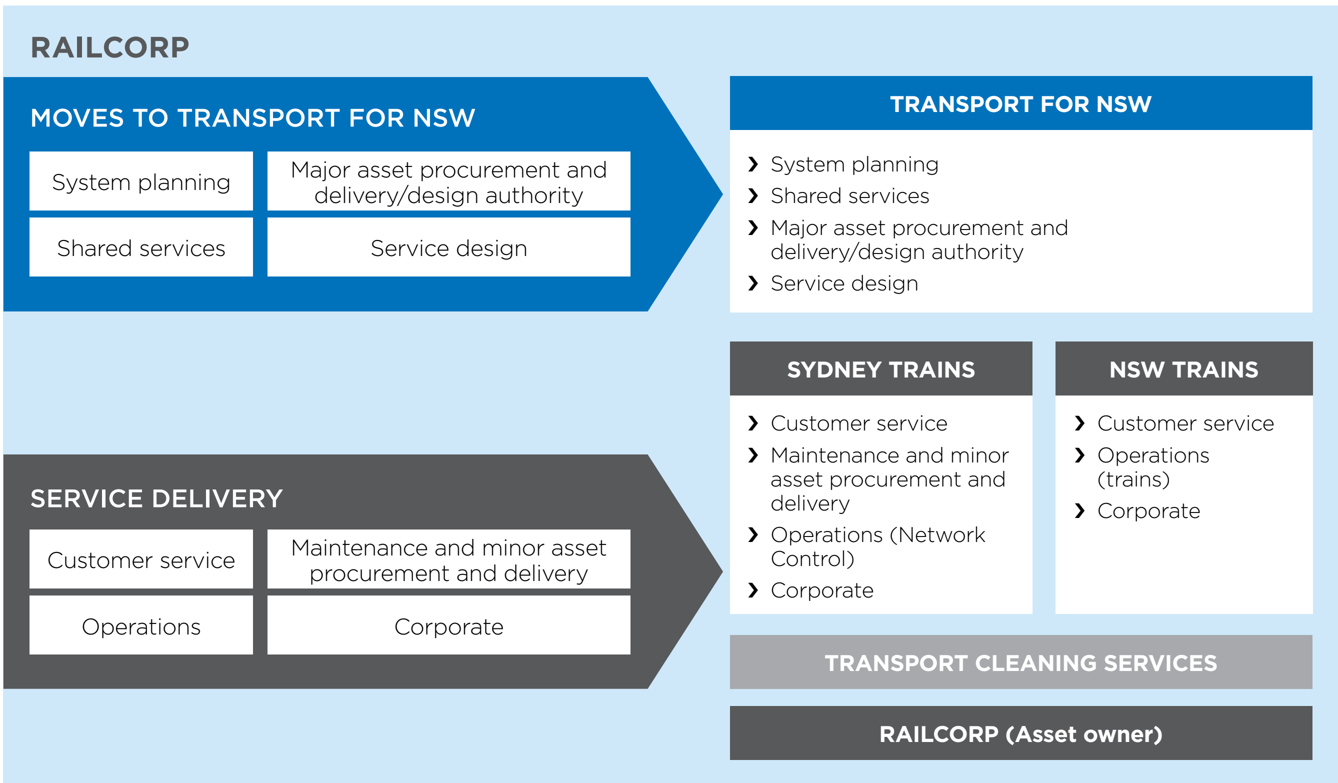
Delivering Fixing the Trains

Since the announcement in May 2012, the Fixing the Trains Program undertook the following initiatives in preparation for the successful 1 July 2013 launch of Sydney Trains and NSW Trains:

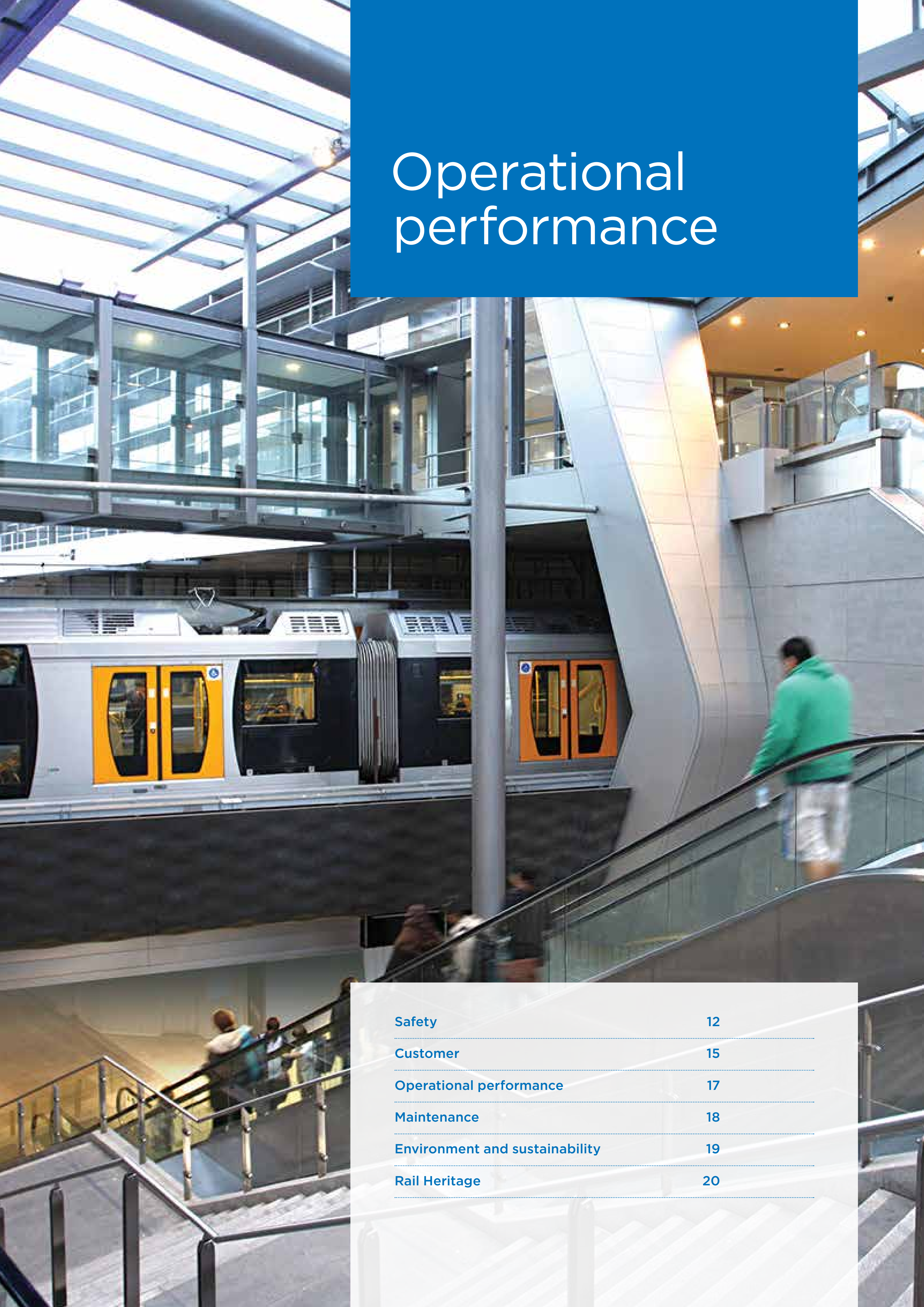
- A dedicated Customer Service Directorate
- Reduced direct reports to Chief Executive from 12 to seven
- Developed purpose-built organisational structures for Sydney Trains and NSW Trains
- Offered 750 voluntary redundancies
- Introduced Transport Administration Admendment (Transport Cleaning Services) Regulation on 28 September 2012
- Prepared new accountability requirements and position descriptions for Sydney Trains and NSW Trains

- Developed new Accountability and Performance Plan requirements
- Aligned future structures to the Transport cluster's corporate and shared service reform
- Consulted with staff on proposed changes
- Commenced advertising and recruitment of 700 positions (spill and fill)
- Introduced Transport Administration (General) Amendment (Sydney Trains and NSW Trains) Regulation 7 December 2012
- Transferred major capital works projects to the Transport Projects Division of Transport for NSW
- Prepared ICT and reporting systems to recognise and accommodate requirements of the new entities
- Redirected RailCorp contracts to new organisations
- Undertook process renewal and bureaucracy busting across the organisation
- Created Transport Cleaning Services Go-Live February 2013 with outsourced management
- Undertook successful accreditation process with Independent Transport Regulator ITSR and National Rail Safety Regulator NRSR for Sydney Trains and NSW Trains
- Built new Safety Management Systems for new entities
- Launched new safety behaviour program "Target Zero"
- Established new business planning framework and interim business plans for Sydney Trains and NSW Trains
- Progressed new police security model and introduction of Transport Officers
- Undertook a review of all off-roster staff
- Launched Maintenance Reform initiatives aimed at improving reliability, effectiveness and cost
- Prepared new Rail Service contracts for Sydney Trains and NSW Trains
- Established new "SPACE" behavioural expectations – Safety; Pride; Accountability; Collaboration; and Excellence
- RailCorp Heritage functions redirected to Sydney Trains and Transport for NSW
- Advertised Chief Executive positions
- Transferred RailCorp staff into new organisations
- Established the Asset Standards Authority (go live 1 July)
- Sydney Trains and NSW Trains commenced operations on 1 July 2013.

FOCUSING ON CUSTOMERS



Operational performance



Safety

The safety of customers, staff and the general public was RailCorp's top priority. RailCorp implemented a comprehensive Safety Management System as part of its commitment to meet and, in many cases, exceed regulatory and statutory requirements.

During the year a number of specific projects were implemented. They included:

- Continuing the introduction of the Digital Train Radio System (DTRS) aimed at ensuring that train drivers, train controllers, signallers and train guards on the electrified rail network, are able to communicate with each other for the first time using the same system with the same technology. Replacing the existing analogue train radio system with DTRS fulfils recommendations from the Special Commission of Inquiry into the Waterfall train accident. The project will see the installation of masts and other communication equipment at about 250 locations within the rail corridor and more than 60 sites in tunnels
- The roll-out of a Professional Driving guide and associated training aimed at reducing Signals Passed at Danger (SPADs). RailCorp's Signal Sighting Framework to improve sighting qualities was also reviewed and continuing improvements made to the Driver Support Program Level Crossing safety improvements at key crossings including better safety signs, flashing lights and boom gates. Crossings that are not used often are being closed
- Corridor fencing completed in eight 'hot spot' sites at Dundas, Marayong, Fassifern, Cockle Creek, Cardiff, Kingsgrove and Erskineville.

Passenger and public safety

RailCorp measured safety performance related specifically to the risk of passenger fatality or serious injury through its Operational Safety Index. The Index tracks the following 12 incident categories:

- High risk SPADs
- High risk explosions
- Trains exceeding published speed limit by more than 20kph
- High risk track geometry defects
- High risk track misalignments
- High risk broken rails
- Train collisions with motor vehicles at level crossings
- High risk collisions
- High risk derailments
- High risk wrong-side signal failures
- High risk rolling stock defects
- Accidental passenger fatalities.

RailCorp's annualised Operational Safety Index performance, commencing with the 2009-10 year, is presented opposite. The total number of qualifying incidents for each year is normalised per million passenger journeys for that year.

The annualised Index value for 2012-13 of 0.091 was favourable to the target of 0.104.

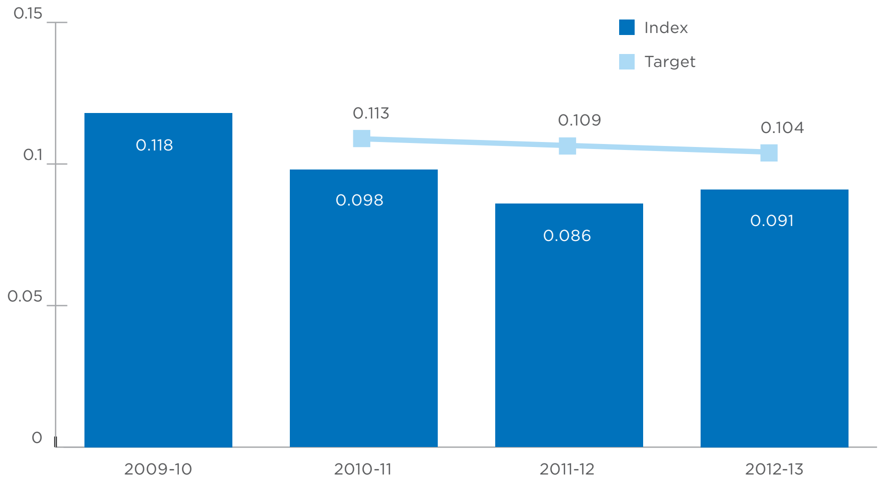
Employee safety

Employee safety in RailCorp is measured through two primary performance indicators - Lost Time Injury Frequency Rate (LTIFR) and Workplace Injuries.

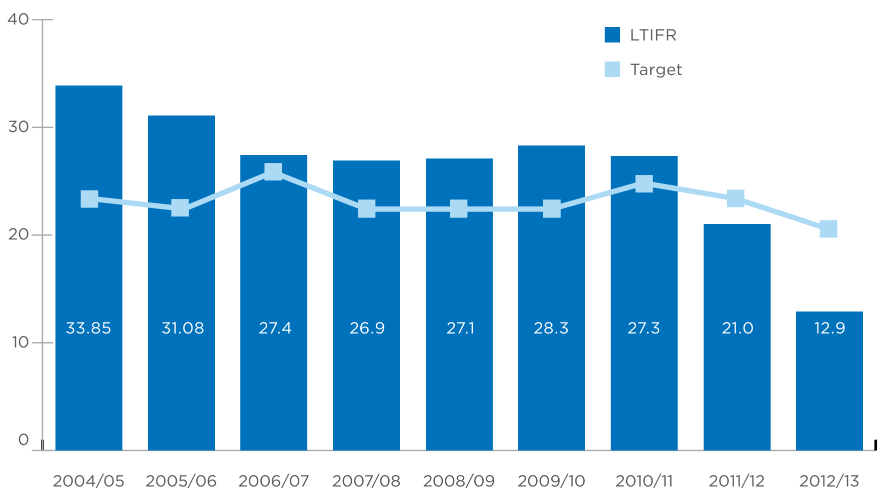
RailCorp's LTIFR performance for the 12 months ended 30 June 2013 was 12.9, which was markedly below the end of year target of 20.2. This represents an improvement in days lost as a result of injuries of approximately 42 per cent , a reduction of 44 per cent in lost time injuries and a reduction of 40 per cent in LTIFR compared to 2011-12.

The workplace injuries performance of a monthly average of 63 was, once again, markedly favourable to the end of year target of 101.

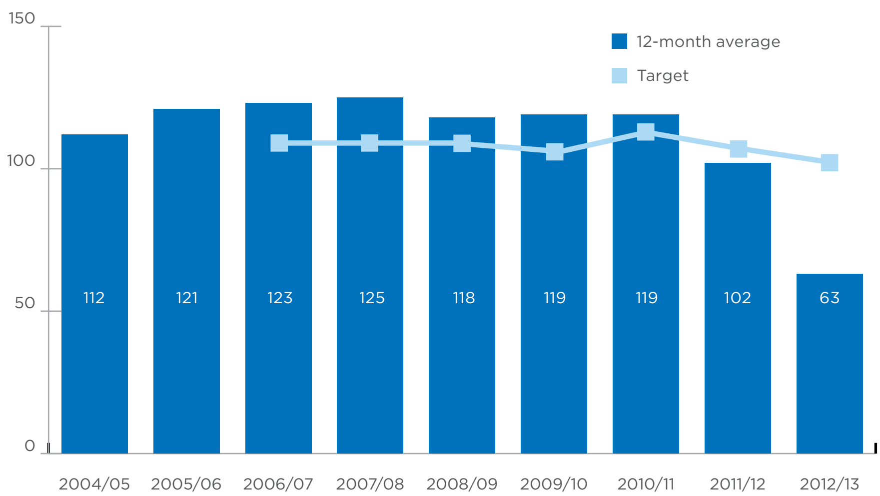
Operational safety index



Lost time injury frequency rate



Workplace injuries



Operational Performance

Emergency preparedness

The following Emergency Preparedness exercises were conducted in conjunction with the emergency services during 2012-13:

Exercise	Number of Exercises	Participants other than RailCorp
Counter terrorism	3	Australian Defence Force, Australian Federal Police, NSW Police
Station, train and/or rail corridor familiarisation and training	24	Fire & Rescue NSW, NSW Police, Ambulance, State Emergency Service, Rural Fire Service
Field exercise	2	Fire & Rescue NSW, NSW Police, Ambulance, State Emergency Service, Rural Fire Service
Train lifting exercise	9	Fire & Rescue NSW

Key performance indicators

Indicator	2012-13	Target
Operational Safety Index	0.091	≤0.104
Lost time injury frequency rate (LTIFR)	12.9	≤20.2
Workplace injuries	63	≤101
BOCSAR* offences against the person per million passenger journeys (reported quarterly, three months in arrears)	8.7	≤9

* Bureau of Crime Statistics and Research

Customer

During the reporting period, RailCorp worked with Transport for NSW to deliver improvements to the customer journey experience.

Cleaner trains and stations

Transport Cleaning Services was officially established on 28 September 2012, as a subsidiary of RailCorp.

On 2 February 2013, Transport Cleaning Services began operations and is now delivering all the functions of cleaning previously performed by RailCorp's Presentation Services Division.

Transfield Services Australia Pty Ltd was selected as the managing contractor, through a tender, to drive the improvements through the day-to-day operational management of frontline cleaning staff.

This new model means a new set of standards for cleanliness on trains and stations.

Graffiti inside the CityRail fleet continued to be a significant problem in 2012-13. As customer feedback demonstrates, this form of vandalism particularly impacts customer satisfaction.

Following the successful Taking Back the Trains trial aimed at reducing graffiti, permanent customer experience improvement programs were implemented by the Rollingstock division.

Depots now conduct a complete internal repaint on most carriages in the fleet once a year. This standard is maintained by depot staff conducting scheduled patch painting to remove minor graffiti.

A window replacement and window film fitment program was undertaken. The program reduces the cost of keeping windows scratch free. Each of these programs has seen a major improvement to the presentation standard of rolling stock.

Underground mobile coverage

Optus (representing mobile carriers) began work on rolling out 3G mobile phone coverage in CBD train tunnels. This long-awaited project saw special 'leaky feeder' cable installed along the length of the North Shore Line tunnels in the CBD, North Sydney and Chatswood, tested and ready for commissioning in July 2012.

The City Circle mobile coverage was commissioned in April 2013.

Operational Critical Data Network (OCDN)

The Operational Critical Data Network (OCDN) is a six year program aimed at retiring and replacing outdated infrastructure with new more reliable technology. The OCDN will provide end to end service provision for key TfNSW initiatives such as new CCTV, the Opal card and train running information.

The OCDN is scheduled for completion in June 2014.

Information

A pilot program on the Illawarra Line to improve the quality and audibility of announcements by train and station staff was successfully completed. This was supported by the re-recording of key on-train and on-station announcements.

A range of real-time train phone apps for customers and staff were launched. TripGo, Triptastic, TripView, Arrivo Sydney and Transit Times cover more than 100 stations across the suburban train network, providing real-time information for trains on the Bankstown, Inner West, Northern, Cumberland, Airport and East Hills, South, North Shore and Western Lines as well as the Eastern Suburbs and Illawarra Line to Heathcote.

The train apps mean customers now have access to up-to-date information about train services, providing the information they need to make decisions about their journey.

Electronic real time passenger information screens were installed at an additional 16 stations and a further 17 stations are due to receive the screens.

Facilities

A program was introduced to improve the station facilities and amenities at all stations across the Sydney Trains and NSW Trains networks. Circular Quay and Springwood were completed during 2012-13.

The program aims to make stations more user-friendly with improvements including better way finding and overall station presentation. The work will include refurbished or upgraded station furniture, station cleaning and painting, improved lighting and improved staff accommodation.

A 24/7 repairs contract for all lifts and escalators repairs in the city and Eastern Suburbs was implemented.

Quiet Carriages were made permanent on the South Coast and Blue Mountains lines. A further 128 Tangara carriages were refreshed to improve the comfort of customers, with new seat and floor coverings, repainted interiors and fixtures, better rails and grab handles for extra standing support and improved lighting.

Operational performance

RailCorp OTR performance at a glance*

	08-09	09-10	10-11	11-12	12-13
CityRail					
Passenger journeys (millions)	292.2	289.1	294.5	304.2	306.2
Metropolitan trains on time – peak (%)	95.8	96.5	95.4	94.4	94.7
Intercity trains on time – peak (%)	94.0	94.9	94.0	92.8	91.4
Total CityRail trains on time – peak (%)	95.5	96.3	95.2	94.2	94.2
CountryLink					
Passenger journeys (millions)	1.68	1.81	1.89	2.04	1.85
Trains on time (%)	76.6	75.0	72.7	62.1	73.8

* All CityRail OTR data are post-force majeure. OTR is defined as arriving within five minutes for metropolitan and within six minutes for Intercity.

CountryLink on time running %

Year	Arrive within 10 minutes	Arrive within 15 minutes	Arrive within 30 minutes
2012-13	73.7	78.9	88.0
2011-12	62.1	69.5	81.2
2010-11	72.7	79.0	87.8
2009-10	74.7	80.8	89.2
2008-09	76.7	N/A	89.5

RailCorp Key Performance Indicators 2012

Key Performance Indicator	2012-13	Target
CityRail peak on-time running (OTR) – (post-force majeure)	94.2%	≥ 92.0%
CityRail peak delay minutes (monthly average)	6158	≤ 4620
CityRail crowding – average number of passengers per m^2 of standing space in the peak	1.6 (March 2013)	≤ 1.9
CountryLink OTR	73.8%	≥ 78.0%

Maintenance

Maintenance highlights for 2012-13

- Rerailing: 52km
- Points machines: 116
- Contact wire renewal: 26.66km
- New sleepers laid: 65,138
- Turnouts renewed: 45.5
- Trainstops renewed: 96
- Track Circuit Refurbishments: 400
- Track Circuit Renewals: 44
- Advanced Train Running and Information Control Systems: 3
- Bridges refurbished: 11
- Platforms resurfaced: 16
- Component change-out (electric fleet): 164
- Fleet presentation work: 164
- Overhead wire rebuilds: 11km
- Track reconstruction: 29km
- Lift car renewals: 3.

Rail network maintenance program

RailCorp's increased investment in the condition of its rail corridor and infrastructure has reduced incidents, resulting in better on-time running and safer and more reliable rail services for customers. The corridor renewal program includes track reconstruction, new overhead wiring, signalling and control systems.

RailCorp has an ongoing program to replace timber sleepers with concrete and install new rail and ballast on passenger mainlines. In addition, since 2002-03 the Track Reconstruction programme has rebuilt more than 450 kilometres of track resulting in around 90 per cent of track across the network now being supported by concrete sleepers.

Throughout 2012-13, good progress was made with major track reconstruction work taking place on the North Shore Line and the Richmond Branch Line, as well as the main South, Eastern Suburbs and South Coast lines. The existing fixed tension overhead wiring (OHW) is being replaced by a regulated tension system that ensures the contact wire remains at a constant height regardless of ambient temperature, eliminating the problem of low wire in summer. At June 2013, 97.9 per cent of the OHW modernisation program had been completed.

A number of major signalling and control systems were successfully delivered including the Kingsgrove to Revesby Quadruplication and the upgrade of the Sydney Train Describer.

Rolling stock maintenance program

Under the rolling stock maintenance program, RailCorp implemented a fleet Management Strategy for planned service improvements. RailCorp has worked closely with Transport for NSW and suppliers to support the growth of the transport system. RailCorp supported the introduction of additional services and more carriages, and the adoption of automatic train protection systems.

The new Waratah train fleet which first entered service in July 2011 became a common sight on the Sydney rail network and represented the fastest and smoothest deployment of a new fleet in the city's history.

Environment and sustainability

During 2012-13 RailCorp's commitment to the long-term sustainability of the rail transport network and to understanding and managing the impacts of rail transport on the environment and the community resulted in a number of initiatives. Highlights included:

- The introduction of internal environmental audits with findings used to improve site specific environmental controls for RailCorp's activities
- Improvements to energy efficiency through new energy-efficient LED lighting at 12 stations, delivering a 40 per cent reduction in lighting energy consumption
- Bush regeneration work
- Waste reduction through the provision of 698 rubbish bins at stations, 355 of which were paper recycling bins.

Energy efficiency improvements

RailCorp continued to make improvements in energy efficiency across its operations. Over the past financial year, 12 stations were upgraded with energy-efficient LED lighting in partnership with the NSW Office of Environment and Heritage under the NSW Government Building Retrofit program. RailCorp also developed and trialled a universal LED lighting system designed to potentially replace existing fluorescent tubes in intercity and suburban fleet carriages. The LED lighting system has been installed on a V-Set intercity train to test performance in operation. The new lighting has the potential to reduce lighting energy consumption by up to 40 per cent, while improving passenger comfort through increased lighting levels.

Biodiversity

RailCorp actively promoted biodiversity good practice and stewardship, and continued to implement management plans for threatened species of flora and fauna. During 2012-13, bush regeneration works were undertaken at several sites that support Downy Wattle and habitat enhancement works were also completed for the Green and Gold Bell Frog.

Bush regeneration work continued to enhance environmentally sensitive locations around the metropolitan network. This included remnants of the critically endangered ecological community of Blue Gum High Forest in northern Sydney and areas of sensitive remnant bushland in the World Heritage Listed Blue Mountains.

Waste reduction and purchasing policy

RailCorp continued to demonstrate leadership and commitment to implementing the principles of the NSW Government's Waste Reduction and Purchasing Policy by promoting the waste hierarchy of 'reduce – reuse – recycle', and by purchasing recycled products when appropriate. The RailCorp Pitt Street office has adopted this approach, using a waste management system to increase recycling and reduce office waste.

RailCorp continued its commitment to improving recycling and waste facilities for customers at stations through the introduction and ongoing maintenance of in excess of 698 bins at stations around the network, of these 355 were paper recycling bins. In the financial year 2012-13, these station bins collected a total of approximately 9,200 tonnes of waste, of which 600 tonnes was paper recycling.

RailCorp offices recognised for environmental Improvement

In 2013 RailCorp continued to improve the NABERS rating (National Australian Built Environment Rating System) from a 3 to a 3.5 star tenancy rating for its main corporate offices at 477 Pitt Street as part of our commitment to the City Switch program. City Switch is a partner program between business and local government and encourages office tenants to improve their environmental performance.

Rail Heritage

RailCorp has the largest portfolio of statutory-listed heritage assets in NSW. This portfolio includes both operational and non-operational assets.

Consistent with the RailCorp Reform agenda, changes to the management arrangements for these assets were well advanced by the end of the year. The heritage functions supporting the passenger rail network had transferred to Sydney Trains by 1 July 2013 and were established in the Safety, Environment, Quality and Risk Directorate. The remaining functions of the Office of Rail Heritage involving the management of assets assigned to volunteer-based organisations were placed under TfNSW direction pending the establishment of a separate transport heritage entity.

Heritage management priorities for the third year of RailCorp's Heritage Asset Management Strategy focused on:

Streamlining internal RailCorp systems and processes, key achievements being:

- Gazettal of RailCorp Agency-Specific Exemptions by the Minister for Heritage on 10 May 2013.
- These exemptions (from Heritage Act approval and notification) allow typical rail maintenance activities to be undertaken without external heritage approval. The exemptions are proving to significantly reduce project approval and delivery times, with 17 internal exemptions granted in the first two months of activation.
- Development of a draft Heritage Assessment Guide. It aims to assist maintenance, project and environment staff in undertaking the appropriate level of heritage impact assessment in the planning phase.
- Completion of the 'Railway Conservation Guide' series, part-funded by the Heritage Council of NSW. These are stand-alone guidelines for maintenance and upgrade works to heritage assets (such as paint schemes) and features (e.g. fences, gardens and platforms).
- Development of asset-class conservation strategies for Station Master Residences and Signal Boxes. Finalisation of these asset-class strategies is being undertaken in consultation with the NSW Heritage Branch. Such strategies will inform long-term prioritised management of these asset classes.

- Completion of Conservation Management Plans for significant heritage sites in the portfolio such as Central Station, Berry and Lawson.

Of note are the positive heritage outcomes achieved though projects designed to deliver improved customer experience including:

'Station Refresh' projects

The Grand Concourse of Central Station had its original feel restored by removing clutter such as banners, rationalising seating and repainting. Circular Quay had heritage features reinstated or repaired including specialised cleaning of brass decorative fish as well as restoring the original tile work. Homebush Station was painted and repaired including the Signal Box.

Non-operating network

Key activities associated with the management of RailCorp's extensive collection of heritage assets outside the operating railway network precincts, rolling stock and small objects included:

Trainworks

The State's largest rail heritage attraction Trainworks at Thirlmere is managed by Trainworks Limited, with an independent Board, to promote the visitor experience. Management and staff work closely with the onsite rail operator, NSW Rail Transport Museum (NSWRTM), which continues to conserve, maintain and operate heritage trains from the site. Now in its second year of operation, Trainworks has proved to be a popular attraction. Since it opened in March 2011, over 83,000 visitors have experienced Trainworks.

Apprentice Heritage Restoration Program

RailCorp's Apprentice Heritage Restoration Program brings skilled volunteers and apprentices together to restore items of heritage significance while also meeting the required training competencies. Projects completed included:

- Replacement of 90 windows in five 'Southern Aurora' carriages
- Restoration of a 1932 North Sydney Station electric destination board and its adaption as an exhibit in the Australian Railway Historical Society (ARHS) bookshop at Central Station
- Restoration of a circa-1950s luggage trolley, donated to Westmead Children's Hospital.

Precincts/Facilities

Significant asset maintenance projects at State Heritage Listed sites included:

- Completion of structural wall and pit repairs, doors and painting at the Large Erecting Shop at South Eveleigh and major hazardous materials remediation works on buildings at Broadmeadow Roundhouse, Tenterfield and Werris Creek, along with the awarding of a contract for works at Cooma.
- Awarding of a contract for the replacement of a failed embankment at the Valley Heights Locomotive Depot ahead of centenary celebrations commencing in January 2014.
- Development and implementation of facility maintenance and environmental management plans for the Trainworks site at Thirlmere.

Moveable Heritage collection

Implementation of a 'Movable Heritage Collection Management Plan 2013-15 commenced to guide the collection's future management. The Plan outlines the collection policy, supporting guidelines and procedures to inform collection management and development of RailCorp's moveable heritage.

The year also saw a significant review of the small objects in storage at North Eveleigh. Many of these items were either allocated to heritage groups or deemed surplus and auctioned. The remaining items have been relocated to an improved storage repository at Chullora.

Rollingstock

Steam Locomotive 3801 Major Overhaul:

The mechanical overhaul of the locomotive frame and running equipment is being undertaken by NSW Rail Transport Museum, the custodian of the locomotive, at a RailCorp facility at Chullora with the involvement of a regular group of volunteers. Rectification work on the boiler continues at Meiningen, Germany and it is scheduled to be complete in late 2013. The locomotive's anticipated return to service is approximately six months after the boiler returns to the Chullora workshop.

