



STATEMENT OF CORPORATE INTENT

2023-24
2026-27



SAFETY



INTEGRITY



RESPECT



BEING REMARKABLE

TasRail Snapshot



Total freight task

485.6 m

Net Tonne Kilometres (NTK)
2022-23



Capital spend

\$82.8 m

2022-23



Annual revenue

\$43.5 m

2022-23

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 safely, effectively and efficiently
- ❖ operate its activities in accordance with sound commercial practice
- ❖ maximise sustainable returns to its Shareholder Members.

TasRail's core business is the:

- ❖ provision of rail and associated freight services in Tasmania
- ❖ provision of train control services
- ❖ management of terminals, including bulk handling and shiploading
- ❖ maintenance and upgrade of 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 freight forwarders. It provides approximately three million tonnes of rail freight capacity per annum to industry and supplied 586,000 tonnes of bulk mineral shiploading services in 2022-23. TasRail has long-term contracts in place with customers in the bulk, container and forestry markets that rely on rail logistics to transport cement, coal, paper, processed metals, industrial inputs, mineral ores and logs.

Despite the pandemic, October 2022 floods and some individual customers experiencing supply chain and production challenges, 2022-23 saw TasRail transport 485.6 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 weight of the freight carried and the distance covered. In trend terms, TasRail's rail freight task has grown by ~30 per cent since its inception in 2009 and it is providing over one hundred services per week to industry.

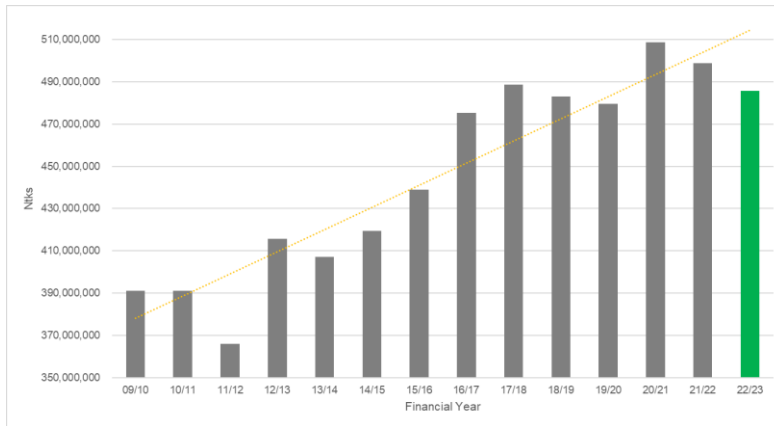


Figure 1: Total rail freight task from 2009-10 to 2022-23

Delivery of the \$455.2 million Tasmanian Freight Rail Revitalisation Program (TFRRP) continues to plan. In 2022-23, TasRail completed the four-year \$119.6 million Tranche Two project on time and on budget. Likewise, 2023-24 will be the fourth and final year of the \$96 million Tranche Three project. As with Tranche One, the key objectives of Tranches Two and Three were to reduce single points of failure (reducing derailment risk), remove temporary speed restrictions (improving on-time running), and deliver sustainable maintenance costs.

In their 2022-23 budgets, the Australian Government and the Tasmanian Government committed further funding to a fourth tranche of the TFRRP. Tranche Four is a four-year \$120 million project, commencing in 2024-25 and for completion in 2027-28 that will ensure industry can rely on TasRail for resilient, efficient and safe rail logistics for years to come.

A major project underway is the replacement of the shiploader at the Port of Burnie. This project will see TasRail replace the old shiploader with a new fit-for-purpose facility. In August 2021, TasRail executed a contract with Tasmanian firm COVA Haywards to design and construct the new shiploader. TasRail is very pleased that a Tasmanian firm was awarded the contract, which is supporting an estimated 140 jobs. In a major milestone, fabrication of key components commenced at Tasmanian businesses in May 2022. TasRail plans to commence the staged commissioning process of the new shiploader in mid-2023. TasRail has commenced its \$15 million three-year Locomotive Life Extension Project, that will see eight older class locomotives overhauled at the East Tamar Junction workshops to ensure those locomotives continue to provide reliable service while TasRail investigates emerging replacement low/zero emission locomotive technology.

