

2015-2016

# Annual Report



Transport  
NSW Trains

NSW Trains  
Volume 1



**NSW Trains**

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## Letter to Minister

The Hon. Andrew Constance MP  
Minister for Transport and Infrastructure

Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Minister

I am pleased to submit for presentation to Parliament the Annual Report for NSW Trains for the financial year ended 30 June 2016.

The Annual Report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Annual Reports (Statutory Bodies) Regulation 2015*.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rob Mason', is positioned above the typed name and title.

**Rob Mason**  
Chief Executive  
NSW Trains

31 October 2016



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# 1 Foreword



## 1.1 From the Chief Executive

In the three years since beginning operations, NSW Trains has strived to uphold its commitment to delivering ‘a better way to go’ for Intercity and Regional customers.

NSW Trains works closely with its partners, particularly Sydney Trains and other agencies within Transport for NSW, to deliver an enhanced customer experience and faster journey times. Rolling stock, stations and infrastructure assets are maintained by Sydney Trains through service contracts.

One year into delivering our Business Plan, we continue to track our progress in delivering on the business objectives of growth, safety and security, engaged workforce, cost effective service delivery and Transport for NSW outcomes. These objectives help us identify and prioritise our activity so we can deliver value for money.

NSW Trains is working to make our trains and stations safer by tackling anti-social behaviour. We have introduced improved training for on-board staff with a priority on positive customer interactions. We have also trialled the use of personal safety cameras on our Regional trains – with positive results and intend to rollout the cameras to more of our on-board Regional train staff.

NSW Trains, in partnership with Transport for NSW, has established a Readiness Project for a new fleet of Intercity trains. We will not only introduce a new train, but also new business processes that leverage the technology benefits the new rolling stock will bring. Five hundred and twelve carriages are expected to be progressively delivered from 2019. The new trains will be accessible, and will provide an appealing environment, and improved comfort and reliability for customers travelling longer distances.

As we prepare for the introduction of the new intercity fleet and the challenges ahead, I would like to thank my leadership team and all our staff for their continuing efforts to put the customer at the centre of everything we do.



**Rob Mason**  
Chief Executive  
NSW Trains

# 2 Overview

## 2.1 About NSW Trains

NSW Trains is a multi-modal regional transport delivery organisation, primarily dedicated to Intercity and Regional customers, which trades under the name NSW TrainLink.

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NSW TrainLink provides intercity, regional and interstate rail and coach services for customers travelling longer distances, who need comfortable and reliable services with on-board facilities. Our train and coach network reaches as far as Broken Hill and Bourke in the West, Eden and Melbourne in the South, and Brisbane in the North. Intercity train services operate between Sydney and the Hunter, Central Coast, Blue Mountains, Southern Highlands, Illawarra and South Coast.

The NSW Trains purpose provides direction and focus for the organisation:

To connect people and communities throughout NSW...  
People choose us because we are a better way to go.

NSW Trains works closely with its partners within Transport for NSW and its agencies to deliver an enhanced customer experience and to improve the punctuality and reliability of services. Rolling stock, stations and infrastructure assets are maintained by Sydney Trains through service contracts.

### Total journeys

NSW TrainLink customers take over 36 million journeys across the train and coach network each year.



Overview

## Key facts

### Reach

NSW TrainLink train and coach services reach 479 destinations.

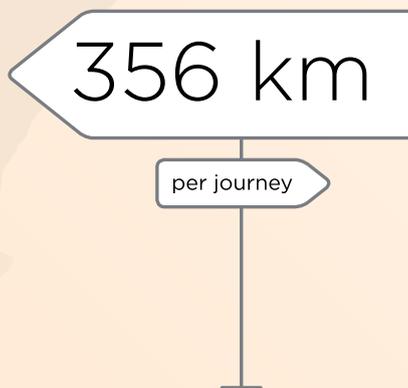


### Regional passenger journeys

More than 80% of Regional passenger journeys are for leisure purposes.

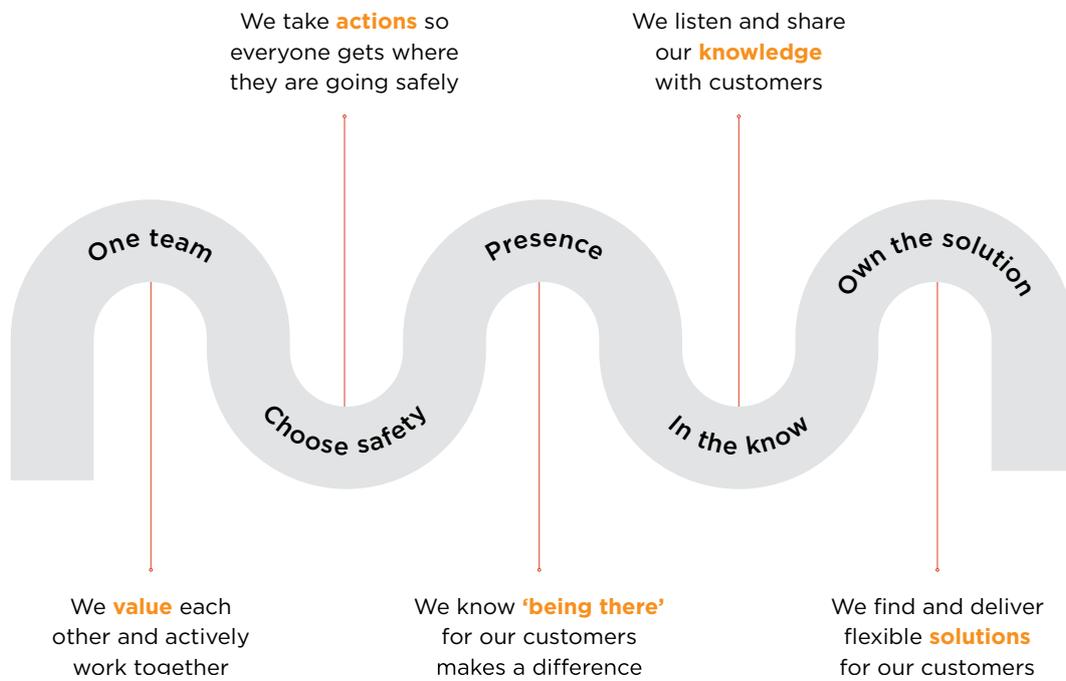
### Distance

The average distance travelled by Regional passengers is 356 kilometres per journey.