Other rolling stock projects undertaken this year include:

FZ909 'Loco Instruction Car', this 130-year-old carriage is the newest display item at Trainworks. This restoration project involved over 30 NSW Rail Transport Museum volunteers, spanning 20 years. Covering interior reconstruction, external repairs and repainting, the exterior works alone required some 4,200 volunteer-hours, with funding from RailCorp.

'First Class Sitting' Passenger Car TBC 532, also operated by NSW Rail Transport Museum, had exterior reconstruction and refurbishment works.

MRC 25706 Bogie Refrigerator Van is a rare, intact example of a 1940s wagon. A three-year conservation project involved over 4,000 volunteer-hours at Valley Heights Locomotive Depot, where the wagon is now on public display.

RailCorp's 'ICE' Transportable Digital Radio Project rolled out replacement radios to RailCorp's heritage fleet following the planned decommissioning of the 'Countrynet' radio system in 2013/14. Six radios have been installed, with a further four radios and cabling/antennae kits to be fitted.

Public programs

ORH commissioned two important pieces of work:

- The Powerhouse Museum was engaged to develop an Education Program for primary school children, which aligns with the national school curriculum. Launched at Trainworks in May 2013, the program has generated an immediate increase in school bookings at Trainworks with more than 700 students participating in the new program and very positive teacher feedback. The program is designed to be customised for roll-out at other heritage precincts across the State.
- An Interpretative Plan 2013-2018 for the ongoing development of the visitor engagement, experiences and products at Trainworks. This will support the attraction's business sustainability and growth. It will also provide the basis to develop interpretive plans for other custodians.

Financial Statements

RAILCORP FINANCIAL STATEMENTS

TRANSPORT CLEANING SERVICES FINANCIAL STATEMENTS

Statement by the Chief Executive

In relation to the Financial Statements for the year ended 30 June 2013

Pursuant to section 41C (1B) of the *Public Finance and Audit Act 1983* and clause 7 of the Public Finance and Audit Regulation 2010 I declare that:

(a) In my opinion, the accompanying financial statements, read in conjunction with the notes thereto, exhibit a true and fair view of the financial position of RailCorp and the consolidated entity as at 30 June 2013 and of their financial performance for the year ended 30 June 2013.

(b) 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 2010, the Australian Accounting Standards, which includes Australian Accounting Interpretations, and Treasurer's directions.

(c) I am 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.

Howard Collins OBE
Acting Chief Executive
18 September 2013

(Start of audited financial statements)

Statement of Comprehensive Income for the year ended 30 June 2013

		Consolidated		Parent	
		2012-13	2011-12	**2012-13**	2011-12
	Note	**$'000**	$'000	**$'000**	$'000
Income					
Passenger services revenue		**790,461**	766,180	**790,461**	766,180
Non passenger revenue	3.1	**482,451**	407,141	**510,625**	406,522
Interest		**2,764**	689	**2,696**	677
Income from operating activities		**1,275,676**	1,174,010	**1,303,782**	1,173,379
Expenses					
Operating expenses					
- Payroll costs and other employee benefits	4.1	**1,532,367**	1,616,367	**1,531,662**	1,615,792
- Other operating expenses	4.3	**1,299,699**	1,223,725	**1,328,547**	1,223,679
Depreciation and amortisation	9.2, 10.2	**872,231**	873,216	**872,217**	873,208
Derecognition and disposal of assets	9.6	**243,597**	139,980	**243,597**	139,980
Finance costs	4.5	**79,830**	32,943	**79,830**	32,943
Total expenses		**4,027,724**	3,886,231	**4,055,853**	3,885,602
Deficit from operations before Government contributions		**(2,752,048)**	(2,712,221)	**(2,752,071)**	(2,712,223)
Government subsidies	3.3	**1,503,425**	1,485,107	**1,503,425**	1,485,107
Government concessions		**258,891**	248,785	**258,891**	248,785
Other Government operating subsidies		**731**	779	**731**	779
Deficit from operations before Capital contributions		**(989,001)**	(977,550)	**(989,024)**	(977,552)
Contributions for capital expenditure	3.2	**1,615,797**	1,396,584	**1,615,797**	1,396,584
Surplus for the year from continuing operations		**626,796**	419,034	**626,773**	419,032
Other Comprehensive Income					
Items that may be reclassified subsequently to surplus/deficit					
Net gain/(loss) in forward foreign exchange	16	**13,043**	994	**13,043**	994
Net gain/(loss) in commodity swaps	16	**(371)**	(4,481)	**(371)**	(4,481)
Items that will not be reclassified to surplus/deficit					
Revaluation of property, plant and equipment	16	**-**	694	**-**	694
Superannuation actuarial gains/(losses) on defined benefit schemes	17	**135,464**	(345,091)	**135,464**	(345,091)
Other Comprehensive Income for the year		**148,136**	(347,884)	**148,136**	(347,884)
Total Comprehensive Income for the year		**774,932**	71,150	**774,909**	71,148

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2013

	Note	Consolidated 30.6.2013 $'000	Consolidated 30.6.2012 $'000	Parent 30.6.2013 $'000	Parent 30.6.2012 $'000
Current assets					
Cash and cash equivalents	5.1	**157,156**	77,609	**156,858**	77,467
Trade and other receivables	6.1	**221,217**	189,480	**225,620**	189,428
Security deposits		**45**	43	**45**	43
Inventories	7	**31,510**	35,017	**31,477**	35,006
Non-current assets classified as held for sale	8	**504**	1,754	**504**	1,754
Derivative financial instruments	20.1	**2,329**	788	**2,329**	788
Total current assets		**412,761**	304,691	**416,833**	304,486
Non-current assets					
Inventories	7	**24,050**	32,347	**24,050**	32,347
Trade and other receivables	6.1	**33,558**	34,769	**33,558**	34,769
Property, plant and equipment	9	**27,505,723**	25,860,971	**27,505,677**	25,860,956
Intangible assets	10	**229,882**	242,771	**229,882**	242,765
Derivative financial instruments	20.1	**558**	28	**558**	28
Other	11	**57,210**	70,095	**57,210**	70,095
Total non-current assets		**27,850,981**	26,240,981	**27,850,935**	26,240,960
Total assets		**28,263,742**	26,545,672	**28,267,768**	26,545,446
Current liabilities					
Trade & other payables	12	**578,334**	663,457	**582,472**	663,296
Borrowings and finance lease liabilities	13	**488,670**	13,663	**488,670**	13,663
Provisions	14	**613,643**	645,192	**613,586**	645,159
Derivative financial instruments	20.1	**5,262**	13,811	**5,262**	13,811
Total current liabilities		**1,685,909**	1,336,123	**1,689,990**	1,335,929
Non-current liabilities					
Borrowings and finance lease liabilities	13	**1,345,883**	599,266	**1,345,883**	599,266
Provisions	14	**666,043**	823,296	**666,043**	823,296
Derivative financial instruments	20.1	**302**	2,355	**302**	2,355
Total non-current liabilities		**2,012,228**	1,424,917	**2,012,228**	1,424,917
Total liabilities		**3,698,137**	2,761,040	**3,702,218**	2,760,846
Net Assets		**24,565,605**	23,784,632	**24,565,550**	23,784,600
Equity					
Contributed equity	15.1	**14,653,056**	14,647,015	**14,653,056**	14,647,015
Reserves	16	**8,059,529**	8,210,203	**8,059,529**	8,210,203
Retained earnings	17	**1,853,020**	927,414	**1,852,965**	927,382
Total equity		**24,565,605**	23,784,632	**24,565,550**	23,784,600

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2013

Consolidated	Note	Contributed equity $'000	Retained earnings $'000	Asset revaluation $'000	Other reserves $'000	Total $'000
Balance at 1 July 2012		**14,647,015**	**927,414**	**8,225,553**	**(15,350)**	**23,784,632**
Surplus/(deficit) for the year		**-**	**626,796**	**-**	**-**	**626,796**
Reserves transferred to/(from) retained earnings	16, 17	**-**	**163,346**	**(163,346)**	**-**	**-**
Other Comprehensive Income						
Net gain/(loss) in forward foreign exchange	16	**-**	**-**	**-**	**13,043**	**13,043**
Net gain/(loss)in commodity swap	16	**-**	**-**	**-**	**(371)**	**(371)**
Superannuation actuarial gains/(losses) on defined benefit schemes	17	**-**	**135,464**	**-**	**-**	**135,464**
Total Other Comprehensive Income for the year		**-**	**135,464**	**-**	**12,672**	**148,136**
Increase/(decrease) in net assets from equity transfers (contribution by owners)	15.2	**6,041**	**-**	**-**	**-**	**6,041**
Balance as at 30 June 2013		**14,653,056**	**1,853,020**	**8,062,207**	**(2,678)**	**24,565,605**
Balance at 1 July 2011		13,715,719	835,962	8,242,368	(11,863)	22,782,186
Surplus for the year		-	419,034	-	-	419,034
Reserves transferred to/(from) retained earnings	16, 17	-	17,509	(17,509)	-	-
Other Comprehensive Income						
Net gain/(loss) in forward foreign exchange	16	-	-	-	994	994
Net gain/(loss) in commodity swaps	16	-	-	-	(4,481)	(4,481)
Increase/(decrease) in asset revaluation reserve	16	-	-	694	-	694
Superannuation actuarial gains/(losses) on defined benefit schemes	17	-	(345,091)	-	-	(345,091)
Total Other Comprehensive Income for the year		-	(345,091)	694	(3,487)	(347,884)
Increase/(decrease) in net assets from equity transfers (contribution by owners)	15.2	931,296	-	-	-	931,296
Balance as at 30 June 2012		14,647,015	927,414	8,225,553	(15,350)	23,784,632

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2013

Parent	Note	Contributed equity $'000	Retained earnings $'000	Asset revaluation $'000	Other reserves $'000	Total $'000
Balance at 1 July 2012		**14,647,015**	**927,382**	**8,225,553**	**(15,350)**	**23,784,600**
Surplus for the year		**-**	**626,773**	**-**	**-**	**626,773**
Reserves transferred to/(from) retained earnings	16, 17	**-**	**163,346**	**(163,346)**	**-**	**-**
Other Comprehensive Income						
Net gain/(loss) in forward foreign exchange	16	**-**	**-**	**-**	**13,043**	**13,043**
Net gain/(loss)in commodity swap	16	**-**	**-**	**-**	**(371)**	**(371)**
Superannuation actuarial gains/(losses) on defined benefit schemes	17	**-**	**135,464**	**-**	**-**	**135,464**
Total Other Comprehensive Income for the year		**-**	**135,464**	**-**	**12,672**	**148,136**
Increase/ (decrease) in net assets from equity transfers (contribution by owners)	15.2	**6,041**	**-**	**-**	**-**	**6,041**
Balance as at 30 June 2013		**14,653,056**	**1,852,965**	**8,062,207**	**(2,678)**	**24,565,550**
Balance at 1 July 2011		13,715,719	835,932	8,242,368	(11,863)	22,782,156
Surplus for the year		-	419,032	-	-	419,032
Reserves transferred to/(from) retained earnings	16, 17	-	17,509	(17,509)	-	-
Other Comprehensive Income						
Net gain/(loss) in forward foreign exchange	16	-	-	-	994	994
Net gain/(loss) in commodity swaps	16	-	-	-	(4,481)	(4,481)
Increase/(decrease) in asset revaluation reserve	16	-	-	694	-	694
Superannuation actuarial gains/(losses) on defined benefit schemes	17	-	(345,091)	-	-	(345,091)
Total Other Comprehensive Income for the year		-	(345,091)	694	(3,487)	(347,884)
Increase/ (decrease) in net assets from equity transfers (contribution by owners)	15.2	931,296	-	-	-	931,296
Balance as at 30 June 2012		14,647,015	927,382	8,225,553	(15,350)	23,784,600

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2013

	Note	Consolidated 2012-13 $'000	Consolidated 2011-12 $'000	Parent 2012-13 $'000	Parent 2011-12 $'000
Cash flows from operating activities					
Cash received					
Passenger services		**790,591**	767,721	**790,591**	767,721
Other receipts from customers and others		**754,364**	634,481	**753,650**	633,832
Government subsidies and concessions		**1,762,316**	1,733,892	**1,762,316**	1,733,892
Other Government operating subsidies		**731**	779	**731**	779
Interest received		**2,705**	689	**2,696**	677
Total cash received		**3,310,707**	3,137,562	**3,309,984**	3,136,901
Cash used					
Payments to suppliers, employees and others		**(3,210,777)**	(2,898,454)	**(3,210,210)**	(2,897,838)
Interest paid		**(57,271)**	(33,169)	**(57,271)**	(33,169)
Total cash used		**(3,268,048)**	(2,931,623)	**(3,267,481)**	(2,931,007)
Net cash from/(used in) operating activities	5.2	**42,659**	205,939	**42,503**	205,894
Cash flow from investing activities					
Cash received					
Capital grants		**503,894**	1,345,725	**503,894**	1,345,725
Property, plant and equipment and intangible assets disposals		**9,925**	1,500	**9,925**	1,500
Total cash received		**513,819**	1,347,225	**513,819**	1,347,225
Cash used					
Property, plant and equipment and intangible assets acquisitions		**(853,731)**	(1,264,142)	**(853,731)**	(1,264,130)
Total cash used		**(853,731)**	(1,264,142)	**(853,731)**	(1,264,130)
Net cash from/(used by) investing activities		**(339,912)**	83,083	**(339,912)**	83,095
Cash flows from financing activities					
Cash received					
Proceeds from borrowings		**1,460,300**	3,086,602	**1,460,300**	3,086,602
Total cash received		**1,460,300**	3,086,602	**1,460,300**	3,086,602
Cash used					
Repayment of borrowings		**(1,083,500)**	(3,418,900)	**(1,083,500)**	(3,418,900)
Total cash used		**(1,083,500)**	(3,418,900)	**(1,083,500)**	(3,418,900)
Net cash from/(used in) financing activities		**376,800**	(332,298)	**376,800**	(332,298)
Net (decrease)/increase in cash and cash equivalents		**79,547**	(43,276)	**79,391**	(43,309)
Cash and cash equivalents at beginning of year		**77,609**	15,034	**77,467**	14,925
Cash transferred in from TfNSW		**-**	105,851	**-**	105,851
Cash and cash equivalents at end of year	5.1	**157,156**	77,609	**156,858**	77,467

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1 Reporting entity and financial statements

(a) Reporting entity

Rail Corporation New South Wales (RailCorp) is a Statutory Authority constituted under the *Transport Administration Act 1988* and is a scheduled entity under the *Public Finance and Audit Act 1983*. It is domiciled in Australia and its principal office is at 477 Pitt Street Sydney, NSW 2000. Its principal objectives to 30 June 2013 were:

- to deliver safe and reliable railway passenger services in New South Wales in an efficient, effective and financially responsible manner, and
- to ensure that the part of the NSW rail network vested in or owned by it enables safe and reliable railway passenger and freight services to be provided in an efficient, effective and financially responsible manner.

RailCorp, the parent entity and the controlled entities Trainworks Ltd and Transport Cleaning Services constitute the reporting economic entity in these consolidated Financial Statements. Trainworks Ltd is a company limited by guarantee and RailCorp is the sole member. Trainworks commenced operations on 4 April 2011. Transport Cleaning Services (TCS) was constituted under the Transport Administration (General) Amendment (Transport Cleaning Services) Regulation 2012 as a fully owned public subsidiary corporation of RailCorp on 28 September 2012. Transport Cleaning Services commenced operations on 2 February 2013.

The *Transport Legislation Amendment Act 2011* established Transport for NSW (TfNSW) as a controlled entity of the Department of Transport, while RailCorp is a controlled entity of Transport for NSW. The Department of Transport is consolidated as part of the NSW Total State Sector Accounts.

On 7 December 2012, NSW Trains and Sydney Trains were established as public subsidiary corporations of RailCorp under the Transport Administration (General) Amendment (Sydney Trains and NSW Trains) Regulation 2012. They became statutory bodies on 17 May 2013 under the Public Finance and Audit Amendment (Sydney Trains and NSW Trains) Proclamation 2013. Sydney Trains and NSW Trains will operate services in the Sydney suburban, intercity and regional areas previously operated by RailCorp and are controlled entities of Transport for NSW, but not RailCorp. Sydney Trains and NSW Trains commenced operation on 1 July 2013.

The government announced on 17 May 2013 the establishment of a new not-for-profit entity, Transport Heritage NSW, to manage rail heritage in NSW which will bring together the NSW Rail Transport Museum, Trainworks Limited and RailCorp's Office of Rail Heritage. It is expected the Trainworks operations will transition into the new entity during the 2013-14 financial year and cease to be a controlled entity of RailCorp.

(b) Principles of consolidation

The consolidated Financial Statements comprise the Financial Statements of RailCorp (the parent entity) and its controlled entities, after elimination of all inter-entity transactions and balances.

(c) Authorisation of the Financial Statements

The Financial Statements were authorised for issue by the Chief Executive on the date on which the accompanying Statement by the Chief Executive was signed.

(d) Statement of compliance

The Financial Statements and notes comply with Australian Accounting Standards which includes Australian Accounting Interpretations.

Note 2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated Financial Statements are general purpose Financial Statements prepared in accordance with Australian Accounting Standards, which includes Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2010, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and these Financial Statements do not take into account changing money values or current valuations. However, property, plant and equipment, certain provisions, and derivative financial assets and liabilities are measured at fair value. Refer Notes 2.3(ii), 2.14(ii), and 2.19.

The accrual basis of accounting has been adopted in the preparation of the Financial Statements, except for cash flow information.

RailCorp and its controlled entities are not-for-profit entities for accounting purposes.

The Financial Statements have been prepared on a going concern basis which assumes that RailCorp and its controlled entities are expected to be able to pay their debts as and when they fall due and continue in operation without any intention or necessity to liquidate or otherwise wind up their operations. Despite current liabilities exceeding current assets at year end, RailCorp's continued operation and ability to pay its debts are satisfied because of annual appropriations of funds by the Government to support RailCorp. The NSW Government funds the majority of the cost of operation of the rail network. The proportion of total expenses met by the travelling public through fares was 19.6% in 2012-13 (19.7% in 2011-12).

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Comparative information has been reclassified relating to RailCorp recovery of staff costs for employees assigned to Transport for NSW. RailCorp disclosed a negative expense of $60.8m in Note 4.3 Other Operating Expenses in the prior year which is revenue in nature. RailCorp has reclassified the $60.8m to Note 3.1 Non Passenger Revenue to more accurately reflect presentation requirements contained in Australian Accounting Standards. The reclassification also resulted in changes to cash flows from operating activities in the prior year Statement of Cash Flows.

30 June 2012 Comparatives

Statement of Comprehensive Income (Extract)

	2011-12 $000	2011-12 Reclassification $000	2011-12 Restated $000
Consolidated			
Income			
Non passenger revenue	346,322	60,819	407,141
Income from operating activities	1,113,191	60,819	1,174,010
Expenses			
Other operating expenses	1,302,886	60,819	1,363,705
Total expenses	3,825,412	60,819	3,886,231
Parent			
Income			
Non passenger revenue	345,703	60,819	406,522
Income from operating activities	1,112,560	60,819	1,173,379
Expenses			
Other operating expenses	1,302,840	60,819	1,363,659
Total expenses	3,824,783	60,819	3,885,602

Note 2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Change in accounting policy

There have been no changes in accounting policy in 2012-13.

2.2 Adoption of new and revised Accounting Standards

The Financial Statements have adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to RailCorp and its controlled entities effective for the annual reporting period beginning on 1 July 2012. The adoption of these new and revised Standards and Interpretations has not resulted in any significant changes to RailCorp and its controlled entities accounting policies.

RailCorp and its controlled entities did not early adopt any new Accounting Standards and Interpretations that are not yet effective in accordance with NSW Treasury mandates.

The following new Accounting Standards and Interpretations have not yet been adopted and are not effective as at 30 June 2013. The standards are effective for annual reporting periods commencing on or after 1 January 2013.

AASB / Amendment	Title	Issue Date	Application date of Standard
AASB 9	Financial Instruments	1 Sept 2012	1 Jan 2015
AASB 10	Consolidated Financial Statements	1 Aug 2011	1 Jan 2013
AASB 11	Joint Arrangements	1 Aug 2011	1 Jan 2013
AASB 13	Fair Value Assessment	1 Sep 2011	1 Jan 2013
AASB 119	Employee Benefits	1 Sep 2011	1 Jan 2013
AASB 127	Separate Financial Statements	1 Aug 2011	1 Jan 2013
AASB 128	Investments in Associates and Joint Ventures	1 Aug 2011	1 Jan 2013
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 Sep 2012	1 Jan 2013
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13	1 Sep 2012	1 Jan 2013
AASB 2012-6	Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures	1 Sep 2012	1 Jan 2013
AASB 2012-7	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1 Sep 2012	1 Jul 2013
AASB 2012-9	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	1 Dec 2012	1 Jan 2013
AASB 2012-10	Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments	1 Dec 2012	1 Jan 2013
AASB 2012-11	Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments	1 Dec 2012	1 Jul 2013

The impact of these standards and interpretations on the Financial Statements is not expected to be significant.

2.3 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 and cash equivalents, receivables, payables, borrowings and derivatives (forward foreign exchange contracts, and commodity swap contracts).

(i) Recognition

A financial asset or financial liability is recognised when RailCorp becomes a party to the contractual provisions of the instrument.

Note 2 Summary of significant accounting policies (continued)

2.3 Financial instruments (continued)

Financial assets are derecognised when the contractual rights to the associated cash flows expire, are effectively transferred, or are otherwise lost. Financial liabilities are derecognised when the contractual obligation is discharged, is cancelled, or expires.

Any applicable amortisation, impairment loss (or reversal), or fair value adjustment is recognised in the Statement of Comprehensive Income.

On derecognition, any difference between the items carrying amount and the consideration received or paid is recognised in the Statement of Comprehensive Income.

(ii) Measurement

On initial recognition, a financial asset or financial liability is measured at its fair value (which is usually its cost) plus any directly-attributable transaction costs.

After initial recognition, receivables and payables are carried in the Statement of Financial Position at amortised cost, which is a reasonable approximation of their fair value. Borrowings are carried at amortised cost. Their fair value at year end is disclosed in note 13. Derivatives are carried at fair value.

The fair value of borrowings and derivatives is determined at year end as the quoted offer price or the risk-adjusted market price of the instrument. It represents current market value.

(iii) Hedging

Derivative financial instruments are used to hedge against exposures to foreign currency risk on overseas purchase commitments and on commodity price risk on forecast distillate and electricity purchases (where applicable).

Forward foreign exchange contracts are used to hedge against currency risk on firm commitments for the purchase of goods or services from overseas suppliers. 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.

Forward foreign exchange contracts and commodity swap contracts are used to hedge against commodity price risk on forecast purchases of distillate. The contracts effectively entail a right to buy a specified quantity of distillate at a fixed price on a future date, which is offset by an obligation to sell a similar quantity at its prevailing monthly average market price at that time.

RailCorp policy for electricity hedging is similar to distillate operations. Electricity hedging applies only to periods not under a fixed price contract. Hedges are subsequently closed out once a fixed price contract is in place.

(iv) Hedge accounting

Cash flow hedge accounting is adopted for all hedging relationships involving forward foreign exchange contracts and commodity swap contracts. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is initially recognised directly in the Hedging Reserve. When the cash flow in relation to the hedged item eventually occurs, the gain or loss is transferred from the Reserve to property, plant and equipment (in the case of equipment purchases) or to inventories (in the case of distillate purchases) where it is included in the cost of the hedged item. If the hedge is ineffective the portion of the gain or loss on the ineffective portion of the hedging instrument is recognised immediately in the Statement of Comprehensive Income.

Hedge accounting is used on all RailCorp exposures. The hedging relationship is formally designated and documented at the inception of the hedge; the hedge is expected to be highly effective; the effectiveness

Note 2 Summary of significant accounting policies (continued)

(iv) Hedge accounting (continued)

is measurable, assessed on a quarterly basis and is actually achieved; and the hedged forecast transaction remains highly probable.

Hedge accounting is discontinued when the hedging instrument expires, is sold, is terminated, is exercised, no longer meets the hedge accounting criteria, has its designation revoked, or if the hedged forecast transaction is no longer expected to occur. Generally, any associated cumulative gain or loss in the Hedging Reserve is only transferred out when the hedged cash flow eventually occurs. However, if the hedged transaction is no longer expected to occur, the gain or loss is immediately transferred to the Statement of Comprehensive Income.

Refer Note 20.

2.4 Taxes

(i) Income tax equivalents

RailCorp and its controlled entities are exempt from the National Tax Equivalent Regime (NTER) and the Tax Equivalent Regime (TER) and are not required to pay income tax.

(ii) Goods and Services Tax

Revenues, expenses and assets are generally recognised net of the amount of Goods and Services Tax (GST). However, receivables and payables are stated with the amount of GST included, and GST that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the relevant asset or expense.

The net amount of GST recoverable from (or payable to) the ATO is recognised as part of receivables (or payables) in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of any cash flow arising from investing activities that is recoverable from (or payable to) the ATO is classified as an operating cash flow.

(iii) State taxes

RailCorp being a statutory authority representing the Crown means that it is exempt from land tax levied after 2009.

2.5 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependant on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Details of operating leasing arrangements

Various operating leases are in place.

The NSW rail network in the country rail area is used by RailCorp as lessee under 10 or 15 year, non-exclusive, non-cancellable operating leases (access agreements). The lease rental (access fee) is reviewed annually.

Certain Victorian and Queensland railways and stations are used by RailCorp 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 3 year non-cancellable leases, renewable at RailCorp's option for up to 2 years.

Note 2 Summary of significant accounting policies (continued)

(i) Details of operating leasing arrangements (continued)

Motor vehicles are obtained under 3 or 4 year operating leases. Rentals are all contingent, being based on floating interest rates.

Some office accommodation is obtained under operating leases. Some leases are renewable at RailCorp's option for periods up to 5 years.

Some telecommunications facilities in the country rail area are obtained under a non-cancellable operating lease.

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

RailCorp has granted various operating leases (access agreements) to other rail operators giving them non-exclusive access to the metropolitan rail network or stations. Such leases generally cover a 5 year period.

Various real estate leases have also been granted (including air space and advertising rights), sometimes covering long periods (up to 99 years). To the extent the initial term of the lease is greater than 50 years then these leases are treated as finance leases – refer Note 2.5 (iv).

(ii) Details of PPP finance leasing arrangements

An agreement is in place for a Rolling stock Public Private Partnership (PPP), which incorporates finance leases, whereby Reliance Rail will:

- Design, manufacture and commission a total of 626 carriages, together with simulators for training;
- Design, manufacture and commission a maintenance facility on RailCorp land at Auburn. The land is leased to Reliance Rail for nil consideration over the term of the contract;
- Make a certain number of 8 car train sets available for RailCorp's use over the term of the contract (the term continues for 30 years after the delivery of the tenth last set, i.e. until about 2044);
- Provide a maintenance facility for the sets over the term of the contract;
- Decommission any sets which RailCorp does not wish to acquire at the end of the contract;
- Handover the maintenance facility at the end of the contract.

In accordance with the PPP contract RailCorp is required to make certain milestone payments. These are treated as interest free advances pending satisfactory completion of the construction of carriages together with the simulators and maintenance facility.

(iii) Accounting treatment – operating leases

Lease rentals under an operating lease are recognised as income (or expense) on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Initial direct costs incurred, as lessor, in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

An asset leased to a lessee is presented in the Statement of Financial Position according to the nature of the asset and is subject to the depreciation policy for similar but non-leased assets.

Refer Note 2.16.

Note 2 Summary of significant accounting policies (continued)

(iv) Accounting treatment – finance leases

As lessee

Finance leases, which transfer to RailCorp substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease term at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are capitalised in accordance with the accounting policy on borrowing costs.

Refer Note 2.8.

Finance leased assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that RailCorp will obtain ownership by the end of the lease term. Where there is reasonable certainty that RailCorp will obtain ownership of the asset after the lease term the asset is depreciated over its estimated useful life.

Refer Note 18.3.

As lessor

RailCorp, as the lessor, classifies its long-term land leases (typically where the initial lease term exceeds 50 years), as finance leases if it transfers to the lessee substantially all the risks and rewards incidental to ownership of the land. The leased assets are recognised as current and non-current receivables at amounts equal to the net investment in the leases.

The lease receipt is recognised in two components, one as a reduction of the lease receivables and the other as finance income. The finance income is calculated relevant to the term of the lease.

Refer Note 6.

(v) Arrangements in the form but not the substance of a lease

An arrangement comprising a series of transactions involving the legal form, but not the economic substance, of a lease is accounted for as one linked transaction rather than as a lease. Any fee resulting from the arrangement is recognised as income in the year it is received.

Refer Notes 2.7 and 9.4.

(vi) Accounting treatment for prepaid rentals

Prepaid rentals where the initial lease term exceeds 50 years are treated as sales in accordance with NSW Treasury policy, TPP 11-1, *Accounting Policy: Lessor Classification of Long Term Land Leases*.

2.6 Foreign currency translation

A foreign currency transaction is recognised and initially translated into Australian currency using the market rate at the date of the transaction. Outstanding transactions at any subsequent reporting date are translated at the market rate at that date.

Exchange differences on monetary items that qualify as hedging instruments in a cash flow hedge are recognised initially in equity to the extent that the hedge is effective. Exchange differences on other monetary items are recognised as income or expense.

Note 2 Summary of significant accounting policies (continued)

2.7 Income

Income 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. Income is only recognised if its receipt is probable and the amount is reliably measurable. The accounting policies for the recognition of income are discussed below:

Passenger revenue
Proceeds received from the sale of tickets are reported as passenger services revenue. Passenger services revenue is initially recognised based on ticket sales. Revenue received prior to passenger travel, and the pro-rata unearned portion of periodic tickets, is assessed annually and treated as deferred revenue.

Fines and penalties
Fines and penalties are collected by the State Debt Recovery Office on behalf of RailCorp and are recognised by way of an estimate of the amount expected to be collected.

Rendering of services
Revenue from the rendering of a service is recognised by reference to the stage of completion of the transaction, provided that the transaction's outcome, stage of completion, and the past and prospective costs are all reliably measurable. Otherwise such revenue is only recognised to the extent of the associated recognised recoverable expenses.

The stage of completion of a construction contract is determined by comparing the cost incurred to date with the estimated total cost of the contract.

Government contributions
Contributions are received from the NSW Government towards the cost of providing certain agreed services, concessions and capital expenditure. The passenger revenue covers only a part of operating expenses and the shortfall is met by those contributions by the NSW Government for subsidies and concessions (refer Statement of Comprehensive Income).

Contributions are recognised when control of the cash or other asset (or the right to receive it) is obtained.

The presentation of the Statement of Comprehensive Income includes subtotals for the result from operations before Government Contributions and the result from operations before Capital Contributions. That presentation has been adopted as it is a more informative representation of the operating result with reference to RailCorp's sources of funding.

Interest revenue
Interest revenue is recognised as interest accrues using the effective interest method, which uses a rate that exactly discounts a financial instrument's expected future cash receipts through the expected life of the financial instrument (or shorter period) to the net carrying amount of the instrument. Interest revenue includes all earnings from NSW Treasury Corporation (TCorp) Hourglass cash facility and 11am Call Deposit.

