



ANNUAL REPORT
2013-2014

TASRAIL
Our future on track



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Tasmanian Railway Pty Limited

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MISSION

To be a world class, vertically integrated, short haul freight railway.

Achieving this ambitious goal requires TasRail to continuously challenge traditional thinking and to relentlessly pursue value adding activities with customers and within the context of its business plan. Simultaneously, TasRail aspires to achieve operational excellence across all aspects of the business, particularly safety, service quality and operational efficiency.



ABOUT TASRAIL

As an integrated business, TasRail is committed to deliver transport and logistics solutions that are safe, reliable, financially and environmentally sustainable.

Tasmanian Railway Pty Ltd (TasRail) is a State-Owned Company established on 1 December 2009 by an Act of the Tasmanian Parliament.

The principal objectives of the business are set out in the *Rail Company Act 2009* and require the Company to:

- Operate a rail business in Tasmania, effectively and efficiently;
- Operate its activities in accordance with sound commercial practice; and
- Maximise sustainable returns to its Shareholder Members.

As a vertically integrated, short haul, freight rail business, TasRail was created by combining the Below Rail assets (that the State had assumed responsibility for in 2007) with all of the Above Rail and Business Assets purchased from Pacific National in late 2009, including Emu Bay Railway.

Administration of rail funding from the Australian Government transferred to TasRail late in 2009 from the Rail Management Branch within the then Department of Infrastructure, Energy and Resources.

This completed the amalgamation of the whole operating rail network within Tasmania, along with responsibility for the upgrading of the Below Rail and Above Rail elements of the business.

ABOVE RAIL

The Above Rail business operates terminals, bulk handling and shiploading facilities and all train services in response to customer requirements. It is also responsible for maintaining and operating the rollingstock fleet and for the safe operation and authorised access of the network.

1	Shiploader
120	Intermodal wagons
54	Ore wagons
18	Coal wagons
17	Cement wagons
19	Log wagons
17	TR locomotives

Some of the older rollingstock fleet is being retained for completion of commissioning, terminal operations and to support new business opportunities.

BELOW RAIL

Below Rail operations are responsible for maintaining and upgrading the railway network and supporting infrastructure including signals and communications. Similar to the State's road network, the rail network is a critical piece of economic infrastructure that requires annual government funding to ensure that it is maintained to an appropriate standard.

611	Route kilometres of operational track
232	Route kilometres of non-operational track
1.3	Million sleepers
106	Active level crossings
143	Passive level crossings
250+	Private level crossings and stock crossings
355	Bridges
3	Tunnels

THE TASMANIAN RAIL NETWORK

The Tasmanian Rail Network is a single rail line, narrow gauge (1067 millimetre) transport system and consists of a total of 611 route kilometres of operational lines and a further 232 kilometres of non-operational lines. It extends from Brighton to Western Junction and to the Port of Bell Bay in the north east and Burnie in the north west. Connections are also provided to Fingal in the east and Boyer in the Derwent Valley. The Melba Line (formerly named the Emu Bay Line) connects the West Coast to Burnie.



<p>South Line</p> <p>Approximately 175 kilometres running from the Transport Hub at Brighton to Western Junction.</p>	<p>Bell Bay Line</p> <p>Approximately 57 kilometres running from the East Tamar Junction to the Port of Bell Bay.</p>
<p>Derwent Valley Line</p> <p>Approximately 71 kilometres running from the Bridgewater Junction to the Florentine Rail Yard west of Maydena.</p> <p>The section of line between Boyer and Maydena is currently non-operational.</p>	<p>Fingal Line</p> <p>Approximately 55 kilometres running from Conara Junction to Fingal.</p>
<p>Western Line</p> <p>Approximately 176 kilometres commencing at the East Tamar Junction and running to Burnie via Western Junction.</p> <p>The section of the line that runs between Burnie and Wiltshire is currently non-operational.</p>	<p>Hobart Line</p> <p>Approximately 21 kilometres between Hobart and the Bridgewater Junction. This line is currently non-operational.</p>
<p>Melba Line</p> <p>Approximately 130 kilometres running from the Port of Burnie to Melba Flats.</p>	<p>North East Line</p> <p>Approximately 73 kilometres running from Coldwater Creek Junction to Tonganah. This line is currently non-operational.</p>
<p>▲ Rail Loading Points ⚓ Ports - - - Non-operational Line</p>	



August



August



September



September



October



November



November

MILESTONES

July

- Major customer Toll turns the first sod for its \$20 million development at TasRail's Brighton Transport Hub.
- Tie-in works for the new Leven River Rail Bridge are successfully completed.
- Local Engineering Company Elphinstone (Triabunna) is awarded Australian Government funding to design and construct 40 TasRailer Units to support timber haulage on conventional rail wagons.
- TasRail trials the operation of a CCTV camera at the Granton Level Crossing.
- Annual State of the Business employee briefings held in Hobart, Burnie and Launceston.

August

- Severe weather causes flooding, landslips and washouts across the network.
- TasRail launches its Code of Conduct 'The TasRail Way'.
- Geomatic Technology completes the quarterly assessment of the operational network by measuring track geometry, top alignment, twist, gauge and superelevation.
- TasRail engages a recognised expert in derailments to assist with the further development of its derailment prevention strategy.
- Development Application submitted for the Burnie Port Optimisation Project.

September

- TasRail completes a record loading volume for a single vessel. A total of 44,238 wet metric tonnes of magnetite was directly loaded for Tasmania Mines at the Port of Burnie.
- Remediation works to improve the habitat of Little Penguins in the Central Coast Municipality was completed, including the removal of noxious weeds and trees and the installation of 37 bespoke penguin burrows.
- TasRail agrees contractual terms with Venture Minerals for haulage from the Riley Creek Mine and shiploading services at the Port of Burnie.
- New prototype wagons arrive at the Port of Bell Bay ahead of a 28-day in service trial.

2013

October

- TasRail commences the ALCAM Project that will see Risk Assessments of level crossings progressively completed across the network.
- TasRail is awarded a Certificate of Participation at the Annual Work Safe Tasmania Awards in recognition of its work to design, develop and implement a lifting cradle for the safe movement of concrete penguin burrows. The burrows were constructed by Studentworks.
- Completion of Stage 3 of the Burnie Bulk Handling facility upgrade.
- TasRail successfully trials an iPad based electronic communication system (TRECS) for locomotive drivers.

November

- TasRail briefs a gathering of Northern Tasmanian Business and Community Leaders about its journey to rebuild the State's freight rail business. A similar briefing was also held with the Tasmanian Chamber of Commerce and Industry in Hobart.
- The first two new TR locomotives arrive in Tasmania, along with the new Tamper and Ballast Regulator.
- TasRail launches its Operational Excellence program with the establishment of visual performance display boards and a daily operational performance review forum.
- TasRail Train Driver and Safety Representatives attend the trackSAFE Foundation's Trauma Management Training, based on the newly developed Rail Industry Trauma Management Framework.
- Completion of a new pedestrian level crossing at Queens Walk, Hobart providing a safe and direct link from the intercity cycleway at Cornelian Bay.

December

- West Coast customer Copper Mines Tasmania suspends mining operations at its Mount Lyell Mine.
- TasRail launches its Employee Safety Culture Survey. This rail focussed survey was developed by the CRC for Rail Innovation in conjunction with the University of Central Queensland.

2014

January

- Locomotive Driver Briony Bansemer becomes TasRail's first female to complete a solo train journey at the helm, following 16 months of intensive training.
- Stage One of the Concrete Sleeper Project is completed, with the successful installation of 56,831 concrete sleepers across priority areas of the South Line.
- The first of the new TR locomotives are put through their paces as part of the commissioning process (design acceptance).

February

- An estimated 3,500 people take advantage of the 'Tour de Tassie' Roadshow to inspect one of the new TR locomotives on display at Burnie, Western Junction and Hobart.
- The new Tamper is commissioned.

March

- Successful tie-in of the new Forth River Rail Bridge on the North West Coast.
- Operation of the new Train Control System Simulator starts with the initial testing phase and staff training.
- TasRail representatives attend the Australasian Railway Association (ARA) Level Crossing Forum to discuss the formulation of National Strategies to improve level crossing safety.

April

- TasRail's Chairman and CEO host a formal handover ceremony for representatives of CNR to mark the completion of the wagon replacement project.

MILESTONES

May

- TasRail hosts the ARA National Conference in Hobart, focussed on the challenges facing short haul freight rail in Australia.
- The Australian Government announces \$120 million of funding over five years in the May Federal Budget for further track upgrades.
- TasRail's Frontline Leadership Development program commences.
- Fair Work Australia approves TasRail's new General Enterprise Agreement.
- Plans for the restructure of the Asset Management Department are finalised in consultation with staff.
- TasRail engages an experienced national consultant to risk assess potential solutions in response to community concern about train horn noise.

June

- TasRail relocates its Hobart Terminal operations to its Transport Hub at Brighton.
- Big crowds turn out to farewell the Last Train out of Hobart.
- Shree Minerals suspend mining operations.
- Field testing of the new Train Control System commences.
- A total of 14 new TR locomotives and the entire new wagon fleet are in service.
- TasRail reports a better than planned year-end financial result.



January



January



February



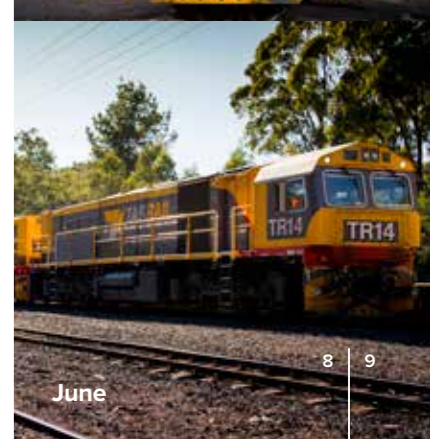
March



April



June



June

Our ref: TR-011014

Hon. Rene Hidding MP
Minister for Infrastructure
Member, Tasmanian Railway Pty Limited
Executive Building
15 Murray Street
HOBART TAS 7000

Hon. Peter Gutwein MP
Treasurer
Member, Tasmanian Railway Pty Limited
Executive Building
15 Murray Street
HOBART TAS 7000

Dear Shareholder Ministers

ANNUAL REPORT 2013–2014

I write to you in your capacity as a Member of Tasmanian Railway Pty Limited.

In accordance with Section 22 (1) (b) of the *Rail Company Act 2009*, I hereby submit for your information and presentation to Parliament, the report of Tasmanian Railway Pty Limited covering the period 1 July 2013 to 30 June 2014.