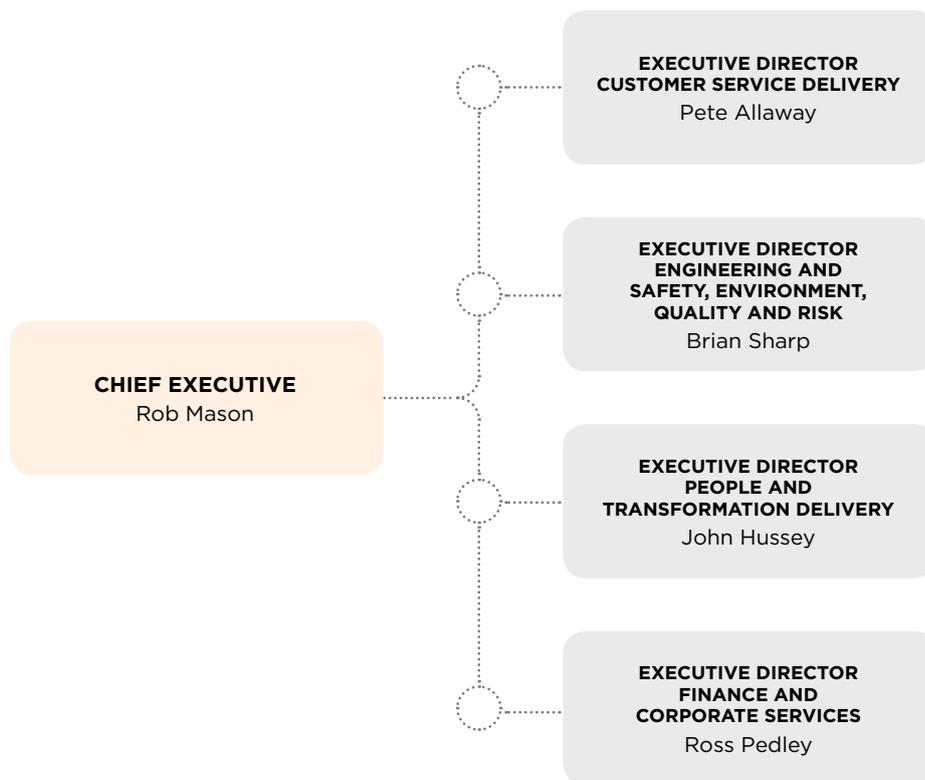


## Customer First Principles

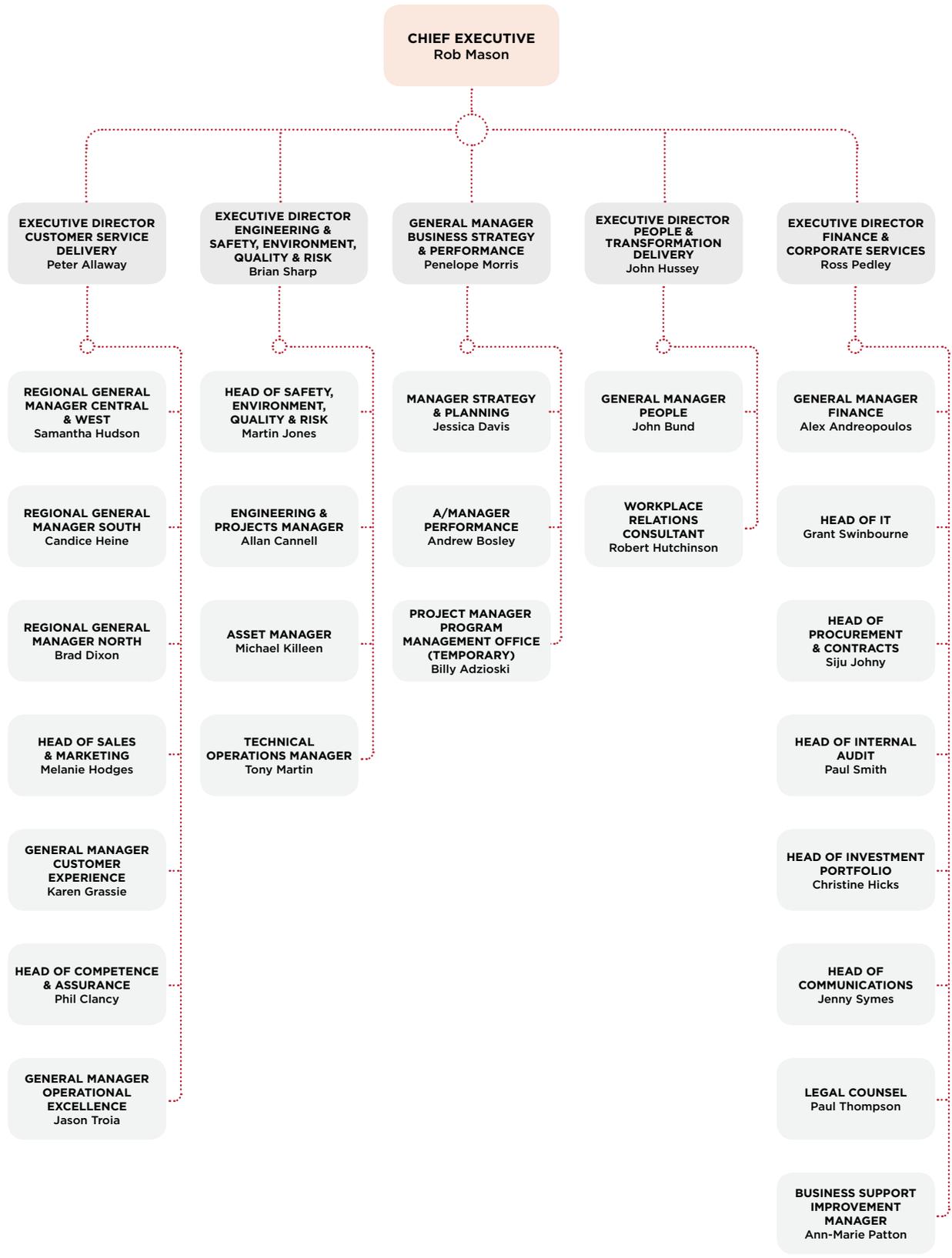
Our Customer First Principles provide guidance to staff on how to work together to provide a better customer experience.