Leases
Operating lease income is recognised on a straight-line basis over the lease term. Fees received under an arrangement that is in the legal form of a lease but that is not, in substance, a lease under AASB 117 *Leases*, are recognised as revenue over the term of the lease.

Sale of assets and goods
Revenue from the sale of assets or other goods is recognised when control and the significant risks and rewards of ownership have passed to the buyer and the past and prospective transaction costs are reliably measurable.

Note 2 Summary of significant accounting policies (continued)

2.8 Borrowing costs

Borrowing costs are capitalised in respect of constructed property, plant and equipment that meet the criteria of qualifying assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.9 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, at call deposits, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Refer Note 5.

Note 2 Summary of significant accounting policies (continued)

2.10 Trade and other receivables

Trade receivables are measured initially at fair value and subsequently at invoiced cost less an allowance for impairment, which is not materially different from amortised cost due to their short-term nature. A trade receivable is usually due for settlement within 30 days of invoicing. Collectability of trade receivables is reviewed on an ongoing basis.

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual rights to future cash inflows from it expire or are transferred.

An expected reimbursement of expenditure required to settle an allowance for impairment is only recognised as a receivable when it is virtually certain that the reimbursement will be received. Such reimbursement is treated separately from the related allowance and its amount does not exceed the amount of that allowance for impairment.

If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for impairment and the resulting loss is recognised in the Statement of Comprehensive Income. Receivables are monitored during the year and bad debts are written off against the allowance when those are determined to be irrecoverable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that trade receivables are impaired.

Refer Note 6.

2.11 Inventories

Inventories comprise materials and supplies to be consumed in operations and construction works in progress for customers. Inventories held for distribution are measured at cost adjusted for any loss of service potential. Inventories held for sale are measured at the lower of cost and net realisable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing them to their present location and condition. This includes material, labour and attributable fixed and variable overhead costs.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned by using specific identification of their individual costs. The cost of remaining inventories is assigned by using the weighted average cost formula. Cost formulae are applied consistently to all inventories having a similar nature and use to the entity.

The carrying amount of inventories sold is recognised as an expense when the related revenue is recognised. The amount of any write-down of inventories to net realisable value and any loss relating to inventories is recognised as an expense in the year in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction of the expense relating to inventories in the year in which the reversal occurs.

Refer Note 7.

Note 2 Summary of significant accounting policies (continued)

2.12 Non-current assets held for sale

Non-current assets are classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. This condition is regarded as met when the sale is highly probable; the asset is available for immediate sale in its present condition and is expected to be completed within 1 year from the date of classification.

Non-current assets held for sale are recognised at the lower of carrying amount and fair value less cost to sell. Such assets are presented separately from other assets in the Statement of Financial Position and are not depreciated or amortised while they are classified as held for sale.

Refer Note 8.

2.13 Impairment of financial assets

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that RailCorp will not be able to collect all amounts due. The calculated impairment loss is recognised in the Statement of Comprehensive Income as an allowance to reduce the carrying amount of the financial asset.

When there is objective evidence that impairment no longer exists, previously recognised impairment losses are reversed through the Statement of Comprehensive Income so that the carried amount at amortised value does not exceed what the carrying amount would have been had there not been an impairment loss.

2.14 Property, plant and equipment

(i) Recognition

An item of property, plant and equipment is recognised as an asset if it has service potential controlled by RailCorp, is expected at acquisition to be used for more than 1 year, has a cost or value that can be measured reliably and exceeds the capitalisation threshold.

A component is accounted for separately if it (a) has a useful life materially different from that of the prime asset and therefore requires separate replacement during the life of the prime asset, (b) is material enough to justify separate tracking, and (c) is capable of having a reliable value attributed to it. A dedicated spare part does not normally have a useful life of its own.

Dedicated spares purchased specifically for a particular asset, or class of assets, and which would become redundant if that asset or class were retired or use of that asset or class were discontinued, are considered to form part of the historical cost of that asset or class.

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.

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 rotable spares, primarily held for the overhaul of the asset to which it relates, and significant enough to warrant it being individually tracked. Expenditure below the capitalisation threshold or not qualifying for recognition as a capital spare is charged to the Statement of Comprehensive Income.

An item of property, plant and equipment in the course of construction is classified as capital work in progress.

An item leased to a lessee under an operating lease continues to be recognised as property, plant and equipment and to be classified according to the nature of the asset.

Note 2 Summary of significant accounting policies (continued)

2.14 Property, plant and equipment (continued)

(ii) Measurement

An item of property, plant and equipment purchased or constructed is initially measured at its cost, which is its fair value on acquisition. This includes the purchase price and any costs directly attributable to bringing it to the location and condition necessary for it to be capable of operating as intended. An item of property, plant and equipment acquired at no cost, or for a nominal cost, is initially measured at its fair value.

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction such as an asset's market price or, if such a price is not observable or estimable from market evidence, its replacement cost. Replacement cost is the written-down cost of an optimised modern equivalent asset. Non-specialised assets with short useful lives are measured at depreciated historical cost as a proxy for fair value.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of acquisition or construction or where applicable the amount attributed to that asset when initially recognised.

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

If an item of property, plant and equipment is revalued, the entire class to which it belongs is revalued.

Bored and excavated tunnels, excavations for stations and site formations including cuttings and embankments entering service prior to 30 June 2000 are carried at nil value as their value can not be reliably measured, due predominantly to the lack of historical records relating to the earthworks carried out and the costs involved.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any accumulated depreciation at the date of a revaluation is restated proportionately with the change in the gross carrying amount of the related asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Revaluation increments are credited directly to revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the Statement of Comprehensive Income, the increment is recognised immediately as revenue in the Statement of Comprehensive Income.

Revaluation decrements are recognised immediately as expenses in the Statement of Comprehensive Income, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited directly to the revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Note 2 Summary of significant accounting policies (continued)

2.14 Property, plant and equipment (continued)

(iii) Depreciation

Each item of property, plant and equipment (except land) is depreciated on a straight-line basis over its estimated useful life commencing when the item is available for use. A capital spare is depreciated over the useful life of the asset or class of assets to which it relates.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately, except for rolling stock which is depreciated as a discrete asset.

The depreciation charge for each period is recognised as an expense unless it is included in the carrying amount of another asset.

In determining an asset's useful life consideration is given to its expected usage, its expected wear and tear, technical or commercial obsolescence and legal or similar limits on its use.

The expected useful lives of items of property, plant and equipment are as follows:

	Years
Stations and buildings	15 - 200
Station services and facilities	15 - 25
Track, including sleepers and ballast	15 - 100
Turnouts	15 - 50
Bridges and tunnels	100
Electrical overhead wiring and structures	15 - 100
Substations	10 - 50
Signalling equipment	20 - 50
Rolling stock	32 - 35
Plant and machinery	3 - 30

Each asset's useful life, residual value and depreciation method are reviewed each year and any resulting adjustments are accounted for as a change in accounting estimate.

(iv) Derecognition

An item of property, plant and equipment is derecognised either on disposal or when its service potential ceases and it is not expected to have any disposal value.

On derecognition of an item of property, plant and equipment, any gain or loss or any related compensation receivable is recognised in the Statement of Comprehensive Income. Any revaluation increase remaining in the asset revaluation reserve in respect of a derecognised asset is transferred to retained earnings.

Refer Note 9.

Note 2 Summary of significant accounting policies (continued)

2.15 Intangible assets

(i) Recognition

An identifiable, non-monetary asset without physical substance (such as computer software that is not integral to the related hardware) is recognised as an intangible asset if it has service potential controlled by RailCorp, is expected at acquisition to be used for more than 1 year, and has a cost or value that (a) can be measured reliably, (b) exceeds the capitalisation threshold of $5,000 and (c) has not previously been expensed.

The service potential is assessed using reasonable and supportable assumptions relating to the estimated conditions likely to exist over the useful life of the asset.

An intangible asset arising from development (or from the development phase of an internal project) is only recognised if it is likely to be completed and actually used and the development expenditure can be measured reliably. Expenditure on research (or on the research phase of an internal project) is not recognised as an intangible asset.

An intangible asset in the course of development is classified as intangible capital work in progress.

(ii) Measurement

An intangible asset that is purchased or internally developed is initially measured at its cost. This includes the purchase price and any costs directly attributable to preparing the asset for its intended use. An intangible asset acquired at no cost, or for a nominal cost, because it is transferred by the government is initially measured at its fair value, which is based on its amortised cost as recognised by the transferor. After initial recognition, such assets are accounted for under the cost model.

Due to the absence of active markets for intangible assets, they are not subsequently revalued but continue to be carried at cost less any accumulated amortisation.

(iii) Amortisation

Each intangible asset is amortised on a straight-line basis over its estimated useful life commencing when the item is available for use. Useful lives are all finite. Residual values are assumed to be zero, due to the absence of active markets for disposing of the assets.

In determining an asset's useful life, consideration is given to its expected usage; technical, technological, commercial or other types of obsolescence; legal or similar limits on its use; and whether its life is dependent on the useful life of other assets.

The expected useful life of an item of software ranges between 1 and 20 years.

Each intangible asset's useful life and amortisation method are reviewed each year and any resulting adjustments are accounted for as a change in accounting estimate.

The amortisation charge for each year is recognised in the Statement of Comprehensive Income as depreciation and amortisation expense unless it is included in the carrying amount of another asset.

Note 2 Summary of significant accounting policies (continued)

2.15 Intangible assets (continued)

(iv) Derecognition

An intangible asset is derecognised either on disposal or when its service potential ceases and it is not expected to have any disposal value. On derecognition, any gain or loss is recognised in the Statement of Comprehensive Income.

Refer Note 10.

2.16 Service concession arrangements

Airport Link Company (ALC) has a concession to build and operate 4 stations on the Airport Line until 2030. Under the concession arrangement, RailCorp is to provide train services to the stations. RailCorp will take over the 4 stations in 2030.

This right to receive the 4 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 the value of the emerging asset is calculated by use of an annuity formula whereby the ultimate value of the right to receive the property is treated as the compound value of an annuity that accumulates as a series of equal annual receipts together with a notional compound interest thereon. The discount rate used is the NSW Government bond rate applicable to the purchaser at the commencement of the concession period - in this case 7%. The present value of the written-down replacement cost of the stations in 2030 is allocated over the term of the lease on the basis of a formula which calculates the annual annuity sum.

Refer Note 11 for the cumulative value as at 30 June 2013.

In October 2005 RailCorp and the ALC entered into a Restated Stations Agreement as part of the overall restructuring of the ALC operations and related debt. The revised agreement included amended terms in respect of various matters including revenue sharing, fee arrangements and RailCorp's various performance obligations.

2.17 Trade and other payables

A payable is recognised on the Statement of Financial Position when a present obligation arises under a contract. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A payable is measured at original invoice amount, which is not materially different from amortised cost due to the short-term nature of trade payables.

Any gain or loss arising when a payable is settled or transferred is recognised in the Statement of Comprehensive Income.

Trade payables are unsecured and, unless otherwise agreed with the creditor, are due for settlement by the end of the month following the month in which the invoice is received.

Refer Note 12.

Note 2 Summary of significant accounting policies (continued)

2.18 Borrowings

A borrowing is recognised when a present obligation arises under a debt instrument. It is classified as a current liability if settlement is due within twelve months after the reporting date. Otherwise it is classified as non-current. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A borrowing is initially measured at its fair value and subsequently measured at amortised cost, being its face value less unamortised discount or plus unamortised premium.

Discount or premium is amortised over the term of the borrowing on an effective interest rate basis and recognised as a loss or gain in the Statement of Comprehensive Income. Any difference between the carrying amount and the consideration paid on repayment or transfer of a borrowing is also recognised as a gain or loss.

Refer Note 13.

2.19 Provisions

(i) Provisions generally

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement, e.g. employee benefits, workers' compensation claims, public liability claims, legal claims, Airport Line asset replacement, quarry site restoration, land and buildings remediation, ballast disposal, restoration of leased premises and other charges.

A provision is recognised when (a) there is a likely present legal or constructive obligation as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised is the best estimate of the expenditure required to settle the likely present obligation as at reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision. Where the effect of the time value of money is material, a provision is measured using the present value of the expenditures expected to be required to settle the obligation and using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Each provision is reviewed as at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that a settlement will be required, the provision is reversed. A provision is only used for its intended purpose.

(ii) Employee benefits

Employee benefit provisions represent the expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date.

Superannuation, long service leave, annual leave, and award leave liabilities are recognised as provisions when the obligations arise, which is usually through the rendering of service by employees. Expenditure creating such provisions is either expensed or capitalised, depending on its nature. Severance liabilities are recognised as a provision (and an expense) when a voluntary redundancy agreement is reached or when there is a demonstrable commitment to the termination of employees' services and a valid expectation has been created.

Provisions are not recognised for employee benefits that have already been settled (e.g. payments to First State Super, a fully funded superannuation scheme); that do not accumulate (e.g. allowances, non-monetary benefits, parental leave), that are unlikely to be settled beyond the current year's entitlement (e.g. sick leave), or that have little or no marginal cost (e.g. post-employment travel passes).

Costs associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Note 2 Summary of significant accounting policies (continued)

2.19 Provisions (continued)

(ii) Employee benefits (continued)

Superannuation and long service leave provisions are actuarially assessed prior to each reporting date and are measured at the present value of the estimated future payments. All other employee benefit provisions (i.e. for benefits falling due within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The amount recognised for the superannuation provision is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly. However, any prepaid superannuation asset recognised cannot exceed the total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan.

The amount recognised in the Statement of Comprehensive Income for superannuation is the net total of current service cost, interest cost, and the expected return on any plan assets. Actuarial gains or losses for superannuation are recognised outside of profit or loss in Other Comprehensive Income.

The actuarial assessment of superannuation and long service leave provisions uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

An asset relating to one superannuation plan is not offset against a liability relating to another plan because there is no legally enforceable right to do so.

Refer Note 14.

2.20 Equity adjustments due to industry restructuring/transfer of assets and liabilities

A transfer of assets (or liabilities) from (or to) another NSW public sector entity as a result of a Ministerial Order to give effect to industry restructuring or transfer of assets or liabilities from certain other government entities is treated as a contribution by (or distribution to) the Government and recognised as a direct adjustment to contributed equity.

Refer Note 15.

2.21 Significant accounting judgements, estimates and assumptions

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular refer Note 9.3 and Note 14.

Note 3 Income

3.1 Non passenger revenue

	Consolidated		Parent	
	2012-13 $'000	2011-12 $'000	**2012-13 $'000**	2011-12 $'000
Labour cost recovery for assigned staff	**85,864**	54,353	**109,192**	54,353
Other costs recovery for transferred functions	**41,394**	6,466	**46,999**	6,466
Rental income	**32,732**	33,513	**32,732**	33,513
Access Fees	**53,666**	56,082	**53,666**	56,082
Construction contract revenue	**103,883**	90,599	**103,883**	90,599
Sale of rail products	**34,968**	45,401	**34,968**	45,401
Fines and penalties	**1,467**	8,528	**1,467**	8,528
Sale of quarry products	**19,564**	13,263	**19,564**	13,263
Recoveries for interstate services	**12,235**	12,182	**12,235**	12,182
Operating lease contingent rents	**2,160**	2,288	**2,160**	2,288
Advertising revenue	**12,939**	10,247	**12,939**	10,247
Other revenue*	**81,579**	74,219	**80,820**	73,600
Total non passenger revenue	**482,451**	407,141	**510,625**	406,522

*Other revenue comprises a number of items which individually are not material.

3.2 Contributions for capital expenditure

	Consolidated		Parent	
	2012-13 $'000	2011-12 $'000	**2012-13 $'000**	2011-12 $'000
NSW Government capital grant	**482,990**	1,317,063	**482,990**	1,317,063
NSW Government capital grant-non cash	**1,094,844**	-	**1,094,844**	-
Other Government agencies-cash	**20,000**	23,172	**20,000**	23,172
Other Government agencies-non cash	**-**	12,950	**-**	12,950
Commonwealth agencies-non cash	**17,963**	37,909	**17,963**	37,909
Third parties	**-**	5,490	**-**	5,490
Total capital contributions	**1,615,797**	1,396,584	**1,615,797**	1,396,584

3.3 Government subsidies

Government subsidies of $1,503m (2012: $1,485m) includes funding for redundancy payments of $54.3m (2012: $8.1m).

Note 4 Expenses

4.1 Payroll costs and other employee benefits

Employee related expenses include the following items:

		Consolidated		Parent	
		2012-13	2011-12	**2012-13**	2011-12
	Note	**$'000**	$'000	**$'000**	$'000
Salaries and wages		**1,250,745**	1,276,138	**1,250,182**	1,275,640
Annual leave		**114,488**	121,923	**114,464**	121,902
Long service leave		**26,042**	95,302	**26,042**	95,302
Superannuation-defined benefit plan	4.2	**(20,612)**	(2,930)	**(20,612)**	(2,930)
Superannuation-defined contribution		**78,690**	76,477	**78,640**	76,436
Workers compensation		**13,949**	20,111	**13,938**	20,103
Payroll tax and fringe benefits		**76,900**	78,091	**76,902**	78,089
Redundancy		**79,127**	84,562	**79,068**	84,562
Other payroll costs		**36,928**	33,115	**36,928**	33,110
		1,656,257	1,782,789	**1,655,552**	1,782,214
Less: Employee related expenses allocated to capital works		**123,890**	166,422	**123,890**	166,422
Total payroll costs and other employee benefits		**1,532,367**	1,616,367	**1,531,662**	1,615,792

4.2 Defined benefit superannuation plan expense/income

		Consolidated		Parent	
		2012-13	2011-12	**2012-13**	2011-12
	Note	**$'000**	$'000	**$'000**	$'000
Current service cost		**27,327**	25,630	**27,327**	25,630
Interest cost		**56,163**	84,645	**56,163**	84,645
Expected return on plan assets		**(104,102)**	(113,205)	**(104,102)**	(113,205)
Total defined benefit superannuation expense/(income)	14.2.5	**(20,612)**	(2,930)	**(20,612)**	(2,930)

Note 4 Expenses (continued)

4.3 Other operating expenses

	Consolidated		Parent	
	2012-13 $'000	2011-12 $'000	**2012-13 $'000**	2011-12 $'000
Subcontractors	**298,700**	258,487	**327,580**	258,464
Materials	**177,513**	178,134	**177,513**	178,134
External maintenance costs	**204,833**	181,290	**204,833**	181,290
Operating lease non-contingent rents (including rail access fees)	**113,681**	108,913	**113,681**	108,913
Operating lease contingent rents	**15,714**	13,673	**15,714**	13,673
Plant and equipment hire	**70,816**	85,921	**70,931**	85,921
Bulk electricity	**90,815**	80,574	**90,752**	80,518
Security costs	**15,985**	24,982	**15,968**	24,967
Traction fuel costs	**24,494**	22,711	**24,494**	22,711
Insurance costs	**25,046**	18,443	**25,019**	18,419
Telecommunication expenses	**16,183**	17,205	**16,150**	17,187
Computer expenses	**77,997**	67,611	**77,988**	67,605
Corporate & shared services costs from TfNSW	**68,286**	51,157	**68,286**	51,157
Advertising and marketing	**3,259**	3,625	**3,009**	3,421
Printing & stationery	**9,565**	9,216	**9,557**	9,210
Land & building remediation	**2,645**	6,607	**2,645**	6,607
Consultants*	**1,783**	7,371	**1,783**	7,371
Discounting of provisions	**4,807**	6,541	**4,807**	6,541
Audit fees	**825**	784	**804**	767
Bad debts	**1,023**	76	**1,023**	76
Impairment of trade receivables	**675**	56	**675**	56
Contribution to Trainworks	**-**	-	**1,120**	828
Other	**75,054**	80,348	**74,215**	79,843
Total operating expenses	**1,299,699**	1,223,725	**1,328,547**	1,223,679

*A further amount of $0.2m for consultants was capitalised in 2012-13 (2011-12: $0.008m).

4.4 Maintenance expenses

Included in total operating expenses are maintenance related costs as follows:

	Consolidated		Parent	
	2012-13 $'000	2011-12 $'000	**2012-13 $'000**	2011-12 $'000
Labour	**318,563**	323,710	**318,563**	323,710
Contracted & other non-labour expenditure	**586,641**	587,245	**586,641**	587,245
Total maintenance expenses	**905,204**	910,955	**905,204**	910,955

In addition to the above a further $207.2m of major periodic maintenance was capitalised during the year ended 30 June 2013 (2011-12: $200.3m).

4.5 Finance costs

	Consolidated		Parent	
	2012-13 $'000	2011-12 $'000	**2012-13 $'000**	2011-12 $'000
Borrowing and interest charges	**87,490**	53,864	**87,490**	53,864
Less: amount capitalised	**(7,660)**	(20,921)	**(7,660)**	(20,921)
Total finance costs	**79,830**	32,943	**79,830**	32,943

The capitalised rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the outstanding borrowings. The rate is 4.98% (2012: 4.91%).

Note 5 Cash and cash equivalents

5.1 Cash and cash equivalents

	Consolidated		Parent	
	2012-13	2011-12	**2012-13**	2011-12
	$'000	$'000	**$'000**	$'000
Cash at bank	**147,684**	8,308	**147,392**	8,170
Cash in hand and in transit	**6,547**	6,517	**6,541**	6,513
Cash deposits with NSW Treasury Corporation (TCorp)	**2,925**	62,784	**2,925**	62,784
Total cash and cash equivalents	**157,156**	77,609	**156,858**	77,467

5.2 Reconciliation of surplus/net loss for the year with net cash from operating activities

Surplus for the year	**626,796**	419,034	**626,773**	419,032
Cash capital grants	**(503,894)**	(1,345,725)	**(503,894)**	(1,345,725)
Non cash capital grants	**(1,112,807)**	(50,859)	**(1,112,807)**	(50,859)
Derecognition and write off of assets	**243,597**	139,980	**243,597**	139,980
Airport Line lease premium	**(5,064)**	(4,733)	**(5,064)**	(4,733)
Depreciation and amortisation	**872,231**	873,216	**872,217**	873,208
Impaired trade receivables expense	**1,698**	132	**1,698**	132
Amortisation of borrowings premium	**(308)**	(309)	**(308)**	(309)
Amortisation of borrowings discount	**59**	59	**59**	59
Discounting of provisions	**4,487**	6,541	**4,807**	6,541
Net movements in assets and liabilities applicable to operating activities:				
(Increase)/decrease in trade and other receivables	**(36,679)**	(8,680)	**(36,679)**	(8,638)
(Increase)/decrease in inventories	**11,826**	(4,275)	**11,826**	(4,282)
Increase/(decrease) in trade and other payables and provisions	**(59,283)**	181,558	**(59,722)**	181,488
Net cash from operating activities	**42,659**	205,939	**42,503**	205,894

5.3 Credit standby arrangements and loan facilities

The credit standby arrangements and unused amounts available are:

Parent and Consolidated	**30.6.13 Credit Facilities $'000**	**30.6.13 Unused $'000**	30.6.12 Credit Facilities $'000	30.6.12 Unused $'000
Tape negotiation authority	**70,000**	**70,000**	70,000	70,000
Purchasing card facility	**25,097**	**-**	20,097	-
Bank guarantee	**11**	**-**	11	-
Borrowing facility	**1,300,000**	**842,810**	1,200,000	1,075,061
Come and Go facility	**80,000**	**35,700**	80,000	80,000
Total credit standby arrangements and loan facilities	**1,475,108**	**948,510**	1,370,108	1,225,061

5.4 Non-cash investing activities

During 2012-13 Transport for NSW and other Government entities transferred assets to RailCorp by way of non-cash grants and equity transfers. The net transfer represents a non-cash increase in property, plant and equipment of $1,113m (2012: $50.9m) and a further increase by way of equity of $6.0m relating to transferred land (2012: $825.4m).

Refer Note 5.2

Note 6 Trade and other receivables

6.1 Analysis of trade and other receivables

	Consolidated		Parent	
	30.6.2013	30.6.2012	**30.6.2013**	30.6.2012
	$'000	$'000	**$'000**	$'000
Current trade and other receivables				
Trade receivables	**96,095**	52,759	**95,879**	52,718
Other receivables	**118,908**	117,973	**123,543**	117,979
Less: allowance for impairment	**(2,772)**	(2,000)	**(2,772)**	(2,000)
	212,231	168,732	**216,650**	168,697
Prepayments	**8,749**	20,516	**8,733**	20,499
Finance lease - minimum payments	**237**	232	**237**	232
Total current trade and other receivables	**221,217**	189,480	**225,620**	189,428
Non-current receivables				
Finance lease - minimum payments	**30,568**	30,805	**30,568**	30,805
Other	**2,990**	3,964	**2,990**	3,964
Total non-current receivables	**33,558**	34,769	**33,558**	34,769
Total trade and other receivables	**254,775**	224,249	**259,178**	224,197

Movements in the allowance for impairment were as follows:

	Parent and Consolidated 30.6.2013 $'000	Parent and Consolidated 30.6.2012 $'000
Balance at beginning of year	**2,000**	1,938
Allowance recognised in Statement of Comprehensive Income	**675**	56
GST movement	**97**	6
Balance at end of year	**2,772**	2,000

6.2 Impaired trade and other receivables

As at 30 June 2013, current trade and other receivables with a nominal value of $2.8m (2012: $2.0m) were impaired. The ageing of the impaired trade and other receivables is as follows:

	Parent and Consolidated 30.6.2013 $'000	Parent and Consolidated 30.6.2012 $'000
1 to 3 months	**349**	192
3 to 6 months	**1,236**	193
over 6 months	**1,187**	1,615
Balance at end of year	**2,772**	2,000

6.3 Past due but not impaired receivables

As at 30 June 2013, trade receivables of $46.6m (2011-12: $24.9m) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Parent and Consolidated 30.6.2013 $'000	Parent and Consolidated 30.6.2012 $'000
1 to 3 months	34,486	15,695
3 to 6 months	3,917	4,442
Over 6 months	8,218	4,829
Balance at end of year	46,621	24,966

Note 6 Trade and other receivables (continued)

6.4 Nature and extent of risk arising from receivables

Information about RailCorp's exposure to credit risk in relation to trade and other receivables is provided in Note 20.

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

6.5 Minimum lease rentals receivable under non-cancellable operating leases

	Parent and Consolidated 30.6.2013 $'000	Parent and Consolidated 30.6.2012 $'000
Not later than 1 year	20,889	19,408
Later than 1 year and not later than 5 years	41,008	31,780
Later than 5 years	54,290	22,748
Total non-cancellable lease rentals receivable	116,187	73,936

6.6 Finance lease receivable

The gross investment and present values of receivables relating to future minimum lease payments under the finance lease agreements, for long term land lease with an initial term over 50 years are distributed as follows:

	Parent and Consolidated 30.6.2013 $'000	Parent and Consolidated 30.6.2012 $'000
Not later than 1 year	**1,866**	1,866
Later than 1 year and not later than 5 years	**7,311**	7,386
Later than 5 years	**95,000**	96,734
Total gross receivable	**104,177**	105,986
Less: unearned finance charges	**(73,372)**	(74,949)
Present value minimum lease receivable	**30,805**	31,037
Split:		
Current	**237**	232
Not-current	**30,568**	30,805
Total finance lease receivable	**30,805**	31,037

Note 7 Inventories

	Consolidated 30.6.2013 $'000	Consolidated 30.6.2012 $'000
Materials and supplies, at cost	**60,835**	71,963
Work in progress	**1,234**	1,088
	62,069	73,051
Less: allowance for obsolete inventory	**6,509**	5,687
Total inventories	**55,560**	67,364
Total inventories are comprised of:		
Current inventories	**31,510**	35,017
Non-current inventories	**24,050**	32,347
	55,560	67,364

Note 8 Non-current assets held for sale

Various properties, including certain properties vested from State Rail Authority in June 2007 to fund sustainable heritage management have been identified as land for future sales and are valued by an independent valuer at $6.5m (2012: $28.0m) of which $0.5m (2012: $1.8m) is disclosed as a current asset held for sale as other properties are in the process of being prepared for sale. The balance is included in the Statement of Financial Position as property, plant and equipment.

Note 9 Property, plant and equipment

9.1 Classes

	Consolidated		Parent	
	30.6.2013 $'000	30.6.2012 $'000	**30.6.2013 $'000**	30.6.2012 $'000
Land				
Gross carrying amount*	**3,853,661**	3,877,807	**3,853,661**	3,877,807
Buildings				
Gross carrying amount	**8,361,647**	8,161,605	**8,361,624**	8,161,605
Less accumulated depreciation	**2,884,455**	2,721,279	**2,884,455**	2,721,279
Total buildings	**5,477,192**	5,440,326	**5,477,169**	5,440,326
Rolling stock				
Gross carrying amount	**8,323,989**	7,301,054	**8,323,989**	7,301,054
Less accumulated depreciation	**4,508,125**	4,489,934	**4,508,125**	4,489,934
Total rolling stock	**3,815,864**	2,811,120	**3,815,864**	2,811,120
Plant and machinery				
Gross carrying amount	**670,104**	604,096	**670,067**	604,075
Less accumulated depreciation	**384,951**	356,801	**384,937**	356,795
Total plant and machinery	**285,153**	247,295	**285,130**	247,280
Trackwork and infrastructure				
Gross carrying amount	**19,322,835**	18,528,606	**19,322,835**	18,528,606
Less accumulated depreciation	**8,584,470**	8,383,625	**8,584,470**	8,383,625
Total trackwork and infrastructure	**10,738,365**	10,144,981	**10,738,365**	10,144,981
Capital work in progress				
Trackwork & infrastructure work in progress	**3,055,026**	2,617,905	**3,055,026**	2,617,905
Other work in progress	**280,462**	721,537	**280,462**	721,537
Total capital work in progress	**3,335,488**	3,339,442	**3,335,488**	3,339,442
Total property plant and equipment	**27,505,723**	25,860,971	**27,505,677**	25,860,956

* Land includes land for sale valued at $6.0m (2012: $26.2m).