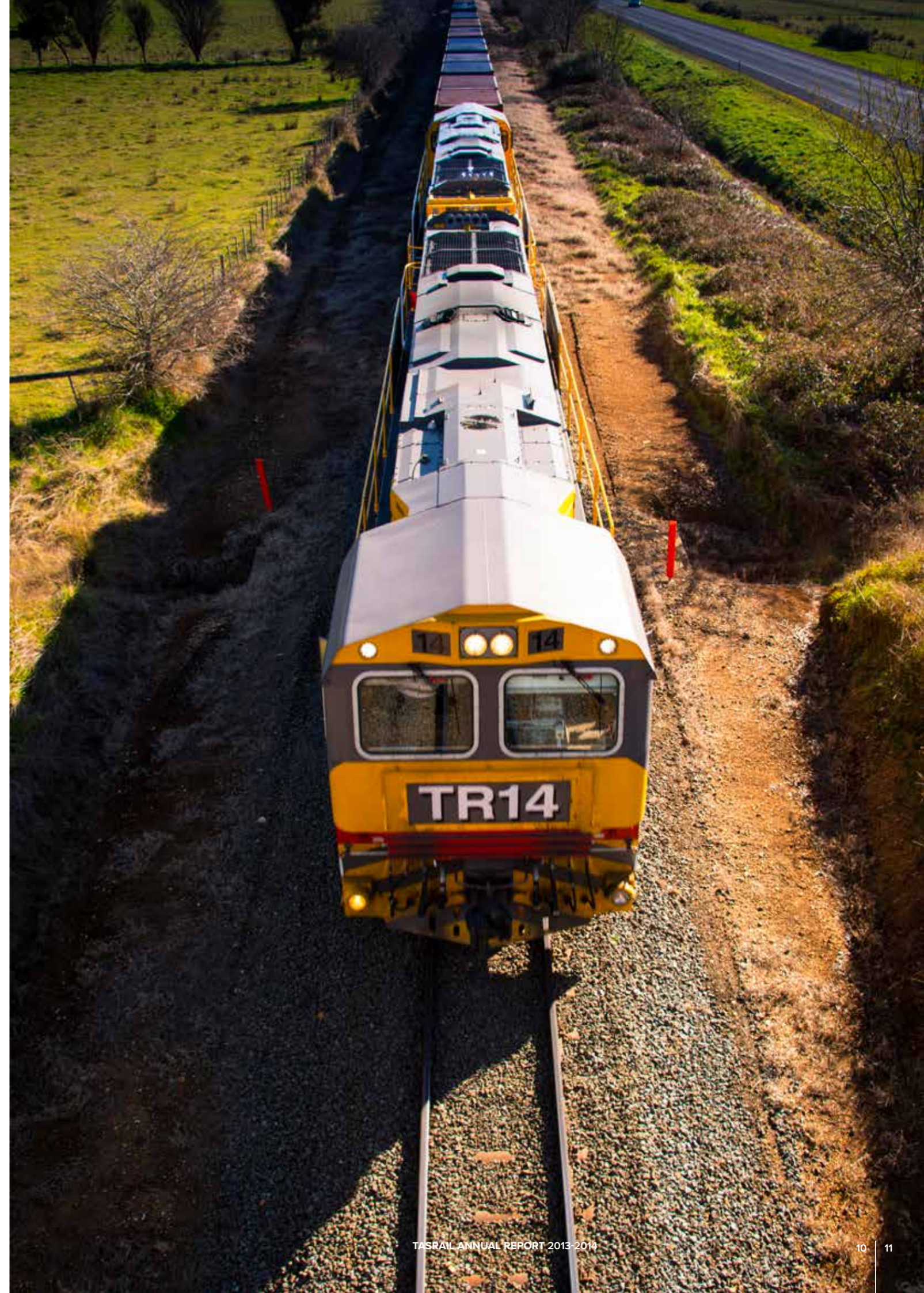
Signed in accordance with a resolution of Directors.

Yours sincerely,



Bob Annells
Chairman

13 October 2014



REPORT FROM THE CHAIRMAN

TasRail ended the financial year well poised to launch a new era in Tasmania's rail freight operations.



TasRail's EBITDA result for the 2013/14 represents a \$1.07 million improvement compared to the previous year. The better than plan result is attributed to a combination of increased revenue and a focus on cost control initiatives. This is a significant achievement, particularly given flat market conditions and the suspension of mining activities by two of TasRail's major customers during the reporting period.

All of TasRail's 37 business critical capital projects are either complete or are progressing well and have broadly been delivered on time and within budget. The Board and Management Team are acutely aware that TasRail must now leverage the new assets for maximum efficiencies and for the broader economic benefit of the State, and with the majority of the rail rebuilding work now complete, TasRail is fully focussed on the dual objectives of operational excellence and the revitalisation of freight rail.

A very significant milestone was the arrival of TasRail's new rollingstock. Once final commissioning is complete, the State's rail freight business will, for the first time ever, operate with a fully compatible locomotive and wagon fleet that has been specifically designed for the Tasmanian Rail Network. This

means that the business can operate with greater confidence over the long-term, at lower cost and with substantially improved efficiencies.

The purchase of the new locomotives represents TasRail's single largest, capital project. The order was placed at an opportune time when foreign exchange rates were favourable and a buyer's market enabled TasRail to gain the attention of eager suppliers worldwide. TasRail was able to assemble a fantastic small project team of people with ideal experience and they professionally managed all phases of the project from the design and build process through to commissioning. The same team also successfully managed the design, mass production and commissioning of the new wagon fleet which was completed in record time.

Some members of the project team have now switched roles and assumed responsibility for maintaining the new assets. Others have moved on from TasRail to pursue other challenges. On behalf of the Board I'd like to congratulate and thank all of the team and to acknowledge their tremendous efforts to ensure the successful delivery of what is a complex project of significance.

In another watershed for TasRail, the relocation of all southern rail terminal operations from Macquarie Point to the Brighton Transport Hub was completed in June 2014. The move was timed to coincide with the completion of Toll's \$20 million investment in new facilities at the Hub that have incorporated the very best features of its Australia-wide operations. Toll's new facility is a great asset to the logistics industry and a sign of confidence in the future of freight rail in Tasmania. TasRail is now intent on making the intermodal terminal work as efficiently as possible and is actively encouraging other businesses to establish at the Hub or to transact via TasRail's hardstand areas. The Hub is now providing the ideal platform for TasRail to launch its emerging freight terminal capability. It is a catalyst for a wider offering of efficient, modern terminal services at other rail locations including Burnie and Bell Bay.

Investment in the Rail Recovery Plan by the Australian and Tasmanian Governments has enabled considerable sections of the priority track and associated infrastructure to be addressed. When complete, this investment will ensure a fit-for-purpose freight rail network and secure the availability of safe and reliable freight rail services for Tasmanian business and industry, considered essential for some of the State's most iconic industries that depend on rail to move their product to market.

The Board is very cognisant that much of this investment has occurred during challenging economic times, but the investment to rebuild

Tasmania's rail freight business has ensured the utilisation of strategic rail infrastructure to facilitate economic activity and future development. It has also generated economic, social and environmental benefits through TasRail's operations, employment and capital investment activity. The alternative would have seen Tasmania with impotent rail assets, significantly more trucks on the roads, increased road degradation and an uncertain future for a number of major employers.

While the safety and reliability of the track is now vastly improved compared to its condition at the time of TasRail's establishment, there still remains a lot to be done to remove the ongoing need for speed restrictions that are still present on most routes. The Board is therefore appreciative that the Australian Government announced in its 2014 May Budget, the allocation of \$120 million over five years for further track and related infrastructure upgrades. This new funding, combined with the annual Below Rail infrastructure maintenance contribution from the Tasmanian Government, ensures the track will continue to be improved and maintained to an appropriate standard into the future.

Much effort continues to be directed towards the identification and capture of new business opportunities, at the same time as improving the value proposition that rail offers to existing customers. The Board has ensured that TasRail's service offerings are commercial and innovative, and that its capability to haul heavy baseload cargos sets it apart from its competitors.

A great example is the very good work by TasRail to develop a 'pit to port' solution for Venture Minerals. TasRail had been poised to commence a very substantial number of new bulk haul, handling and shiploading services for the Riley Mine that exemplify the value of rail. It is very disappointing that this opportunity is now stalled.

In closing I must thank and commend my fellow Directors for their commitment and hard work over the past year. The collective expertise they bring to the organisation is of great value to the Company and to me personally.

On behalf of the Board thanks must also go to the Chief Executive Officer, Damien White and his staff for their performance throughout what has been a particularly busy and challenging year. By any measure, the performance of the organisation has been of a very high standard during 2013/14.

I also wish to thank the Hon. Rene Hidding MP for his support and assistance over the months since taking up his appointment as the Minister for Infrastructure and portfolio Minister for TasRail. It would be remiss of me not to also acknowledge the support of the previous State Government for their commitment to the rebuilding of TasRail.

Robert Annells
Chairman



**FAST
FACTS**

*Removing
Trucks*

Total freight volumes
2,595,216 tonnes in 2013/14

Equates to the removal of more than
200,000 heavy vehicle movements
from Tasmanian roads

**FAST
FACTS**

Sustaining

Rail freight saves around
12 million litres of fuel annually,
reducing Tasmania's carbon footprint

This means safer roads and
less road degradation

**FAST
FACTS**

*Securing
Jobs*

TasRail's activities and operations
generate wealth and employment
for the benefit of the State

TasRail also helps to secure thousands of
local jobs at some of Tasmania's largest and
iconic industries that are reliant on freight rail

REPORT FROM THE CEO



The conclusion of TasRail's fourth full year of operation heralds the completion of much of our capital investment program, and the Company is now well down the track in its pursuit of Operational Excellence.

TasRail is extremely fortunate to have been entrusted with scarce taxpayer funds from the Australian and Tasmanian Governments totalling around \$300 million. I am proud to say that we have directed the investment of those scarce funds wisely, executing projects on budget, and on time. To have developed a proficient project management capability from scratch is something that the business can be extremely proud of.

The complexity of prioritising, rebuilding and replacing infrastructure and operating assets that had been neglected over many decades should not be underestimated. The task to understand the State's current and future freight requirements and consequential investment outcomes against a constrained funding profile has also been a difficult one. TasRail's analysis of the freight task, and of how best to handle

it into the future, has been undertaken in close collaboration with other key infrastructure owners and stakeholders. TasRail understands that getting freight to market efficiently for Tasmanian exporters is fundamental to further economic growth for the State. The investment that TasRail has undertaken, in parallel with other infrastructure investment, is aimed at providing a well integrated freight network for the State, designed to provide the most efficient land freight outcomes for Tasmanian industries.