## NSW Trains Executive Team



# NSW Trains Leadership Team





3 Strategy  
and planning

# 3.1

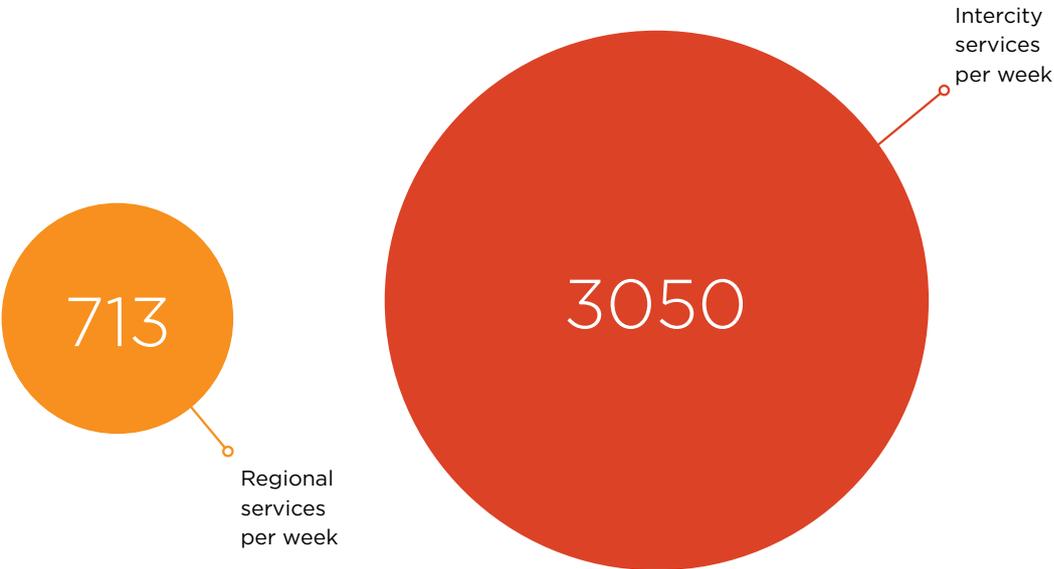
## Business Plan

NSW Trains helps to deliver integrated transport solutions and improved transport outcomes for the community and economy of NSW. It takes guidance from the priorities of the NSW Government and Transport for NSW – ensuring the customer is at the centre of decision making, working to improve customer experience and satisfaction, and the reliability of services.

Our Lift and Build Plan outlines the business objectives we are seeking to achieve, and helps prioritise our activities. This Annual Report is structured by achievement against each of our business objectives including:

- Growth
- Safety and security
- Engaged workforce
- Cost effective service delivery
- Transport cluster outcomes.

### Weekly services



Early morning Coffs Harbour.



# NSW TrainLink Lift and Build Plan

Our purpose provides focus for the business and keeps us moving in the same direction

**WHAT IS OUR PURPOSE?**

To connect people and communities throughout NSW...  
People choose us because we are a better way to go.

Our objectives outline the results we want to achieve. They help us identify and prioritise the activities we carry out.

**WHAT ARE WE STRIVING TO ACHIEVE?**

**OUR BUSINESS OBJECTIVES**

Growth	Safety and security	Engaged workforce	Cost effective service delivery	Transport cluster outcomes
The use of our services demonstrates the value we add to the community and secures our continued operation.	People will only travel with us if they feel safe and secure.	Staff with the right skills and behaviours are able to deliver better customer experiences.	We need to provide value for money for our customers, the community and Government.	We work with the cluster to deliver improved transport outcomes for the community and economy of NSW.

We need to maintain our focus on getting the basics right while looking for ways to do things better.

**HOW WILL WE ACHIEVE OUR OBJECTIVES?**

**DELIVERING OUR SERVICES**

Ensure day-to-day business operations run smoothly and build a strong platform for future growth.

Our programs provide guidance to the business  The business identifies improvement opportunities that inform our programs

**PROGRAMS TO DRIVE CHANGE**

Customer	Safety and security	People	Commercial	Transport cluster outcomes
Deliver customer experience improvements.	Provide a safe and secure environment for our customers and staff.	Develop a productive, capable and engaged workforce.	Deliver sustainable commercial outcomes.	Leverage fleet, infrastructure and customer programs.

Our programs consist of a range of different projects and initiatives that will enable us to achieve our business objectives.

In prioritising the initiatives against our programs we need to consider the impact on all five of our business objectives.

Our values	Customer focus	Collaboration	Integrity	Safety	Solutions
Customer First Principles	One team	Safety	Presence	In the know	Own the solution

To achieve our business objectives, programs of work are created each year to drive change within the business. Each program consists of a range of projects and initiatives and is delivered in addition to 'business as usual' activities.

The NSW Trains Program Management Office (PMO) provides direction, guidance and support for project managers to ensure that benefits and outcomes are achieved and that they align to the business objectives.

We measure our success through the incremental delivery of our business objectives and is monitored through business plans and Key Performance Indicators (KPIs). NSW Trains is required to report on specific KPIs as part of the Rail Services Contract with Transport for NSW. The NSW Trains Executive reviews monthly performance information to support strategic decision making and direction. This is in addition to weekly operational management and internal performance reviews as part of Visual Management Cells (VMC) meetings.

## 3.2 Corporate Plan

The 2016-17 NSW Trains Corporate Plan outlines the strategy, business objectives and programs of work to deliver services in 2016-17 and beyond.

It is aligned with Transport for NSW outcomes and ensures that NSW Trains focuses on the right initiatives to deliver the best results for our customers. As required under the *Transport Administration Act 1988* (NSW), the Corporate Plan was subject to a public consultation period of 30 days (which occurred from 9 May to 8 June 2016). Submissions received during the consultation period were reviewed and contributed to the final plan.

## 3.3 Reviewing and managing performance

Performance against business plans and KPIs is monitored by the NSW Trains Executive on an ongoing basis. It includes the Rail Services Contract with Transport for NSW which specifies set performance measures that are reported on a monthly basis.

This is complemented by a weekly operational management and internal performance review mechanism known as VMC. These meetings provide management with an update of business performance against KPIs, and an understanding of current performance. The VMC is used to identify areas of concern that need intervention, support or direction by management.

### 3.4 Key Performance Indicators

Business objective	Key Performance Indicator	Results FY 13/14	Results FY 14/15	Results FY 15/16	Target
Growth	Customer Satisfaction % at least partly satisfied - overall * <sup>1</sup>	82%	85%	88%	≥ 82%
	Customer Complaints % resolved within 5 days	97.4%	99.7%	98.7%	≥ 90%
	Customer Delays - minutes that 90% of customers are delayed	4:28	4:54	4:15	≤ 4:00
	Punctuality (Intercity Services) - % peak services on time * <sup>2</sup>	89.3%	87.4%	89.4%	≥ 92%
	Punctuality (Regional Services) - % all services on time	73.5%	77.4%	78.6%	≥ 78%
	Punctuality (Booked Coach Services) - % all services on time	94.8%	97.8%	96.1%	≥ 90%
	Patronage Growth (Intercity)		-2.4%	11.3%	≥ 0.5%
	Patronage Growth (Regional)		-3.6%	-0.2%	≥ 0.5%
	Service Provision * <sup>3</sup>	99.4%	99.0%	99.2%	≥ 99.0%
	Trains Cleanliness   7 Point Scale (1-7) * <sup>4</sup>		4.85	5.06	≥ 5.8
Stations Cleanliness   7 Point Scale (1-7) * <sup>4</sup>		6.04	5.89	≥ 6	
Safety and security	Customer Injuries	12	26	15	≤ 25
	Employee Injuries (LTIFR) * <sup>5</sup>	33.62	29.01	27.26	≤ 18.87
Engaged workforce	Employee Sick Leave - average monthly days per employee	0.81	0.89	0.90	≤ 0.75
	Employee Overtime - overtime hours as % normal hours	6.2%	7.0%	6.9%	≤ 7.5%
	Equal Opportunity - % women in workforce	23%	24%	24%	≥ 20%
	Headcount - Direct employees (at 30 June)	1,916	2,068	2,108	≤ 2138