Included in the above asset classes are assets under finance lease of:

Buildings - with a gross carrying value of $242.4m (2012: $242.4m) and a net carrying amount of $227.7m (2012: $232.6m)

Rolling stock - with a gross carrying value of $1,372m (2012: $303.5m) and a net carrying amount of $1,347m (2012: $299.1m)

Plant and machinery - with a gross carrying value of $5.9m (2012: $5.9m) and a net carrying amount of $4.7m (2012: $5.1m)

Note 9 Property, plant and equipment (continued)

9.2 Asset class movement

Consolidated	Land $000	Buildings $000	Rolling stock $000	Plant and machinery $000	Trackwork and infrastructure $000	Capital works in progress $000	Total $000
Gross carrying amount							
Balance at 1 July 2012	**3,877,807**	**8,161,605**	**7,301,054**	**604,096**	**18,528,606**	**3,339,442**	**41,812,610**
Additions	**6,053**	**178,350**	**1,177,548**	**82,014**	**1,263,394**	**9,647**	**2,717,006**
Disposals/derecognition/ write-offs	**(37,490)**	**(19,431)**	**(154,749)**	**(16,006)**	**(427,906)**	**(13,601)**	**(669,183)**
Transfers from TfNSW *	**6,041**	**-**	**-**	**-**	**-**	**-**	**6,041**
Other movements	**-**	**41,123**	**136**	**-**	**(41,259)**	**-**	**-**
Classify (to)/from assets held for sale	**1,250**	**-**	**-**	**-**	**-**	**-**	**1,250**
Balance at 30 June 2013	**3,853,661**	**8,361,647**	**8,323,989**	**670,104**	**19,322,835**	**3,335,488**	**43,867,724**
Balance at 1 July 2011	3,855,545	7,931,295	6,799,874	573,249	18,334,614	2,302,281	39,796,858
Additions	-	194,296	508,499	44,040	479,658	362,775	1,589,268
Disposals/derecognition/ write-offs	(1,714)	1,036	(7,319)	(14,566)	(285,666)	(58,708)	(366,937)
Revaluations	694	-	-	-	-	-	694
Transfers to TCA*	(825)	-	-	-	-	-	(825)
Transfers to SPA*	(2,583)	-	-	-	-	-	(2,583)
Transfers from TfNSW*	20,643	35,948	-	-	-	772,262	828,853
Other movements	-	(970)	-	1,373	-	(39,168)	(38,765)
Classify (to)/from assets held for sale	6,047	-	-	-	-	-	6,047
Balance at 30 June 2012	3,877,807	8,161,605	7,301,054	604,096	18,528,606	3,339,442	41,812,610
Accumulated depreciation							
Balance at 1 July 2012	**-**	**(2,721,279)**	**(4,489,934)**	**(356,801)**	**(8,383,625)**	**-**	**(15,951,639)**
Depreciation for the year	**-**	**(174,602)**	**(172,934)**	**(43,222)**	**(440,554)**	**-**	**(831,312)**
Disposals/derecognition/ write-offs	**-**	**11,867**	**154,743**	**15,072**	**239,268**	**-**	**420,950**
Other movements	**-**	**(441)**	**-**	**-**	**441**	**-**	**-**
Balance at 30 June 2013	**-**	**(2,884,455)**	**(4,508,125)**	**(384,951)**	**(8,584,470)**	**-**	**(16,362,001)**
Balance at 1 July 2011	-	(2,548,537)	(4,324,386)	(327,806)	(8,131,541)	-	(15,332,270)
Depreciation for the year	-	(161,431)	(172,867)	(40,521)	(470,541)	-	(845,360)
Disposals/derecognition/ write-offs	-	(44)	7,319	12,013	207,106	-	226,394
Other movements	-	(11,267)	-	(487)	11,351	-	(403)
Balance at 30 June 2012	-	(2,721,279)	(4,489,934)	(356,801)	(8,383,625)	-	(15,951,639)
Net carrying amounts							
At 1 July 2011	3 855 545	5 382 758	2 475 488	245 443	10 203 073	2 302 281	24 464 588
At 30 June 2012	3,877,807	5,440,326	2,811,120	247,295	10,144,981	3,339,442	25,860,971
At 1 July 2012	3,877,807	5,440,326	2,811,120	247,295	10,144,981	3,339,442	25,860,971
At 30 June 2013	**3,853,661**	**5,477,192**	**3,815,864**	**285,153**	**10,738,365**	**3,335,488**	**27,505,723**

* TCA: former Transport Construction Authority
* SPA: former State Property Authority
* TfNSW: Transport for New South Wales

Note 9 Property, plant and equipment (continued)

9.3 Valuation of property, plant and equipment

To confirm that the carrying value of the asset classes for land, buildings, infrastructure and rolling stock materially reflects fair value as at 30 June 2013, independent valuers reviewed the appropriateness of the replacement costs as at 31 March 2013 for land, buildings and infrastructure via fair value assessment with forecasted indexation to 30 June 2013.

(a) Land

Land, other than land identified as available for sale, was valued by the Land and Property Management Authority on the basis of existing use as at 1 January 2011 and an indexation factor applied for the period 1 January 2011 to 30 June 2011. Each area was valued taking into account adjacent land use values, discounted to reflect limited existing use of the subject land, and its physical attributes. An increase in the value of this class of asset, totalling $193m was credited to the asset revaluation reserve in 2011-12.

Land identified as available for sale was valued by the Land and Property Management Authority as at 30 June 2011.

(b) Buildings

Buildings were valued by an independent valuer (Evans & Peck Pty Ltd) as at 31 March 2011 on the following basis:

- Railway stations/commercial/industrial type buildings and leased properties are portions of railway property generally adjacent to the corridor, the majority of which is used for railway purposes, and which land is not intended to be sold. Such properties were classed as specialised buildings and were valued at the replacement cost of the assets' remaining economic benefits based on a modern equivalent asset. Indirect costs, professional and builders' fees were added to direct costs. An additional allowance is made for heritage buildings to replicate the heritage appearance.
- Residences are severable, stand alone, properties that may be sold and, therefore, were classed as non specialised buildings and were valued at market value.

An increase in the value of this class of asset, totalling $1,156m was credited to the asset revaluation reserve in 2010-11.

(c) Trackwork and infrastructure

Trackwork and infrastructure was valued by an independent valuer (Evans & Peck Pty Ltd) as at 31 March 2011 at depreciated replacement cost, i.e. the current replacement cost of each asset less accumulated depreciation (which depreciation is calculated by reference to the remaining life of each asset as determined by RailCorp engineers). Replacement cost is measured by reference to the lowest cost of replacing the economic benefits with a technologically modern equivalent optimised asset, having regard to differences in the quality and quantity of outputs and operating costs, and adjusting for over design, over capacity and redundant components. An increase in the value of this class of asset, totalling $3,257m was credited to the asset revaluation reserve in 2010-11.

(d) Rolling stock

Rolling stock was valued by an independent valuer as at 30 June 2009 at depreciated replacement cost based on replacement costs of both domestic and international vehicles adjusted by an optimisation factor to reflect the technical and functional obsolescence and attractiveness of the fleet sub types relative to the modern equivalent. RailCorp engineers confirmed technical data and the remaining life of rolling stock. An increase in the value of this class of asset, totalling $107.5m was credited to the asset revaluation reserve in 2008-09.

(e) Major Plant and Equipment

Major plant and equipment, a sub class of plant and machinery, was revalued by RailCorp management as at 30 June 2009 by obtaining current replacement cost from major suppliers and determining economic life and remaining life to obtain a depreciated replacement cost. An increase in the value of this sub-class of asset, totalling $58.1m was credited to the asset revaluation reserve in 2008-09.

Note 9 Property, plant and equipment (continued)

9.4 Leasing arrangements – certain rolling stock

RailCorp is the lessee to leasing arrangements for some of its rolling stock. Each arrangement is accounted for as a single linked transaction in accordance with its economic substance. The arrangements do not restrict RailCorp's use of the rolling stock in normal operations and have terms of up to 36 years. The leases include options for RailCorp to purchase the rolling stock on certain specified future dates. Refer Note 2.5(v).

9.5 Heritage rolling stock

Heritage rolling stock, which includes locomotives and carriages, is held for its historical significance. It is recorded at nominal value.

9.6 Derecognition and disposal of assets

RailCorp entered a lease transferring the management and operation of the Sydney Metropolitan Freight Network to Australian Rail Track Corporation Limited which resulted in the derecognition of certain assets. Of the $243.6m derecognised assets and disposals (2012: $140.0m), $161.2m (2012: $4.9m) relates to the derecognition by RailCorp of the associated land and infrastructure assets.

Note 10 Intangible assets

10.1 Classes

	Consolidated		Parent	
	30.6.2013 $'000	30.6.2012 $'000	**30.6.2013 $'000**	30.6.2012 $'000
Software				
Gross carrying amount	**361,058**	214,327	**361,058**	214,318
Less accumulated amortisation	**175,148**	134,321	**175,148**	134,318
Net carrying amount of software	**185,910**	80,006	**185,910**	80,000
Software works in progress	**43,972**	162,765	**43,972**	162,765
Total intangible assets	**229,882**	242,771	**229,882**	242,765

10.2 Movements during the year

Consolidated	Software $'000	Software work in progress $'000	Total $'000
2013			
Carrying amount at start of year	**80,006**	**162,765**	**242,771**
Additions	**-**	**32,938**	**32,938**
Disposals/write-offs	**(79)**	**(4,829)**	**(4,908)**
Amortisation expense	**(40,919)**	**-**	**(40,919)**
Other movements	**146,902**	**(146,902)**	**-**
Carrying amount at end of year	**185,910**	**43,972**	**229,882**
2012			
Carrying amount at start of year	71,617	101,850	173,467
Additions	37,182	21,747	58,929
Disposals/write-offs	(937)	-	(937)
Amortisation expense	(27,856)	-	(27,856)
Other movements	-	39,168	39,168
Carrying amount at end of year	80,006	162,765	242,771

Note 11 Other assets

	Note	**Parent and Consolidated 30.6.2013 $'000**	Parent and Consolidated 30.6.2012 $'000
Earned portion of right to receive Airport Line stations	2.16	**45,287**	40,223
Milestone advances under rolling stock PPP contract	18.3	**11,923**	29,872
Total other assets		**57,210**	70,095

Note 12 Trade and other payables

12.1 Current trade and other payables

	Consolidated		**Parent**	
	30.6.2013 $'000	30.6.2012 $'000	**30.6.2013 $'000**	30.6.2012 $'000
Trade payables	**86,794**	173,082	**86,482**	173,071
Capital works accruals	**174,430**	231,366	**174,430**	231,366
Accrued salaries and wages	**38,854**	40,401	**38,854**	40,401
Other payables and accruals	**257,966**	197,814	**262,485**	197,704
Deferred revenue	**20,290**	20,794	**20,221**	20,754
Total current trade and other payables	**578,334**	663,457	**582,472**	663,296

12.2 Fair value

Due to the short-term nature of current trade and other payables, their carrying value is deemed to approximate their fair value.

12.3 Risk exposure

Information about RailCorp exposure to payables with a foreign exchange risk is provided in Note 20.

Note 13 Borrowings and finance lease liabilities

	Note	**Parent and Consolidated 30.6.2013 $'000**	Parent and Consolidated 30.6.2012 $'000
Current			
Borrowings		**426,800**	-
Finance lease liabilities	18.3	**61,870**	13,663
		488,670	13,663
Non-current			
Borrowings		**74,690**	124,939
Finance lease liabilities	18.3	**1,271,193**	474,327
		1,345,883	599,266
Total borrowings and finance lease liabilities		**1,834,553**	612,929

The finance lease relates to the provision of a maintenance facility, simulators and 45 sets of trains under a Public Private Partnership (PPP) for rolling stock.

Note 14 Provisions

14.1 Provisions

	Note	Consolidated 2012-13 $'000	Consolidated 2011-12 $'000	Parent 2012-13 $'000	Parent 2011-12 $'000
Current provisions					
Annual leave (see note (a) below)		**168,683**	175,305	**168,626**	175,272
Long service leave (see note (a) below)	14.3	**304,288**	319,631	**304,288**	319,631
Pay in lieu of certain holidays worked (see note (a) below)		**23,375**	23,155	**23,375**	23,155
Redundancy	14.12	**60,076**	75,000	**60,076**	75,000
Total current employee benefits		**556,422**	593,091	**556,365**	593,058
Workers' compensation	14.5	**17,839**	17,725	**17,839**	17,725
Public liability claims	14.6	**5,992**	7,122	**5,992**	7,122
Legal claims	14.7	**2,131**	6,546	**2,131**	6,546
Airport Line asset replacement	14.8	**3,943**	1,340	**3,943**	1,340
Land and building remediation	14.10	**22,101**	11,967	**22,101**	11,967
Ballast disposal	14.11	**5,215**	5,684	**5,215**	5,684
Quarry restoration	14.9	**-**	1,717	**-**	1,717
Total current provisions		**613,643**	645,192	**613,586**	645,159
Non-current provisions					
Superannuation	14.2	**467,862**	625,833	**467,862**	625,833
Long service leave (see note (a) below)	14.3	**28,269**	34,837	**28,269**	34,837
Redundancy	14.12	**19,977**	-	**19,977**	-
Total non-current employee benefits		**516,108**	660,670	**516,108**	660,670
Workers' compensation	14.5	**78,210**	81,566	**78,210**	81,566
Public liability claims	14.6	**4,042**	-	**4,042**	-
Airport Line asset replacement	14.8	**7,069**	8,128	**7,069**	8,128
Ballast disposal	14.11	**11,509**	12,522	**11,509**	12,522
Quarry restoration	14.9	**3,745**	3,602	**3,745**	3,602
Restoration on leased premises		**3,756**	3,375	**3,756**	3,375
Land and building remediation	14.10	**41,604**	53,433	**41,604**	53,433
Total non-current provisions		**666,043**	823,296	**666,043**	823,296
Total provisions					
Superannuation	14.2	**467,862**	625,833	**467,862**	625,833
Annual leave		**168,683**	175,305	**168,626**	175,272
Long service leave	14.3	**332,557**	354,468	**332,557**	354,468
Pay in lieu of certain holidays worked		**23,375**	23,155	**23,375**	23,155
Redundancy provision	14.12	**80,053**	75,000	**80,053**	75,000
Total employee benefits		**1,072,530**	1,253,761	**1,072,473**	1,253,728
Workers' compensation	14.5	**96,049**	99,291	**96,049**	99,291
Public liability claims	14.6	**10,034**	7,122	**10,034**	7,122
Legal claims	14.7	**2,131**	6,546	**2,131**	6,546
Airport Line asset replacement	14.8	**11,012**	9,468	**11,012**	9,468
Quarry restoration	14.9	**3,745**	5,319	**3,745**	5,319
Land and building remediation	14.10	**63,705**	65,400	**63,705**	65,400
Ballast disposal	14.11	**16,724**	18,206	**16,724**	18,206
Restoration on leased premises		**3,756**	3,375	**3,756**	3,375
Total provisions		**1,279,686**	1,468,488	**1,279,629**	1,468,455

(a) In accordance with Australian Accounting Standards all annual leave and unconditional long service leave is classified as a current liability in the Statement of Financial Position because RailCorp does not have an unconditional right to defer settlement. Only conditional long service leave is shown as a non current liability. However, on the basis of past payment experience, leave is expected to be settled in the following pattern:

Note 14 Provisions (continued)

14.1 Provisions (continued)

	Within 12 months $'000	Later than 12 months $'000	Total $'000
2013			
Long service leave	**44,342**	**288,215**	**332,557**
Annual leave	**121,987**	**46,696**	**168,683**
Pay in lieu of certain holidays worked	**23,375**	**-**	**23,375**
	189,704	**334,911**	**524,615**
2012			
Long service leave	37,891	316,577	354,468
Annual leave	134,927	40,378	175,305
Pay in lieu of certain holidays worked	23,155	-	23,155
	195,973	356,955	552,928

14.2 Superannuation

14.2.1 Overview

Employer contributions are made to 3 defined-benefit superannuation schemes administered by the SAS Trustee Corporation (STC): the State Authorities Superannuation Scheme (SASS), the State Authorities Non-Contributory Superannuation Scheme (SANCSS) and the State Superannuation Scheme (SSS), which together form the Pooled Fund. Each scheme is closed to new members and its investments are held in trust by the Pooled Fund. At least a component of the final benefit is derived from a multiple of member salary and years of membership. All fund assets are invested by SAS Trustee Corporation at arm’s length through independent fund managers. The defined benefits scheme applies to the Parent only.

An underfunded scheme is recognised as a provision and an overfunded scheme is recognised as an asset. Details of both provisions and assets are given below.

The recognised liability or asset at reporting date comprises the following:

Note 14 Provisions (continued)

14.2 Superannuation (continued)

14.2.1 Overview (continued)

	SASS $'000	SANCSS $'000	SSS $'000	Total $'000
30.6.2013				
Underfunded schemes				
Accrued liability	**1,640,336**	**158,502**	**46,626**	**1,845,464**
Estimated reserve account balance	**(1,216,410)**	**(137,185)**	**(24,007)**	**(1,377,602)**
Net liability	**423,926**	**21,317**	**22,619**	**467,862**
Future service liability*	**(78,081)**	**(57,564)**	**(740)**	**(136,385)**
Surplus in excess of recovery available from schemes	**-**	**-**	**-**	**-**
Net liability recognised in Statement of Financial Position	**423,926**	**21,317**	**22,619**	**467,862**
30.6.2012				
Underfunded schemes				
Accrued liability	1,680,365	176,288	52,013	1,908,666
Estimated reserve account balance	(1,137,950)	(122,699)	(22,184)	(1,282,833)
Net liability	542,415	53,589	29,829	625,833
Future service liability*	(98,025)	(56,659)	(1,331)	(156,015)
Surplus in excess of recovery available from schemes	-	-	-	-
Net liability recognised in Statement of Financial Position	542,415	53,589	29,829	625,833

*The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 58). Under AASB 119 any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the surplus in excess of recovery is zero, no asset ceiling limit is imposed.

Member numbers	SASS	SANCSS	SSS
30.6.2013			
Contributors	**3,202**	**3,213**	**11**
Deferred benefits	**-**	**-**	**1**
Pensioners	**313**	**-**	**17**
Pensions fully commuted	**-**	**-**	**-**
30.6.2012			
Contributors	3,512	3,526	14
Deferred benefits	-	-	1
Pensioners	238	-	15
Pensions fully commuted	-	-	-

Note 14 Provisions (continued)

14.2 Superannuation (continued)

14.2.2 Reconciliation of the present value of the defined benefit obligation

	SASS $'000	SANCSS $'000	SSS $'000	Total $'000
2013				
Present value of defined benefit obligation at beginning of year	**1,680,365**	**176,288**	**52,014**	**1,908,667**
Current service cost	**19,885**	**7,179**	**263**	**27,327**
Interest cost	**49,454**	**5,135**	**1,574**	**56,163**
Contributions by Fund participants	**14,885**	**-**	**244**	**15,129**
Actuarial (gains)/losses	**(16,620)**	**(24,303)**	**(5,451)**	**(46,374)**
Benefits paid	**(107,633)**	**(5,797)**	**(2,018)**	**(115,448)**
Present value of defined benefit obligation at end of year	**1,640,336**	**158,502**	**46,626**	**1,845,464**
2012				
Present value of defined benefit obligation at beginning of year	1,476,047	157,470	36,198	1,669,715
Current service cost	18,572	6,852	206	25,630
Interest cost	74,851	7,906	1,888	84,645
Contributions by Fund participants	15,149	-	308	15,457
Actuarial (gains)/losses	205,062	23,140	14,235	242,437
Benefits paid	(109,316)	(19,080)	(822)	(129,218)
Present value of defined benefit obligation at end of year	1,680,365	176,288	52,013	1,908,666

14.2.3 Reconciliation of the fair value of fund assets

	SASS $'000	SANCSS $'000	SSS $'000	Total $'000
2013				
Fair value of Fund assets at beginning of year	**1,137,950**	**122,698**	**22,184**	**1,282,832**
Expected return on Fund assets	**92,396**	**9,822**	**1,884**	**104,102**
Actuarial gains/(losses)	**77,536**	**10,462**	**1,092**	**89,090**
Employer contributions	**1,275**	**-**	**621**	**1,896**
Contributions by Fund participants	**14,885**	**-**	**244**	**15,129**
Benefits paid	**(107,632)**	**(5,797)**	**(2,018)**	**(115,447)**
Fair value of Fund assets at end of year	**1,216,410**	**137,185**	**24,007**	**1,377,602**
2012				
Fair value of Fund assets at beginning of year	1,215,389	141,746	22,671	1,379,806
Expected return on Fund assets	99,758	11,525	1,922	113,205
Actuarial gains/(losses)	(89,014)	(11,493)	(2,147)	(102,654)
Employer contributions	5,985	-	250	6,235
Contributions by Fund participants	15,148	-	310	15,458
Benefits paid	(109,316)	(19,079)	(822)	(129,217)
Fair value of Fund assets at end of year	1,137,950	122,699	22,184	1,282,833

Note 14 Provisions (continued)

14.2 Superannuation (continued)

14.2.4 Reconciliation of the assets and liabilities recognised in Statement of Financial Position

	SASS $'000	SANCSS $'000	SSS $'000	Total $'000
2013				
Present value of partly funded defined benefit obligation at end of year	**1,640,336**	**158,502**	**46,626**	**1,845,464**
Fair value of Fund assets at end of year	**(1,216,410)**	**(137,185)**	**(24,007)**	**(1,377,602)**
	423,926	**21,317**	**22,619**	**467,862**
Unrecognised past service cost	**-**	**-**	**-**	**-**
Unrecognised gain/(loss)	**-**	**-**	**-**	**-**
Adjustment for limitation on net asset	**-**	**-**	**-**	**-**
Net liability/(asset) recognised in Statement of Financial Position at end of year	**423,926**	**21,317**	**22,619**	**467,862**
2012				
Present value of partly funded defined benefit obligation at end of year	1,680,365	176,288	52,013	1,908,666
Fair value of Fund assets at end of year	(1,137,950)	(122,699)	(22,184)	(1,282,833)
	542,415	53,589	29,829	625,833
Unrecognised past service cost	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-
Net liability/(asset) recognised in Statement of Financial Position at end of year	542,415	53,589	29,829	625,833

14.2.5 Expense recognised in the Statement of Comprehensive Income

	SASS $'000	SANCSS $'000	SSS $'000	Total $'000
2013				
Components recognised as expenses				
Current service cost	**19,885**	**7,179**	**263**	**27,327**
Interest cost	**49,454**	**5,135**	**1,574**	**56,163**
Expected return on Fund assets (net expenses)	**(92,396)**	**(9,822)**	**(1,884)**	**(104,102)**
Expense/(income) recognised	**(23,057)**	**2,492**	**(47)**	**(20,612)**
2012				
Components recognised as expenses				
Current service cost	18,572	6,852	206	25,630
Interest cost	74,851	7,906	1,888	84,645
Expected return on Fund assets (net expenses)	(99,758)	(11,525)	(1,922)	(113,205)
Expense/(income) recognised	(6,335)	3,233	172	(2,930)

Note 14 Provisions (continued)

14.2 Superannuation (continued)

14.2.6 Amounts recognised in Other Comprehensive Income

	SASS $'000	SANCSS $'000	SSS $'000	Total $'000
2013				
Actuarial (gains)/losses recognised in year	**(94,156)**	**(34,765)**	**(6,543)**	**(135,464)**
Adjustment for limit on net asset	**-**	**-**	**-**	**-**
Cumulative amounts of actuarial (gains)/losses	**-**	**-**	**-**	**-**
2012				
Actuarial (gains)/losses recognised in year	294,076	34,633	16,382	345,091
Adjustment for limit on net asset	-	-	-	-
Cumulative amounts of actuarial (gains)/losses	294,076	34,633	16,382	345,091

14.2.7 Fund assets

The percentage invested in each asset class at the Statement of Financial Position date is as follows:

	2013 %	2012 %
Australian equities	**30.4**	28.0
Overseas equities	**26.1**	23.7
Australian fixed interest securities	**6.9**	4.9
Overseas fixed interest securities	**2.2**	2.4
Property	**8.3**	8.6
Cash	**13.1**	19.5
Other	**13.0**	12.9

14.2.8 Fair value of Fund assets

All Fund assets are invested by STC at arm’s length through independent fund managers.

14.2.9 Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

14.2.10 Actual return on Fund assets

	SASS $'000	SANCSS $'000	SSS $'000
2013			
Actual return on Fund assets	**186,104**	**20,283**	**3,646**
2012			
Actual return on Fund assets	279	32	9

Note 14 Provisions (continued)

14.2 Superannuation (continued)

14.2.11 Valuation method and principal actuarial assumptions at the Statement of Financial Position date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	2013	2012
Salary increase rate (excluding promotional increases)	**2.25 % pa**	2.50 % pa
2014/2015	**2.25 % pa**	-
2015/2016 to 2019/2020	**2.00 % pa**	-
2020 onwards	**2.50 % pa**	-
Rate of CPI Increase	**2.50 % pa**	2.50 % pa
Expected rate of return on assets	**8.60 % pa**	8.60 % pa
Discount rate	**3.80 % pa**	3.06 % pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Note 14 Provisions (continued)

14.2 Superannuation (continued)

14.2.12 Historical information

	SASS $'000	SANCSS $'000	SSS $'000
2013			
Present value of defined benefit obligation	**1,640,336**	**158,502**	**46,626**
Fair value of Fund assets	**(1,216,410)**	**(137,185)**	**(24,007)**
(Surplus)/deficit in Fund	**423,926**	**21,317**	**22,619**
Experience adjustments – Fund liabilities	**(16,620)**	**(24,303)**	**(5,451)**
Experience adjustments – Fund assets	**(77,536)**	**(10,462)**	**(1,092)**
2012			
Present value of defined benefit obligation	1,680,365	176,288	52,013
Fair value of Fund assets	(1,137,950)	(122,699)	(22,184)
(Surplus)/deficit in Fund	542,415	53,589	29,829
Experience adjustments – Fund liabilities	205,062	23,139	14,235
Experience adjustments – Fund assets	89,014	11,493	2,147
2011			
Present value of defined benefit obligation	1,476,047	157,470	36,198
Fair value of Fund assets	(1,215,390)	(141,746)	(22,671)
(Surplus)/deficit in Fund	260,657	15,724	13,527
Experience adjustments – Fund liabilities	27,395	(4,707)	(625)
Experience adjustments – Fund assets	(1,626)	(124)	619
2010			
Present value of defined benefit obligation	1,422,971	150,990	35,543
Fair value of Fund assets	(1,181,778)	(133,709)	(22,167)
(Surplus)/deficit in Fund	241,193	17,281	13,376
Experience adjustments – Fund liabilities	88,651	8,770	2,696
Experience adjustments – Fund assets	(9,931)	(904)	(30)
2009			
Present value of defined benefit obligation	1,299,094	136,714	30,715
Fair value of Fund assets	(1,133,710)	(130,410)	(20,328)
(Surplus)/deficit in Fund	165,384	6,304	10,387
Experience adjustments – Fund liabilities	17,290	8,544	6,269
Experience adjustments – Fund assets	217,013	26,811	2,484

14.2.13 Expected contributions

2013			
Expected employer contributions for 2014	**-**	**-**	**-**
2012			
Expected employer contributions for 2013	-	-	-
Actual employer contributions for 2013	-	-	-

Financial Statements

Note 14 Provisions (continued)

14.2 Superannuation (continued)

14.2.14 Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the financial position of the Fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*:

	SASS $'000	SANCSS $'000	SSS $'000
2013			
Accrued benefits	**1,307,314**	**130,780**	**27,142**
Net market value of Fund assets	**(1,216,410)**	**(137,185)**	**(24,007)**
Net (surplus)/deficit	**90,904**	**(6,405)**	**3,135**
2012			
Accrued benefits	1,320,937	146,127	26,869
Net market value of Fund assets	(1,137,950)	(122,699)	(22,184)
Net deficit	182,987	23,428	4,685

(b) Contribution recommendations

	SASS multiple of member contributions	SANCSS % member salary	SSS multiple of member contributions
2013			
Recommended contribution rates for the entity	**-**	**-**	**-**
2012			
Recommended contribution rates for the entity	-	-	-

(c) Funding method

Contribution rates are set after discussions between RailCorp, SAS Trustee Corporation (STC) and NSW Treasury.

(d) Economic assumptions

Weighted average assumptions	**2013**	2012
Expected rate of return on Fund assets backing current pension liabilities	**8.3% pa**	8.3% pa
Expected rate of return on Fund assets backing other liabilities	**7.3% pa**	7.3% pa
	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years then	
Expected salary increase rate	**4.0% pa**	4.0% pa
Expected rate of CPI increase	**2.5% pa**	2.5% pa

Note 14 Provisions (continued)

14.2 Superannuation (continued)

14.2.15 Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligations.

14.3 Long service leave

Long service leave is recognised as an expense and a provision when the obligations arises, which is usually through the rendering of service by an employee.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors to employees with five or more years of service, using current rates of pay.

The liability for long service leave was assessed by a consulting actuary, Mr G. Holley FIAA of Mercer Human Resource Consulting. The actuary assumed an interest rate of 3.75% (2012: 3.0%) per annum and a salary growth rate of 3.5% (2012: 3.5%) per annum.

14.4 Movements in provisions (other than employee benefit provisions)

Parent and Consolidated	Carrying amount at start of year $'000	Increase in provision $'000	Discounting adjustment $'000	Subtotal $'000	Payment of claims $'000	Unused amount reversed $'000	Carrying amount at end of year $'000
2013							
Workers Compensation	**99,291**	**14,210**	**2,776**	**116,277**	**20,228**	**-**	**96,049**
Public liability claims	**7,122**	**4,429**	**(111)**	**11,440**	**1,406**	**-**	**10,034**
Legal Claims	**6,546**	**2,117**	**-**	**8,663**	**4,530**	**2,002**	**2,131**
Airport Line Asset replacement	**9,468**	**-**	**2,459**	**11,927**	**915**	**-**	**11,012**
Quarry restoration	**5,319**	**132**	**31**	**5,482**	**-**	**1,737**	**3,745**
Land & buildings remediation	**65,400**	**3,146**	**36**	**68,582**	**4,377**	**500**	**63,705**
Ballast disposal	**18,206**	**8,452**	**79**	**26,737**	**10,013**	**-**	**16,724**
Restoration of leased premises	**3,375**	**333**	**84**	**3,792**	**36**	**-**	**3,756**
2012							
Workers Compensation	100,272	20,103	4,656	125,031	25,740	-	99,291
Public liability claims	8,580	279	-	8,859	1,737	-	7,122
Legal Claims	874	6,546	-	7,420	572	302	6,546
Airport Line Asset replacement	8,674	-	1,067	9,741	273	-	9,468
Quarry restoration	4,081	235	1,003	5,319	-	-	5,319
Land & buildings remediation	64,338	6,665	739	71,742	6,342	-	65,400
Ballast disposal	14,562	8,325	(739)	22,148	3,194	748	18,206
Restoration of leased premises	3,522	39	(186)	3,375	-	-	3,375
Other	589	-	-	589	85	504	-

Note 14 Provisions (continued)

14.5 Workers' compensation

Workers' compensation insurance is in place to cover any claim exceeding $1m and the workers' compensation provision is maintained for smaller claims, for which RailCorp is a licensed self-insurer.

The workers' compensation liability at year end was assessed by McMahon Actuarial Services assuming a discount rate ranging from 2.5% to 4.6% per annum over the next 10 years (2012: ranging from 2.1% to 4.1% per annum) and a future wage inflation rate of 4% per annum over the next 10 years (2012: 4% per annum over the next 10 years).

The actuary has advised that no allowance was made for asbestos related claims (2012: nil). Liabilities for such claims prior to July 1996 were vested to the Crown. Post 1996 exposure to asbestos is low, highly uncertain and, therefore, cannot be quantified with any reliability.

14.6 Public liability claims

The public liability claims provision recognises claims against RailCorp that arise from personal injuries or property damage occurring on its premises or involving its assets.

Any claim recoverable from RailCorp's insurer is also recognised as a receivable or disclosed as a contingent asset, depending on its probability of settlement. Refer Notes 6 and 19.