Likewise, decisions taken for the replacement of operating assets were based on the current and future freight task, balanced against available, proven technologies and within available funding constraints. TasRail has partnered with proven suppliers and secured quality assets at a very competitive cost.

TasRail's mission is to become "A world class, vertically integrated, short-haul freight railway." To be clear, "world class" doesn't mean "gold-plated". TasRail continues to be extremely focused on providing fit-for-purpose infrastructure and transport solutions for its customers that don't burden industry with unwarranted costs. For example, TasRail deliberately does not offer services in some market segments to avoid over-investing in areas where it simply cannot and should not compete, for example express freight. However, there is no reason why TasRail should not deliver world class performance outcomes in the context of the market segments it operates in.

TasRail should provide world class safety outcomes for its employees and its customers. It should ensure that its customer service outcomes be at world class levels and it should achieve world class levels of operating efficiencies in order to deliver competitive price offerings for its customers. Although TasRail is only in the early stages of bedding-in new equipment, the initial results of TasRail's Operational Excellence program are showing some quite outstanding outcomes in service quality and efficiency. The immediate challenge is to lock-in those improvements for the long-term.

With a majority of the new assets now in place, TasRail's next phase of development is very much focused around business process re-engineering in order to deliver Operational Excellence across all functions of the business.

The past investment strategy and new assets have provided a fundamental foundation, but now it's the ongoing investment in people and operational processes that is key to delivering long-term, sustainable, world class levels of performance.

Like many Tasmanian industries, TasRail's trading conditions over the past 12 months have been most challenging. The loss of freight volumes from Queenstown placed significant pressure on TasRail's revenues. However the business was able to realise early cost benefits from new equipment and is poised to facilitate and capitalise on new business opportunities, not only for the benefit of TasRail, but also for the broader benefit and economic development of the State.

It is a well documented fact that the rail industry in Tasmania had endured a very chequered past, but TasRail has now built a State-Owned Company that all Tasmanians can and should be proud of.

TasRail is literally the backbone of the State's integrated freight network. It carries the lion's share of the contestable freight task, and it is now well poised to help facilitate further economic benefits for the State.

Damien White
Chief Executive Officer

To have developed a proficient project management capability from scratch is something that the business can be extremely proud of.

TasRail has now built a State-Owned Company that all Tasmanians can and should be proud of.

TasRail is literally the backbone of the State's integrated freight network.

PERFORMANCE TARGETS

Each year, TasRail publishes a Statement of Corporate Intent (SCI) in compliance with Department of Treasury and Finance Reporting Guidelines that apply to State-Owned Companies. The SCI sets out TasRail's strategic direction, key initiatives and forecast performance targets for the four years to 2017/18. To view the SCI go to www.tasrail.com.au

The table below sets out TasRail's actual result for the financial year ended 30 June 2014 and the forecast targets for the 2014/15 financial year.

Performance Target	Actual Result 2013/14	Target Result 2014/15
Recordable Injury Frequency Rate*	18.4	13.3
On Time Arrivals within 30 minutes (Intermodal & Paper)	65 per cent	90 per cent
Main Line Derailments	3	3
Customer Revenue	\$37.0 m	\$34.3 m
Capital Spend**	\$86.8 m	\$78.3 m
EBITDA*** (consolidated) after Tas GVT Below Rail Infrastructure Contribution	(\$0.83) m	(\$1.4) m

*Recordable Injury is defined as the sum of Lost Time Injuries, Suitable Duties and Medical Treatment Injuries per million person work hours

** The majority of the Capital Spend relates to the new Train Control System and finalisation of payments for new rollingstock

*** EBITDA assumes no change to forecast funding arrangements

FAST FACTS

Customer Revenue
▲ 7 per cent to **\$37.1** million

Total Shiploader Revenue
▲ 71 per cent to **\$4.26** million

Total Other Revenue
▲ 36 per cent to **\$2.68** million

IMPROVED ANNUAL RESULT 2013/14

TasRail delivered a solid earnings performance for 2013/14 despite a challenging freight market.

The EBITDA result for 2013/14 was a loss of \$829k. This represents a \$1.07 million improvement compared to the previous year due to a combination of increased customer and other revenue and cost control initiatives.

Customer Revenue rose by \$2.6 million, increasing from \$34.54 million in 2012/13 to \$37.10 million in 2013/14 largely due to growth in log train traffic and shiploading volumes.

The Tasmanian Government Operating Grant for 2013/14 was \$16.569 million compared to \$16.288 million allocated in the previous financial year. Overall operating expenditure was consistent with increased customer revenue.

The net loss after tax, but before comprehensive income for the year ended 30 June 2014 was \$48.882 million after a NON-CASH impairment charge of \$41.666 million. An improvement of \$1.412 million compared to the previous financial year when TasRail reported a net loss after tax but before comprehensive income of \$50.294 million after a NON-CASH impairment charge of \$45.233 million.

The NON CASH impairment charge relates to the treatment of funding¹ received from the Australian Government for capital expenditure on the Below Rail Infrastructure.

¹ Under Australian Accounting Standards and direction from the Tasmanian Treasurer, all of the Australian Government funding received by TasRail for Below Rail Infrastructure capital improvements is required to be recognised as equity and not as revenue.



REBUILDING TASMANIA'S FREIGHT RAIL BUSINESS

At the time of its establishment, TasRail inherited a business characterised by many years of underinvestment. Under previous owners, the business had been run down to the point where it was no longer able to provide reliable and competitive freight services. As a consequence, customers had lost confidence in rail and considerable freight volumes shifted to road transport.

Funding commitments from the Australian and Tasmanian Governments have enabled TasRail to successfully implement the major elements of its Rail Recovery Plan. This highly ambitious capital program is now largely complete and paying dividends, but the scale of the task to rebuild, revitalise and grow the rail freight business in Tasmania should not be underestimated. Notably, these complex, major capital projects were completed on time and within budget.

With the completion of major capital projects, TasRail's organisational numbers are being matched to current freight task requirements, taking into account new rollingstock capabilities including higher efficiencies/productivity and a much reduced maintenance need.

Total Capital Improvement Activity Since TasRail's establishment on 1 December 2009	Total to 30 June 2014
Number of new sleepers replaced	415,648
Metres of rail replaced	119,597
Number of rail welds completed	5,075
Tonnes of ballast replaced	192,025
Metres of ballast cleaning completed	63,000
Number of bridges upgraded or replaced	42
Number of bridge transoms replaced	5,069
Number of level crossing equipment upgrades	124
Number of road crossings upgraded	168
Number of creep monuments ¹	2,032

¹ A Creep Monument is a permanent monument placed on each side of the track to facilitate the accurate measurement of creep.



Concrete Sleeper Program

Project Cost: \$46 million

Timeframe: November 2012 – June 2014

Funding: Australian Government (Nation Building)

Works partner: Downer EDI



Overview: The Concrete Sleeper Project incorporated the ballast cleaning of approximately 70 kilometres of track, the supply and installation of nearly 100,000 concrete sleepers and the installation of 64,000 metres of rail across priority areas of the network between Brighton and Burnie (equal to replacement of approximately 20 per cent of sleepers and 10 per cent of rail). The concrete sleepers were installed in track sections incorporating 200 metre radius curves or less.

Project Objectives: Improve track safety, stability and reliability. Reduce track buckles, derailment risk, track speed restrictions, transit times and track maintenance costs.



Advanced Network Train Control System

Project Cost: Forecast \$10.8 million

Timeframe: January 2010 – January 2015

Funding: Tasmanian Government (Rail Recovery Plan)

Works partner: Siemens and Tait Communications



Overview: TasRail's current Train Control System is non-automated and requires considerable human interaction and compliance with operating rules. It uses paper-based procedures and the authority to safely access the network is transmitted to trains, track workers and equipment operators via a dedicated, open channel radio system. In common with other users of "dark territory" safe working systems, TasRail continues to experience a relatively high number of safe working breaches due to human error. The new Advanced Network Train Control System provides visibility of on-track vehicles, providing additional protection through warning and alarms to the operators and Network Control. The project includes the installation of a new data communications system.

Project Objectives: Improve network capacity, safety and efficiency for track users. Reduce safe working irregularities and waiting times for asset management.



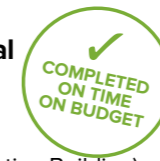
4 North West Coast Bridge Renewal

Project Cost: \$24 million

Timeframe: October 2011 – June 2014

Funding source: Australian Government (Nation Building)

Works partners: MB&A Project Consulting, VEC Civil Engineering



Overview: TasRail had identified an urgent need to either upgrade or replace four life-expired, major railway bridges on the North West Coast. These bridges are all located on a strategically vital section of the rail network. The Blythe and Forth rail bridges were replaced on the existing alignment. The Leven was rebuilt on a new alignment upstream of the existing alignment. The Don superstructure was completely replaced in a 38 hour closure of the network. The 4 North West Coast Bridge Renewal Project was nominated for a 2014 Tasmanian Engineering Excellence Award.

Project Objectives: Improve rail transit times, operational safety and reliability, long-term sustainability of infrastructure. Reduce speed restrictions and maintenance costs.





Brighton Transport Hub

Project Cost: \$80 million (Funded prior to TasRail)
Timeframe: 2007 – 2013

Funding source: Tasmanian and Australian Governments

Works partners: Former Department of Infrastructure, Energy and Resources (DIER); John Holland; Hazell Brothers; Toll

Project Overview: The Brighton Transport Hub represents the single, biggest change to the freight transport sector for many years. The project was initiated by the Tasmanian Government in 2007 and through DIER, the intermodal transport hub was constructed. Following the establishment of TasRail in December 2009, TasRail worked with DIER to identify, understand and assess the potential implications and opportunities of the Hub. This included the business case to support TasRail taking on the role of Hub Operator and ultimate Manager of the facility, with responsibility for both the Hardstand and Warehouse Zones. In December 2012, TasRail announced that it had signed national transport company Toll, as its anchor tenant at the Hub. Toll subsequently invested \$20 million in new facilities at the Hub, paving the way for the relocation of rail operations from Macquarie Point in Hobart to the Brighton Transport Hub in June 2014.

