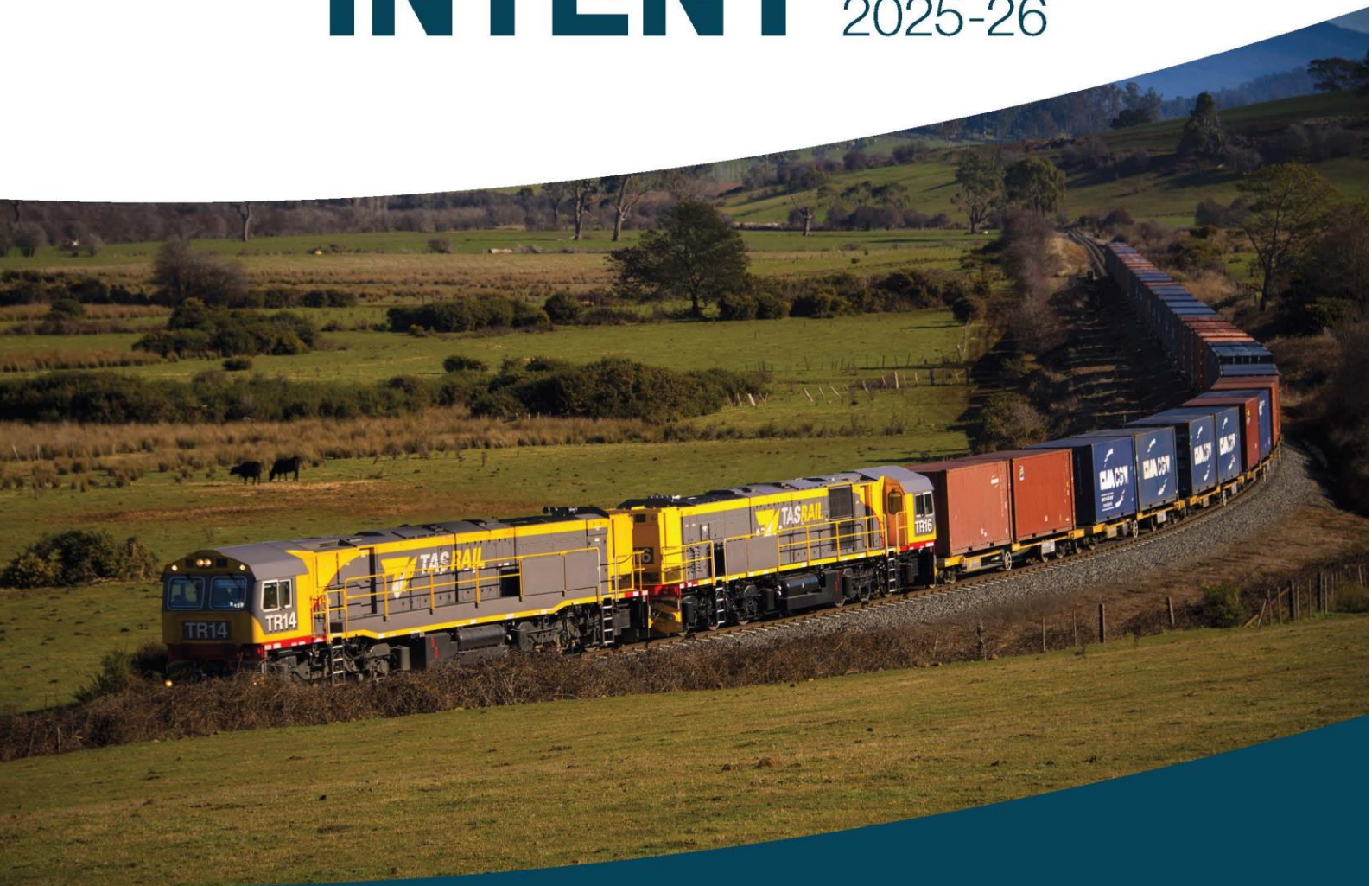




# STATEMENT OF CORPORATE INTENT

2022-23  
2025-26



SAFETY



INTEGRITY



RESPECT



BEING REMARKABLE

## TasRail Snapshot



**Total freight task**  
**499 million**

Net Tonne Kilometres (NTK)  
2021-22



**Capital spend**  
**\$76.2 million**

2021-22



**Annual revenue**  
**\$39.6 million**

2021-22

## Strategic Direction

### 1. Introduction and overview of the operating environment

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

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

TasRail's core business is the:

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

TasRail is one of the State's largest logistics businesses and the supply chain partner of choice for Tasmania's heavy industries and major freight forwarders. It transports approximately three million tonnes of freight per annum and provided 650 thousand tonnes of bulk mineral shiploading services in 2021-22. With long-term contracts in place, TasRail's customers in the bulk, container and log markets rely on rail logistics to transport cement, coal, paper, processed metals, industrial inputs, mineral ores, logs and retail products.

Despite the pandemic and some individual customers experiencing production and trade-related challenges, 2021-22 saw TasRail transport 499 million net tonne kilometres (NTK) of freight. An NTK is the most accurate measurement of a freight task, as it is the product of the payload carried and the distance covered. In trend terms, TasRail rail freight task has grown by ~30 per cent since its inception in 2009.

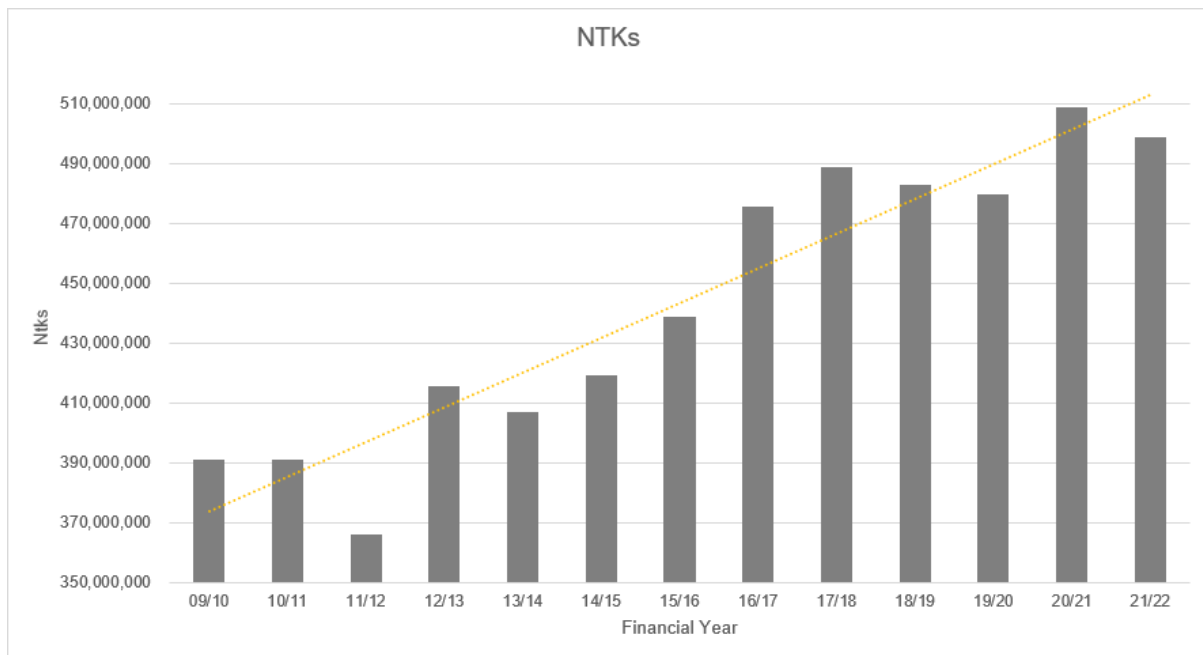


Figure 1: Total rail freight task (NTKs) from 2009-10 to 2021-22

Thanks to a seamless transition between funding programs, TasRail is now delivering Tranche Two (\$119.6 million) and Tranche Three (\$96.0 million) rail programs of the \$399.2 million Tasmanian Freight Rail Revitalisation Program. As with Tranche One, the key objectives of tranches two and three are to reduce single points of failure (reducing derailment risk), remove temporary speed restrictions (improving on-time running), and deliver sustainable maintenance costs.