The liability at year end was assessed by management. The likely amount to be settled was assessed on the basis of 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.

14.7 Legal claims

The legal claims provision recognises claims against RailCorp 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 disputes over the existence or quantum of individual claims.

14.8 Airport Line asset replacement

The Airport Line asset replacement provision recognises RailCorp's contractual obligation to fund the replacement of major track and tunnel assets on the Airport Line, by the line's maintenance contractor during the term of the contract to 2030. Any unused balance of the provision remaining in 2030 will be shared equally with the maintenance contractor.

The liability at year end is the unused portion of the contractually specified maximum sum to be provided. The quantum and timing of payments are inherently uncertain as they are based on unpredictable future claims by the maintenance contractor. This provision has been discounted to a present value that reflects the time value of money.

14.9 Quarry restoration

The quarry restoration provision recognises RailCorp's legal obligation to restore quarry sites when operations cease.

The liability at year end was assessed by an independent expert undertaking site inspections to estimate the minimum cost of the necessary restoration work. The liability is inherently uncertain due to the time likely to elapse before the restoration is required.

Note 14 Provisions (continued)

14.10 Land and buildings remediation provision

This provision is comprised of $30.7m (2012: $31.8m) for remediation of asbestos and $33.0m (2012: $33.6m) for remediation of contaminated land.

In response to the identification of asbestos contamination in a railway station in March 2006, RailCorp initiated a program of hazardous materials surveys to identify the full extent of contamination and remedial action required in stations.

The program has since been extended to encompass other hazardous materials and operational buildings including signal boxes, depots and maintenance centres as well as rolling stock.

14.11 Ballast disposal provision

The ballast disposal provision recognises RailCorp's legal obligation in relation to the disposal of non-recyclable landfill and materials arising from its ballast recycling operations.

The liability was assessed at 31 March 2013 by management after investigation of stockpiles at the Chullora site. The liability is inherently uncertain due to the quantum and timing of future disposal.

14.12 Redundancy

A provision has been established for the cost of RailCorp's redundancy programs. RailCorp has various initiatives and reform activity that will result in redundancies.

Note 15 Contributed equity

15.1 Contributed equity

	Note	**Parent and Consolidated 30.6.2013 $'000**	Parent and Consolidated 30.6.2012 $'000
Contributed equity at start of year		**14,647,015**	13,715,719
Net assets contributed by Government	15.2	**6,041**	931,296
Contributed equity at end of year		**14,653,056**	14,647,015

15.2 Net assets contributed by the Government

	Parent and Consolidated 30.6.2013 $'000	Parent and Consolidated 30.6.2012 $'000
Assets transferred		
Cash assets	-	105,851
Property, plant and equipment (net)	6,041	825,445
Total net assets contributed by the Government	**6,041**	931,296

Note 16 Reserves

The hedging reserve recognises the cumulative gains or losses on hedging instruments used for existing cash flow hedges. The movements during the year were as follows:

	Parent and Consolidated 30.6.2013 $'000	Parent and Consolidated 30.6.2012 $'000
Hedging reserve		
Balance at start of year	**(15,350)**	(11,863)
Net gain/(loss) in forward foreign exchange	**13,043**	994
Net gain/(loss) in commodity swaps	**(371)**	(4,481)
Balance at end of year	**(2,678)**	(15,350)
Asset revaluation reserve		
Balance at start of year	**8,225,553**	8,242,368
Increase/(decrease) as a result of revaluation	**-**	694
Reserve transferred (to)/from retained earnings	**(163,346)**	(17,509)
Balance at end of year	**8,062,207**	8,225,553
Total reserves	**8,059,529**	8,210,203

Note 17 Retained earnings

	Consolidated		**Parent**	
	2012-13 $'000	2011-12 $'000	**2012-13 $'000**	2011-12 $'000
Retained earnings at start of year	**927,414**	835,962	**927,382**	835,932
Surplus/(deficit) for the year	**626,796**	419,034	**626,773**	419,032
Superannuation actuarial gains/(losses)	**135,464**	(345,091)	**135,464**	(345,091)
Transfers of reserve to/(from) retained earning	**163,346**	17,509	**163,346**	17,509
Retained earnings at end of year	**1,853,020**	927,414	**1,852,965**	927,382

Note 18 Expenditure commitments

18.1 Expenditure commitments

	Parent and Consolidated 2012-13 $'000	Parent and Consolidated 2011-12 $'000
Operating leases		
Within 12 months	**75,973**	62,874
12 months or longer but not longer than 5 years	**17,366**	54,277
Longer than 5 years	**13,677**	13,701
Total operating leases	**107,016**	130,852
Total property, plant & equipment (including intangible assets)	**336,510**	491,267

For more details on rolling stock PPP contract commitments refer note 18.3.

The expenditure commitments include any associated Goods and Services Tax. Related input tax credits of $40.3m (2012: $56.6m) are expected to be recoverable from the Australian Taxation Office.

Note 18 Expenditure commitments (continued)

18.2 Minimum lease payments committed under non-cancellable operating leases

	Parent and Consolidated 2012-13 $'000	Parent and Consolidated 2011-12 $'000
Within 12 months	**75,813**	62,785
12 months or longer but not longer than 5 years	**17,366**	54,277
Longer than 5 years	**13,677**	13,701
Total committed	**106,856**	130,763

Minimum lease payment commitments include any associated Goods and Services Tax. Related input tax credits of $9.7m (2012: $11.8m) are expected to be recoverable from the Australian Taxation Office.

18.3 Rolling stock PPP contract commitments

Refer to Note 2.5(ii) in regard to the contractual arrangements with Reliance Rail.

Payments under the Rolling Stock Public Private Partnership (PPP) contract are being made via a series of Standard Availability Unit (SAUs) payments by RailCorp to Reliance Rail. The SAUs ramp up progressively as each set becomes available for passenger service. The SAU payments are indexed to CPI.

The sets will be progressively available for passenger service as each set achieves practical completion. Overall, the total payments to be made by RailCorp to Reliance Rail, including milestone payments and financing costs, over the term of the project are estimated to be $9,653m (2012: $9,753m) in nominal dollars.

The RailCorp agreement with Reliance Rail constitutes a finance lease, refer Note 2.5(ii). These assets and associated finance lease liabilities are recognised on completion and delivery of the assets.

The Auburn Maintenance Facility (AMF) reached practical completion on 18 June 2010. The lease liability, inclusive of accrued interest, at 30 June 2013 was $258.8m (2012: $245.7m).

The Simulators achieved practical completion on 30 September 2010. The lease liability, inclusive of accrued interest, at 30 June 2013 was $4.6m (2012: $4.2m).

A total 45 sets of rolling stock have achieved practical completion, 35 sets during 2012-13 resulting in an addition to leased rolling stock of $833m (2012: $214.2m). An associated finance lease liability of $833m (2012:214.2m) was also recognised. Milestone payments made in respect of design and development of the rolling stock are applied on a pro-rata basis to the rolling stock lease liability at the rate of $0.5m per set. The lease liability, inclusive of the application of the milestone payment and accrued interest, at 30 June 2013 was $1,069.7m (2012: $238.1m).

In addition to the capitalisation of the leased assets above, at practical completion project-related expenditure is allocated to the associated fixed assets. These capitalised expenditures are depreciated in line with the fixed asset to which they relate.

Interest of $30m (2012: $21.3m) has been accrued in the current year in respect to the finance lease liability for the rolling stock, maintenance facility and simulators.

No milestone payments were made in 2012-13 (2011-12: nil) to Reliance Rail related to the rolling stock. Milestone payments are interest free advances pending delivery of the associated asset upon which event those advances are applied against the finance lease liability.

Note 18 Expenditure commitments (continued)

18.3 Rolling stock PPP contract commitments (continued)

The commitment under this contract is as follows, excluding GST:

	Note	**Parent and Consolidated 30.6.2013 $'000**	Parent and Consolidated 30.6.2012 $'000
Finance lease liabilities			
Within 12 months		**88,505**	20,035
12 months or longer but no longer than 5 years		**496,907**	157,740
Longer than 5 years		**3,333,116**	1,253,080
Total minimum lease payments		**3,918,528**	1,430,855
Less amount representing finance charges		**(2,585,465)**	(942,865)
Present value of net future minimum lease payments (included in the Financial Statements as borrowings)		**1,333,063**	487,990
Classified as:			
Current	13	**61,870**	13,663
Non-current	13	**1,271,193**	474,327
Total		**1,333,063**	487,990
Other PPP contract commitments			
Within 12 months		**180,078**	107,018
12 months or longer but no longer than 5 years		**596,163**	843,161
Longer than 5 years		**4,958,856**	7,372,332
Total other PPP contract commitments		**5,735,097**	8,322,511

Other PPP contract commitments represent future payments relating to the maintenance and future payments of principal and interest on rolling stock that have not achieved practical completion as at 30 June 2013.

Note 19 Contingent liabilities and contingent assets

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

Conversely, they are present obligations arising from past events which are not recognised because it is uncertain or not probable that resources will be required to settle the obligation or the amount of the obligation cannot be reliably measured. However their probability of settlement is not remote.

Contractual and other claims against RailCorp arise in the ordinary course of operations. The existence or quantum of each claim is usually in dispute and the outcome cannot be measured reliably.

RailCorp has certain obligations under the contract for the rolling stock PPP and the NSW Government guarantees the performance of those obligations. However, there is no expectation that those guarantees will be exercised.

RailCorp by virtue of its operations has a range of possible contamination in land and buildings. RailCorp is engaged in an ongoing process of identifying necessary remediation of land and buildings the final amount of which is contingent on further investigation and cannot be accurately calculated at the date of preparation of these Financial Statements. Land and buildings remediation, where there is a legal or constructive obligation to undertake remediation and the cost of which can be reliably estimated has been provided for.

Refer Note 14.10.

Note 19 Contingent liabilities and contingent assets (continued)

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 “probable” but not “virtually certain”.

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

Note 20 Financial instruments

20.1 Financial instruments

RailCorp and the controlled entities hold the following financial instruments:

	Consolidated		Parent	
	30.6.2013	30.6.2012	**30.6.2013**	30.6.2012
	$'000	$'000	**$'000**	$'000
Financial assets				
Cash and cash equivalents	**157,156**	77,609	**156,858**	77,467
Trade and other receivables*	**173,564**	141,844	**177,651**	141,809
Derivative financial assets	**2,887**	816	**2,887**	816
Total financial assets	**333,607**	220,269	**337,396**	220,092
Financial liabilities				
Trade and other payables**	**543,905**	581,309	**548,066**	581,148
Borrowings	**501,490**	124,939	**501,490**	124,939
Finance leases	**1,333,063**	487,990	**1,333,063**	487,990
Derivative financial liabilities	**5,564**	16,166	**5,564**	16,166
Total financial liabilities	**2,384,022**	1,210,404	**2,388,183**	1,210,243

* Trade and other receivables exclude statutory receivables and prepayments, i.e. not within the scope of AASB 7 *Financial Instruments: Disclosures*

** Trade and other payables exclude statutory payables and unearned income, i.e. not within the scope of AASB 7 *Financial Instruments: Disclosures*

20.2 Financial risks

The operational activities of RailCorp expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and commodity price risk in respect of distillate and electricity purchases). A risk management program focuses on financial performance and seeks to minimise potential adverse effects from financial market price movements. RailCorp uses derivative instruments to hedge financial exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. Methods used to measure risk include sensitivity analysis in the case of interest rate, foreign exchange and other commodity price risks, and an ageing analysis for credit risk.

Risk management is carried out under approved policies. RailCorp’s Treasury Management Policy establishes a prudential framework covering policies, best practice internal controls and reporting systems for the management of financial risks within RailCorp’s operation. The policy covers specific areas such as foreign exchange risk, interest rate risk, commodity risk, credit risk, use of derivative financial instruments and investment of excess funds. The RailCorp Treasury Management Policy is approved annually.

The primary objective of this policy is to achieve management of all financial risks in strict compliance with internal policies and guidelines within the broad framework of the NSW Treasury Management Policy (TPP07-7). Accounting for Treasury Instruments is in accordance with NSW Treasury accounting policy, Accounting for Financial Instruments (TPP08-1).

RailCorp Treasury identifies, evaluates and hedges financial risk in close cooperation with RailCorp’s operating groups. Treasury instruments approved for the management of financial risk are in accordance with the *Public Authorities (Financial Arrangements) Act 1987.*

Note 20 Financial instruments (continued)

20.3 Market risk

Market risk relates to fluctuations in the fair value of future cash flows of financial instruments because of changes in market prices. This applies to RailCorp's foreign exchange, interest rate and commodity price hedging instruments.

Sensitivity analysis on market risk is based on price variability taking into account the economic environment in which RailCorp operates and the time frame for assessment, that is, until the end of the next reporting period. The sensitivity analysis is based on financial instruments held at the balance date. The analysis assumes that all other variables remain constant.

20.3.1 Foreign exchange risk

RailCorp is exposed to foreign exchange risk arising from currency exposures. Foreign exchange risk arises from contractual commercial transactions denominated in a foreign currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The RailCorp Treasury Management Policy covers all elements of financial risk including foreign exchange risk. The policy requires 100% hedging of all material foreign exchange exposures.

Purchases involving foreign currency risk exposure that exceeds an aggregate of AUD 25,000, are required to be reviewed in advance of the signing by the Treasury section to assess the financial risk and formulate strategies to manage the risk. The Treasury section confirms a budget rate with project managers based on current forward prices and hedging strategies implemented. Counterparty risk is minimised by conducting all foreign exchange transactions with eligible counterparties, refer Note 20.4.

RailCorp's foreign currency contracts outstanding at year end were:

	Weighted Average Exchange Rate		Contract Value		Fair Value	
Maturity Profiles	**2013**	2012	**2013 AUD '000**	2012 AUD '000	**2013 AUD '000**	2012 AUD '000
Contracts denominated in US Dollars						
Not later than 3 months	**0.9214**	0.8327	**14,844**	21,637	**15,018**	17,648
Later than 3 months and not later than 12 months	**0.9826**	0.9620	**14,026**	16,978	**15,308**	16,272
Later than 12 months	**0.9465**	0.9181	**5,361**	4,392	**5,821**	4,189
Total hedged US Dollar contracts			**34,231**	43,007	**36,147**	38,109
Contracts denominated in Euros						
Not later than 3 months	**0.6385**	0.6446	**38,546**	23,706	**35,169**	18,960
Later than 3 months and not later than 12 months	**0.6589**	0.6774	**7,804**	21,030	**7,440**	18,020
Later than 12 months	**0.6547**	0.6600	**4,472**	15,589	**4,358**	13,466
Total hedged Euros contracts			**50,822**	60,325	**46,967**	50,446
Contracts denominated in Japanese Yen						
Not later than 3 months	**-**	77.10	**-**	2,495	**-**	2,358
Later than 3 months and not later than 12 months	**-**	-	**-**	-	**-**	-
Later than 12 months	**-**	-	**-**	-	**-**	-
Total hedged Japanese Yen contracts			**-**	2,495	**-**	2,358
Contracts denominated in Korean Won						
Not later than 3 months	**-**	1,073.10	**-**	427	**-**	391
Later than 3 months and not later than 12 months	**-**	-	**-**	-	**-**	-
Later than 12 months	**-**	-	**-**	-	**-**	-
Total hedged Korean Won contracts			**-**	427	**-**	391

Note 20 Financial instruments (continued)

20.3 Market risk (continued)

20.3.1 Foreign exchange risk (continued)

Maturity Profiles	Weighted Average Exchange Rate 2013	2012	Contract Value 2013 AUD '000	2012 AUD '000	Fair Value 2013 A$'000	2012 A$'000
Contracts denominated in Pounds Sterling						
Not later than 3 months	**0.6869**	0.5880	**35**	277	**40**	251
Later than 3 months and not later than 12 months	**-**	-	**-**	-	**-**	-
Later than 12 months	**-**	-	**-**	-	**-**	-
Total hedged Pounds Sterling contracts			**35**	277	**40**	251
Contracts denominated in Swedish Kroner						
Not later than 3 months	**-**	6.1492	**-**	24	**-**	21
Later than 3 months and not later than 12 months	**-**	-	**-**	-	**-**	-
Later than 12 months	**-**	-	**-**	-	**-**	-
Total hedged Swedish Kroner contracts			**-**	24	**-**	21
Total hedged purchase			**85,088**	106,555	**83,154**	91,576

Foreign exchange risk sensitivity analysis

The following table shows the effect on Other Comprehensive Income at the reporting date of a 10% movement in exchange rates, with all other variables being held constant. All underlying exposures and related hedges are taken into account.

Although currency markets have been volatile in the current reporting period, a sensitivity of 10 per cent has been selected for use at the reporting date, as this is considered reasonable, based on the current Australian dollar (AUD) level and the historical volatility of the AUD against other currencies. Based on the value of the AUD at the reporting date as compared with the currencies below, adverse or favourable movements in the foreign exchange rates would result in an increase or decrease in the AUD fair value respectively.

Based on the financial instruments held at 30 June 2013, had the AUD spot price weakened/strengthened by 10% against currencies in which contracts are held, with all other variables held constant, the impact on Comprehensive Income is shown in the table below.

An adverse movement in exchange rates implies an increase in the AUD against the hedged currency. A favourable movement represents a fall in the AUD against the hedged currency.

Decrease of 10%	Surplus Higher/(Lower) 2013 AUD '000	2012 AUD '000	Other Comprehensive Income Higher/(Lower) 2013 AUD '000	2012 AUD '000
US Dollars	**-**	-	**(3,233)**	(3,407)
Euros	**-**	-	**(4,228)**	(4,474)
Japanese Yen	**-**	-	**-**	(214)
Korean Won	**-**	-	**-**	(36)
Pounds Sterling	**-**	-	**(3)**	(23)
Swedish Kroner	**-**	-	**-**	(2)
Total	-	-	(7,464)	(8,156)

Note 20 Financial instruments (continued)

20.3 Market risk (continued)

20.3.1 Foreign exchange risk (continued)

Increase of 10%	Surplus Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2013	2012	**2013**	2012
	AUD '000	AUD '000	**AUD '000**	AUD '000
US Dollars	**-**	-	**3,951**	4,164
Euros	**-**	-	**5,168**	5,468
Japanese Yen	**-**	-	**-**	261
Korean Won	**-**	-	**-**	44
Pounds Sterling	**-**	-	**4**	28
Swedish Kroner	**-**	-	**-**	2
Total	**-**	-	**9,123**	**9,967**

20.3.2 Commodity price risk

RailCorp is exposed to a range of commodity price risks, principally from distillate and electricity purchases.

Australian dollar costs under the supply agreements price mechanism for distillate are reflective of movements in Singapore Gas Oil prices and AUD/USD exchange rates. RailCorp Treasury Management Policy requires 100% of exposures be hedged in year 1, year 2 up to 60% and year 3 up to 40% hedged given the continuous nature of the exposure. RailCorp hedges its distillate exposure by entering into Singapore Gas Oil swap and USD forward contracts.

RailCorp purchases its electricity under fixed price contracts. RailCorp's policy for electricity hedging is similar to distillate operations however electricity hedging applies only to periods not under contract. 100% of exposures are required to be hedged in year 1. Up to 60% of exposures can be hedged in year 2 and up to 40% in year 3. Hedges are subsequently closed out once a fixed price contract is in place.

At 30 June 2013 there were only commodity hedge contracts in place for distillate purchases.

Maturity profiles	Contract Value		Fair Value	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Not later than 1 year				
Favourable	**2,183**	4,732	**2,196**	5,401
Non-favourable	**17,152**	12,001	**16,487**	10,961
	19,335	16,733	**18,683**	16,362
Between 1 and 5 years				
Favourable	**2,744**	1,696	**2,757**	1,724
Non-favourable	**2,870**	1,702	**2,767**	1,674
	5,614	3,398	**5,524**	3,398
Total commodity swap contracts	**24,949**	20,131	**24,207**	19,760

Commodity price risk sensitivity analysis

Based on contracts in place at 30 June 2013, had the Singapore Gas Oil spot price weakened/strengthened by 10%, with all other variables held constant, the impact on Comprehensive Income is shown in the table below:

	Change in unit price	**Impact on surplus**	Impact on surplus	**Impact on Other Comprehensive Income**	Impact on Other Comprehensive Income
		2013	2012	**2013**	2012
		$A000	$A000	**$A000**	$A000
Distillate	-10%	**-**	-	(2,458)	(1,937)
Distillate	+10%	**-**	-	2,458	1,937

Significant assumptions used in the commodity price exposure sensitivity analysis include reasonably possible movements in commodity price rates, determined based on a review of the last 2 years historical movements and economic forecasts.

Note 20 Financial instruments (continued)

20.3 Market risk (continued)

20.3.3 Interest rate risk

Interest rate risk refers to the market value of financial instruments or cash flows associated with the instruments fluctuating due to changes in market yields. RailCorp's main interest rate risk relates primarily to borrowings and deposits on call with TCorp.

The PPP maintenance facility finance lease recognised on RailCorp's Statement of Financial Position is not exposed to interest rate risk. Amounts payable under the leasing arrangement are fixed, based on the achievement of certain milestones and key performance indicators by Reliance Rail. The interest rate charged on the lease liability is that which is implicit within the lease and will not be impacted by market interest rate fluctuations. Refer Note 18.3.

Investment
RailCorp invests in the TCorp 11 am Call Deposit. Funds are held for operational rather than trading purposes.

The TCorp 11am Call Deposit facility is designated at cost through the profit and loss. Therefore, any changes in price impacts on profit and loss (rather than comprehensive income).

Debt
RailCorp adopts a continuously diversified approach to managing its debt portfolio. Debt maturity is spread across the yield curve, comprising both short-term TCorp borrowing and long-term semi government bonds. A neutral benchmark measures the performance of the debt portfolio.

RailCorp's Treasury Management Policy requires a fixed/floating ratio where no more than 70% of the portfolio's face value can be fixed rate debt or floating rate debt. Modified duration of the long-term debt must be between 2 and 6 years. The debt portfolio is managed through a restructuring facility offered by TCorp. Borrowings issued at variable rates expose RailCorp to cash flow risk.

Exposure to interest rate risk at year end is set out below:

Parent	Interest Rate 2013 %	Interest Rate 2012 %	Principal Amount 2013 $'000	Principal Amount 2012 $'000
Financial assets				
Not later than 1 year				
Cash on hand	**-**	-	**6,541**	6,513
Cash at bank	**3.14**	3.42	**147,392**	8,170
Deposits on Call - TCorp Investment	**3.30**	3.45	**2,925**	62,784
Total financial assets			**156,858**	77,467
Financial liabilities				
Not later than 1 year				
Borrowings	**3.21**	-	**(426,795)**	**-**
Finance lease	**-**	-	**(61,870)**	(13,663)
Between 1 and 5 years				
Borrowings	**5.26**	5.49	**(29,891)**	(80,017)
Finance lease	**-**	-	**(402,514)**	(125,118)
Later than 5 years				
Borrowings	**5.66**	5.66	**(44,804)**	(44,922)
Finance lease	**-**	-	**(868,679)**	(349,209)
Total financial liabilities			**(1,834,553)**	(612,929)
Net exposure			**(1,677,695)**	(535,462)

Interest rate risk is not applicable to the finance lease.

Financial Statements

Note 20 Financial instruments (continued)

20.3 Market risk (continued)

20.3.3 Interest rate risk (continued)

Interest rate sensitivity analysis

Exposure to interest rate risk arises primarily through RailCorp's interest bearing liabilities. A change of +/- 1% is used, consistent with current trends in interest rates, to measure RailCorp's financial sensitivity to interest rate movements. RailCorp's exposure to interest rate risk is set out below:

	Change in yield	**Impact on surplus 2013 $'000**	Impact on surplus 2012 $'000	**Impact on Other Comprehensive Income 2013 $'000**	Impact on Other Comprehensive Income 2012 $'000
TCorp investments	-1%	**(1,503)**	(708)	**-**	**-**
and bank deposits	1%	**1,503**	708	**-**	**-**

If interest rates had changed by 1% the TCorp investments bank deposits would have moved by 1% and affected RailCorp's profit and loss by the following:

	Change in yield	**Impact on surplus 2013 $'000**	Impact on surplus 2012 $'000	**Impact on Other Comprehensive Income 2013 $'000**	Impact on Other Comprehensive Income 2012 $'000
Borrowings	-1%	**5,015**	1,249	**-**	-
	1%	**(5,015)**	(1,249)	**-**	-

If interest yields had changed by 1% the market value of RailCorp's debt portfolio would have moved in accordance with the weighted average modified duration for the portfolio.

20.4 Credit risk

Credit risk arises where there is the possibility of RailCorp's debtors defaulting on their contractual obligations, resulting in a financial risk to RailCorp.

Credit risk can arise from financial assets of RailCorp, including cash and cash equivalents, derivative financial instruments, deposits with banks and TCorp, as well as credit exposure to customers, including outstanding receivables and committed transactions. RailCorp holds bank guarantees for significant customers as well as property bonds for some leased premises. RailCorp has not granted any financial guarantees. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

RailCorp's credit risk policy is aimed at minimising the potential for counter party default. RailCorp uses the Standard & Poor's rating system in assessing credit risk.

Credit risk associated with RailCorp's financial assets, other than receivables, is managed through the sound selection of counterparties and establishment of minimum credit rating standards. The *Public Authorities (Financial Arrangements) Act 1987* requires RailCorp to transact all debt management and investment activities with TCorp, which has an AAA credit rating from Standard & Poor's due to their financial arrangements and obligations being guaranteed by the NSW Government.

RailCorp held $150.3m (2012: $71.0m) in cash at bank and investments at 30 June 2013. This was held with TCorp and Westpac Banking Corporation.

Note 20 Financial instruments (continued)

20.4 Credit risk (continued)

Derivatives
In relation to foreign exchange contracts and commodity swap transactions, RailCorp only transacts with counterparties with a Standard & Poor's long-term credit rating of A or greater. RailCorp held $2.9m (2012: $0.8m) in derivative financial assets and $5.6m (2012: $16.2m) in derivative financial liabilities

Further, no counterparty may have more than 50% of RailCorp's total contract value in regards to foreign currency and commodity transactions.

RailCorp also holds "International Swap Dealers Association" Master Agreements with all counterparties which is an industry standard.

Trade receivables
The maximum credit risk exposure in relation to receivables is the carrying amount, less the allowance for impaired debts. Where necessary to support approval of a credit application for customers, security may need to be obtained in the form of an unconditional bank guarantee and/or security deposit.

RailCorp is not obliged to extend credit. RailCorp is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

Investments
RailCorp held funds on deposit with TCorp at 30 June 2013 which has been rated as "AAA" by Standard and Poor's. The deposits at balance date were earning an average interest rate of 2.70% (2012: 3.45%) while over the year the weighted average interest rate was 3.30% (2012: 4.29%) on a weighted average balance during the year of $66.1m (2012: $8m).

20.5 Liquidity risk

Liquidity risk refers to RailCorp being unable to meet its payment obligations when they fall due. RailCorp manages risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Current investment powers allow RailCorp to manage liquidity through TCorp's facilities. The bank balance is managed daily to a minimum set-off balance with surplus funds being invested in the TCorp 11am Call Deposit or Hour Glass Cash Facility. Shortfalls in working capital funding are managed through TCorp's Come & Go Facility. RailCorp's bank accounts are on an account set off arrangement so funds are aggregated to allow flexibility.

Credit standby arrangements are shown at Note 5.3.

During the current and prior years, there have been no defaults or breaches on any loans payable. No assets have been pledged as collateral. RailCorp exposure to liquidity risk is deemed insignificant based on prior period data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. If trade terms are not specified, payment is generally made no later than the end of the month following the month in which an invoice or a statement is received.

The following table reflects the maturity band for all contractual obligations including the payment of principal and interest resulting from recognised financial liabilities at reporting date excluding the impact of netting.

Note 20 Financial instruments (continued)

20.5 Liquidity risk (continued)

Parent	Carrying Amount $'000	Contract Cash flow $'000	Less than 1 Year $'000	Between 1 and 5 Years $'000	Over 5 Years $'000
30 June 2013					
Financial assets					
Cash & cash equivalents	**156,858**	**156,858**	**156,858**	**-**	**-**
Trade and other receivables	**177,651**	**177,651**	**144,093**	**3,812**	**29,746**
	334,509	**334,509**	**300,951**	**3,812**	**29,746**
Financial liabilities					
Trade and other payables	**(548,066)**	**(548,066)**	**(548,066)**	**-**	**-**
Borrowings	**(501,490)**	**(525,591)**	**(432,861)**	**(43,450)**	**(49,280)**
Finance lease liability	**(1,333,063)**	**(3,918,528)**	**(88,505)**	**(496,907)**	**(3,333,116)**
	(2,382,619)	**(4,992,185)**	**(1,069,432)**	**(540,357)**	**(3,382,396)**
Derivatives					
Forward exchange contracts outflow	**(83,154)**	**(85,089)**	**(75,255)**	**(9,833)**	**-**
Commodity swap contracts outflow	**(24,208)**	**(24,950)**	**(19,336)**	**(5,614)**	**-**
	(107,362)	**(110,039)**	**(94,591)**	**(15,447)**	**-**
30 June 2012					
Financial assets					
Cash & cash equivalents	77,467	77,467	77,467	-	-
Trade and other receivables	141,809	141,809	107,040	4,886	29,883
	219,276	219,276	184,507	4,886	29,883
Financial liabilities					
Trade and other payables	(581,148)	(581,148)	(581,148)	-	-
Borrowings	(124,939)	(155,659)	(7,152)	(96,587)	(51,920)
Finance lease liability	(487,990)	(1,430,855)	(20,035)	(157,741)	(1,253,079)
	(1,194,077)	(2,167,662)	(608,335)	(254,328)	(1,304,999)
Derivatives					
Forward exchange contracts outflow	(91,576)	(106,555)	(86,574)	(19,981)	-
Commodity swap contracts outflow	(19,761)	(20,131)	(16,733)	(3,398)	-
	(111,337)	(126,686)	(103,307)	(23,379)	-

Note 20 Financial instruments (continued)

20.6 Fair value compared to carrying amount

The fair values of financial instrument assets and liabilities are determined as follows:

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

RailCorp considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

RailCorp uses various methods for disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Derived from quoted market prices in active markets for identical assets/liabilities. Quoted market price represents the fair value determined based on the quoted prices on active markets as at the reporting date without any deduction of transaction costs.
- Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly using valuation techniques with only observable market inputs and prices, commodity swap contracts and foreign exchange contracts.
- Level 3 – Derived from valuations techniques that include inputs for asset/liabilities not based on observable market data. RailCorp currently does not have these financial instruments.