Project Objectives:

- Set a new standard for intermodal freight terminals
- Enable TasRail to play a leading role in the provision of freight logistics for both road and rail, and road and road
- Provide a focal point for the consolidation and deconsolidation of freight
- Reduce transit times between Hobart and Northern ports



New Tamper Machine and Ballast Regulator

Project Cost: \$5 million

Timeframe: September 2011 – March 2014

Funding Source: Tasmanian Government (Rail Recovery Plan)

Partners: Harsco

Project Overview: The Tamper Machine and Ballast Regulator are critical equipment required for the maintenance and safe operation of the rail network. The Tamper Machine is used to apply the correct geometry to the track and the Ballast Regulator is used to shape and distribute track ballast which supports the sleepers. The equipment inherited by TasRail was life-expired and no longer able to meet safety and operational requirements. The new Tamper Machine replaces two inefficient machines. The Ballast Regulator was designed and built in Brisbane, Queensland. The new equipment arrived in Tasmania during November 2013, and following commissioning and training, entered into service during March 2014.

Project Objectives: Ensure a higher standard of track maintenance. Improve occupational health and safety outcomes, efficiencies and maintenance outcomes.



New Hi-Rail Fleet

Project Cost: \$4 million

Timeframe: January 2010 – September 2011

Funding source: Tasmanian Government (Rail Recovery Plan)

Works partners: Gibson Tru-Bodies; FRM Launceston; Harsco

Project Overview: The inherited fleet of Hi-Rail Infrastructure Vehicles was life-expired and had deteriorated to the point where vehicles had become unreliable, unsafe and costly to maintain. The existing fleet was 19 years old and each vehicle had travelled on average more than 550,000 kilometres. They were mechanically unsound and no longer fit-for-purpose. The purchase of standard 'off the shelf' vehicles did not provide an adequate solution. It was decided to design a bespoke solution that addressed TasRail's requirements to facilitate maintenance activities from on the track. In total 17 Hi-Rail vehicles were purpose designed and built.

Project objectives: Vastly improve safety and vehicle availability. Reduce the number of hi-rail derailments and eliminate vehicle defect notices.



New Locomotive Fleet

Project Cost: \$68.5 million

Timeframe: December 2011 – late 2015

Funded by: Tasmanian Government (Rail Recovery Plan)

Partners: Downer EDI and Progress Rail

Project Overview: The replacement of TasRail's ageing and mostly life-expired locomotive fleet with brand new PR22 Locomotives built to TasRail specification and design. The new locomotives arrived in Tasmania over a period of eight months between November 2013 and July 2014. Each of the locomotives was subject to infield testing prior to being introduced into revenue services across the network as part of the commissioning process. Final acceptance of the locomotive fleet is expected to occur late in 2015. The introduction of the new locomotive fleet is a 'game changer' for TasRail.

Project benefits:

- Single locomotive design, catering for 16 and 18 tonne axle loads
- Individual trailing tonnes increase from an average of 450 tonnes to 750 tonnes per locomotive
- Individual trains to consist of two locomotives, compared to four of the old fleet
- Average length of train up to 750 metres
- Projected availability of 92 per cent over 365 days
- Substantially reduce maintenance costs
- Superior driver safety and comfort
- Readily available parts, service and warranty support



New Wagon Fleet

Project Cost: \$28 million

Timeframe: October 2012 – May 2014

Funded by: Tasmanian Government (Rail Recovery Plan)

Partners: China Northern Railway (CNR)

Project Overview: The urgent replacement of TasRail's unreliable, inefficient and life-expired wagon fleet with a new fleet of wagons constructed to TasRail specification. The new fleet comprises 120 intermodal wagons; 54 ore wagons; 18 coal wagons; and 17 cement wagons. New prototype wagons (two of each class) landed in Tasmania during September 2013 for a successful 28-day in-service trial, ahead of mass production commencing. The entire new wagon fleet was operating across revenue services by April 2014.

Project benefits:

- Fit for purpose wagons
- Reduce operating costs
- Improve reliability
- Increase capacity
- Improve operational efficiencies
- Improve safety features
- Lower operating costs
- Reduce maintenance costs
- Reduce spillage
- Better ride performance
- Decrease the risk of derailment





Hobart to Western Junction Track Upgrade

Project Cost: \$20.3 million
Timeframe: May 2010 – June 2013
Funding source: Australian Government (Nation Building)
Works partners: VEC, Digga, Gradco, Downer EDI, Queensland Rail, Abbi Group



Overview: Refurbishment of prioritised sections of the network from Hobart to Western Junction, including re-sleepering, re-railing, drainage, earthworks and level crossing upgrades.

Project Objectives:

- Reduce transit times for intermodal services on the Brighton to Burnie intermodal services
- Improve drainage to increase the operational life of track infrastructure
- Increase operational safety and reliability
- Improve track safety and stability
- Reduce the risk of derailment



Western Junction to Burnie Track Upgrade

Project Cost: \$30.2 million
Timeframe: May 2010 – June 2013
Funding source: Australian Government (Nation Building)
Works partners: VEC, Digga, Gradco, Downer EDI, Queensland Rail, Abbi Group



Overview: Refurbishment of prioritised sections of the network from Western Junction to Burnie including re-sleepering, re-railing, drainage, bridge replacements, earthworks and level crossing upgrades.

Project Objectives:

- Reduce transit times
- Removal of track speed restrictions
- Improve drainage to increase the operational life of track infrastructure
- Increase operational safety and reliability
- Improve track stability
- Reduce risk of derailment



Melba Line Upgrade

Project Cost: \$15.7 million
Timeframe: May 2010 – June 2013
Funding source: Australian Government (Nation Building)
Works partners: VEC, Downer EDI, Digga,



Overview: Refurbishment of higher risk sections of the network between Burnie to Melba Flats, including laying of 28,918 new sleepers and 907 metres of new rail, re-ballasting and tamping works. Two bridges were replaced, seven level crossings were upgraded and some 675 rail joints welded.

Project Objectives:

- Remove a number of track speed restrictions to support expanded frequency of services for existing customers
- Improve operational safety
- Improve the reliability of this strategically important route that supports West Coast industries



Fingal Line Upgrade

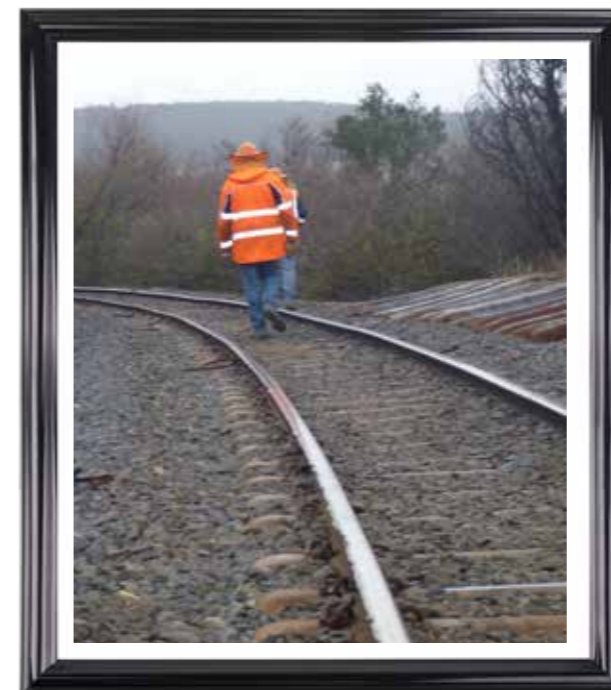
Project Cost: \$5.7 million
Timeframe: July 2011 – June 2013
Funding source: Australian Government (Nation Building)
Works partners: Downer EDI, VEC,



Overview: The refurbishment of 54 track kilometres from Conara to Fingal. Upgrade works included the installation of 26,257 new sleepers, re-ballasting, tamping and level crossing upgrades.

Project Objectives:

- Continuity of operations across the statewide Tasmanian Rail Network
- Increase in rail usage
- Reduce the number of track closures for maintenance and repair work
- Reduce the risk of derailment



Boyer Line Upgrade

Project Cost: \$1.1 million
Timeframe: October 2011 – April 2012
Funded by: Australian Government (Nation Building)
Works partners: Downer EDI, VEC Engineering

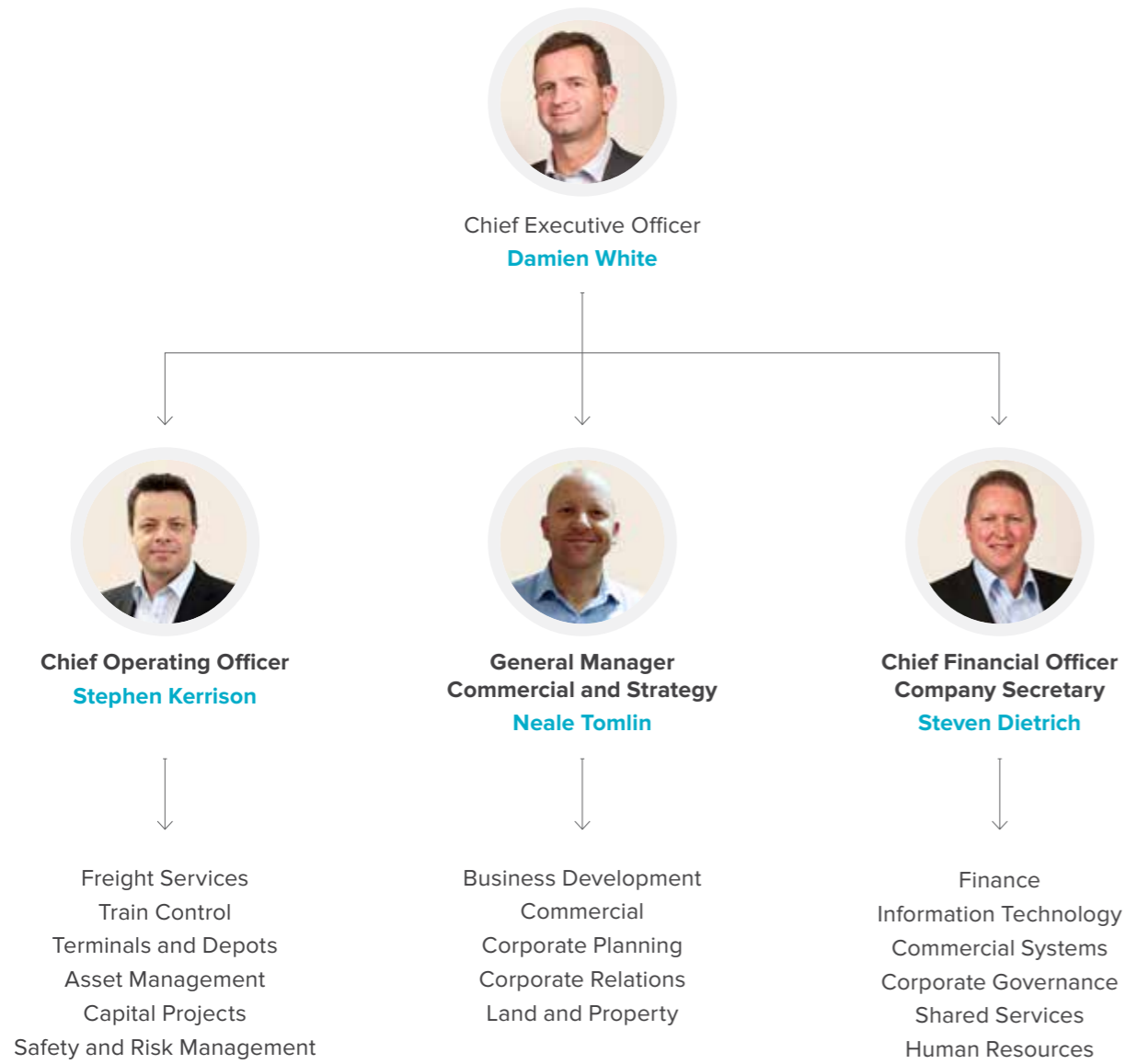


Project Overview: The refurbishment of 13 track kilometres from Boyer to Brighton. Upgrade works included the installation of 1,900 new sleepers and the replacement of life-expired 60lb and 80lb rail with 2,157m of new rail; re-ballasting and tamping works; minor bridge upgrades, drainage and earthworks.