Business objective	Key Performance Indicator	Results FY 13/14	Results FY 14/15	Results FY 15/16	Target
Cost effective service delivery	Net operating cost per revenue car km # <sup>1</sup>	\$8.36	\$8.69	\$8.49	N/A
	Net operating costs per passenger journey # <sup>2</sup>	\$21.46	\$21.43	\$18.96	N/A
	Booked services load factor - revenue km as % of seat km	44%	46%	52%	≥46%
Transport for NSW Outcomes	Station Lifts Reliability mean time between failures	105	98	146	≥ 40
	Station Lifts Reliability mean hrs to repair	16	18	8	≤20
	Fleet Availability	88%	89%	88%	≥ 88%

\*1. The percentage of customers partly satisfied to very satisfied with the overall service as per the Customer Satisfaction Survey (CSS) undertaken by TfNSW.

\*2. The percentage of timetabled peak services arriving on time without skipping stops or being cancelled.

\*3 The percentage of passenger services which are operated and configured in compliance with the timetable specifications.

\*4 Cleanliness scores moved to a 7 point scale in 14/15. Prior FY not comparable.

\*5 The number of lost time injuries that occurred over a period of time per number of employee hours worked in that same period including trauma injuries.

\*6 Revenue.

# Net operating costs are in nominal dollars

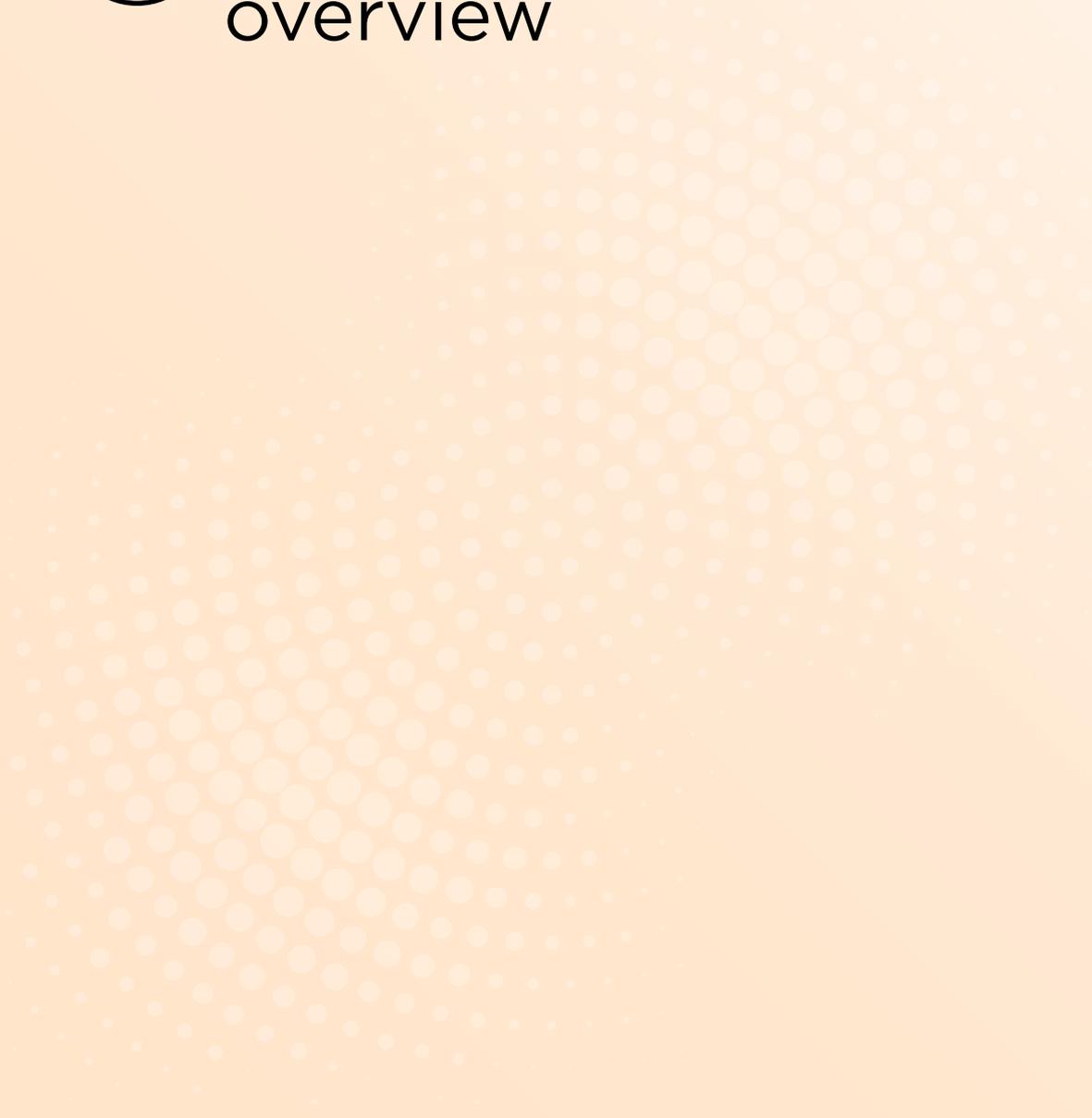
1. The real cost per revenue car kilometre (expressed in 2015-16 dollars) is \$8.62 for 2013-14, \$8.69 for 2014-15 and \$8.49 for 2015-16.

2. The real cost per passenger journey (expressed in 2015-16 dollars) is \$22.13 for 2013-14, \$21.63 for 2014-15 and \$18.96 for 2015-16.

Note: Additional productivity information has been included in response to the Auditor-General's Report to Parliament, Identifying productivity in the public sector, which was tabled in July 2015.

For this purpose cost is calculated as 'Net Operating Cost' which is total expenses excluding capital related costs, depreciation and amortisation, inter-entity cost recovery and items not part of normal operating costs. Prior period figures have been restated on the same basis.

Performance against these indicators has been improving through cost effective growth in patronage and services.



4 Performance  
overview

## 4.1 Growth

NSW Trains aims to protect and grow patronage by delivering improvements to the customer environment and services. In 2015-16 we focused on improving punctuality and real-time information for customers.