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Fair value at 30 June 2013			
Financial assets			
Foreign exchange contracts	**-**	**2,861**	**-**
Commodity swap contracts	**-**	**26**	**-**
TCorp investments	**-**	**-**	**-**
Total financial assets	**-**	**2,887**	**-**
Financial liabilities			
Foreign exchange contracts	**-**	**4,796**	**-**
Commodity swap contracts	**-**	**768**	**-**
Borrowings	**-**	**509,660**	**-**
Total financial liabilities	**-**	**515,224**	**-**
Fair value at 30 June 2012			
Financial assets			
Foreign exchange contracts	-	120	-
Commodity swap contracts	-	696	-
TCorp investments	-	-	-
Total financial assets	-	816	-
Financial liabilities			
Foreign exchange contracts	-	15,098	-
Commodity swap contracts	-	1,068	-
Borrowings	-	134,995	-
Total financial liabilities	-	151,161	-

Note 21 Joint venture

RailCorp has a participating 50% interest in the AK Car Joint Venture which operates an inspection railcar as a jointly controlled asset. The venture commenced on 1 February 2006. The aggregate amount of RailCorp's assets employed in the joint venture at 30 June 2013 is $0.3m (2012: $0.5m).

Note 22 Events occurring after reporting date

Sydney Trains and NSW Trains were established as public subsidiary corporations of RailCorp on 7 December 2012 as a result of the Transport Administration (General) Amendment (Sydney Trains and NSW Trains) Regulation 2012. Sydney Trains and NSW Trains commenced operations on 1 July 2013 and are controlled entities of TfNSW. The entities are not controlled by RailCorp.

From 1 July 2013, various Orders resulted in the transfer of certain assets, rights, liabilities, and employees from RailCorp to Sydney Trains and NSW Trains.

Sydney Trains operates services within the area bounded by Waterfall, Macarthur, Richmond, Emu Plains and Berowra. NSW Trains operates services that commence or terminate outside the Sydney Trains network and interstate services including to the Australian Capital Territory (ACT).

Major changes to the various operations of RailCorp commencing July 1 are detailed below:

- Passenger service revenue will be split between Sydney Trains and NSW Trains. RailCorp will retain income relating to access revenue and rental income.
- Government subsidies and concessions for passenger services will be allocated directly to Sydney Trains and NSW Trains. RailCorp will receive capital contributions to fund capital expenditure.
- RailCorp will retain the ownership of the majority of Property, Plant and Equipment with only minor plant and some leased rolling stock transferred to the new entities.
- A finance lease liability and associated asset of approximately $1,300m was transferred to Sydney Trains relating to the Rolling stock PPP contract.
- Over 12,000 employees (approx. 85%) and associated employee entitlements were transferred to the new entities.
- Associated contracts, commitments, trade and other payables, foreign currency and commodity hedges relating to the operations of Sydney Trains and NSW Trains were transferred to the associated entity.

Other than the finance lease liability and associated asset, a final estimate cannot be made at this stage of the respective transfers.

TfNSW recently announced that the Transport Senior Service will employ all contract employees for the new entities. Staff will be progressively transferred from 1 July 2013.

(End of audited financial statements)

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Rail Corporation New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Rail Corporation New South Wales (RailCorp), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of RailCorp and the consolidated entity. The consolidated entity comprises the RailCorp and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of RailCorp and the consolidated entity as at 30 June 2013, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of the financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of RailCorp or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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

A T Whitfield
Deputy Auditor-General

18 September 2013
SYDNEY

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Statement by the Executive Director

In relation to the Financial Statements for the period ended 30 June 2013

Pursuant to section 41C (1B) of the *Public Finance and Audit Act 1983* and clause 7 of the Public Finance and Audit Regulation 2010, I declare that:

(a) In my opinion, the accompanying financial statements, read in conjunction with the notes thereto, exhibit a true and fair view of the financial position of Transport Cleaning Services as at 30 June 2013 and of its financial performance for the period ended 30 June 2013.

(b) 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 2010, the Australian Accounting Standards, which includes Australian Accounting Interpretations, and Treasurer's directions.

(c) I am 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.

Shaun Finegan
Acting Executive Director

18 October 2013

Financial Statements

(Start of audited financial statements)

Statement of Comprehensive Income for the period ended 30 June 2013

	Note	2012-13 $'000
Income		
Fees from cleaning services		**35,421**
Interest		**56**
Income from operating activities		**35,477**
Expenses		
Operating expenses	3.1	**35,477**
Total expenses		**35,477**
Surplus/(deficit) for the period from continuing operations		**-**
Other Comprehensive Income		**-**
Total Comprehensive Income for the period		**-**

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2013

	Note	30.6.2013 $'000
Current assets		
Cash and cash equivalents	4.1	**42**
Trade and other receivables	5.1	**10,493**
Total current assets		**10,535**
Total assets		**10,535**
Current liabilities		
Trade and other payables	6.1	**10,535**
Total current liabilities		**10,535**
Total liabilities		**10,535**
Net Assets		**-**
Equity		
Retained earnings		**-**
Total equity		**-**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the period ended 30 June 2013

	Retained earnings $'000	Total $'000
Balance at 28 September 2012	**-**	**-**
Surplus/(deficit) for the period	**-**	**-**
Other Comprehensive Income	**-**	**-**
Balance as at 30 June 2013	**-**	**-**

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the period ended 30 June 2013

	Note	2012-13 $'000
Cash flows from operating activities		
Cash received		
Other receipts from RailCorp, Australian Tax Office and others		**27,562**
Interest received		**56**
Total cash received		**27,618**
Cash used		
Payments to suppliers, employees and others		**(27,576)**
Total cash used		**(27,576)**
Net cash from/(used in) operating activities	4.2	**42**
Net cash from/(used by) investing activities		**-**
Net cash from/(used in) financing activities		**-**
Net (decrease)/increase in cash and cash equivalents		**42**
Cash and cash equivalents at beginning of period		**-**
Cash and cash equivalents at end of period	4.1	**42**

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the period ended 30 June 2013

Note 1 Reporting entity and financial statements

(a) Reporting entity

Transport Cleaning Services (TCS) is a public subsidiary corporation constituted on 28 September 2012 under the *Transport Administration Act 1988.* It is domiciled in Australia and its principle office is Level 7 477 Pitt Street Sydney NSW 2000. TCS is a not for profit entity as profit is not its principle objective.

TCS is responsible for the delivery of cleaning services and the improved presentation of railway stations, rolling stock and rail yard facilities. TCS commenced operations on 2 February 2013.

TCS is a fully owned public subsidiary corporation of Rail Corporation New South Wales (RailCorp) and is included in the Consolidated Financial Statements of RailCorp which is consolidated as part of the NSW Total State Sector Accounts.

(b) Comparative Information

Comparative information has not been included in the Financial Statements as TCS commenced operations in this financial year.

(c) Authorisation of the Financial Statements

The Financial Statements were authorised for issue by the Executive Director on the date on which the accompanying Statement by the Executive Director was signed.

(d) Statement of compliance

The Financial Statements and notes comply with Australian Accounting Standards which includes Australian Accounting Interpretations.

Note 2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

The Financial Statements are general purpose Financial Statements prepared in accordance with Australian Accounting Standards, which includes Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2010, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and these Financial Statements do not take into account changing money values or current valuations.

The accrual basis of accounting has been adopted in the preparation of the Financial Statements, except for cash flow information.

The Financial Statements have been prepared on a going concern basis which assumes that TCS is expected to be able to pay its debts as and when they fall due and continue in operation without any intention or necessity to liquidate or otherwise wind up their operations. TCS is a not-for-profit entity for accounting purposes.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

2.1.1 Change in accounting policy

There have been no changes to accounting policies from the prior year as TCS commenced operations in this financial year.

2.2 Adoption of new and revised Accounting Standards

TCS has adopted all the relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) effective from 1 July 2012. The adoption of these new and revised Standards and Interpretations has not resulted in any significant changes to TCS.

TCS has not early adopted any new Accounting Standards and Interpretations that have been issued but are not yet effective in accordance with NSW Treasury mandates.

Note 2 Summary of Significant Accounting Policies (continued)

2.2 Adoption of new and revised Accounting Standards (continued)

The following new Accounting Standards and Interpretations have not yet been adopted and are not effective as at 30 June 2013. The standards are effective for annual reporting periods commencing on or after 1 January 2013.

AASB / Amendment	Title	Issue Date	Application date of Standard
AASB 9	Financial Instruments	1 Sep 2012	1 Jan 2015
AASB 13	Fair Value Assessment	1 Sep 2011	1 Jan 2013
AASB 2011-8	Amendments to Australian Accounting Standards Arising from AASB 13	1 Sep 2012	1 Jan 2013
AASB 2012-6	Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures	1 Sep 2012	1 Jan 2013
AASB 2012-7	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1 Sep 2012	1 Jul 2013
AASB 2012-9	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	1 Dec 2012	1 Jan 2013
AASB 2012-10	Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments	1 Dec 2012	1 Jan 2013
AASB 2012-11	Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments	1 Dec 2012	1 Jul 2013

The impact of these standards and interpretations on the Financial Statements is not expected to be significant.

2.3 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 and cash equivalents, receivables and payables.

(i) Recognition

A financial asset or financial liability is recognised when TCS becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the associated cash flows expire, are effectively transferred, or are otherwise lost. Financial liabilities are derecognised when the contractual obligation is discharged, is cancelled, or expires.

Any applicable amortisation, impairment loss (or reversal), or fair value adjustment is recognised in the Statement of Comprehensive Income.

On derecognition, any difference between the items carrying amount and the consideration received or paid is recognised in the Statement of Comprehensive Income.

Note 2 Summary of Significant Accounting Policies (continued)

2.3 Financial instruments (continued)

(ii) Measurement

On initial recognition, a financial asset or financial liability is measured at its fair value (which is usually its cost) plus any directly-attributable transaction costs.

After initial recognition, receivables and payables are carried in the Statement of Financial Position at amortised cost, which is a reasonable approximation of their fair value.

2.4 Taxes

(i) Income tax equivalents

TCS is exempt from the National Tax Equivalent Regime (NTER) and the Tax Equivalent Regime (TER) and is not required to pay income tax.

(ii) Goods and Services Tax

Revenues, expenses and assets are generally recognised net of the amount of Goods and Services Tax (GST). However, receivables and payables are stated with the amount of GST included, and GST that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the relevant asset or expense.

The net amount of GST recoverable from (or payable to) the ATO is recognised as part of receivables (or payables) in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of any cash flow arising from investing activities that is recoverable from (or payable to) the ATO is classified as an operating cash flow.

2.5 Income

Income 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. Income is only recognised if its receipt is probable and the amount is reliably measurable. The accounting policies for the recognition of income are discussed below:

Rendering of services

Revenue from the rendering of a service is recognised by reference to the stage of completion of the transaction, provided that the transaction's outcome, stage of completion, and the past and prospective costs are all reliably measurable. Otherwise such revenue is only recognised to the extent of the associated recognised recoverable expenses.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method, which uses a rate that exactly discounts a financial instrument's expected future cash receipts through the expected life of the financial instrument (or shorter period) to the net carrying amount of the instrument.

2.6 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand, at call deposits, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Refer Note 4.1

Note 2 Summary of Significant Accounting Policies (continued)

2.7 Trade and other receivables

Trade receivables are measured initially at fair value and subsequently at invoiced cost less an allowance for impairment, which is not materially different from amortised cost due to their short-term nature. A trade receivable is usually due for settlement within 30 days of invoicing. Collectability of trade receivables is reviewed on an ongoing basis.

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual rights to future cash inflows from it expire or are transferred.

An expected reimbursement of expenditure required to settle an allowance for impairment is only recognised as a receivable when it is virtually certain that the reimbursement will be received. Such reimbursement is treated separately from the related allowance and its amount does not exceed the amount of that allowance for impairment.

If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for impairment and the resulting loss is recognised in the Statement of Comprehensive Income. Receivables are monitored during the year and bad debts are written off against the allowance when those are determined to be irrecoverable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that trade receivables are impaired. Refer Note 5.1

2.8 Impairment of financial assets

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that TCS will not be able to collect all amounts due. The calculated impairment loss is recognised in the Statement of Comprehensive Income as an allowance to reduce the carrying amount of the financial asset.
When there is objective evidence that impairment no longer exists, previously recognised impairment losses are reversed through the Statement of Comprehensive Income so that the carried amount at amortised value does not exceed what the carrying amount would have been had there not been an impairment loss.

2.9 Trade and other payables

A payable is recognised on the Statement of Financial Position when a present obligation arises under a contract. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A payable is measured at original invoice amount, which is not materially different from amortised cost due to the short-term nature of trade payables.

Any gain or loss arising when a payable is settled or transferred is recognised in the Statement of Comprehensive Income.

Trade payables are unsecured and, unless otherwise agreed with the creditor, are due for settlement by the end of the month following the month in which the invoice is received. Refer Note 6.1

2.10 Significant accounting judgements, estimates and assumptions

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

Notes to the Financial Statements for the period ended 30 June 2013

Note 3 Expenses

3.1 Operating expenses

	2012-13 $'000
Cost of personnel assigned from RailCorp	23,536
Subcontractors	6,333
Materials	5,605
Other	3
Total operating expenses	**35,477**

Note 4 Cash and cash equivalents

4.1 Cash and cash equivalents

	2012-13 $'000
Cash at bank	42
Total cash and cash equivalents	**42**

4.2 Reconciliation of surplus/net loss for the period with net cash from operating activities

	2012-13 $'000
Surplus for the period	-
Net movements in assets and liabilities applicable to operating activities:	
(Increase) in trade and other receivables	(10,493)
Increase in trade and other payables and provisions	10,535
Net cash from operating activities	**42**

4.3 Credit standby arrangements and loan facilities

The credit standby arrangements and unused amounts available are:

Parent and Consolidated	30.6.13 Credit Facilities $'000	30.6.13 Unused $'000
Tape negotiation authority	6,000	6,000
Purchasing card facility	1,000	1,000
Total credit standby arrangements and loan facilities	**7,000**	**7,000**

Note 5 Trade and other receivables

5.1 Analysis of trade and other receivables

	30.6.2013 $'000
Current trade and other receivables	
Trade receivables	**177**
Other receivables	**10,316**
Total trade and other receivables	**10,493**

5.2 Past due but not impaired receivables

As at 30 June 2013, there were no past due but not impaired trade receivables.

5.3 Nature and extent of risk arising from receivables

Exposure to credit risk in relation to trade and other receivables is provided in Note 9.

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Note 6 Trade and other payables

6.1 Current trade and other payables

	30.6.2013 $'000
Trade payables	**253**
Other payables and accruals	**10,282**
Total current trade and other payables	**10,535**

6.2 Fair value

Due to the short-term nature of current trade and other payables, their carrying value is deemed to approximate their fair value.

Note 7 Contingent liabilities and contingent assets

TCS is not aware of any contingent liability and contingent assets as at 30 June 2013.

Note 8 Related parties

RailCorp controls TCS in accordance with Australian Accounting Standards.

Transactions and balances in the Financial Statements relate to cleaning services labour costs from RailCorp for staff assigned to TCS.

Note 9 Financial instruments

The operational activities of TCS expose it to a variety of financial risks. TCS's main risks arising from financial instruments are outlined below together with its objectives, policies and processes for measuring and managing risk.

The Executive Director has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of the risks. Risk management is carried out under the approved policies, best practice internal controls and reporting systems of TCS's parent entity, RailCorp.

TCS holds the following financial instruments:

	30.6.2013 $'000
Financial assets	
Cash and cash equivalents	**42**
Trade and other receivables	**9,456**
Total financial assets	**9,498**
Financial liabilities	
Trade and other payables	**(9,758)**
Total financial liabilities	**(9,758)**

1. Trade and other receivables exclude statutory receivables and prepayments i.e. not within the scope of AASB 7.
2. Trade and other payables exclude statutory payables and unearned income i.e. not within the scope of AASB 7.

Credit risk

Credit risk arises when there is the possibility of TCS's debtors defaulting on their contractual obligations, resulting in financial loss to TCS. Credit risk arises from the financial assets of TCS including cash and trade receivables.

Cash
Cash comprises of cash at bank. Interest is earned on daily balances at rates of approximately 3.6%.

Trade receivables
Credit risk arises from the financial assets of TCS i.e. receivables. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for Impairment). No collateral is held by TCS nor has it granted any financial guarantees.

Liquidity risk

Liquidity risk is the risk that TCS will be unable to meet its payment obligations when they fall due. TCS manages the risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Current investment powers allow TCS to manage liquidity through bank facilities. The bank balance is managed daily to a minimum set off balance with surplus funds being invested.

Liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. If trade terms are not specified, payment is generally made no later than the end of the month following the month in which an invoice or statement is received.

During the current and prior years, there have been no defaults or breaches on any loans payable. No assets have been pledged as collateral. TCS exposure to liquidity risk is deemed insignificant based on prior period data and current assessment of risk.

Note 9 Financial instruments (continued)

Liquidity risk (continued)

The following table reflects the maturity band for all contractual obligations at reporting date excluding the impact of netting.

	Carrying Amount $'000	Contract Cash Flow $'000	Less than 1 Year $'000	Between 1 and 5 Years $'000	Over 5 Years $'000
Financial assets					
Cash & cash equivalents	**42**	**42**	**42**	**-**	**-**
Trade and other receivables	**9,456**	**9,456**	**9,456**	**-**	**-**
Financial liabilities					
Trade and other payables	**9,758**	**9,758**	**9,758**	**-**	**-**
Net maturity - asset/(liablities)	**(260)**	**(260)**	**(260)**	**-**	**-**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. TCS's exposure to market risk is considered to be minimal and it has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest Rate Risk
Exposure to interest rate risk arises primarily through interest bearing liabilities. A change of +/-1 is used, consistent with current trends in interest rates to measure TCS's financial sensitivity to interest rate movements. TCS's exposure to interest rate risk is set out below:

Index	Change in yield	Impact on surplus 2013	Impact on Other Comprehensive Income 2013
Cash and cash	-1%	**(420)**	**-**
equivalents	1%	**420**	**-**

Fair value

Financial instruments are generally recognised at cost.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates fair value because of the short term nature of the financial instruments. The fair values of most of the contractual financial assets and liabilities are the same as the carrying amount.

Note 10 Events occurring after reporting date

TCS entered into a new memorandum of understanding with RailCorp on 25 June 2013 which resulted in Sydney Trains being named as a party of the arrangement previously entered into between RailCorp and TCS. From 1 July, Sydney Trains will procure cleaning services from TCS.

(End of audited financial statements)

INDEPENDENT AUDITOR'S REPORT

Transport Cleaning Services

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Transport Cleaning Services (TCS), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the period 28 September 2012 to 30 June 2013, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of TCS as at 30 June 2013, and of its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Acting Executive Director's Responsibility for the Financial Statements

The Acting Executive Director is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Acting Executive Director determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Acting Executive Director as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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My opinion does *not* provide assurance:

- about the future viability of TCS
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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

C J Giumelli
Director, Financial Audit Services

23 October 2013
SYDNEY

Appendices

Appendix 1: About RailCorp

RailCorp provides rail services under the requirements of the *Transport Administration Act 1988.*

The principal objectives of RailCorp under that Act are to:

- Deliver safe and reliable railway passenger services in NSW in an efficient, effective and financially responsible manner
- Ensure that the part of the NSW rail network vested in or owned by RailCorp enables safe and reliable railway passenger and freight services in an efficient, effective and financially responsible manner.

The Act also requires RailCorp to:

- Maintain reasonable priority and certainty of access for railway passenger services
- Promote and facilitate access to the part of the NSW rail network vested in or held by RailCorp
- Operate a successful business that performs at least as efficiently as any comparable business and maximises the net worth of the State's investment in the Corporation
- Exhibit a sense of social responsibility by taking into consideration the interests of the community in which it operates
- Conduct operations in compliance with the principles of ecologically sustainable development contained in Section 6(2) of the *Protection of the Environment Administration Act 1991*
- Exhibit a sense of responsibility towards regional development and decentralisation in the way in which it serves the community.

Nature and scope of operations

RailCorp has three primary functions conferred by Part 2 of the *Transport Administration Act 1988*. These functions are further governed by the *Rail Safety Act 2008*. They are also subject to the *Passenger Transport Act 1990*, which provides that the terms and conditions under which they are carried out are to be set out in a rail services contract with the Director General of the Department of Transport.

The three primary functions are:

Passenger rail services

RailCorp is to operate passenger rail services and it has the ability to establish new, alter or discontinue services as required.

Metropolitan, regional (Newcastle and Hunter areas) and intercity services (South Coast, Southern Highlands, Blue Mountains and Central Coast) are operated through the CityRail network. CountryLink provides affordable long-distance passenger train and coach services to regional NSW communities and the four capital cities in NSW, ACT, Queensland and Victoria.

CountryLink also manages all NSW country stations, trains, onboard staff, reservations, sales and marketing. The majority of non-metropolitan rail infrastructure, excluding stations and rolling stock, is provided by the Australian Rail Track Corporation.

Rail infrastructure functions

RailCorp is to hold, manage, maintain and establish rail infrastructure facilities owned by or vested in RailCorp on behalf of the State. Rail infrastructure facilities include stations, railway track, associated track structures, over track structures, cuttings, drainage works, track support earthworks and fences, tunnels, bridges, level crossings, service roads, signalling systems, train control systems, communication systems, overhead power supply systems, power and communication cables, and associated works, buildings, plant, machinery and equipment.

Metropolitan rail area access functions

RailCorp is to provide and promote access to its rail network, primarily to support rail freight services by third-party operators. RailCorp currently provides 19 operators with access to the metropolitan network, which also includes heritage and long-distance passenger operations.

Appendix 2: Management structure

In accordance with the *Transport Administration Act 1988*, the affairs of RailCorp are managed and controlled by the Chief Executive, subject to direction from the Director General of Transport for New South Wales.

The RailCorp Executive supports the Chief Executive in the day-to-day running of RailCorp and in ensuring effective governance of the organisation. The Executive has collective responsibility for functions related to organisational performance and strategy.

A number of Executive Committees meet formally at least once a month and the Executive meets every week, or as required.

Executive Management Committee

The primary objective of the Executive Management Committee is to provide the Chief Executive and members of the Executive with advice and direction in relation to the strategic development and implementation of RailCorp's objectives to ensure effective corporate governance.

In discharging its responsibilities, the Committee will:

- Provide a forum for the development of organisational/business strategy
- Review progress on the delivery of organisational/business plans
- Review financial and operational performance against organisational/business plans
- Identify strategic opportunities for improved performance
- Monitor policy, systems and programs across the organisation
- Monitor compliance with governance systems and evaluate the effectiveness of those systems
- Consider strategic responses to performance issues and changes in circumstances that impact delivery of the corporate plan
- Provide a forum for the discussion and evaluation of risks and issues that have significant impacts on RailCorp's operations
- Support the Chief Executive in the provision of advice to stakeholders
- Provide alignment between the roles and responsibilities in relation to RailCorp's organisational/business plans (including objectives, strategies, programs and initiatives).

Finance and Delegation Committee

The primary objective of the Finance and Delegations Committee is to assist the Chief Executive in the exercise of his delegation of authority and to promote good governance practices.

In discharging its responsibilities the Committee will:

- Make recommendations on items above the sub-delegation limits to group heads for approval or commitment by the Chief Executive
- Make recommendations on items referred by the Executive Management Committee for approval or commitment by the Chief Executive
- Make recommendations on items referred by the Chief Executive for approval or commitment by the Chief Executive.

Safety Committee

The primary objective of the Safety Committee is to assist the Chief Executive in discharging RailCorp's objective for the safety of railway passenger services (former CityRail & CountryLink) and the part of the rail network vested in or owned by RailCorp, and of the passengers, employees, contractors, third party operators of non-passenger operations and the public who work on and use the network. The Committee includes an independent member appointed by the Chief Executive.

In discharging its charter the Committee will:

- Review and monitor the strategic direction of safety at RailCorp
- Monitor and review the effectiveness of safety policies, systems and programs which are designed to meet legislative responsibilities
- Promote a proactive safety culture at RailCorp
- Monitor and review the performance of key programs which identify and manage safety risks across operations
- Monitor and review key safety related issues arising from the RailCorp Executive Management Committee
- Provide advice to the Chief Executive on key safety issues
- Monitor and review performance through reporting on the safety of infrastructure, train operations, counter-terrorism and WHS
- Receive assurance that issues arising from relevant safety audit

and investigation reports are being actioned

- Take into account safety objectives relating to RailCorp as it sees fit.

Audit and Risk Committee

The Chief Executive has established the Audit and Risk Committee in compliance with Treasury Circular NSW TC 09/08 August 2009. The Committee includes three independent members appointed by the Chief Executive.

The objective of the Committee is to provide independent assistance to the Chief Executive by overseeing and monitoring RailCorp's governance, risk and control frameworks, and its external accountability requirements.

The Chief Executive authorises the Committee, within the scope of its role and responsibilities, to:

- Obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information)
- Discuss any matters with the external auditor or other external parties (subject to confidentiality considerations)
- Request the attendance of any employee, including the Chief Executive, at committee meetings
- Obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at RailCorp's expense.

Executive Risk Management Committee

The primary objective of the Executive Risk Management Committee is to oversee the strategic development and ongoing implementation of RailCorp's enterprise risk management framework for all categories of risk. In discharging it responsibilities the Committee will perform the following duties:

- Provide strategic oversight to an enterprise wide approach to the management of risk, including approval of principles, strategies and processes for the management of risk
- Evaluate significant enterprise risks that threaten or may threaten the achievement of RailCorp's objectives
- Provide direction on appropriate risk management strategies and clear lines of accountability for the management of risks
- Monitor the effectiveness of controls and/or mitigation strategies to manage significant risks
- Approve principles, policies, strategies and processes for the management of risk.

Appendix 3: Changes in Acts and subordinate legislation

Passenger Transport Act 1990

This Act was substantially amended during the 2012-13 financial year by operation of the *Passenger Transport Amendments Act (Ticketing and Passenger Conduct) Act 2012.*

Passenger Transport Amendment (Ticketing and Passenger Conduct) Act 2012

Date of commencement: 7 December 2012

The purpose of this Act is to consolidate regulation making powers to allow for future passenger ticketing and conduct offences for all transport modes into the *Passenger Transport Act 1990*, and to enable the introduction of an integrated, electronic ticketing system across the transport network.

This Act amended the *Passenger Transport Act 1990* in relation to ticketing matters with respect to travel on trains. In particular it provided for the definition of 'smartcard' and 'smartcard reader', and defined 'train' and 'railway premises' to have the same meanings as those in the Rail Safety National Law as set out in the Schedule to the *Rail Safety National Law (South Australia) Act 2012* of South Australia, but does not include any railway premises to which that Law does not apply.

The Act also introduced provisions with respect to the regulation of the public's conduct on railway premises, and brought the powers of enforcement and identification of offences on trains and railway premises under a single Act. The power of 'authorised officers' to take action to enforce compliance is now under the *Passenger Transport Act*.

As part of the implementation of a National Rail Safety Regulator and the National Rail Safety Law in early 2013, the *Rail Safety Act 2008* was repealed.

Rail Safety Act 2008

Date of repeal: 20 January 2013

This Act was repealed as part of the implementation of a National Rail Safety Regulator and the *National Rail Safety Law*.

Rail Safety (Adoption of National Law) Act 2012

Date of Commencement: 20 January 2013

This Act commenced on 20 January 2013 and applies as a law of New South Wales a national law that makes provision for a national system of rail safety as follows:

4 Application of Rail Safety National Law

The Rail Safety National Law, as amended from time to time, set out in the Schedule to the South Australian Act:

(a) applies as a law of this jurisdiction, with the modifications set out in Schedule 1, and

(b) as so applying may be referred to as the Rail Safety National Law (NSW), and

(c) so applies as if it were an Act.

The Act repealed the *Rail Safety Act 2008*. The Act also amended the Passenger Transport Act 1990 and the *Transport Administration Act 1988* with respect to the regulation of transport safety.

Rail Safety (Offences) Regulation 2008

Date of Repeal: 15 February 2013

This Regulation was repealed by operation of cl 3 of the *Passenger Transport Amendment (Passenger Conduct) Regulation 2013*, and was originally made under the *Rail Safety Act 2008*. As a consequence of the changes introduced by the *Passenger Transport Amendment (Ticketing and Passenger Conduct) Act 2012* the Regulation was taken to be a regulation made under the *Passenger Transport Act 1990*.

Transport Administration Act 1988

This Act was amended in minor respects to reflect the changes brought about by the adoption of the *Rail Safety National Law* and the repeal of the *Rail Safety Act 2008*.

Transport Administration (General) Regulation 2005

This Regulation was amended by the Transport Administration (General) Amendment (Transport Cleaning Services) Regulation 2012 and the Transport Administration (General) Amendment (Sydney Trains and NSW Trains) Regulation 2012.

Transport Administration (General) Amendment (Transport Cleaning Services) Regulation 2012

Date of Commencement: 28 September 2012

This Regulation inserted a new Part 3A into the Transport Administration (General) Regulation 2005 so as to create a new body corporate known as Transport Cleaning Services (TCS).

The functions of TCS are described by new cl 21C(1) of the Transport Administration (General) Regulation 2005 to be that it has all the functions of RailCorp with respect to cleaning and improved presentation of rolling stock, railway stations and platforms, rolling stock maintenance facilities and rail yard facilities.

Transport Administration (General) Amendment (Sydney Trains and NSW Trains) Regulation 2012

Date of Commencement: 7 December 2012:

This Regulation inserted new Parts 2A and 2B into the Transport Administration (General) Regulation 2005 so as to create the new corporate bodies known as 'Sydney Trains' and 'NSW Trains' respectively.

A note to the Transport Administration (General) Regulation 2005 states:

> 'It is proposed that Sydney Trains will operate rail passenger services predominantly in the part of the metropolitan rail area bounded by Waterfall, Macarthur, Richmond, Emu Plains and Berowra. NSW Trains will operate rail passenger services that commence and terminate in regional New South Wales. However, for operational reasons, Sydney Trains will provide rolling stock and crew for some NSW Trains services and NSW Trains will provide rolling stock and crew for some Sydney Trains services.'

Sydney Trains

Sydney Trains, as constituted under cl 9B of this Regulation, and by the operation of section 55C of the *Transport Administration Act 1988*, is a subsidiary corporation of Transport for NSW (TfNSW) and is a new NSW Government agency.

The functions of Sydney Trains are described by the new cl 9C of the Transport Administration (General) Regulation 2005. Those functions are all those matters set out in sections 6, 7, 9, 11 and 11A of the *Transport Administration Act 1988*. Those sections enable RailCorp (and now Sydney Trains) to provide for: (s6) railway passenger services; (s7) rail infrastructure functions; (s9) other transport services such as bus services; (s11) acquisition of land; and (s11A) sale, lease or other disposal of land.

Other pre-existing functions of RailCorp such as: providing goods, services or facilities to the rail industry; conducting any business that it considers will further its objectives; the ability to acquire and develop any land; and make and enter into contracts or arrangements for the carrying out of works, are now applicable to Sydney Trains. However these functions are conferred only insofar as to confer functions for the purpose of enabling Sydney Trains to exercise its functions.

By subclause 9(c)(3) the Director-General of TfNSW may give directions to Sydney Trains as to the types of railway passenger services to be operated by Sydney Trains, or give directions that otherwise restrict the functions of Sydney Trains.

NSW Trains

NSW Trains as constituted under cl 9Z of this Regulation and by the operation of section 55C of the *Transport Administration Act 1988* is a subsidiary corporation of Transport for NSW (TfNSW) and is a new NSW Government agency.