Project Objectives:

- Ensure the continuing commercial viability of the existing service
- Improve the interface with the Transport Hub at Brighton
- Increase operational safety and reliability

EXECUTIVE STRUCTURE



PEOPLE

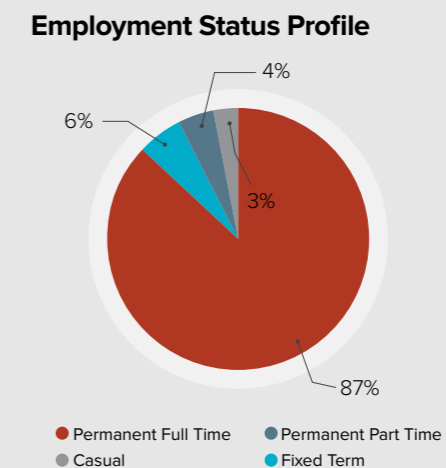
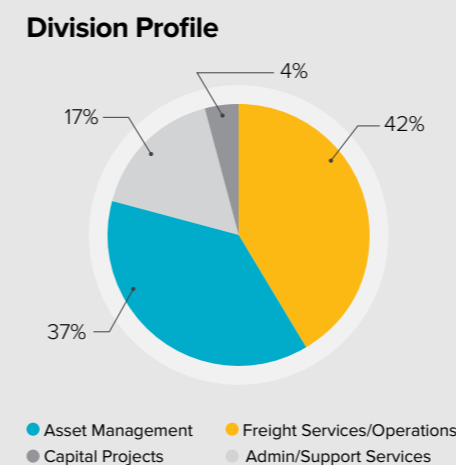
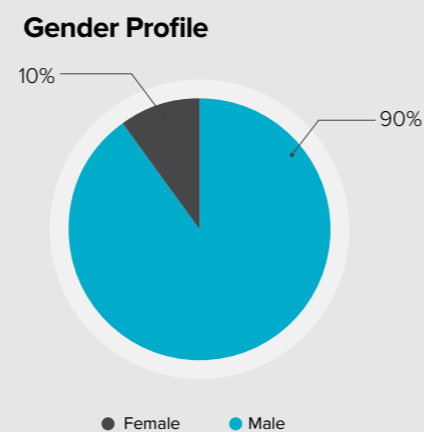
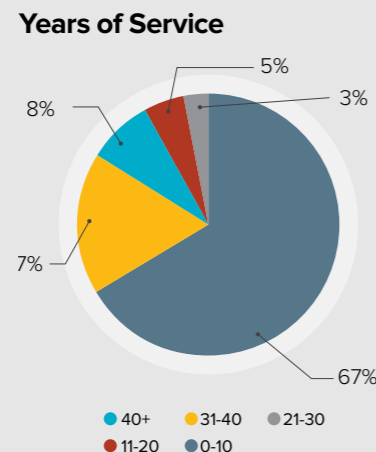
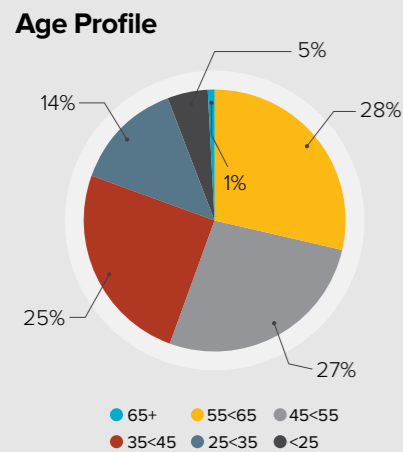
There is no doubt that it's been another challenging year for TasRail employees, but it was also one of exciting renewal as everyone seized the once-in-a-generation opportunity to rebuild the State's Freight Railway business.

It has taken a tremendous effort by employees to not only cope with the scale and complexity of TasRail's ambitious capital program, but also to manage the level and pace of change and the retraining associated with the introduction of new assets and business systems. Add to this the parallel requirement to seamlessly maintain and improve routine business operations, and it's not hard to comprehend just how busy a time it has been for the TasRail workforce.

In addition to new equipment, a number of new systems have been introduced to improve efficiencies and to simplify the way people go about their work at TasRail. The involvement of employees in the development of these systems, combined with capacity building opportunities that have inevitably resulted from TasRail's Business Transformation Program enabled many employees to develop their professional capability, either within their own role or as a leader and/or future leader of the business.

A great example is TasRail's 'Change Agent' program that commenced in July 2013 with the primary objective to maximise frontline employee input during the transition from project phase into day to day operations. A total of 26 Subject Matter Experts were selected from across the business for the role of a Change Agent or Change Ambassador. They very quickly established themselves as the 'go to' team, providing excellent support to each of the project managers whilst ensuring that all employees had access to a continual flow of information. The team proved themselves to be highly capable and passionate facilitators of change.

A new General Enterprise Agreement was also successfully negotiated during what was a period of considerable change and economic uncertainty. It received the approval of Fair Work Australia in May 2014. This two year Agreement delivers modest wage increments that recognise the performance of employees and importantly, introduces minimum competency/training requirements and changed employment practices that are expected to deliver business benefits into the future.



Total Full Time Equivalents (FTE)

263



Robbie Box Locomotive Technician

SAFETY JOURNEY

TasRail's Safety Values epitomise the Company's approach to health and safety.

- Safety is a core value and working safely is fundamental to the success of our business.
- A genuine care for the health and wellbeing of staff, contractors, customers and the wider community.
- Everyone has a right to a safe working environment.
- All incidents and injuries can be prevented.
- All jobs can be done safely.
- TasRail will continuously review, improve and recognise successes in our safety performance.

While TasRail has achieved considerable improvement in safety outcomes over the past few years, overall safety performance for 2013/14 showed the rate of improvement has plateaued.

The transport and storage industry has one of the highest Lost Time Injury Frequency Rates (LTIFR) of any industry and recent benchmarking against similar organisations shows that TasRail is performing well, relative to the sector. However TasRail is not, and should not be, satisfied with its safety improvement journey until such time as it achieves and sustains zero harm.

TasRail remains confident that the goal of zero harm is ultimately achievable but recognises it requires a genuine passion and belief by employees and contractors that all injuries and incidents can be eliminated. It also requires strong and effective safety leadership. During 2013/14 TasRail launched an initiative designed to equip frontline leaders with the skills necessary to deliver the desired safety culture and improved safety performance. The program consists of a number of core modules, such as hazard identification, incident management and injury management. This training is followed-up with coaching and mentoring in the field.

A highlight of the safety leadership program has been the improvement in TasRail's Safety Interaction system. This entails leaders spending time observing work activities and engaging employees in meaningful safety discussions that either recognise safe working behaviours or gain commitment to improved safety actions. The initiative is considered an elementary but fundamental step to replacing unsafe acts with safer working habits.

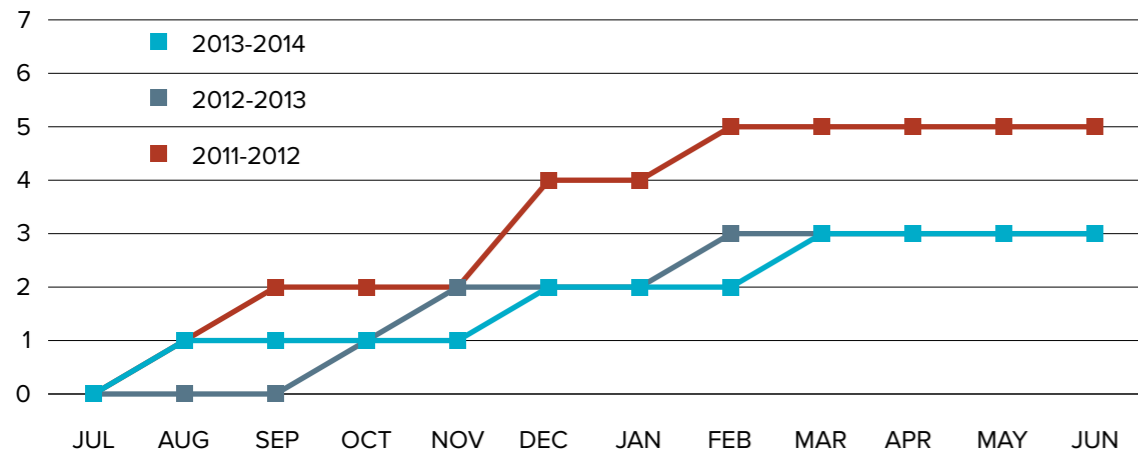
In December, TasRail launched its Employee Safety Culture Survey. This rail-focussed safety survey was developed by the CRC for Rail Innovation in conjunction with the University of Central Queensland. The 40 item survey was available to all employees in both on-line and hard copy format and was based on ten platinum rules for good organisational culture for a safe and healthy workplace. The survey closed in April. At the time of writing this report survey results were in the process of being analysed by the University.