### Achievements

- Punctuality for Regional services was improved and we delivered **the best punctuality result for 13 years**.
- **We trialed an additional stop at Austinmer Station** on selected South Coast express train services.
- Improved **real-time information** was made available on eight transport apps for our regional train and coach customers showing departure times, current location and estimated arrival time.
- A **new state-of-the-art Regional Customer Support Centre** at Maitland Station was officially opened by the Minister for Transport and Infrastructure. It provides 24 hour, seven day a week support to NSW TrainLink customers, helping us deal swiftly with customer questions, safety or service incidents on the network.

### Patronage

Intercity patronage grew by more than 11 per cent year-on-year, largely due to a change in the calculation of journeys for Opal vs magnetic stripe tickets. Patronage figures are becoming more accurate as the penetration of Opal increases.

The focus has continued on growing Regional patronage and revenue as well as encouraging the use of more convenient digital and voice channels, including phones, for transactions which also provide commercial efficiencies.

For the majority of the year, Regional patronage was more than 1.5 per cent higher year-on-year. Services in the South, including Melbourne and Canberra, are the main contributors to patronage growth. Coaches in the West and North, along with Dubbo train services, continued to decline in patronage.

**More than 80% of Regional passenger journeys are for leisure purposes.**

A possible compromise of the Regional ticket reservation system and limited rolling stock availability in the school holidays, due to the ageing Regional fleet, significantly affected patronage in April and May.

At the close of the financial year Regional patronage was -0.2 per cent below the 0.5 per cent year-on-year target.

Service	2013-14	2014-15	2015-16	Change
Intercity	32,875,182	34,545,119	38,452,744	11.31%
Regional	1,805,379	1,760,952	1,756,978	-0.23%
- Regional trains	1,233,201	1,224,382	1,246,669	1.82%
- Regional coaches	572,178	536,570	510,309	-4.89%

## Promotional activity

Six Regional fare specials, including \$50 and \$70 fare caps and discounts for booking online, helped to address declining patronage and contributed 4.5 per cent patronage growth. Discovery Pass sales added an additional 2.8 per cent. These initiatives achieved a return on promotional investment of approximately \$6.70 for every dollar spent. They were not sufficient, however, to offset the underlying year-on-year patronage decline.

A commercial partnership with Mojo Surf continued to increase patronage on Northern rail services and delivered \$136,000 in gross revenue for the year. Plans are underway to further strengthen this relationship to capitalise on demand for coastal travel.

Agreements with the NRMA, Leapfrog Publications, The Word, Safari Pete and YHA provide distribution channels for marketing materials and targeted print advertising.

## Regional support and tourism

NSW TrainLink continued to support the Elvis Festival, with 384 passengers taking the Elvis Express service to Parkes on 7 January 2016. The event was a great success and generated sales in excess of \$96,000.

Due to declining sales and the need to focus on core business, NSW TrainLink ceased the sale of third party holiday and tourism products. Business was directed to local providers to ensure continuity of customer service.

Co-operative promotional campaigns encouraged travel to Dubbo and Broken Hill. These included search engine marketing and Facebook linked advertising, run in partnership with local councils and tourism operators.

The Dubbo campaign page was the top performing page on dubbo.com.au for the promotional period with 23,452 views by 20,974 visitors. The 'Special Offers' page on this site had an outstanding click through rate of 40.8 per cent.

Co-operative promotions were also undertaken with Coffs Harbour City Council for travel to the Coffs Coast on the Northern Line.

More than 70 regional events were promoted via station and on-board posters and the NSW TrainLink website.

A new co-operative promotional agreement was initiated with Cartoscope Travel Maps and Guides for the next three years promoting online bookings and NSW TrainLink travel around regional NSW. More than three million maps and guides will be distributed nationally.

A review of external Regional sales agents showed that there was no current alternative that could provide similar coverage at a reduced cost to NSW TrainLink.

## Live Chat

A trial of Live Chat - which allows online customers to engage in text conversation with the Newcastle Contact Centre - commenced on 5 February 2016 and concluded on 20 May 2016. Up to 70 chats were handled by staff each day, with chats lasting eight minutes on average with a 30-second response time. The majority of enquiries related to booking a service, ticket prices, departure/arrival times and registering a concession card. Live Chat is currently available between 11am and 8pm each day, Monday to Friday. The trial has been extended until October 2016 when a decision will be made on the viability of its ongoing use.

## Digital channels

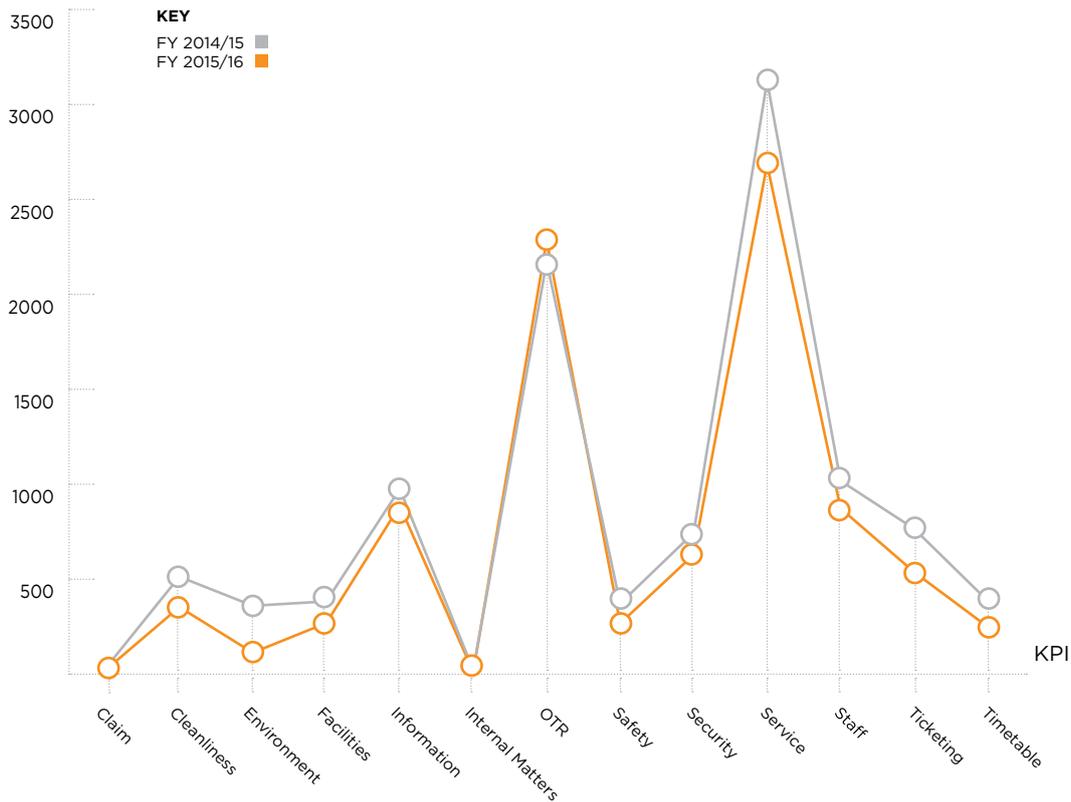
A concerted effort has been made to grow the use of digital channels for information, transactions and promotional campaigns. The cost of online transactions - at around 0.67c - is less expensive than face-to-face or voice transactions which cost in excess of \$8. The share of Regional bookings made online increased by 2.2 per cent year-on-year - prior to an attempted website security breach (rendering the system unavailable for 11 days) they were 3.2 per cent higher year-on-year.