The functions of NSW Trains are described by the new cl 9Z of the Transport Administration (General) Regulation 2005, and are all those matters set out in sections 6, 9, 11 and 11A of the *Transport Administration Act 1988*. Those functions are set out above.

Appendix 4: Work, Health and Safety

RailCorp's Work Health and Safety (WHS) responsibilities are managed through its Safety Management System, which is also the vehicle by which rail safety obligations are managed.

Throughout the year RailCorp maintained its licence as a self-insurer under the *Workers Compensation Act 1987 (NSW).*

Workers compensation claims are managed through the Workers Compensation Services Division. Data for the 2012-13 year indicates as follows:

1222 injury claims were accepted by RailCorp

- 755 injury claims were accepted by RailCorp
- 283 injuries were lost time injuries
- the average cost of claims was $11,184.

RailCorp was the subject of one WorkCover prosecution during the 2012-13 year.

RailCorp runs comprehensive health and wellness programs for its employees throughout the year, details of which are provided elsewhere in this report.

Appendix 5: Privacy and Personal Information Protection Act 1998

RailCorp received one application under part 5 of the Privacy and Personal Information *Protection Act 1998* during the 2012-2013 financial year.

Appendix 6: Human Resources

Exceptional movements in wages, salaries or allowances

April 2012: 3.5 per cent salary increase for all employees covered by the RailCorp Enterprise Agreement 2010.

Industrial relations legislation, awards and agreements

Terms and conditions of employment of RailCorp's employees are governed by:

- Executive Contracts
- *Fair Work Act 2009*
- Rail Industry Award 2010
- RailCorp Enterprise Agreement 2010 (expires 31 March 2014)

RailCorp Enterprise Agreement 2010

The RailCorp Enterprise Agreement 2010 identifies a range of reform initiatives that will deliver employee related cost savings. These reforms are progressively being delivered during the life of this Agreement.

Personnel policies and practices

1. Educational Assistance

2. Learning and Development

Headcount as at 30 June 2013

Category groups	2010	2011	2012	2013
Train operations	616	633	643	603
Train crew	3377	3467	3436	3578
Station staff	2358	2435	2442	2480
Presentation services	898	853	804	749
Security	542	580	497	185*
Asset management				
- Trades	2509	2470	2779	2604
- Engineering	1255	1368	1424	990
Corporate	3433	3465	2950	2706
Other/unattached			192	256
Total	**14,988**	**15,271**	**15,167**	**14,151**

Appendix 7: Equal Employment Opportunity (EEO)

Trends in the representation of EEO groups

EEO group	Benchmark or target	2011	2012	2013
Women	50.0%	19.2%	19.5%	18.8%
Aboriginal and Torres Strait Islanders	2.6%	2.1%	1.9%	2.0%
People whose first language spoken as a child was not English	19.0%	27.9%	28.1%	28.8%
People with a disability	N/A	5.8%	5.6%	5.4%
People with a disability requiring work-related adjustment	1.5%	1.8%	1.7%	1.6%

Trends in the distribution of EEO groups

EEO group	Benchmark or target	2011	2012	2013
Women	100	94	95	92
Aboriginal and Torres Strait Islander people	100	82	83	84
People whose first language spoken as a child was not English	100	99	100	101
People with a disability	100	99	100	99
People with a disability requiring work-related adjustment	100	98	98	100

Note 1. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels.

Note 2. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Appendix 8: Transport Access Program

The Transport Access Program is an initiative to provide a better experience for public transport customers by delivering accessible, modern, secure and integrated transport infrastructure where it is needed most.

The program aims to provide:

- Stations that are accessible to the disabled, ageing and parents with prams
- Modern buildings and facilities for all modes that meet the needs of a growing population
- Modern interchanges that support an integrated network and allow seamless transfers between all modes for all customers
- Safety improvements including extra lighting, help points, fences and security measures for car parks and interchanges, including stations, bus stops and wharves
- Signage improvements so customers can more easily use public transport and transfer between modes at interchanges
- Other improvements and maintenance such as painting, new fencing and roof replacements.

The program currently consists of projects at Auburn, Bankstown, Bundanoon, Canley Vale, Cardiff, Clarendon, Dapto, Dungog, Epping, Fairfield, Glenbrook, Gordon, Granville, Glenbrook, Ingleburn, Kiama, Lindfield, Marrickville, Marulan, Mittagong, Moss Vale, Museum, Oak Flats, Oatley, Ourimbah, Pennant Hills, Padstow, Picton, Riverstone, Shell Cove, Strathfield, Sutherland, Sydenham and Waterfall.

The Minister for Transport announced a further 36 locations across NSW are to receive upgrades to station and interchange facilities.

An ongoing review is being undertaken by Transport for NSW to assess the feasibility of a number of proposed projects across the NSW public transport network. The review will take into account transport and urban planning priorities and customer experience at existing interchanges as well as an economic and business case evaluation.

Appendix 9: Multicultural Policies and Services Plan

Transport for NSW delivered its first Multicultural Policies and Services Plan to the Community Relations Commission.

After its establishment in 2011-12, TfNSW discussed with the Commission how it would develop for the Transport cluster the first multicultural Plan since the inception of the Multicultural Policies and Services program in 2009.

Under the *Community Relations Commission and Principles of Multiculturalism Act 2000*, TfNSW is required to deliver and report against current multicultural policies and services which address the CRC's *Multicultural Planning Framework*.

The TfNSW Plan outlines how it will respond to the NSW Government's multicultural objectives, and incorporate multicultural principles into TfNSW processes and systems.

The Plan was developed in consultation with a Transport cluster-wide steering committee. The Commission attended the steering committee's inaugural meeting, and has been kept informed of further meetings and outcomes.

The steering committee meets quarterly, monitoring implementation of the Plan and resulting actions. It also leads continuing development of the strategy for prioritising actions across the Transport cluster.

TfNSW identified five key objectives of the Plan that will enable its multicultural commitments to be met:

1. *Able to confidently use transport services:* Realised through taking actions to target Culturally and Linguistically Diverse (CALD) communications and programs aimed at improving understanding of how to use transport systems.
2. *Able to equitably access transport services and information:* Realised through taking actions to ensure fair and accessible transport communications, services and programs that respond to the needs of people from CALD backgrounds.
3. *Satisfied with the quality of communications and cultural sensitivity of transport service and program delivery:* Realised through taking actions to increase cultural competency across the workforce in the provision of services to CALD customers and communities.
4. *Able to have their views and concerns heard on policy and program development, and service delivery:* Realised through taking actions to ensure appropriate consultation, feedback and complaints mechanisms.
5. *Embedding multicultural activity as a core function of the transport agencies:* Realised through ensuring that processes for corporate and business Planning, and managing organisational performance demonstrate support for multicultural principles and objectives.

To meet these objectives, an action plan for strategies and actions in coming years has been developed. It is proposed that TfNSW will also develop priority actions and programs, enabling the Transport cluster to deliver the objectives.

TfNSW will develop clear strategic business drivers for implementing the principles of multiculturalism in core business practices.

TfNSW was approached by the Australian Human Rights Commission to consider a partnership agreement in supporting a National Anti-Racism Strategy, 'Racism it Stops with Me'. This program would have internal and external focuses and would be rolled out in 2013-2014.

TfNSW's Plan also delivers against the seven outcomes identified in the Commission's Multicultural Planning Framework. Significant activities have included:

Planning

TfNSW's Plan has been integrated into its corporate and business planning. Business Planning Guidelines include a requirement that the Plan is considered as part of the Planning process. All business areas within the Transport cluster recognise the need to use a variety of CALD data to inform business planning and stakeholder mapping.

Consultation and Feedback

In drawing on staff expertise across TfNSW, a cluster-wide steering committee was established. It meets quarterly.

During 2013 the Accessible and Inclusive Transport team ran a series of community consultations throughout NSW to formulate a Social Access Framework. It delivered insights for TfNSW and has identified issues regarding barriers faced by CALD customers.

A workshop targeted CALD communities, including service providers, health workers, migrant resource centres and settlement services. The feedback will be included in the Social Access Framework. Issues arising for CALD communities will be addressed by recommending ways in which TfNSW services can be tailored to be culturally appropriate and make improvements to increase accessibility.

Leadership

The TfNSW Executive has promoted the developing and implementing of the Plan across the Transport cluster. The Deputy Director General Customer Experience was appointed as the Executive Sponsor of the Plan. A multicultural Planning Coordinator has also been appointed.

Human Resources

TfNSW recognises the enhancements that can be offered to it by people from a culturally and linguistically diverse background. As part of a Corporate Shared Services Reform Program, a Human Resources Strategy is being finalised. It includes a Cluster-wide Diversity and Inclusion Plan to help create a high performance, customer-focused organisation. Diversity and Inclusion strategies to be introduced in the coming 12 months will support the Multicultural Policies and Services Plan. These include attraction and recruitment initiatives to engage with all communities, broaden the pool of applicants from culturally and linguistically diverse community, promote employee networks to facilitate consultation regarding CALD employment, and service delivery issues.

Access and Equity

TfNSW recognises there are access barriers for people from a culturally and linguistically diverse background. In the next 12 months, it will launch research to identify internal and external barriers to further inform planning, policy, program and service delivery throughout the Transport Cluster.

Communication

The Plan was published on the TfNSW intranet. An accompanying news story encouraged staff to read, contribute to and include the Plan in their everyday work. The Plan will be further promoted through internal communications channels.

To communicate road safety messages to people from a non-English speaking background, specific targeting was done by TfNSW in its road safety campaigns during 2012-2013. Advertising was aimed at reaching the Chinese, Vietnamese and Arabic communities, the three largest language groups in NSW who as a percentage do not speak English at all, or not well. The advertising was primarily directed towards males aged 25 years and over who do not speak English on a regular basis.

Campaigns which incorporated CALD advertising were:

- Speeding 'Don't Rush'
- Drink driving 'Plan B'
- Driver fatigue 'Wake up to the signs'
- Double demerits
- Mobile phone distraction 'Get your hands off it'
- School zone safety
- Child restraint fitting stations.

The communication channels used to reach these audiences included television and radio through SBS and community radio stations, and newspapers. The level of expenditure for ethnic electronic media generally exceeded the minimum requirements outlined in NSW Government Advertising Guidelines.

TfNSW also offers its road safety materials in community languages. TfNSW published a detailed brochure to help inform the community about changes to NSW road rules that came into effect on 1 November 2012. It was available in seven community languages (Arabic, Chinese, English, Greek, Italian, Turkish and Vietnamese). They were also made available from the Roads and Maritime Services website.

TfNSW translated and published the brochure, "Choose Right Buckle Right" into 12 community languages. It provides information on the laws regarding use of child restraints and advice about how to choose the correct restraint for children aged 0-12. Brochures were published in Tagalog, Indonesian, Punjabi, Samoan, Bangla, Urdu, Tongan, Italian, Macedonian, Hindi, Tamil and Assyrian.

Further, a safety workshop presentation for older pedestrians was translated into Arabic for use by community groups.

Social and Economic Development

This Illawarra region project received $10,000 funding from the *NSW Government for a Strategic Community Assistance to Refugee Families (SCARF) Homework Bus*. It is to assist students from CALD backgrounds at risk of leaving from school to attend a homework centre.

A mini-bus was provided on two afternoons a week during school terms for students experiencing transport disadvantage to their homes in Wollongong's southern suburbs.

The project delivered 2400 trips. Each homework session was attended by 25 students who received over 1570 hours of tutoring.

Travel Training for CALD residents

South West Community Transport received Community Transport Program funding to provide travel training for travel-disadvantaged CALD residents of the Liverpool and Fairfield local government areas.

Access to information about transport will be provided by one translated booklet for each area. The language would be decided according to population statistics in each.

The booklet would provide information on local services and transport options including taxi, trains, buses, the TfNSW taxi subsidy scheme, community transport, travel training, and community club courtesy buses.

Central Coast Multicultural Expo

TfNSW took part in a Central Coast Multicultural Expo in October 2012.

It was attended by 44 agencies or organisations that provided information and assistance to over 500 people from a CALD background. This included workshops, cultural displays and health checks and an opportunity to meet with service providers rather than on the phone.

TfNSW's pensioner excursion tickets, Sunday Funday and accessible buses were of particular interest.

RailCorp

In 2012, RailCorp updated the Multicultural Policies and Services Plan that was first prepared in 2010-11. This is a legislative requirement under the Community Relations Commission and Principles of Multiculturalism Act 2000. This plan contained all current multicultural programs and activities conducted within RailCorp. It also proposed future activities which, if undertaken, would ensure that RailCorp would effectively contribute to furthering the principles of multiculturalism within NSW.

The Multicultural Plan was developed in line with the Multicultural Planning Framework provided by the Community Relations Commission of NSW. The plan contained a set of actions, performance measures and outcomes for each activity, ensuring that it acts as a planning, performance evaluation and benchmarking tool.

Improved Consultation

- RailCorp had previously been liaising with the Community Relations Commission of NSW by requesting advice and feedback on the development of the Multicultural Plan.
- In October 2012 RailCorp provided information to Transport for NSW to include in their report to the Community Relations Commission on the transport operators' multicultural plans.

Multicultural Plan

- Culturally and Linguistically Diverse areas were identified in the CityRail and CountryLink networks and an action plan developed for future multicultural activities and outcomes for these areas.
- In September 2012, Transport for NSW began work on developing the TfNSW Multicultural Policies and Services Plan in consultation with key personnel across all central divisions and from each of the transport operators. This plan replaces the RailCorp multicultural plan. The TfNSW plan was finalised in February 2013 and the first quarterly report was submitted at the end of June 2013.

Community Language Allowance Scheme

This initiative encouraged multi-lingual staff to provide on-the-spot assistance to customers in their own language.

Communications

- The CityRail website contained information in 12 languages, selected to reach commuters as well as tourists and international students: Arabic, Simplified and Traditional Chinese, Korean, Spanish, Japanese, Vietnamese, German, Thai, Nepalese, French and Burmese.
- RailCorp continued to support the 131 450 translating and interpreting service, assisting culturally and linguistically diverse groups to receive service and other information in their own languages.

Appendix 10: Consumer response

Complaint issues logged in 2012-13 totalled 31,189. This is an increase of 6.32 per cent on the previous financial year's total of 29,218 complaint issues.

KPI categories showing a decrease in complaints from 2011-12 were:

- Environment
- Timetables
- Ticketing
- Claims.

The KPI category Service, dealing with levels of comfort and convenience experienced by our customers, was the greatest source of customer dissatisfaction. This KPI rose by nearly 17 per cent on the previous financial year's total, from 5346 to 6250. On-board temperature was the biggest single cause of complaint in this category. The unseasonably hot temperatures experienced in January 2013 created a spike in this KPI category, and complaints about onboard temperatures experienced an overall increase for the year from 1092 to 1430, a rise of nearly 31 per cent.

On-Time Running showed a further increase in complaint issues from 3924 in 2011-12 to 5093 in 2012-13. This is an increase of nearly 30% on the previous year's total. Again, a number of critical operational incidents on the CityRail network caused spikes in complaints, which contributed to this rise, notably 12 major infrastructure and mechanical failures between February and May 2013.

Complaints logged under the KPI Staff were the third-highest category, increasing from 3252 issues in 2011-12 to 3512, an increase of nearly 8 per cent. The majority of these complaints (1858 issues) were about station staff.

Web Lodgement of feedback continues to increase in importance. The total number of complaints logged via web channels rose by 19.2 per cent, from 11,140 in 2011-12 to 13,280 in 2012-13. This represented 42.6 per cent of all complaints lodged.

NB: Changes to data from last year/month* are the result of ongoing data correction and re-classification.

2012-13 by consumer issue type

Issue type	Total
Complaint	31,189
Query	15,245
Compliment	2876
Suggestion	1862
Total	51,172

Complaints by KPI and customer type 2012-13

KPI	CityRail	CountryLink	Infrastructure	Total
Service	5482	692	76	6250
OTR	4839	227	27	5093
Staff	3023	395	94	3512
Ticketing	2490	834	0	3324
Information	2535	182	7	2724
Facilities	2244	57	123	2424
Safety	1482	81	464	2027
Cleaniness	1692	43	232	1967
Security	1612	107	14	1733
Environment	178	4	1087	1269
Timetable	446	10	2	458
Internal Matters	210	9	41	260
Claim	131	17	0	148
Total	26,364	2658	2167	31,189

All issues received – complaints, compliments, suggestions and queries

Channel	2010-11	2011-12	2012-2013
Phone 131500	26,637	30,321	29,3115
Web lodgement	15,600	18,389	19,841
Ministerial	1073	1394	1127
Letters	1235	1135	974
Office of Environment and Heritage email	194	117	96
NSW ombudsman	275	56	10
Minister's office	31	17	8
Other	4	8	1
Total	**45,049**	**51,437**	**51,172**

All complaint issues received

Channel	2010-11	2011-12	2012-2013
Phone 131500	15,309	16,233	16,598
Web lodgement	9287	11,140	13,280
Ministerial	945	1130	969
Letters	645	544	239
OEH email	191	116	91
Minister's office	232	41	7
NSW ombudsman	20	8	5
Other	3	7	0
Total	**26,632**	**29,219**	**31,189**

All OTR complaint issues received

Channel	2010-11	2011-12	2012-2013
Web lodgement	1589	2017	2835
Phone 131500	1612	1741	2096
Ministerial	63	119	136
Letters	40	42	25
Minister's office	26	5	1
Total	**3330**	**3924**	**5093**

NB: 2011-12 was the first year that OTR complaints logged via web channels have exceeded those logged by phone. This trend has continued into 2012-13.

Appendix 11: Community Relations

RailCorp's Community Relations Unit aimed to build and grow sustainable partnerships and relationships with community groups. These ensured that RailCorp was able to conduct activities that are mutually beneficial for both itself and the community.

Developing relationships with disabled and mobility impaired groups

In 2012, Transport for NSW developed its Disability Action Plan in consultation with key personnel across all central divisions and from each of the transport operators.

Developing partnerships with charities

- The Community Relations Unit played a key role in improving RailCorp's social responsibility through its Workplace Giving Program (WGP).
- A total of $161,323 for 2012-13 was raised through employee contributions, and donated to 92 different charities and other not for profit groups.
- RailCorp continued to develop its close relationship with the major charity partner, the Child Protection Unit at the Westmead Children's Hospital.
- A total of $25,965 for 2012-13 was raised through the WGP for the refurbishment of the CPU. RailCorp worked with the hospital to organise a ceremony in March 2013 to open the CPU courtyard garden.

Developing relationships with community members

Community Relations engaged with community members including residents, businesses and schools, to inform them about trackwork, construction and other RailCorp activities that affected them.

Appendix 12: Performance and numbers of executive officers

The total number of positions with remuneration equal to or exceeding Senior Executive Service (SES) Level 1 (total remuneration package $163,000) is 316. This compares with 370 (SES) Level 1 for the 2011-12 reporting period.

Since the introduction of the RailCorp Classification Structure in 2008 there has been an increase in the number of employees engaged under contracts. This has therefore increased the number of employees that now have a total remuneration package of $163,000 and above (including superannuation).

Of the 316 positions, women hold 28 (8.8 per cent). This compares with 44 (11.9 per cent) for the 2011-12 reporting period.

As shown below, the total number of positions in receipt of remuneration equal to or exceeding SES Level 5 (total remuneration package $253,501) is 40.

Chief Executive, Robert Mason, $547,166

Led the Fixing the Trains reform program resulting in the establishment and accreditation of Sydney Trains and NSW Trains prior to the 1 July 2103 launch.

Oversaw the establishment of Transport Cleaning Services (a partnership between RailCorp and Transfield Services), with key areas of focus being to improve the presentation of rolling stock, railway stations, platforms, depots and rail yards.

Delivered on 2012-13 Rail Services Contract obligations with improved performance in the areas of customer delay, on-time running, peak incidents, operational safety and lost-time injury frequency, all achieved at a cost per revenue car kilometre 8.0 per cent better than for 2011-12.

Supported the Government's NSW 2021 objectives of minimising waiting time for customers, meeting reliability measures and improving customer satisfaction.

Oversaw delivery of $382 million in capital investment projects. Provided critical signalling and control system resources to assist Transport for NSW and their contractors in the delivery and commissioning of major capital projects such as Southern Sydney Freight Line, Kingsgrove to Revesby Quadruplication, Clyburn Junction, Liverpool turnback and Lidcombe to Granville Corridor Upgrade.

Continued introduction of new Waratah sets, offering improved customer facilities, with a total of 45 sets delivered as at 30 June 2013 (35 in financial year 2012-13).

Proactively addressed probity issues, including leadership of culture and behavioural change programs.

Director Maintenance, Gavin Campbell, $415,750

Lead the Maintenance Reform program ensuring all activities were completed to ensure the effective set up of Sydney Trains and NSW Trains.

Brought together the previous Asset Operations Group and the Engineering and Projects Group under one new Maintenance Directorate.

Continued the rollout of a Safety Improvement program resulting in a reduction in LTIFR by greater than 50 per cent over the past 12 months.

Pioneered new management initiatives including the roll out of 'Visual Management Cells' driving greater performance and accountability through the Maintenance Directorate.

Delivered a range of Customer Improvement initiatives supporting the creation of Sydney Trains and NSW TrainLink.

Accelerated the implementation of a significant efficiency program targeting $170 million worth of savings across the directorate.

Continued the rollout of a comprehensive change program using an innovative leadership development program.

Supported a large annual works program designed to improve the asset condition of the network and used this to initiated a reliability improvement program to capitalise on the systems and resource capabilities in the new environment.

Director Reform and Business Performance, David Callahan, $405,032

Successfully led the Reform Agenda within RailCorp and creation of Sydney Trains, NSW Trains and Transport Cleaning Services.

The Reform Agenda is described on pages 9 and 10 of this report.

Director Customer Service Delivery, Kieron Ritchard, $400,000

Joined RailCorp on 4 June 2013 and has since transferred to NSW Trains.

Director Operations, Anthony Eid, $385,000

Continued the Enterprise Bargaining Agreement (EBA) 2010 Crew Reform initiatives delivering savings over three years.

Led the delivery of the Security reform and established the new Fare Compliance Unit.

Achieved On Time Running to 94.4% above the target of 92%.

Achieved a 31% reduction in Signals Passed at Danger (SPADs) on 2011-2012.

Achieved Lost Time Injury Frequency Rate (LTIFR) 18.0 against a target of 31.1 with a significant reduction of 65% in Lost Time Injury (LTI) for Train Crewing.

Delivered the transition from RailCorp Operations Directorate to Sydney Trains Operation Directorate.

Director Customer Service, Elizabeth Ward, $385,000

Introduced in-transit and turnaround cleans to improve the presentation of our trains. Deep clean of carriage interiors on the older carriages (OSCARS, Silver Sets and Tangaras).

Continued program to remove internal graffiti on trains.

Outsourced cleaning through the establishment of Transport Cleaning Services; Introduced better cleaning practices from global asset manager, Transfield.

Mobile coverage made available – North Shore line to Chatswood, and City Circle loop.

Successfully piloted a program on the Illawarra Line to improve the quality and audibility of announcements (Radio School).

This was supported by the re-recording of key on-train and on-station announcements.

Introduced five real time train smart phone applications for customers and staff.

Rolled out electronic passenger information screens at an additional 16 stations.

Implemented a 24/7 Contract for all lifts and escalators repairs and fixes in the CBD/ESR. Five Lifts upgraded (three at Central; Blacktown; Bondi Junction).

Quiet Carriages made permanent on the South Coast and Blue Mountains lines.

Refreshed a further 128 Tangara carriages to improve the comfort of customers, with new seat and floor coverings, repainted interiors and fixtures, better rails and grab handles for extra standing support and improved lighting.

Introduced new uniforms for frontline station staff.

Implemented a new station management structure which removed one layer of management bringing senior managers closer to the customer.

Opal electronic ticket trial commenced in the City Circle and Eastern Suburbs.

General Manager Major Works, Wes Heron, $375,000

Joined RailCorp on 27 May 2013 and has since joined Sydney Trains.

Project Director, Public Private Partnership (PPP), Frederick Paton, $369,000

Led the ongoing procurement of 626 passenger cars for the NSW Rolling Stock Public Private Partnership (PPP). This included the ramp up of through life support activities at the Auburn Maintenance Centre along with ongoing completion of operational readiness and enabling works projects for the service introduction of the Waratah trains.

Managed key project and external stakeholder relationships and the government project governance and reporting requirements.

Led the financial, commercial, technical and safety compliance requirements for the project and oversaw the completion of safety assurance activities to achieve the accreditation variation from the regulator for the operation of the entire fleet of 78 trains in revenue service.

Oversaw the completion of 35 trains through manufacturing, testing, commissioning and award of practical completion and commencement of passenger services. Enabling works included the completion of the Chullora train disposal facility for the S Sets as they are retired and commencement of scrapping. Operational activities included transition of the integrated contract fleet management systems to Sydney Trains with training undertaken for 1000 operational staff.

Developed and implemented the plan to enable vesting of the project contracts to Sydney Trains from RailCorp with the management of the contracts and its obligations being undertaken by TfNSW on behalf of Sydney Trains with effect from 1st July 2013.

Director Finance & Corporate Services, Gary Pedersen, $356,300

Achieved an unqualified Audit Report for the year ended 30 June 2012.

Managed financial performance to bring RailCorp in better than operating budget in 2012-13.

Improved cost and efficiency of Finance and Procurement functions

Oversaw the ICT function and continued repositioning of ICT to a customer-focused function supporting key business imperatives.

Provided direction in the area of Finance and Corporate Services to the major restructure of RailCorp into Sydney Trains and NSW Trains as at 1 July 2013.

Contributed to the RailCorp reform programme.

Assumed executive responsibility for the Legal, Communications and Heritage functions.

Director Safety Environment Quality & Risk, Clare Kitcher, $347,350

Achieved full rail safety accreditation for Sydney Trains and NSW Trains.

Provided professional safety support services to managers across RailCorp, through a team of competent safety practitioners, driving a significant reduction in lost time injury rates across the organisation.

Delivered continuously improving management systems to support achievement of safe and sustainable outcomes and safety and environmental accreditation and licences.

Redesigned and implemented a new Safety Management System to improve user experience and to embed changes needed to meet WHS and the new rail safety legislation requirements.

Provided technical expertise to major capital projects in areas of safety risk, safety change/assurance and human factors.

Delivered an improving Enterprise Risk Management system to support the organisation's strategic needs.

Led the drug and alcohol system, education and testing regime.

Program Lead, Louise Hart, $332,450

Successfully led the transitional project team responsible for the establishment of Sydney Trains and New South Wales Trains.

This project is described in detail on pages 9 and 10 of this report.

Director People & Change, John Cairns, $328,000

Oversaw and drove the people element of the reform program, including approximately 700 staff reduction, establishment of reform recruitment and on-boarding campaign and the reduction in Off Roster employees, targeting improved productivity and efficiency in all Directorates.

Drove the development of performance and accountability program including the roll out of the SPACE behaviours. Led the effective transition of learning and development products and services, consistent with Transport for NSW Corporate & Shared Services Reform Program.

General Manager Maintenance Contracts & Commercial, Joseph Camilleri, $311,150

Mr Camilleri left the organisation on 15 February 2013.

General Manager Infrastructure Maintenance, John Minchin, $302,050

For the first quarter successfully led the Infrastructure Maintenance Division managing the 1200 staff, maintaining all structures, stations, track, signalling, overhead wiring and substations in the RailCorp area.

Led the transition of the Maintenance directorate in RailCorp to the new Maintenance Directorate in Sydney Trains including risk management change management and stakeholder management. The change involved 4500 staff and a number of new entities including the Asset Standards Authority.

Coaching of Front Line staff for the Leadership Program We Lead the Frontline" in Maintenance Directorate.

Actively Supporting the Target Zero commitment workshops which resulted in significant safety performance improvement.

General Manager Projects, Nigel Howlett, $301,900

Led RailCorp's infrastructure maintenance team comprising more than 1300 staff to safely deliver more than $200m of Routine Maintenance for track, signalling, electrical and facilities assets.

Successfully led a significant improvement in safety performance within the Division reducing Lost Time Injuries (LTIFR) by 70 per cent to a new low record within 12 months.

Managed change within the Division by implementing a depot rationalisation project designed to reduce maintenance depot numbers from 127 to 12 within a two year period. Successfully opened the first of 12 "centres of excellence" at Blacktown within nine months of strategy concept.

Implemented visual management cells throughout the Division facilitating a rise in maintenance compliance and a fall in maintenance backlog and defects.

Chief Health Officer, Armand Casolin, $301,050

Managed RailCorp's employee assistance and critical incident support programs and delivered RailCorp's health promotion programs including health coaching, pedometer challenge, influenza vaccination programs, health fairs and teams for the City to Surf and JP Morgan Corporate Challenge.

Managed RailCorp's automated external defibrillator (AED) program, with 105 AEDs deployed and four lives saved since 2009.

Conducted Authorised Health Professional training, with 84 health professionals completing retraining or an initial induction during 2012-13.

Managed a supplier contract with Australian Rail Technology to manufacture the Railway LED Lantern test (previously known as the RailCorp lantern) to order. Twelve lanterns have been sold to date to rail operators and health service providers in Australia and New Zealand, with RailCorp receiving a fee for each unit sold.

Provided medical case management advice on a variety of issues including rail safety health assessments, drug and alcohol testing, non-liability and return to work.

Executive General Manager Finance, Peter Crimp, $292,150

Achieved an unqualified Audit Report for the year ended 30 June 2012.

Managed the provision of timely and relevant financial information to both internal and external users.

Managed the preparation of RailCorp's financial statements and the associated external audit arrangements.

Managed the financial budgeting, forecasting and reporting processes.

Led the review and enhancement of financial systems and processes for the new rail entities.

Coordinated RailCorp's relationship with the Airport Link Company Pty Ltd.

Engineering Technical Director, Peter Guy Collishaw, $291,700

Responsible for leading Engineering and Technical aspects of the Waratah Rolling Stock Public Private Partnership (PPP) project. The Waratah fleet now operating in revenue service reached forty five sets by 30 June 2013. The fleet has continued to operate with satisfactory reliability and availability performance.

During the last twelve months the team has continued to apply rigorous processes for on-going inspections, reviews and audits throughout the design, procurement, manufacturing and testing processes to identify any concerns at the earliest point in the project life cycle.

The Engineering and Technical team is based over four locations; At CRC's manufacturing facility in Changchun (China), at Downer Rail's manufacturing facility in Cardiff, at Downer Rail's maintenance centre at Auburn and in the Waratah PPP Project Office in Sydney.

Led the technical safety assurance support enabling accreditation from the regulator for the full complement of 78 trains.

The Technical team has continued to support the review of proposed design changes to ensure that the Sets continue to meet the Contract and Network (Engineering Authority) requirements.

The process for achieving the Final Completion Milestone – where the Sets have achieved pre-determined reliability requirements, are available for revenue service and have had all associated Minor Defects rectified and / or resolved has been developed.

General Manager Operations Support, Ian Hill, $289,650

Managed the 2010 Enterprise Agreement Crew Reform initiatives and delivered more than $12 million in savings in year three.

Directed implementation of improvements in crew bus travel times at two depots.

Completed safety change and consultation ready for the implementation of new train preparation procedures for the electric fleet.