Key Performance Indicators	2013/14	2012/13
Number of Lost Time Injuries	3	3
Lost Time Injury Frequency rate*	4.2	4.1
Number of Medical Treatment/Suitable Duties Injuries	10	8
Recordable Injury Frequency Rate#	18.4	14.9

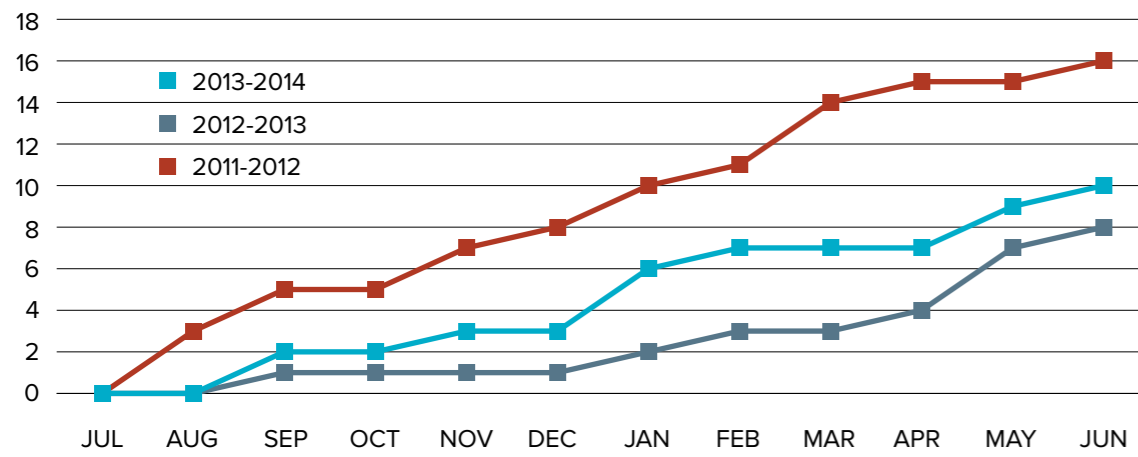
*Injury Frequency Rate = $\frac{\text{Number of relevant injuries in the period} \times 1,000,000}{\text{Number of exposure hours worked for the period}}$

#Recordable injury = All lost time injuries, medical treatment injuries and suitable duties injuries but does not include first aid injuries.

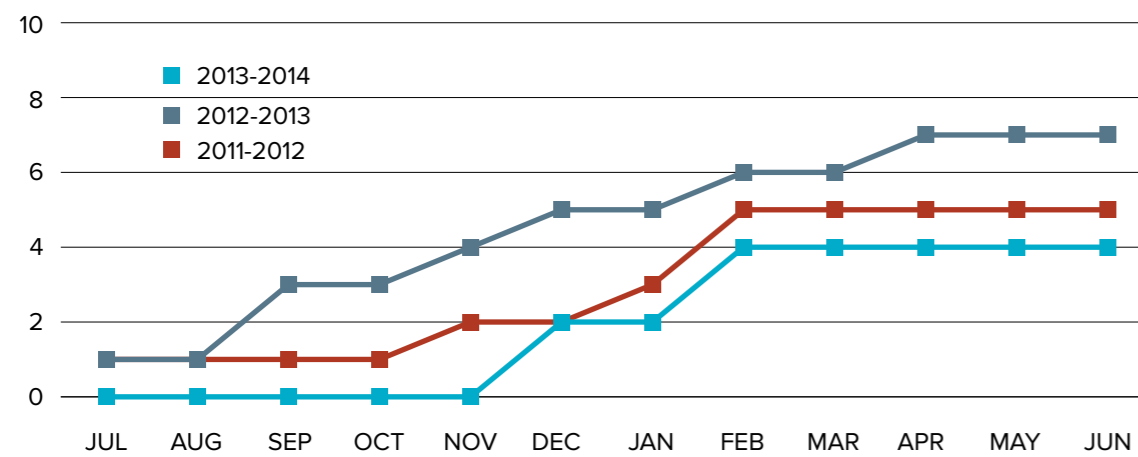
Lost Time Injuries



Medical Treatment Injuries



Safeworking Irregularities



Allan French Senior Maintainer



WORKING WITH CUSTOMERS

FAST FACTS

Coal

Railed a total of **130,000** tonnes

Total of **110** loaded services

Implemented a new 4-day week schedule to suit customer requirements and to improve asset utilisation

Introduced a new coal wagon fleet

FAST FACTS

Cement

Railed a total of **1.19** million tonnes

Operated at **91** per cent capacity

Total of **1,816** loaded services

Introduced a new cement wagon fleet

FAST FACTS

Intermodal

Railed a total of **37,034** TEU

Total of **1,711** loaded services

Introduced a new intermodal wagon fleet

FAST FACTS

Logs

First full year of log haulage on rail

Railed a total of **86,052** tonnes
11 per cent above target

Total of **150** loaded services

FAST FACTS

Paper

Railed a total of **26,301** TEU

Operated a total of **474** loaded services

Introduced a new intermodal wagon fleet

TasRail's strong customer commitment continued to pay dividends in 2013/14, interpreted through an increase of railed freight despite flat market conditions.

Highlights for the reporting period:

- An increase of 8 per cent in the general containerised freight segment. This freight included retail goods, raw materials and finished products from some of Tasmania's major manufacturing industries.
- The attraction of new freight to rail in the form of glass packaging and aluminium commodities on the Burnie to Hobart and Hobart to Burnie services.
- The implementation of a successful partnership with a major, long standing customer as they remodelled their business operations.
- The signing of a number of new contracts executed with both existing and new customers.
- Increased capability in the planning and pre-mobilisation of new transport services aligned to the start-up of new projects, showcasing TasRail's role as an economic enabler for the State.
- The successful relocation of the Hobart Terminal from Macquarie Point to TasRail's Transport Hub at Brighton. This was timed to coincide with the completion of a major investment in new facilities at the Hub by one of TasRail's major customers. Achievement of this milestone paves the way for strong growth potential and the attraction of new intermodal customers on a monthly basis.

	2013/2014	2012/2013	Change in Performance
Total Number of Intermodal Train Services (includes logs)	1,922	1,620	▲ 9.4 per cent
Total Number of Bulk Train Services	4,875	4,861	▲ 0.3 per cent



TasRail hauls two distinct types of freight – containerised and bulk. The business has a diverse customer base that includes freight forwarders, miners and manufacturers and the freight requirement of each varies, for example time sensitive rail services must align with shipping schedules. Regardless of the specific freight requirement, all customers expect that TasRail’s train services are consistently safe, reliable, efficient and competitive. The work to improve train performance and overall service offerings continued to be a priority for the business during the reporting period, culminating in the commencement of TasRail’s Operational Excellence program in November 2013.

TasRail’s train arrival performance for Intermodal and Paper train services in 2013/14 fell by 13 percent overall, due to a combination of factors. These included the need to impose additional Temporary Speed Restrictions (TSR’s) in order to simultaneously operate train services during major network upgrade works, for example the concrete sleeper project; commissioning of new rail bridges; the commissioning and introduction to service of the new locomotive and wagon fleets; and a deterioration in the performance of the inherited locomotive and wagon fleet.

As the new rollingstock fleet was progressively introduced on revenue service operations, TasRail developed a Train Service Reliability Strategy that was in the process of implementation at the end of the financial year. TasRail recognises that it needs to consistently deliver on this important Key Performance Measure. If TasRail is to step up to a performance level equal to the best of any rail freight operator, then improved planning and decision making at an operational level is fundamental, as is the input and collaboration between the Operations, Asset Management and Commercial Departments.

	2013/14	2012/13
Train Arrival performance within 30 minutes	65 per cent	78 per cent

During 2013/14 TasRail continued to work hand-in-glove with its customers. Examples include developing higher productivity loading operations at specific customer sites; improving the efficiency of train planning and scheduling; collaboration with a number of bulk customers on the loading and discharge interface.

By adopting a true partnership approach and strengthening the value of TasRail’s services for customers, the business was successful in executing a number of new, long term contracts with existing customers during the reporting period.

TasRail also continued its work with the bulk mineral sector. Through early and regular engagement with industry stakeholders, TasRail was able to develop freight and logistical service offerings to facilitate new mining operations.

In November 2013 TasRail and Venture Minerals publically announced the signing of new contracts for a very substantial number of rail haulage, bulk handling and shiploading services. Under these commercial arrangements, TasRail invested resources and skills required for the commencement of mining operations at the Riley Mine. It was most disappointing when Venture Minerals announced the suspension of the project on 19 August 2014 due to external factors.

The announcement by Venture Minerals followed decisions by two other major West Coast customers to suspend their respective mining operations during the second half of the 2013/14 financial year, resulting in the loss to TasRail of some 500,000 tonnes of mineral concentrate volume.

Despite these setbacks, TasRail has continued to develop transport solutions and new service offerings for a number of other emerging business opportunities, and the Company remains optimistic that some of these will come to fruition.

TasRail remains one of Tasmania’s largest bulk freight haulage providers. Freight rail supports some of the State’s major employers, and it is estimated that the value of the freight hauled by TasRail annually is around \$2 billion.

Rail has particular advantages over road haulage, not least being the capacity to supply integrated transport and bulk handling services. Other advantages include for example, the location of the existing rail corridor being close to Tasmania’s mineral resources; a lower carbon footprint than heavy road transport, and ownership and operation of the State’s only common-user Shiploader.

Fluctuations in global commodity prices and exchange rates and the need for the mining industry to move its product to market efficiently is an ongoing challenge, but the presence of a capable and efficient rail network remains vital to the continuation of existing operations as well as enabling future mining projects.



FAST FACTS
Metal Concentrates

- Railed a total of **270,000** tonnes
- Operated **457** loaded services
- Introduced a new ore wagon fleet

FAST FACTS
Shiploader

- 678,000 tonnes of minerals direct loaded for export **▲ 50 per cent**
- Record month in September **81,358** tonnes
- Third stage of upgrade completed



TERMINAL CAPABILITY

Efficient Intermodal terminals are fundamental to the operation of a modern freight railway. They are literally the shop-front from where TasRail interfaces with its customers, but historically the State's intermodal terminals had been neglected to the point where they have become congested, inefficient and no longer user friendly. During the financial year, a number of significant milestones were reached to overcome these problems.

Brighton Transport Hub

The Brighton Transport Hub sets a new standard for the freight logistics industry in Australia. It gives TasRail the capacity to operate an intermodal terminal that is efficient and user-friendly and that creates a platform to facilitate the shifting of more freight from road to rail.

As the Operator of the Hub, TasRail has ultimate responsibility for the warehouse and hardstand areas. Securing Toll as the anchor tenant paved the way for the National Transport Company to invest \$20 million in new facilities at the Hub and facilitated the relocation of all rail operations from the Hobart Rail Terminal to Brighton. These two significant milestones were realised in June 2014.

The layout of the Hub is designed to cater for customers who establish at the site as well as for customers who transact via TasRail's hardstand operations. Unlike TasRail's old facilities at Macquarie Point, freight can now be made available for delivery within minutes of a train arriving at the terminal.