NSW TrainLink Contact Centre now has the ability to check concession card validity over the phone, which means that customers eligible for free or discounted travel no longer need to visit a face-to-face sales outlet to show identification.

A direct mail campaign promoting self-service transactions was developed, with materials delivered to more than 27,000 households in areas where face-to-face channels have closed. These letterbox drops will continue throughout 2016-17. Station staff are also distributing these materials to customers to encourage online and phone transactions. This campaign is also supported by the Cartoscope co-operative activities.

## 4.2 Customer experience

### CUSTOMER COMPLAINTS (JULY 2015 - JUNE 2016)



### Customer Feedback

Listening to customer feedback assists NSW Trains to develop initiatives to improve the customer experience. The Customer Experience Program is heavily influenced by feedback from customers, customer satisfaction survey results and key performance information such as cleaning performance scores.

Customers are able to provide feedback using a variety of methods including:

- Calling the 24-hour Transport Info Line 131 500
- Visiting [www.transportnsw.info](http://www.transportnsw.info) or [www.nswtrainlink.info](http://www.nswtrainlink.info)
- Calling 13 OPAL (13 6725) for Opal-specific feedback
- Social media
- Writing to the Chief Executive, NSW Trains or NSW TrainLink Customer Relations.

The Customer Satisfaction index trended positively with an 88 per cent result, up from 85 per cent (November 2014).

Formal feedback (complaints and compliments) reduced by 15 per cent.

Complaints (mainly related to punctuality, staff, service and information issues) reduced by 15.5 per cent to 9,184.

Timeliness and Service complaints were a key focus and both are often related to the customer experience following late or disrupted services. Punctuality complaints were up five per cent while Service complaints reduced 14 per cent due largely to a reduction (79 per cent) in complaints about unscheduled changes of the NSW TrainLink services.

This reduction was partially offset by an increase in catering feedback due mainly to the September 2015 change in supplier. These complaints reduced significantly (60 per cent)

from February 2016 with the introduction of a new menu. Other service complaints included crowding and customer behaviour in quiet carriages.

Complaints regarding staff conduct are also heavily influenced by service disruption and reduced 14 per cent from 1018 (2014-15) to 873 (2015-16). Customer care and communications during service disruptions will be a focus in 2016-17.

## Cleaning

The impact of the Cleaning Improvement Program across the business has shown positive results with cleaning complaints down by 31 per cent from the previous year. This improvement is also reflected in the Customer Satisfaction score for cleanliness from 82 per cent in quarter 1 2015 to 87 per cent in quarter 1 2016. While a strong result, there remains potential for improvement, with cleanliness being one of the main satisfaction drivers for customers.

Cleaning complaints were down by 31% from 2014-15.

The following initiatives were undertaken to provide customers with cleaner trains and stations:

- The ongoing Deep Cleaning Program for trains and stations has resulted in 360 carriages and 87 stations being deep cleaned. Trains pre-service and a majority of stations are now consistently exceeding the target score of six
- An In-Transit cleaning pilot was initiated for six months to manage cleanliness on longer journeys. Implementing a more permanent solution will be investigated as part of the 2016-17 program
- A plumber was introduced at Central Station to improve servicing of toilets on board trains resulting in a significant improvement of more than 30 per cent availability of toilets in service
- An independent verifier has been engaged to provide mystery shopping services and assess the overall cleanliness of trains and stations. These cleaning results are used to identify stations and specific train services where additional attention is required. This ongoing data set will be used as the basis for the 2016-17 Cleaning Improvement Plan.

## Regional rebranding

Rebranding of all Regional stations and coach stops was completed in June 2016 with former 'CountryLink' branding removed and replaced with the NSW TrainLink brand.

Areas covered by the rebranding program include stations across regional NSW, south to Albury, west to Broken Hill and north to Kyogle. More than 6500 new signs were manufactured and installed. The program also provided the opportunity to de-clutter station signage and remove sign duplication.

## Regional Customer Support Centres

An important foundation of reassurance and customer information at unattended locations is the implementation of the Regional Customer Support Centres (RCSC's). The RCSC based at Maitland was opened in July 2015 with a new centre overseeing the South and Central West stations due to open in Wollongong in October 2016.

Staff recruitment and the introduction of new operational processes are now in place, moving the focus from security to customer service.

The RCSCs provide support 24 hours a day, seven days a week to NSW TrainLink customers and staff by monitoring CCTV cameras on stations, answering help point enquiries, making remote announcements and observing anti-social behaviour and cleanliness on platforms.

Services from these centres will be extended with the implementation of additional CCTV and Help Points onto 21 Regional locations, with an additional 19 regional stations to receive help points - to be completed by December 2016.

Regional Customer Support Centres provide 24/7 support to customers.

## On-board experience

Several programs with an on-board focus were introduced in 2015-2016:

- The Announcement Improvement Program focused on the key on-board information channel for our customers. New briefings with a strong focus on safety critical messaging were communicated to all guards. Independent verifier surveys have indicated a 21 per cent increase in compliance with ongoing focus and compliance reviews
- Luggage racks have been manufactured for the V-Set carriages on the Blue Mountains, Central Coast and Newcastle lines following a successful trial in 2015. Implementation is now in progress for the 102 racks, due for completion by November 2016
- Scoping around customer amenities including carpets and lighting has been completed for several ongoing fleet maintenance/refresh programs. This includes the XPT component change out program and XPLOER/Endeavour life extension program due to commence in early 2017.



## Events

NSW TrainLink continued its support for the Parkes Elvis Festival in January 2016 with entertainment provided on board the 'Elvis Express' at Central Station prior to departure. This event continues to attract a loyal and enthusiastic fan base and significant media coverage.

In April the 30th Anniversary of Steamfest was celebrated by staff and thousands of visitors to Maitland. The festival highlight was the world's first Quad Steam Train Race where four steam engines raced parallel to each other against four tiger Moth aeroplanes flying from Warabrook to Maitland Station.

## Transport apps

Regional real-time data became available through eight Transport Apps at the end of February 2016. This was promoted via the NSW TrainLink website, in social media, the quarterly customer e-newsletter and via posters at stations and on board trains.