The new shiploader at the Port of Burnie is a \$64.0 million project (100 per cent funded by the Australian Government) that will allow TasRail to replace and upgrade this essential last-mile infrastructure. In August 2021, TasRail executed a contract with Tasmanian firm COVA Haywards to design and construct the new shiploader. Work commenced immediately, with 30 per cent of the design completed in September and 50 per cent in February 2022. TasRail is very pleased that a Tasmanian firm was awarded the contract that will support 140 design and construction jobs. In a major milestone, fabrication commenced in May 2022. TasRail plans to commission the new Shiploader in mid-2023.

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



*Figure 2: Fabrication of the new Shiploader commenced in May 2022.*

## 2. Strategic directions of the business

TasRail's long-term strategic objectives remain consistent with previous planning periods:

- ❖ Provide efficient, on-time and safe rail supply chains for current and new customers
- ❖ Deliver a Zero Harm environment for staff, customers, communities and contractors
- ❖ Grow Above Rail profit, building capacity for contingencies and long-term sustainability
- ❖ Deliver Tranche Two and Three (including the shiploader) of the Tasmanian Freight Rail Revitalisation Program
- ❖ Deliver the Locomotive Life Extension Project at its East Tamar Facilities
- ❖ Partner with the forestry and mining industries to progress new projects
- ❖ Focus on growing the capability and diversity of our workforce
- ❖ Promote the environmental benefits of rail logistics and continue to investigate emerging low/zero emission locomotive technology

## 3. Key initiatives

### 3.1 Working towards Zero Harm

Safety, Health and Environment (SHE) are key principles at TasRail, and the business has genuine care for the health of staff, contractors, community and the environment.

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

Key initiatives to drive a Zero Harm environment include:

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



*Figure 3: Key SHE initiatives include analysing how ‘human factors’ contribute to risk, and building on a positive safety culture to drive injury prevention.*

### 3.2 Meeting industry expectations

TasRail operates efficient, on-time and safe train services that meet the needs of Tasmania’s heavy industrial base and freight forwarders. A commitment to safe working systems and enthusiasm for new projects have enhanced TasRail’s reputation for sustainable supply chains and excellent service standards (targeting 96 per cent Freight Availability for its six daily intermodal services <sup>1</sup>).

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

- ❖ maintain reliable rolling stock and robust operational plans to provide on-time rail capacity to industry
- ❖ develop services for new customers that leverage TasRail’s rail supply chains, terminals, and bulk mineral loading services

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<sup>1</sup> From 2022-23 FY, TasRail broadened the Freight Availability metric to include all six daily intermodal services (up from two) with a weighted target of 96 per cent.

- ❖ work with industry to leverage the log haulage capacity from the Brighton Hub and the Parattah Log Siding
- ❖ capitalise on the synergies created by having integrated customer service delivery, account management, and business development teams
- ❖ enhance opportunities for the mining sector via an expanded Bulk Minerals Export Facility and a new shiploader at the Port of Burnie
- ❖ where advantageous, partner with the private sector to provide specialised terminal services, such as log loading and container handling services
- ❖ repurpose existing equipment where appropriate to reduce the capital cost for new projects.



*Figure 4: TasRail partners with the private sector to provide specialised terminal services, such as log loading*

### **3.3 Delivering business sustainability**

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

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

- ❖ continuing a collaborative commercial approach to dealing with major new customer projects and providing high-quality, sustainable rail logistics services
- ❖ investing Tranche Two and Three of the Tasmanian Freight Rail Revitalisation Program into infrastructure that enables industry to transition from road to rail
- ❖ building a new shiploader at the Port of Burnie and expanding the Bulk Minerals Export Facility to provide supply chain surety to Tasmania's mining industry

- ❖ using new technology to better monitor track conditions and renewing rail assets to deliver a fit-for-purpose network.