2. Strategic directions of the business

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

- ❖ Provide efficient, resilient 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 Tranches Three (including the shiploader) and Four of the TFRRP
- ❖ 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 so far as reasonably practical to minimise the impact on our people, the environment and our business.

Key initiatives to drive a Zero Harm environment include:



Figure 2: TasRail's shiploader project supports 140 design and construction jobs.

- ❖ building on a positive safety culture to drive injury prevention
- ❖ delivering the Derailment Prevention Strategy
- ❖ analysing how 'human factors' contribute to risk
- ❖ systemising fatigue management prevention throughout the business
- ❖ investing in mental health support for our staff
- ❖ 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.

3.2 Meeting industry expectations

TasRail operates efficient, on-time and safe train services that meet the needs of Tasmania's major industrials 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).

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

- ❖ maintain reliable rolling stock that 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

- ❖ leverage the log haulage capacity from the Brighton Hub and the Parattah Log Siding
- ❖ enhance opportunities for the mining sector via planned expansion of the 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.

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 a competitive cost base.

TasRail will focus on the following sustainability initiatives during the planning period:

- ❖ investing Tranche Three and Four of the Tasmanian Freight Rail Revitalisation Program into infrastructure that supports the existing customer base and enables industry to transition from road to rail
- ❖ using new technology to better monitor track conditions and renewing rail assets to deliver a fit-for-purpose network
- ❖ commission the new shiploader at the Port of Burnie and planned expansion of the Bulk Minerals Export Facility to provide supply chain surety to Tasmania's mining industry.

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 continue to implement its People and Culture Strategy, which will address organisational culture and capability, workforce diversity, talent management, succession planning, and health and wellness.

These strategies will be achieved by:

- ❖ fostering an organisational culture where people have a strong sense of ownership and purpose and feel empowered to lead
- ❖ developing organisational capability by developing high-performance teams and individuals
- ❖ increasing workforce diversity by recruiting from the broadest talent pool
- ❖ promoting workforce health and wellness programs.

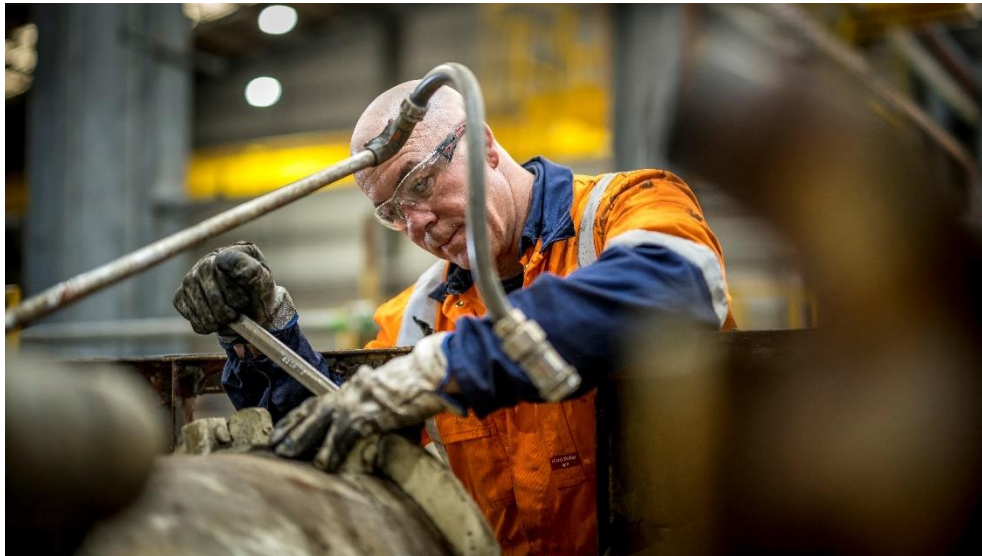


Figure 3: During this planning period the business will deliver the Locomotive Life Extension Project.