Reviewed technical reports and updated standards affecting crew tasks with rollingstock engineers.

Contributed to a reduction in noise at tunnels. Continued the development of new yard warning systems.

Proposed and gained technical endorsement for the trial of platform gap filler to improve safety at the platform train interface.

General Counsel, Irene Rusak, $289,400

Managed the legal requirements together with Transport for New South Wales for the RailCorp Reform "Fixing the Trains" Program, including the establishment of rail subsidiary Corporations; Sydney Trains, NSW Trains and Transport Cleaning Services.

Developed the Corporate Governance Frameworks for Sydney Trains and NSW Trains for commencement of operations on 1 July 2013.

Provided strategic and legal advice and ongoing support to the Chief Executive and members of the Executive.

Provided governance and secretariat support to the Executive Management Committee, the RailCorp Audit and Risk Committee and the RailCorp Safety Committee.

Managed the provision of legal services to RailCorp and managed the provision of external legal services.

Managed the RailCorp internal investigations function.

Provided administrative support to the internal audit function.

General Manager Asset Planning & Performance, David Spiteri, $287,350

Coordinated the delivery of the $1.1 billion maintenance program for the Operational Assets Plan. All maintenance works delivered.

Further developed RailCorp's Total Asset Management System.

Developed the Asset Management Plans and the Strategic Asset Maintenance Plan for Operational Assets for inclusion in the Transport for NSW Total Asset Management Plan.

Developed a number of Initiatives to reduce asset costs (ie Asset Simplification).

Member of the RailCorp Reform Team: Developed new Operating Model.

General Manager, Chief Engineer, Jim Modrouvanos, $285,900

Successfully led the establishment of the Asset Standards Authority (ASA) within Transport for NSW.

Successfully led the transition of the Asset Standards Authority from the setup phase to the operational phase.

Established and led a multi-disciplinary project management team comprising staff from the public and private sectors.

Managed the establishment of the support facilities including finalisation of establishment, budgets and the fitout of office facilities.

Undertook three industry briefing sessions on the new arrangements as well as six targeted briefings with major rail industry suppliers.

Led the development of the new framework for Authorised Engineering Organisations.

Supported and guided the North West Rail Link team to incorporate the new requirements in their processes.

Managed the transition of standards from RailCorp to the ASA website.

Managed the ASA relationship with the Rail Safety Regulator.

Jim Modrouvanos was appointed Director Asset Standards Authority on 1 July 2013.

Director Office of Rail Heritage, Marianne Hammerton, $284,950

Delivered priorities under RailCorp's Heritage Asset Managment Strategy including:

Gained Minister for Heritage approval of specific exemptions from submitting a range of rail maintenance activities for external (Heritage Office approval):in house approval is generating significant reductions in project approval and delivery times.

Completed the Railway Conservation Guide (online resource) making guidelines for maintenance and upgrade works readily accessible.

Successfully managed RailCorp's interests in "not-for-profit" subsidiary Trainworks Ltd in Trainworks second year of operation: achieving 83,000 visitors since the attraction's opening.

Commissioned and launched at Trainworks a rail heritage education program for primary school children aligned with the national curriculum,generating a significant increase in school visitation and consistently positive feedback from teachers.

Designed and implemented the heritage function in Sydney Trains and transitioned management of heritage assets assigned to community groups to the direction of TfNSW.

Led the reform Removing Bureaucracy program to deliver priorities including the successful pilot of a stations related process improvements to release time for customer service.

General Manager Communications & Control Systems, Julian Richards, $284,150

Led a customer-focused division with 60 per cent improvement in reliability against target and all Customer Charter/customer facing projects delivered, including first two stages of City Underground mobile phone coverage expansion, the Real-Time Train Application Project (the Smartphone App), Wi-Fi implementation & maintenance and passenger information delivery programs.

Championed the safety culture in a division that has recorded five lost time injuries in three years with innovative leadership, safety workshops and messaging.

Achieved $7.3 million of sustainable savings.

Developed and managed the construction, and then implementation, of the new Infrastructure Control Operations Centre (ICON) resulting in a single maintenance centre for operations.

Strengthened a succession planning environment within the division, creating opportunity for the development of all staff including those representing minority groups.

General Manager Rollingstock, David Fillipetto, $279,850

Mr Fillipetto left the organisation on 29 May 2013.

General Manager Customer Service, William Cowan, $271,000

Was Operations Reform Stream Lead in the RailCorp Reform Program. Recruited and formed the Operations Reform team for the Program.

Developed plans for Crew efficiencies across the network for both Sydney Trains and NSW Trains with the potential for significant cost savings when implemented.

Developed and defined the Operations Reform program based on the Fixing the Trains Blueprint and managed the Operations Reform Team and program.

Developed IR initiatives and strategies for inclusion in the Enterprise Agreement 2014.

Developed and documented Operations Reform initiatives to deliver improved crew productivity with the potential to deliver significant efficiencies and savings when implemented.

General Manager Professional Services, Philip Pearce, $270,550

Transferred projects successfully to Transport for NSW including: Digital Train Radio, Automatic Train Protection, Emergency Door Release, Traction Supply Upgrade and Lidcombe-Granville Corridor Upgrade Project

Established the Asset Standards Authority prior to transfer to Transport Projects Division of TfNSW.

Set up Engineering and Systems Integrity Division in Sydney Trains.

Managed the transfer of functions to TfNSW.

Managed the recruitment of managers for Engineering and System Integrity.

Managed technical issues input to the Rail Services Contracts (NSW Trains and Sydney Trains), specifically Schedules 12 and 13, Projects.

Established the Authorised Engineering Organisation (AEO) – Existing projects to successfully transition Network Authority from RailCorp to TfNSW without loss of output.

Gained AEO status for Sydney Trains.

Delivered 340 design schemes against a target of 275, and previous outputs of 190.

Led key investigation into overhead wiring failures.

Led the Standards review/reform process including transition to the Asset Standards Authority.

Led process to reduce turnaround times of reviews to industry by 70%.

Commercial Director, Stephen Kroon, $270,200

Provided relevant financial budgeting, forecasting and reporting of the Waratah PPP Project to key project and external stakeholders within the government's project governance and reporting framework.

Managed financial cash flow requirements to align with capital and operating expenditure on the Waratah PPP Project as trains are delivered and enter passenger service.

Managed recovery of scrap metal value on disposal of the non air-conditioned trains.

Managed the bank guarantee security and insurance arrangements for the Waratah PPP project.

Delivered certification and validation of requirements for payment under the PPP Contract.

Analysed and provided financial advice in negotiation of PPP Contract variations.

Maintained and updated the PPP accounting model, enabling RailCorp to meet its statutory disclosure requirements. This included capitalisation of enabling projects and trains as each train achieved practical completion.

Managed external and internal audits conducted in regard to the PPP Project.

Implemented the Waratah PPP Contract management system and subsequent enhancements to improve administration of the payment mechanism of the PPP Contract.

General Manager Asset Management, David Cameron, $270,000

Joined RailCorp on 6 May 2013 and has since transferred to Sydney Trains.

General Manager Strategic Procurement, Mike Blanchard, $268,000

Joined RailCorp on 17 June 2013 and has since transferred to Sydney Trains.

Manager Asset Scheduling & Production Planning, Bryant Croucher, $267,400

Led the Master Schedule, Demand Planning and Strategic Track Possession teams, to optimise resource allocation, improve efficiencies and access opportunities for Routine, Major Periodic and TfNSW Capital Project delivery, including exceeding targets for Major Periodic Maintenance in the CBD and overall

Led further change to possession management and project interface safety and embedding of new processes.

Led the integration of Infrastructure Maintenance Delivery Support teams into the new Asset Management Division ready for Sydney Trains commencement.

Led team responsible for the review of major TfNSW capital projects deliverability during the early stages of a project life cycle to ensure critical internal resources and access is available, leading to efficiency improvements.

Provided strategic support for the acceleration of the CBD upgrading program to deliver outcomes 12 months earlier.

Developed and implemented a project ranking tool for TfNSW major capital works and Sydney Trains works that involves the allocation of critical resources. Tool accepted within Sydney Trains and TfNSW.

General Manager Infrastructure Renewals, Tanya Johnstone, $266,500

Led a safety culture improving lost time injuries (LTIFR) by 86 per cent in 12 months, focusing on safety behaviours, staff engagement and targeted safety initiatives.

Led RailCorp's infrastructure construction team through a considerable time of change. Managed 1,000 staff members, in partnership with the rail supply industry, to safely deliver more than 1,000 projects valued at $300 million to support the rail infrastructure modernisation program.

Successfully supported major projects including commissioning of the Kingsgrove to Revesby Quadruplication, substation and station upgrades and commissioning, overhead wiring modernisation, track upgrading, turnout renewals and the bridge renewal program.

Alliance Board Member for the Track Service Alliance with John Holland Group to deliver a significant turnout renewal program.

Successfully managed key maintenance reform initiatives, including the establishment of Major Works Division in Sydney Trains. Driver of reform initiatives within Infrastructure Renewals focusing on leadership and capability development, a culture of accountability and commercial business reform.

General Manager Enterprise Portfolio Management Office, Sandra Halpin, $265,000

Managed the 10 Year Capital Investment Portfolio including total capital planning, investment selection and analysis, investment trade-offs and structure of the portfolio.

Designed and implemented the enterprise wide reform of the EPMO and investment management practices of the NSW passenger rail operators.

Management of the capital funding approval governance and processes, including leading the ongoing maturity and development of the capital funding approval governance processes.

Managed the ongoing development enterprise Project Management Methodology.

Managed the program of capital project health checks and reviews to deliver improved project delivery and outcomes.

Primary interface with Transport for NSW on the Rail Capital Program.

General Manager Business Planning & Commercial, Rick Naylor, $260,000

Joined RailCorp on 3 June 2013 and has since transferred to Sydney Trains.

General Manager Customer Service CBD, George Stojkovski, $260,000

Joined RailCorp on 25 March 2013 and has since joined Sydney Trains.

Deputy General Counsel, Heather Oswald, $258,750

Ms Oswald left the organisation on 4 August 2012.

General Manager Business Services, Steven Beasley, $258,050 (to 1 January 2013)

Delivered operational business support shared services functions to RailCorp within budget.

Contributed to all aspects of the Transport Shared Services vision, strategy and operating model.

Delivered essential support from Transport Shared Services for the commencment of NSW Trains and Sydney Trains project.

Contributed to the leadership of the Enterprise Resource Planning (ERP), Procurement, Time Capture To Pay and Auto Logbook projects.

Major contributor to the introduction of the Intellisuite Rec Tool and Revenue Rec Tool to enhance the matching process of banking transactions.

Implemented ACL software to cross reference payments between Accounts Payable and Purchasing card in order to identify or minimise duplicate payments.

Deputy General Manager, Frank McCormack, $257,400

Mr McCormack left the organisation on 1 August 2013.

Operations Manager, Tom Stuber, $256,250

Led the track reconstruction, track production and civil construction teams of more than 400 staff to deliver $233m of major periodic maintenance for the annual works program. Major work programs included turnout renewals, track reconditioning, re-railing and re-sleepering, ballast cleaning, bridge renewals and platform reconstruction and resurfacing.

Continued to consolidate and refine team structures to improve project delivery while reducing staff numbers from 404 to 385.

Delivered significant improvements in safety performance by focusing on safe behaviour, staff engagement and implementation of the targeted safety initiatives. Also promoted Target Zero safety initiative for frontline staff. Achieved improved safety performance and a reduction in LTIFR from 11.9 to 2.7.

Supported maintenance reform including working with Plant Hire Services to streamline procurement of hired plant for major works programs and improving safe and cost effective delivery of projects.

General Manager Risk, Jamie McDonald, $247,450

Delivered the accreditation of Sydney Trains and NSW Trains through the delivery of the risk management, safety assurance and human factors elements of the Sydney Trains and NSW Trains SMS.

Managed the development of the Sydney Trains and NSW Trains Safety Risk Registers.

Supported the successful transfer and risk acceptance, safety assurance and human factors activities of major projects to the Transport Projects Division of TfNSW.

Oversaw the delivery of risk and safety assurance activities for all RailCorp reform initiatives.

Delivered the risk management, safety assurance and human factors elements of the RailCorp SMS.

Delivered annual known safety risk performance reporting.

Appendix 13: Government Information (Public Access) Act 2009

Background

Under section 125(1) of the *Government Information (Public Access) Act 2009*, RailCorp is required, as a NSW Government agency, to report annually on details and outcomes of access applications received during the relevant period. Statistical information is provided in the form required by schedule 2 of the Government Information (Public Access) Regulation 2009.

Under clause 7 of the Regulation, the report may be tabled in RailCorp's Annual Report.

The following report is provided in respect of the 12 month period 1 July 2012 to 30 June 2013.

Discussion

RailCorp continues to actively open government information to the public through the release of information proactively, informally and in response to formal access applications.

The following summary details informal requests for information and access applications received or processed during the reporting period;

- A total of 506 applications received, comprising;
  - 155 formal applications (the subject of Table C of Annexure 'A' below)
  - 2 matters referred to RailCorp for consultation
  - 349 informal requests for information
- 496 decisions regarding release of information, comprising;
  - 152 decisions in regard to formal access applications (the subject of Tables A, B, D, E, F, of Annexure 'A' below).
  - 2 decisions regarding consultation
  - 342 decisions on informal release of information

As required under Clause 7 and Schedule 2 of the Regulation, Annexure 'A' to this report provides statistical information regarding formal access applications and details RailCorp's proactive release program.

Analysis

The reporting period saw a reduction in requests for government information received (506) when compared to the previous year (654).

Notwithstanding, the number of formal access applications received (155) represents a 12% increase when compared to 2011/12.

Of the 152 formal access determinations made in the period, 152 were decided within the statutory or agreed timeframes. For those applications where it was found that the information requested was held by RailCorp, 88% of determinations were granted full or part access.

Additionally, in accordance with section 8 of the *GIPA Act*, RailCorp released government information in responding to 342 informal requests during the period.

Annexure A – Obligations under the GIPA Act

1. Review of proactive release program Clause 7(a)

In accordance with section 7(3) of the *GIPA Act*, RailCorp conducted a review of its program to proactively release information that can be made publicly available. Under the Act this review must be undertaken at least once every 12 months.

RailCorp's program for the proactive release of information involves:

- Publication of a wide range of data and information regarding the delivery of passenger rail services by RailCorp on its website and in other forms
- Regular review by RailCorp's business units of information held that may be of interest to the public
- Consideration by the GIPA office of frequently requested information for proactive release

During the reporting period, RailCorp reviewed its program by;

- Assessing information published on its website
- Identifying new project and plan information to ascertain material which may be of interest to the public
- Assessing newly created information for proactive release
- Examining requests for information received and reviewing information detailed in RailCorp's disclosure log, providing feedback to business units regarding potential future proactive release.

As a result of this review, RailCorp released the following information proactively:

- Updated passenger statistics, service performance indicators and data, including on-time-running information and benchmarking reports
- Information on new projects and plans including:
  - Rolling Stock Public Private Partnership project
  - Rolling Stock Level 3 Maintenance and Logistics Services
- Progress reports on RailCorp's drug and alcohol testing program
- Digital Train Radio System updates
- Details of new programs, intiatives, trackwork, service changes and events.

2. Number of access applications received – Clause 7(b)

During the reporting period RailCorp received a total of 153 formal access applications, which includes withdrawn applications, but not invalid applications.

3. Number of refused applications for Schedule 1 information – Clause 7(c)

During the reporting period, RailCorp refused a total of six formal access applications because the information requested was information referred to in Schedule 1 to the *GIPA Act*. Of those applications, four were refused in full, and two refused in part.

4. Statistical information about access applications – Clause 7(d) and Schedule 2

Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	8	7	5	4	0	1	8	7
Members of Parliament	7	6	1	1	0	1	7	6
Private Sector Business	11	6	1	3	0	4	11	6
Not-for-profit organisation or community group	2	1	1	0	0	0	2	1
Members of the public (application by legal representative)	29	2	4	7	0	1	29	2
Members of the public (other)	26	2	2	6	1	2	26	2

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Personal information applications*	45	4	7	9	0	3	45	4
Access applications (other than personal information applications)	35	19	7	11	1	6	35	19
Access applications that are partly personal information applications and partly other	3	1	0	1	0	0	3	1

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	5
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	5
Invalid applications that subsequently became valid applications	3

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

Reason for invalidity	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	4
Executive Council information	0
Contempt	1
Legal professional privilege	1
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

Reason for invalidity	Number of occasions when application not successful
Responsible and effective government	17
Law enforcement and security	8
Individual rights, judicial process and natural justice	17
Business interests of agencies and other persons	14
Environment, culture, economy and general matters	0
Secrecy provisions	2
Exempt documents under interstate Freedom of Information legislation	1

Table F: Timeliness

Reason for invalidity	Number of occasions when application not successful
Decided within the statutory timeframe (20 days plus any extensions)	142
Decided after 35 days (by agreement with applicant)	10
Not decided within time (deemed refusal)	0
Total	**152**

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

Reason for invalidity	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	1	1
Review by ADT	0	0	0
Total	**0**	**1**	**1**

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

Reason for invalidity	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Appendix 14: Implementation of IPART fare determinations

In January 2013, the government increased single CityRail fares by 20 cents and weekly tickets by $1.00. This represented an average increase of 3.4 percent, which was less than the increase allowable under IPART's maximum fare determination.

Appendix 15: Investment management performance

In the year ended 30 June 2013, RailCorp invested surplus funds with Westpac and NSW Treasury Corporation 11am call deposits. The interest earned was 3.29% on the funds invested. During the same period, the benchmark NSW Treasury Corporation Hour Glass Investment Facility was 3.69%.

Appendix 16: Liability management performance

In the year ended 30 June 2013, RailCorp's cost of funds was 4.98% against the benchmark of 5.39%. The benchmark debt portfolio comprised an equal weighting of short and long term debt instruments. RailCorp's debt portfolio was heavily weighted in low yielding short term debt in this financial year which resulted in the lower cost of funds.

Appendix 17: Consultants

Consultant	Projects	Costs ($)
Contracts of $50,000 or more		
Organisational review		
Headway Consulting Group Pty Ltd	OH&S Safety Improvement Program Management for Asset Operations Group	777,100
Miyow Pty Ltd*	Analysis of options for RailCorp Reform Program	599,975
Kreab Gavin Anderson	Analysis of options for RailCorp Reform Program	203,000
Rail Advisory Services Pty Ltd	Analysis of options for RailCorp Reform Program	144,805
The Connolly Partnership	Strategic Communication Advice	119,906
Michael Scanlan	Analysis of options for RailCorp Reform Program	58,626
Robert Thomas	Analysis of options for RailCorp Reform Program	54,838
Booz and Company (Aust) Pty Ltd*	Assist with the development of "interim state" operating models for Sydney Trains and NSW Trains in preparation for implementation on 1 July 2013.	1,206,000
Total contracts of $50,000 or more	**(8 contracts)**	**3,164,250**
Total contracts of $50,000 or less	**(4 contracts)**	**66,178**
Total expenditure in 2012-13**		**3,230,428**

*Note that Miyow Pty. Ltd. and Booz and Company (Aust) Pty Ltd were engaged by TfNSW but paid by RailCorp at the request of TfNSW.

**Capital Expenditure $241,205.

Appendix 18: Overseas travel

Officer name	Date	Destination	Purpose of travel
Peter Handel	9-27 Jul 2012	China	For the rolling stock PPP contract: to undertake quality assurance and compliance review of the Waratah train build at the Changchun Railway Vehicles Co. Ltd (CRC) in conjunction with Downer EDI Rail prior to the shipment of train cars from China to Australia
Richard Nabkey	13-24 Aug 2012	China	For the rolling stock PPP contract: to witness Waratah Re-Qualification Testing at CRC
Mayo Mahendran	13-24 Aug 2012	China	For the rolling stock PPP contract: to witness Waratah Re-Qualification Testing at CRC
Guy Collishaw	4-13 Sept 2012	China	For the rolling stock PPP contract: to undertake quality assurance and compliance review of the Waratah train build at the Changchun Railway Vehicles Co. Ltd (CRC) in conjunction with Downer EDI Rail prior to the shipment of train cars from China to Australia
Phil Callinswood	4-13 Sept 2012	China	For the rolling stock PPP contract: to undertake quality assurance and compliance review of the Waratah train build at the Changchun Railway Vehicles Co. Ltd (CRC) in conjunction with Downer EDI Rail prior to the shipment of train cars from China to Australia
Daniel Thomson	19-29 Oct 2012	Italy	To inspect Mechanised Track Patrol Vehicles
John Cumarasamy	19-29 Oct 2012	Italy	To inspect Mechanised Track Patrol Vehicles
Peter Handel	22 Oct-2 Nov 2012	China	For the rolling stock PPP contract: to undertake quality assurance and compliance review of the Waratah train build at the Changchun Railway Vehicles Co. Ltd (CRC) in conjunction with Downer EDI Rail prior to the shipment of train cars from China to Australia
John Turner	27 Nov-2 Dec 2012	New Zealand	To attend Australian and New Zealand School of Government Executive Master of Administration
Phil Callinswood	6-12 Jan 2013	China	Tests for Train 31 and General Manufacturing Review
John Cumarasamy	18 Jan-2 Feb 2013	Italy	To conduct testing on Mechanised Track Patrol Vehicles
Nick Thompson	18 Jan-2 Feb 2013	Italy	To conduct testing on Mechanised Track Patrol Vehicles
Peter Handel	25 Feb-8 Mar 2013	China	For the rolling stock PPP contract: General Manufacturing Review
David Kippist	25 Feb-8 Mar 2013	China	For the rolling stock PPP contract: General Manufacturing Review
Mark Ripoche	27 Mar-10 Apr 2013	China	For the rolling stock PPP contract: to review Waratah Build Quality Review
Peter Goodley	2 Apr-26 Apr 2013	China	For the rolling stock PPP contract: to review Waratah Build Quality Review
Maria Pon	3 Apr- 12 Apr 2013	China & Sri Lanka	To conduct due diligence of Dina Corporate off-shore uniform manufacturers for Sydney Trains station staff uniforms

Officer name	Date	Destination	Purpose of travel
Peter Handel	16 May-30 May 2013	China	For the rolling stock PPP contract: to review Waratah Build Quality Review
Richard Nabkey	1 Jun-7 Jun 2013	China	For the rolling stock PPP contract: to undertake quality assurance and compliance reviews of the Waratah train car
Malcolm Stones	1 Jun-7 Jun 2013	China	For the rolling stock PPP contract: to undertake quality assurance and compliance reviews of the Waratah train car

Appendix 19: Land disposals

In the year ended 30 June 2013, RailCorp had no proceeds from land disposals in excess of $5 million.

Appendix 20: Funds granted to non-government agencies

RailCorp paid the NSW Railway and Tramway Ex-services Association a grant of $750 during 2012-13, being an annual contribution to the association. The target group benefitting from the grant are ex-railway employees. The same amount was paid in 2011-12.

Appendix 21: Credit Card certification

Credit Card use in RailCorp has been in accordance with the requirements of the Premier's memorandum and the Treasurer's directions.

Appendix 22: Research and development

The Co-Operative Research Centre for Rail Innovation (CRC) is a seven-year collaborative venture between major Australasian rail industry organisations and seven leading Australian universities, and is supported by the Commonwealth Government. The CRC's final year will be 2013-14.

Research areas and topics are driven by the industry, carried out by research experts, supported by key industry personnel with the aim of resulting outputs being adopted by the rail industry.

RailCorp has been involved in 72 of the more than 100 projects the CRC board has commissioned to date. Projects undertaken during 2012-13 cover a diverse range of issues, such as e-learning, rail noise, asset management training, rail defects, and the development of several rail-specific tertiary education courses.

Under the Commonwealth Agreement for the CRC, RailCorp provides an annual cash contribution of $285,000, a commitment of three full-time equivalent persons (FTEs) in 'staff-in-kind' (time contributed in relation to the CRC by RailCorp personnel during the course of normal employment), and the equivalent of $570,000 'non-staff-in-kind benefit'.

Appendix 23: Major works in progress

RailCorp has a wide range of works in progress at 30 June 2013 including the following:	Cost to date $ million	Forecast completion (year)
Clearways	1926	2014
South West Rail Link	1242	2015
Waratah rolling stock - enabling and ancillary works	577	2014
North West Rail Link	509	2019
Traction supply upgrade (Waratah A-sets)	342	2016
Northern Sydney freight corridor	161	2016
Digital train radio system	139	2015
Lidcombe Granville Corridor upgrade	123	2017
Automatic train protection	107	2017
Wynyard walk	78	2015
Outer suburban cars - tranche 3	455	2013

Appendix 24: Payment of accounts (GST included)

Outstanding invoices by age at the end of each quarter

Quarter	Current (i.e. within due date) $ million	Less than 30 days overdue $ million	Between 30 and 60 days overdue $ million	Between 60 and 90 days overdue $ million	More than 90 days overdue $ million
September 2012	37.5	0.2	0.5	0.9	0.2
December 2012	35.7	0.2	0.1	0.0	0.2
March 2013	37.2	3.6	0.2	-0.2	0.3
June 2013	42.2	1.1	0.1	0.1	0.1
Small business suppliers					
September 2012	0.3	0	0	0	0
December 2012	0.4	0	0	0	0
March 2013	0.7	0	0	0	0
June 2013	1.1	0	0	0	0

Accounts paid on time within each quarter

Measure	Sept	Dec	Mar	Jun
Number of accounts due for payment	56,539	49,396	41,451	48,387
Number of accounts paid on time	51,117	45,493	37,385	44,949
Actual % accounts paid on time	90.4%	92.1%	90.2%	92.9%
$ amount of accounts due for payment	$704.0M	$914.1M	$522.3M	$662.1M
$ amount of accounts paid on time	$434.7M	$655.9M	$391.0M	$605.9M
Actual % accounts paid on time (based on $)	61.8%	71.8%	74.9%	91.5%
Number of payments for interest	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small business suppliers				
Number of accounts due for payment	1,053	928	865	1,025
Number of accounts paid on time	1,012	899	825	976
Actual % accounts paid on time	96.1%	96.9%	95.4%	95.2%
$ amount of accounts due for payment	$4.3M	$3.4M	$3.0M	$5.3M
$ amount of accounts paid on time	$3.9M	$3.4M	$2.9M	$5.1M
Actual % accounts paid on time (based on $)	90.2%	98.3%	95.6%	97.4%
Number of payments for interest	4	0	4	1
Interest paid on overdue accounts	$203	$0	$430	$59

Appendix 25: Controlled entity and subsidary disclosure

Trainworks Ltd

Name

Trainworks Limited
ABN 59 147877 772
Trading as *Trainworks*

Trainworks Ltd was registered on 15 December 2010 and commenced operations on 4 April 2011. Trainworks Ltd is a subsidiary controlled entity of RailCorp with a special purpose to operate the rail heritage site at Thirlmere. It is a company limited by guarantee and RailCorp is the sole member.

Purpose

Trainworks Ltd was established by RailCorp to meet RailCorp's obligation to preserve and manage identified rail heritage assets of the state of New South Wales not required for the delivery of essential daily commuter services. Creation of the company enables these obligations to be met separately from RailCorp's core business as an operating transport agency.

Objectives

Trainworks Ltd is registered as a charitable institution to operate a cultural facility (museum) known and trademarked as *Trainworks*. It has its own independent governing board and management team and is required to apply all income and property to benefit its rail heritage preservation and promotion objectives.

Operations

Trainworks Ltd operates from the RailCorp-owned facility at Thirlmere NSW, which it occupies under a formal Custody Management Agreement. Trainworks Ltd manages the site and controls public access to the heritage collection items on display there. It receives limited interim financial support allocated from RailCorp's Heritage Budget under a Funding and Member's Deed.

Core business

- Trainworks core business is to promote and deliver an engaging and enjoyable visitor experience at Trainworks, by making the remarkable Rail Heritage Collection accessible
- providing quality experiences to delight and engage visitors
- encouraging repeat visitation

Note: Trainworks Ltd – a controlled entity of RailCorp is required to prepare a separate Annual Report. Their Financial Statements are not separately disclosed in the RailCorp Annual Report.

Performance targets and measures for 2012-2013

	KPI	Target	Actual
1	Achieve balanced break-even result for 2012-2013	Break-even	$82,635
2.1	Achieve visitation growth of 15 per cent per annum	Museum visitors 22,866 Special event visitors 14,984	Museum visitors 23,553 – 18% increase on previous year Special event visitors 15,522 – 36% increase on previous year
2.2	Visitation revenue	$842,278	$759,403
3	Expand market presence and visibility via website and media attention	Establish social media as part of the Trainworks brand	84,922 unique website visitors (2012: 51,582) 418,511 page views (2012:338,326) 149 mainstream and regional media articles (2012: 130) 7 TV spots 2,391 Facebook site (2012: 443 likes) Friends of fans reach in excess of 540,138 (2012: 128,000)
4	Refinement of essential business and risk management systems	Enhance emergency preparedness, environment safety	Operational and Long Term Environmental plan implemented. Emergency preparedness plan developed and implemented.
5	Optimise key stakeholder relationships and develop cooperative partnerships on site and within local and regional community	RailCorp NSW Rail Transport Museum	1. Funding and members deed with RailCorp in place. 2. Custody Management Agreement re assets with RailCorp in place. Continued liaison with Rail Transport Museum management team.

Commentary: Trainworks has established itself as an important part of the visitor economy in the Wollondilly region. Visitation growth of 25% during the financial year has shown there is a strong public interest in NSW rail heritage. Volunteer engagement continues to grow as further products are developed and implemented. Education Program launched aligned with National School Curriculum for Primary School students with a 770 student take up in first six weeks.

Transport Cleaning Services

Name
Transport Cleaning Services
ABN 90 744 953 255

Transport Cleaning Services was constituted as a public subsidiary corporation of RailCorp on 28 September 2012 and commenced cleaning operations on 2 February 2013.

Purpose

Transport Cleaning Services has all the functions of RailCorp with respect to cleaning and improved presentation of rolling stock, railway stations and platforms, rolling stock maintenance facilities and rail yard facilities.

Primary Objective

The primary objective of Transport Cleaning Services is to:

- provide an environment which will foster improvement and innovation in the delivery of the Services and the Cleaning Services;
- improve the quality of the Cleaning Services;
- provide accountability for the performance of the Cleaning Services; and
- achieve best value for money in the performance of the Services and the Cleaning Services

Operations

Transport Cleaning Services operates from the RailCorp-owned facility at Thirlmere NSW, which it occupies under a formal Custody Management Agreement. Trainworks Ltd manages the site and controls public access to the heritage collection items on display there.

Performance targets 2012-13

- Deliver services with budget result for the year ending 30 June 2013.
- Establish essential business and risk management systems.
- Set cleaning benchmarks (during three month period November 2012 to January 2013.
- Improve cleaning benchmark outcomes (Target 5% per quarter) from February 2013.
- Deliver projects as agreed with RailCorp (Seat Cleaning Blitz and External Graffiti Removal Blitz, and Station Deep Cleans).

Performance measures for 2012-2013

Transport Cleaning Services must for the Term of the Agreement meet or exceed all KPIs and Threshold Performance Minimums for Cleaning Services.

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Including Compliance Index

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