Toll's significant investment at the Hub is a clear demonstration of its confidence in the Hub facility and TasRail's operating model.

Burnie Port Optimisation

TasRail worked closely with TasPorts and Toll during 2013/14 to progress plans for the development of an expanded, open access intermodal terminal at Burnie. The overall objective of the Burnie Port Optimisation Project is to complement terminal services provided at TasRail's Brighton Transport Hub, by facilitating similar efficiencies and ease of use between TasRail and its customers. Other benefits of the project include the removal of train shunting operations from the foreshore and optimisation of freight handling capabilities between the port and the rail terminal.

A Development Application for the project was submitted to the Burnie Council during August 2013 and subsequently approved. The scope of works was agreed in October 2013, and a tender for works released in January 2014. Tender submissions were in the final stages of assessment at the close of the financial year.

Technology Trial

TasRail also trialled and implemented a new streamlined IT system to support terminal operations in 2013/14. The iPad based (TRIMs) system facilitates a seamless electronic interface between TasRail and its customers, reducing or eliminating the need for paperwork and providing improved tracking and traceability of freight.

UNVEILING THE NEW LOCOMOTIVE FLEET

The arrival of the new locomotives was a very proud occasion for TasRail, heralding the beginning of a new era for the State's rail freight business.

The first of the new TR Class locomotives arrived in November 2013. Four more arrived in February 2014 and by 30 June 2014, a total of 14 of the 17 new locomotives were operating on the network. The remaining three locomotives arrived in July 2014, signalling the delivery of TasRail's largest capital project.

Supplied under contract by Downer Rail in partnership with Progress Rail US, TasRail's Project Team worked with the supplier to determine the design parameters specifically required for the Tasmanian Network and TasRail's operations. Locomotive Drivers and Maintenance staff were also actively involved in the design process, ensuring that the new TR's were fit for purpose, ergonomic, comfortable and easier to drive.

Supplier representatives will continue working with TasRail to oversee the commissioning process and until such time as final acceptance takes place, likely to be late 2015.

A number of the older fleet will be decommissioned, sold or scrapped once final commissioning is completed. A small number may be retained for terminal operations and potentially for future new business opportunities.

The \$68 million investment in new generation locomotives represents a real game changer for TasRail. They will see TasRail operate at a lower maintenance cost, with higher availability, substantially improved reliability, fuel efficiency and haulage capacity.



From L-R: **Mark Flint** (Electro Motive Diesel); **Daniel Broad** (Downer Rail); **Graham Windever** (TasRail Project Director); and **Ken Hofacker** (Progress Rail Services)

UNVEILING THE NEW WAGON FLEET

TasRail ended the financial year with its brand new wagon fleet in service.

- 120 intermodal wagons
- 17 cement wagons
- 54 ore (mineral concentrate) wagons
- 18 coal wagons.

Eight prototype wagons (two of each class) arrived in Tasmania during September 2013 and underwent extensive testing ahead of mass production commencing. The balance of the newly constructed wagons began arriving in Tasmania in February 2014, with the entire fleet commissioned and operational across all revenue services by April 2014.

With an expected operating life of 25 years, the new wagons deliver commonality of wagon components across the fleet for the first time in the history of the State's railway. They are also expected to result in lower maintenance costs and a smaller inventory of stocked spare parts. Other benefits include substantially increased wagon capacity and operational efficiency for bulk services; improved train marshalling and loading as a result of compatibility between intermodal wagons, better ride performance and reduced derailment risk. The new cement wagons have minimised product spillage delivering a combined environmental and cost benefit.

With the successful completion of the \$28 million wagon project, TasRail can confidently continue to support its customers well into the future.

The majority of the old, life-expired wagons will be disposed of as per TasRail's procedures for disposal of assets.



From L-R: TasRail Directors **David George** and **Sarah Merridew**,
Jason Terry Operations Supervisor South (TasRail)
On Platform: **Mayor Tony Foster** (Brighton Council)

A FIT-FOR-PURPOSE NETWORK

Through the targeted investment of Australian Government funds, TasRail has been able to upgrade the condition of the track network to a standard that is considered 'fit-for-purpose' for the services that TasRail offers.

A program of works totalling more than \$200 million has been implemented over the past four and a half years. This program has included a combination of urgent remedial works designed to prolong the maintainability of the network and other works such as the North West Rail Bridge Renewal Project that removed a number of high-risk, single points of failure from the network. The successful completion of the concrete sleeper program across priority areas of the Network has delivered a step change in the configuration of the network, eliminating the risk of track buckles and reducing the risk of derailment. The outcome will significantly reduce maintenance costs at these locations and provides a platform for increased axle load capacity into the future.

In 2013/14, combined with the purchase and commissioning of new track maintenance machinery (new tamper and ballast regulator) has exponentially improved the safety, reliability and integrity of the network to the extent that Temporary Speed Restrictions (TSRs) on the South and Western Lines were significantly reduced. However, as at the end of the financial year, some 20 per cent of the Melba Line and the Bell Bay Line remain subject to TSRs due to track condition. Ten per cent of the Fingal Line remains subject to TSRs.

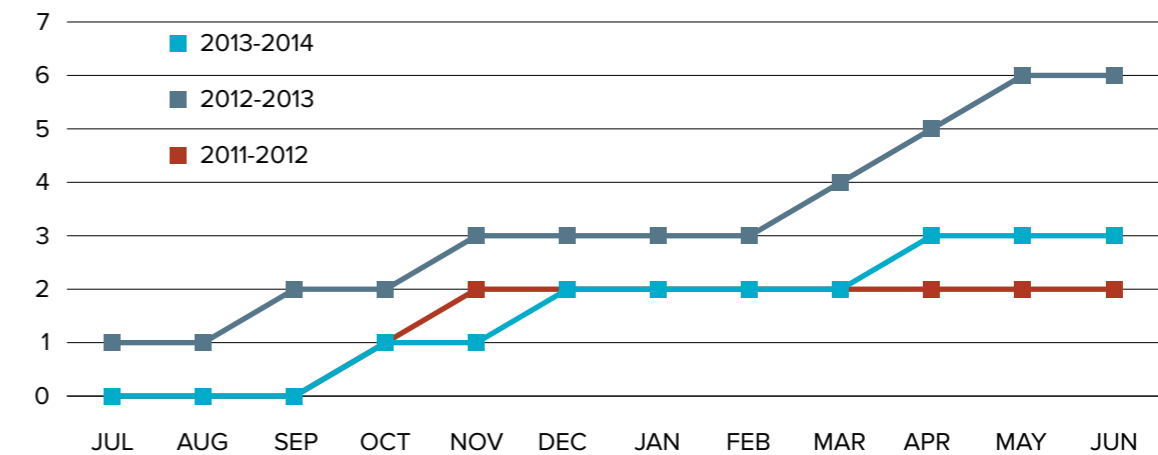
The development of TasRail's forward program of works has also enabled the transition from reactive maintenance to a planned maintenance regime. The aim is to provide a safe and fit-for-purpose network with the capability to more reliably deliver freight for customers, but within the projected level of the State Government's annual Below Rail Infrastructure Contribution.

Derailment prevention:

The past few years of TasRail's operations have seen a reduction in the number and severity of derailments and work continues to ensure that derailment risk is minimised.

During the 2013/14 financial year TasRail continued its efforts to reduce the risk of derailment. In August 2013, an internationally recognised expert in derailment prevention was engaged to work with TasRail's Infrastructure Inspectors and work gangs to increase awareness of derailment risks. The multi disciplinary initiative included practical training in the detection of derailment conditions and the development of mitigating actions to minimise risk. The focus of these workshops was largely directed to Infrastructure works, but also covered other aspects including train loading and train operations, ensuring the track is safe and within Standard and that rollingstock is maintained to Standard. TasRail also explored the use of new technologies that provide for more timely, accurate and relevant track information to be obtained and analysed quickly and accurately for appropriate response.

Running line derailments



Date	Derailment Location	Details	Contributing Factors
21 October 2013	KPW156.5	Three locomotives were derailed and a wagon. Track damage, replacement of sleepers and rail	Previous train caused damage to the track
9 December 2013	KPW50.88	Wagon derailed during reversing	Human Error
27 April 2014	KPW157.65	Lead axle of leading bogie derailed and travelled over 2kms	Track defect and loading irregularity

New Track Standards:

In early 2014 a new Track and Structures Maintenance Standard was approved by the TasRail Board and the Office of the National Rail Safety Regulator. This new Standard defines track geometry and engineering tolerances required for safe operation of the railway. The Standard also specifies the inspection and condition monitoring regime required to ensure track integrity, safety and reliability. The Asset Management Department is responsible for ensuring that frequent and regular inspections and condition monitoring are completed in compliance with the Standard.

Condition monitoring includes twice weekly inspections of mainline track by four dedicated Track Inspectors as well as a Bridge Inspector. Specialist Bridge Engineers also undertake bridge inspections. Every three months, track geometry is measured using state-of-the-art equipment mounted on a specialist vehicle. On an annual basis, track welds are inspected using ultrasonic inspection techniques. All new welds are inspected on completion. All track workers are trained and assessed as competent in nationally accredited learning pathways specifically developed and approved for the rail industry.

Areas of landslip and rock-fall remain a concern. During 2013/14 TasRail completed assessment to identify high risk areas and establish improved monitoring and controls.

Towards the end of the 2013/14 financial year, a restructure of the Asset Management team was completed to deliver enhanced capability in safety, engineering and maintenance planning.

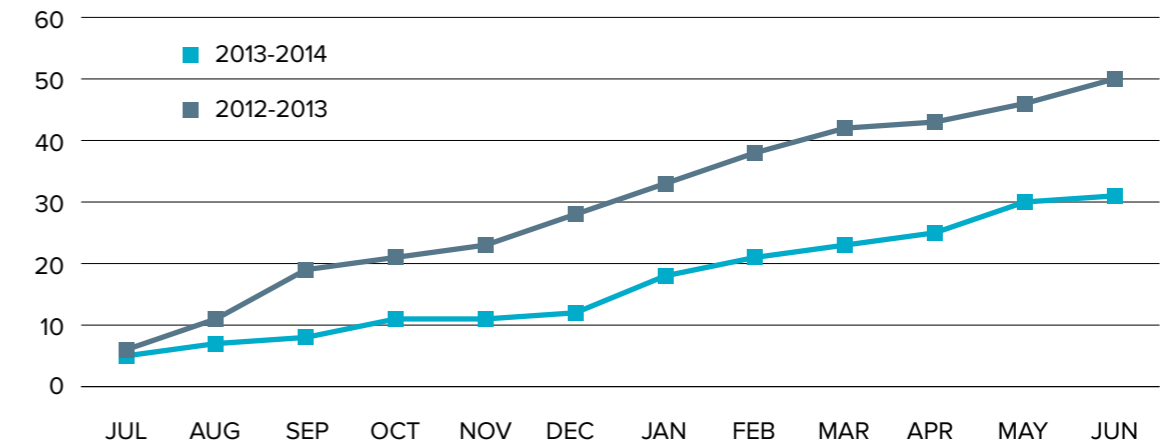
During the reporting period, TasRail also developed a series of productivity measures to ensure value for money in the delivery of track works and to identify and minimise the potential for waste.