3.5 Strategic asset management

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

- ❖ commissioning and operating the new bulk minerals shiploader at the Port of Burnie
- ❖ completing Tranche Three (on time and on budget) and commencing Tranche Four of the Tasmanian Freight Rail Revitalisation Program
- ❖ 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) 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 shiplading windows
- ❖ a low-emission supply chain (one quarter the carbon intensity of the equivalent freight task transported by road in Tasmania)

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 has supported TasRail's low-risk, reliable and efficient business model and the positive impact this has had on 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 shiplading facilities at the Port of Burnie
- ❖ partnering with the forestry sector to grow and enable new freight flows
- ❖ marketing TasRail's competitive advantages as Tasmanian industry increasingly seeks a low-emission supply chain; and investigating emerging low / zero emissions locomotive technology.



Figure 4: TasRail will continue to harness its infrastructure advantages with a culture that is focused on its customers.

5. Performance agreement

5.1 Performance targets and actual results for 2022-23

| Performance Target | Target Result for FY 2022-23 | Actual Result for FY 2022-23 |
|---|------------------------------|------------------------------|
| Lost Time Injury Frequency Rate (1) | 0.0 | 7.9 |
| Recordable Injury Frequency Rate (2) | 3.1 | 11.0 |
| Freight Availability (Combined Intermodal Services) (3) | 96 per cent | 97.8 per cent |
| Mainline Derailments | 0 | 2 |
| Below Rail Infrastructure Cost (Per Track Kilometre) | \$23.0 thousand | \$26.3 thousand |
| Customer Revenue | \$44.9 million | \$43.5 million |
| Capital Spend | \$101.2 million | \$82.8 million |
| EBITDA (Consolidated after BRIC) (4) | \$3.2 million | \$(1.2) million |
| Above Rail Net Profit (Loss) (5) | \$437 thousand | \$(38.2) 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) BRIC – Tasmanian Government Below Rail Infrastructure Contribution.

(5) The Above Rail Net Loss includes an impairment expense recorded for works completed to 30 June 2023 on the shiploader of \$36 million. Excluding this transaction, the Above Rail business recorded a Net Loss of \$2.2 million.

5.2 Performance targets to FY 2026-27

| Performance Target | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-27 |
|--|------------------|-----------------|-----------------|-----------------|
| 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 |
| Mainline Derailments | 0 | 0 | 0 | 0 |
| Below Rail Infrastructure Cost (Per Track Kilometre) | \$ 25.1 thousand | \$24.7 thousand | \$25.7 thousand | \$26.7 thousand |
| Customer Revenue | \$49.1 million | \$50.2 million | \$52.3 million | \$53.8 million |
| Capital Spend (4) | \$83.8 million | \$56.1 million | \$55.8 million | \$51.2 million |
| EBITDA (Consolidated after BRIC) (5) | \$1.9 million | \$3.9 million | \$3.9 million | \$3.5 million |
| Above Rail Net Profit/(Loss) (including shiploader impairment) (6) | \$(27.8) million | \$1.3 million | \$1.4 million | \$1.3 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. Capital expenditure targets exclude the costs to remediate the Burnie hardstand.

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

(6) Above Rail profit for FY 2023-24 excluding the impairment of the Shiploader is \$227,000.

Directors' Statement of Corporate Intent and agreement of Shareholding Ministers

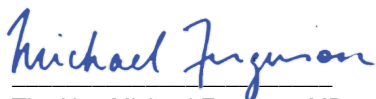
The Board of Tasmanian Railway Pty Ltd agrees to provide the Shareholding Ministers with financial and other information as set out in this Statement of Corporate Intent.

In signing this Statement of Corporate Intent, the Board of Tasmanian Railway Pty Ltd commits to the targets proposed for the 2023-24 financial year.

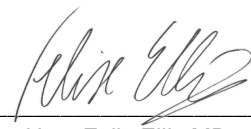
This Statement of Corporate Intent has been agreed between:



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



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



The Hon. Felix Ellis MP
Minister for Resources