## Disability Inclusion Plan

In the past year NSW Trains has implemented the NSW TrainLink Disability and Inclusion Plan 2015-2019. The plan is aligned to the Transport for NSW Disability Action Plan 2012-2017.

The NSW Trains Disability and Inclusion Plan outlines a framework which focuses on embedding accessibility into the strategy, business and people practices, and influencing our partners to deliver accessible service on our behalf.

In 2015-16, NSW Trains implemented initiatives such as:

- Working with Sydney Trains to refresh the V-Set fleet and we commenced the refurbishment of XPT rail cars to improve customer amenity
- A pilot with Sydney Trains to test the feasibility of selective door control on V-Set doors, to minimise alighting risk on short platforms and
- An audit and replacement of boarding ramps on Regional XPT and XPLOER trains to improve reliability, functionality and safety.

Quad Steam Train Race during the 30th Anniversary of Steamfest.

Transport for NSW administers the Transport Access Program (TAP) to improve accessibility at stations throughout the NSW TrainLink and Sydney Trains networks. In 2015-16 the following improvements were delivered:

- Station, parking and safe travel upgrades completed at Cardiff
- Two commuter car parks and bicycle parking at Gosford
- Upgrades to the staff car park and interchange at Lithgow
- Staff car park and canopy at Springwood
- New accessible ramps, new accessible parking spaces and improved safety features including lighting and CCTV surveillance cameras at Tahmoor
- Staff carpark and bicycle parking at Woy Woy
- New commuter car park at Thirroul and
- Accessible ramp, new accessible parking spaces and improved safety features, including lighting, at Yass Junction.

## Reliability

Punctuality results in 2015-16 improved compared to 2014-15 for both Intercity and Regional services, with an overall 2.4 per cent increase in performance. The ongoing initiatives of the Reliability Improvement Plan contributed to the improved performance with delivery of a number of initiatives.

Intercity peak hour punctuality for the year for services arriving and departing Central was 89.4 per cent. While not meeting the peak punctuality target of 92 per cent, the result is a two per cent improvement on last year's result of 87.4 per cent for the combined peak periods. Performance improved on all peak lines compared to 2014-15.

Regional punctuality for the year was 78.6 per cent, exceeding the target of 78.0 per cent and an improvement of 1.2 per cent on last year's result. Targets were met on six out of 10 lines (Broken Hill, Canberra, Casino, Dubbo, Grafton, and Griffith) with improved performance on seven lines compared to last year.

There were 16,426 late trips in 2015-16, a reduction of 2.4 per cent from 16,838 last year:

- Intercity 24 hour late trips: 14,752 (2.0 per cent reduction from 15,047 last year)
- Regional 24 hour late trips: 1,674 (6.5 per cent reduction from 1,791 last year).

There were several Factors affecting Punctuality during this period

During disruption, where possible, NSW TrainLink provides alternate services for customers to complete their journey.

Natural disasters affecting services in 2015-16 included:

- Heavy snow falls in July disrupted road and rail networks with snow laden trees between Mount Victoria and Lithgow preventing electric train services from operating for several hours. The Bathurst Bullet was used as a diesel shuttle between Mt Victoria and Lithgow to keep customers moving
- Bushfires at Somerton Loop (Victoria) in December disrupted Melbourne services.
- Extreme heat affecting track conditions led to temporary speed restrictions causing disruptions particularly to Regional West services
- Extreme weather conditions in January caused flooding along the North/Central Coast region
- Extreme weather in April - rain and wind - caused flooding and trees to fall across tracks, disrupting South Coast Intercity services
- Flooding in the South Illawarra region in June.

Temporary speed restrictions between Campbelltown and Goulburn were imposed by the Australian Rail Track Corporation periodically throughout the year but increased between January and March, significantly affecting Southern Highlands Intercity and Southern Regional services.

Australian Rail Track Corporation's track program continues to improve the condition of the track allowing removal of its temporary speed restrictions.

A number of actions were completed in 2015-16 to improve reliability including:

- Fixed window blanks
- Dedicated platforms at Central
- Steel sleeper temporary speed restrictions removed in ARTC and John Holland networks
- Improved depot touch time for V-Sets
- Optimised consist management of Regional services.

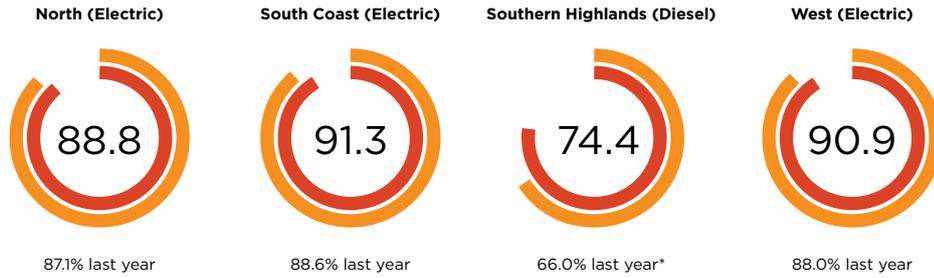
## Reliability (%)

**KEY**  
 ACTUAL   
 LAST YEAR 

Punctuality results in 2015-16 improved compared to 2014-15 for both Intercity and Regional services, with an overall 2.4 per cent increase in performance.

Regional punctuality target delivered for the first time in 13 years.

Intercity peak hour punctuality



\* There was a change in the number of peak services measured from one service in 2014-15 to six services in 2015-16.

Regional punctuality



## 4.3 Safety and security

Safety and security on stations, at stops and on board is critical for NSW Trains customers and staff. In 2015-16 NSW Trains focused on leveraging technology such as personal safety cameras and increasing security on stations and on-board.

### Achievements

- **We successfully trialed personal safety cameras** in response to anti-social behaviour, on Regional train services
- **Targeted Police Transport Command (PTC)** operations, such as Operation Southern Aurora on the Melbourne XPT and Canberra XPLOER services and targeted operations in Orange and across the border with Victorian Police, demonstrated that Police presence on NSW TrainLink services is beneficial in reducing anti-social behaviour
- New paths, lighting and fencing as part of the **Grafton Stabling Yard upgrade** has delivered significant improvements to the safety and security of staff working at the site
- **An Emergency Exercise** at Thirroul, Kiama and Valley Heights tested the expertise of rail staff, the NSW Police Force, Fire and Rescue NSW and NSW Ambulance services in a response to a mock emergency.

### Safety performance

Safety management and staff training strategies have led to an overall improvement in safety performance in 2015-16.

The key indicator for employee safety is the Lost Time Injury Frequency Rate (LTIFR), a measure of the number of injuries resulting in time lost from work, per million hours worked. NSW Trains' total LTIFR (physical and trauma-related lost time) improved in 2015-16, with a six per cent decrease from the previous year.