### 3.4 People, culture and capability

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

These strategies will be achieved by:

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



*Figure 5: The next phase of TasRail's People and Culture Strategy will address organisational culture and capability, workforce diversity, talent management and succession planning, and health and wellness programs.*

### 3.5 Strategic asset management

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

- ❖ constructing the new bulk minerals shiploader at the Port of Burnie
- ❖ completing Tranche Two and Three of the Tasmanian Freight Revitalisation Program on time and on budget
- ❖ delivering the Locomotive Life Extension Project
- ❖ continuing the rollout of the Asset Management Enterprise System
- ❖ developing individual asset management plans to underpin the Strategic Asset Management Plan
- ❖ maintaining a proactive partnership approach to rail corridor vegetation management.

### 4. TasRail value proposition

TasRail's freight rail logistics provide Tasmanian industry with:

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

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



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

Opportunities include:

- ❖ delivering reliable and flexible rail freight services for industry, adding more tonnage to existing services, and rolling over long-term freight contracts
- ❖ partnering with new mining developments to further utilise TasRail's unique bulk minerals storage and shiploading facilities at the Port of Burnie
- ❖ partnering with the forestry sector to enable new freight flows
- ❖ marketing TasRail's competitive advantages as Tasmanian industry increasingly seeks a low-emission supply chain and investigating emerging low / zero locomotive technology



*Figure 6: TasRail presents a competitive advantage to its customers as Tasmanian industry increasingly seeks a low emission supply chain.*

## 5. Performance agreement

### 5.1 Performance targets and actual results for 2021-22

Performance Target	Target Result for FY 2021-22	Actual Result for FY 2021-22
Lost Time Injury Frequency Rate (1)	0.0	8.2
Recordable Injury Frequency Rate (2)	1.66	13.2
Freight Availability (General Intermodal)	98 %	98.5%
Mainline Derailments	0	1
Below Rail Infrastructure Cost (Per Track Kilometre)	\$21.9 thousand	\$21.4 thousand
Customer Revenue	\$39.2 million	\$39.6 million
Capital Spend (3)	\$92.1 million	\$76.2 million
EBITDA (Consolidated after BRIC) (4)	\$3.4 million	\$3.54 million
Above Rail Net Profit (Loss)	\$612 thousand	\$22 thousand

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

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

(3) Capital spend was below target for the full financial year. Key drivers for this include the timing of inventory purchases for major IIP capital rail projects and the final phasing of the Shiploader project. Both result in a deferral of capital expenditure into future reporting periods. Notably, all milestones related to these projects were met with both the Australian and Tasmanian Governments.

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

## 5.2 Performance targets to FY 2023-26

Performance Target	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Lost Time Injury Frequency Rate (1)	0.0	0.0	0.0	0.0
Recordable Injury Frequency Rate (2)	3.1	3.1	3.1	3.1
Freight Availability (Combined Intermodal Services) (3)	96 per cent	96 per cent	96 per cent	96 per cent
Running Line Derailments	0	0	0	0
Below Rail Infrastructure Cost (Per Track Kilometre)	\$23.0 thousand	\$ 23.7 thousand	\$24.4 thousand	\$25.2 thousand
Customer Revenue	\$44.9 million	\$46.9 million	\$49.0 million	\$50.8 million
Capital Spend (4)	\$101.2 million	\$67.9 million	\$54.6 million	\$52.5 million
EBITDA (Consolidated after BRIC) (5)	\$3.2 million	\$3.7 million	\$4.7 million	\$4.7 million
Above Rail Net Profit	\$437 thousand	\$484 thousand	\$1.3 million	\$1.8 million

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

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

(3) Combined Intermodal Services are defined as TasRail's six daily intermodal services.

(4) Phasing of the Capital Spend is based on agreed reprofiling with both the Tasmanian and Australian governments.

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

## **Directors' Statement of Corporate Intent and agreement of Shareholding Ministers**

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

In signing this Statement of Corporate Intent, the Board of Tasmanian Railway Pty Ltd commits to the targets proposed for the 2022-23 financial year.

This Statement of Corporate Intent has been agreed between:



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



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The Hon Michael Ferguson MP  
**Deputy Premier**  
**Treasurer**  
**Minister for Infrastructure and Transport**



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The Hon Felix Ellis MP  
**Minister for Resources**