Signals and Communications:

TasRail's dedicated signal technicians undertake regular integrity testing of signals in accordance with the Standard for Signal Infrastructure Maintenance. Improvements in level crossing safety were able to be achieved through a range of continuous improvement initiatives that are delivering further reductions in the number and frequency of fail-safe incidents compared to previous years. Example initiatives include the purchase of enhanced monitoring equipment to better detect degradation of relays, thereby minimising signal failures.

Signal faults



Vegetation management:

TasRail is responsible for maintaining over 843 route kilometres of rail corridor around the State. This includes both Operational and Non-Operational lines. TasRail has gained significant knowledge and experience in managing weeds and vegetation over the past few years and these learnings have provided useful inputs to the development of TasRail's new Vegetation Management Plan. The ten point plan was developed in consultation with the Tasmanian Farmers and Graziers Association and is available on the TasRail website.

COMMUNITY ENGAGEMENT

A tragedy happens every day somewhere on Australia's railways because of level crossing collisions, acts of trespass or suicide. It can also be as a consequence of vandalism/theft or senseless, risk taking behaviour. These incidents have a profound impact on railway employees who can suffer from stress and trauma for many years. Some never fully recover.

TasRail's Network includes some 106 active level crossings and 143 passive level crossings. In urban areas, the level crossings can be in close proximity with some located less than 200 metres apart. Additionally, there are more than 250 private level crossings and a large number of stock crossings.

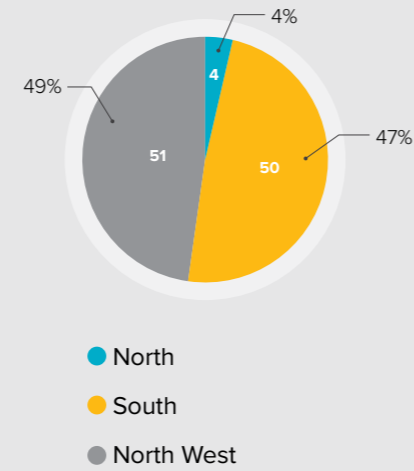
Reducing the potential for harm across the network, at level crossings and/or any location where the public interact with the railway is appropriately a matter of the highest priority for TasRail. It is an issue that the TasRail Board and Executive commit considerable time and resources to reviewing and there is a clearly articulated expectation that the business uses all reasonable endeavours to reduce the risk and severity of injury or damage to persons and property.

Since it was established in December 2009, TasRail has taken a leadership role by proactively working to increase awareness of the risks and to educate the public about community rail safety. This has included working collaboratively with Tasmania Police, the State Government, Local Government, the media, schools and community organisations, as well as the implementation of various communications strategies aimed at raising the profile of rail safety and targeting the identified at risk demographic.

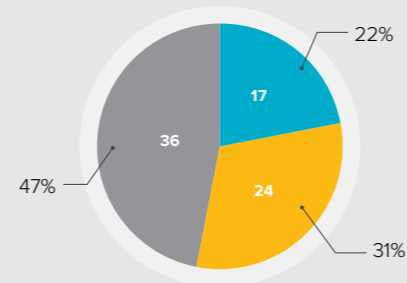
In 2013/14 TasRail developed and implemented a broader Level Crossing Safety Strategy that focuses on the four key areas of people, equipment, environment and knowledge. Progress is reported to the Board monthly.

TasRail is also an active member of the trackSAFE Foundation and the Australasian Railway Association and a keen participant in initiatives such as National Rail Safety Week, International Level Crossing Day and various community rail safety campaigns.

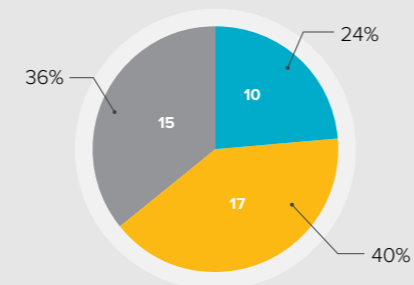
Near Miss by Region



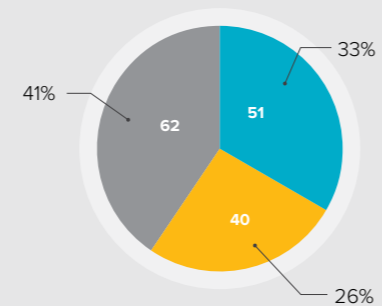
Trespass by Region



Vandalism by Region



Livestock by Region



Key Performance Indicator	2013/14	2012/13
Number of reported near miss incidents involving vehicles	93	97
Number of reported near miss incidents involving pedestrians	12	5
Number of vehicle collisions	1	1
Number of pedestrian collisions	1*	0

*Fatality

Key Performance Indicator	2013/14	2012/13
Number of reported incidents of theft and vandalism	42	47
Number of reported incidents of trespass	63	54
Number of reported incidents of livestock in the rail corridor	153	183

Livestock collisions have high potential to cause significant damage to TasRail assets, including the risk of derailment. They also cause harm and distress to the animals, train drivers and those involved in the aftermath. Like the train horn noise issue, balancing the needs of farmers with the need for safe operation of the network is no easy task but in consultation with Tasmanian farmers, TasRail simplified its stock crossing communication requirements during 2013/14.

Under the new policy, landowners are required to contact Train Control to give their details and location via reference to a yellow livestock crossing sign. In the absence of a sign the farmer needs to provide a kilometre peg or other location indicator. Train Control then confirms if there is sufficient time available to safely cross the track before the next train or rail vehicle approaches. Introduction of the new system was supported by a communications campaign that included a TasRail stall at Agfest, media promotion and writing to land owners.

Train Horn Noise

The Tasmanian Rail Network dates from the late 1800s and while its alignment has changed little since, urbanisation has resulted in a creep of residential dwellings close to operational railway lines.

Following the introduction into service of the new locomotives, TasRail acknowledged the higher noise level of the horns (relative to the inherited fleet that had variable decibel levels) created legitimate community concern, particularly from across from the North West Coast where there are multiple level crossings in relatively close proximity. The issue is compounded by the reality that TasRail needs to operate freight rail services through the night/early morning hours aligned to customer requirements, product scheduling and shipping schedules. Notwithstanding, TasRail responded to train horn noise complaints by initiating a review of its operating rules, procedures and protocols for train horn use across the rail network. A safety expert with broad experience working with rail organisations across Australia and overseas was engaged to facilitate a comprehensive risk assessment for TasRail that also involved train drivers and the Tasmanian representative of the Office of the National Rail Safety Regulator. The outcome resulted in new train horn blowing protocols and changes to associated procedures applying between the hours of 2200 and 0600 and a reduced minimum frequency and duration of horn blows as the train approaches and enters level crossings. TasRail believes the changes balance appropriate safety risk mitigation with the needs of residents and to date community feedback has been generally positive.

Last Train Out of Hobart

TasRail marked the relocation from its ancestral home at Macquarie Point Railyards to its purpose-built Transport Hub at Brighton on 22 June 2014 when the last freight train service operated out of Hobart at 3.30pm. It was a momentous occasion and big crowds turned out to farewell the train as it weaved its way through Hobart suburbs for the last time. The Last Train out of Hobart was undoubtedly an historic day that people will long recollect with great sentiment.



Tourist Rail

TasRail 's engagement with tourist and heritage rail organisations and supporters continued in 2013/14, including the hosting of an annual roundtable forum with interested stakeholders in August 2013. Additionally TasRail met regularly throughout the year with a number of tourist rail organisations including the Derwent Valley Railway, Don River Railway and the Tasmanian Transport Museum Society. In-kind support was also provided, for example the donation of a number of redundant assets and assistance with rail safety matters.

Tour De Tassie

The month of February saw TasRail undertake a most ambitious community engagement campaign, to introduce the new TR-Class locomotives to the Tasmanian community. A whistle-stop tour of the main centres of Burnie, Launceston (Western Junction) and Hobart attracted more than 3,500 rail enthusiasts. Young and old were delighted to have the opportunity to get up close and personally inspect the impressive new assets and/or to generally enjoy the train experience, not seen on this scale for many decades. Overall it was a highly positive initiative that reinforced the Tasmanian public's support for TasRail.



CORPORATE GOVERNANCE

At TasRail, Corporate Governance relates to the system by which the business is directed and managed. Much of its success is underpinned by strong and effective relationships between the Board and the Management Team, the Shareholder Members and other stakeholders.

TasRail is managed by a Shareholder-appointed Board of Directors that meets monthly. The Chairman and each of the Directors are Independent Non-Executive.

The Company has two Shareholder Members:

- The Minister for Infrastructure, the Hon. Rene Hidding, MP as the Portfolio Minister; and
- The Tasmanian Treasurer, the Hon. Peter Gutwein, MP

In accordance with Clause 24.4 of the Constitution of Tasmanian Railway Pty Limited, one Direction was received by TasRail from its Shareholder Ministers during the 2013/14 financial year. The Direction required TasRail to release a \$1.8 million Bank Guarantee issued by Venture Minerals. The Board complied with the Direction.

TasRail operates to a Corporate Governance System that is consistent with the eight principles of Good Corporate Governance, published by the ASX Corporate Governance Council:

TasRail complies with all of its obligations pursuant to the following Key Governance Documents:

Corporate Governance Principle	TasRail Compliance	Key Governance Documents	TasRail Compliance
Lay solid foundations for management and oversight	✓	Corporations Act 2001	✓
Structure the Board to add value	✓	Rail Company Act 2009	✓
Promote ethical and responsible decision making	✓	Shareholder Members' Letter of Expectations	✓
Safeguard integrity in financial reporting	✓	Treasurer's Instructions	✓
Make timely and balanced disclosures	✓	Guidelines for Tasmanian Government Businesses	✓
Respect the rights of Shareholders	✓	Department of Treasury and Finance Governance Framework and Guidelines in relation to Board appointments; Director induction, education and training; and assessment of Board performance	✓
Recognise and manage risk	✓		
Remunerate fairly and responsibly	✓	Tasmanian Railway Pty Limited Directors' Code of Conduct	✓