Trauma related injuries are experienced predominantly by train crew witnessing fatalities and/or major incidents. Eleven fatalities were reported in the period as a result of people being struck by trains.

There were 37 signals passed at danger (SPADs) in the period, an increase over the 25 SPADs recorded in 2014-15. There were no major consequences resulting from these SPADs.

2015-16 saw the introduction of the Operational Excellence Working Group to develop strategies for reducing operational incidents such as SPADs.

Lost Time Injury Frequency Rate (LTIFR)	2014-15	2015-16	Change
LTIFR - physical injuries	15.60	16.40	+5%
LTIFR - trauma related injuries	13.41	10.86	-19%
LTIFR - physical, trauma & psychological Injuries	29.01	27.26	-6%

## Safety management system continuous improvement

In line with legislated Rail Safety and Work Health and Safety requirements, NSW Trains has continued to improve and refine its Safety Management System. Areas of improvement include:

- Asset Lifecycle Management
- Workplace Violence
- Hazard Management
- Engineering and Operational Standards
- Interface Management
- First Aid
- Incident Reporting and Investigation
- Action Management
- Environmental Impacts
- Drug and Alcohol Policy
- Environmental Impacts

## Risk management

NSW Trains understands the need for systematic, effective management of risk in a challenging operating environment. In addition to the Corporate Risk Register, each directorate as well as selected business units maintain their own register of business-related risks. These registers are interrelated through relevant 'parent' and 'child' risks in each related register. The registers and the associated risks are regularly reviewed by the Chief Executive, Directors and business unit managers and their teams as part of business as usual activities.

There is independent oversight of these registers and risk management activities by the Audit and Risk Committee.

The Safety Risk Register (SRR), an integral part of the organisation's rail safety accreditation continues to evolve and mature as new hazards, causes and controls are added and reviewed in light of operational events, risk assessments and investigation findings.

The content of the SRR is assured through several levels of co-ordinated activity:

1. Formal, periodic risk reviews in which a group of subject matter experts from across the business, convened by a designated Assessment Team Leader, confirms the causes, consequences and controls for each risk, and identifies further actions to minimise the risk SFAIRP.
2. Monthly updates in response to incidents which cannot be coded against an existing risk or cause, and where new risks, causes and controls are identified.
3. Updates in response to investigation findings following significant incidents.
4. Other ad hoc revisions where Safety, Environment, Quality & Risk professionals become aware of gaps in descriptions of causes, consequences or controls, or where descriptions must be updated in response to changes, e.g. new procedures, processes or technology.

In addition, Control Owners are required to ensure their controls are in place and are working effectively. This is done at a local level where managers, delegated by Control Owners and supported by Safety, Environment, Quality & Risk professionals, review their controls on an ongoing basis to provide the required assurance to Control Owners.

There is independent oversight of the Safety Risk Register and associated Safety Management System processes by an annual audit by the Office of the National Rail Safety Regulator.

## Environment

During 2015-16, 24 environmental incidents were reported, of which one required notification to the Environment Protection Agency. Remediation was completed for a May 2015 diesel spill in Queensland.

A combined Safety and Environment Management Plan was developed for internal consultation, which includes a Sustainability Action Plan for the organisation.

Numerous Safety Interface Agreements (SIA) were reviewed for environmental compliance and action was taken to address deficiencies. Inspections in relation to SIA were conducted at Broken Hill Siding and Cootamundra, Griffith, Parkes, Orange, Dubbo, Canberra, Grafton, Wauchope and Taree stations.

Structured observations were conducted at Moss Vale and Goulburn Main Lines to record hydrocarbon contamination from rolling stock.

Water restrictions were assessed and advised to all relevant stations.

The NSW Government Climate Change Preparedness Survey was completed as well as the annual National Greenhouse Energy Report. NSW Trains provides quarterly reports on compliance to Sydney Trains. Several Environmental Planning and Heritage exemptions and out of hours works approvals were obtained for project works.

### Platform-train interface

NSW Trains continued to work on solutions to mitigate the risks associated with 48 short platforms on the NSW TrainLink network, where the length of the train is longer than the length of the platform.

The V-set Selective Door Opening Project was completed as we prepared to implement the design and trial phase of this important safety enhancement. This project is packaged with a short platform digital voice announcement project and will introduce enhanced customer safety on this fleet.

Guards continue to be trained and reminded of the importance of short platform announcements. Guard announcements are tracked regularly for management review and identification of problem areas.

### Anti-social behaviour

Anti-social behaviour continues to be the most significant single risk to which our staff and customers are exposed. The risk of anti-social behaviour on our trains has been the subject of a formal, high-level review from which initiatives to identify issues as early as possible to prevent situations escalating have been developed.

Initiatives taken over the past year include:

- Improved training for onboard staff on positive customer interactions
- Liaison with NSW Police to achieve an increased onboard security presence.

A trial of personal safety cameras for onboard staff commenced in August 2015 and the solution is now proceeding to full rollout to more onboard staff.

A Targeted Security Deployment Project for Regional services was conducted with the PTC and aims to develop a consistent police presence on board Regional services. An agreement with the PTC will see approximately three deployments onto targeted services each month. These deployments are in excess of the wider PTC activity such as Operation Southern Aurora and other targeted operations.

The increase of a consistent police presence in conjunction with other anti-social behaviour initiatives, such as personal safety cameras, has delivered a significant reduction of security related incidents on board Regional services (15 per cent year-on-year) with a 36 per cent reduction of all reported security incidents in the six month period since the Service Level Agreement with the PTC was established.

Police Transport Command operations targeted anti-social behaviour, with positive results.



City2Surf, Bondi Beach.

## Level crossings

Level crossings remain an area of ongoing safety concern for NSW Trains, especially the level of irresponsible behaviour by some road users and in particular the high level of pedestrian violations at certain locations on the South Coast.

NSW Trains has maintained active involvement in awareness, improvement and enforcement programs being administered by Transport for NSW.

During the past year we have worked with the Office of the National Rail Safety Regulator to improve the quality of level crossing incident data, and improved the quality of information in our own systems.

NSW Trains continues to maintain good collaborating relationships with Rail Infrastructure Managers who operate and maintain the level crossings we use, to develop shared approaches to reducing violations and improving level crossing safety. We participated in the National Forum on Level Crossing Safety to share knowledge and experience on how safety may be further improved, and we will continue to pursue these initiatives over the coming year.

Collaboration between NSW Trains and John Holland Rail resulted in a significant improvement to safety at the Wellington Level Crossing. New improved signage to draw drivers' attention to the level crossing and vegetation removal at the location to provide better visibility reduced the number of reported incidents considerably.

## Health and wellness

NSW Trains launched a new Wellbeing Program that focuses on the prevention of illness through building wellbeing into everyday activities. It is reinforced with activities and specifically targeted events that support mental, physical and financial wellbeing.

Employee wellbeing initiatives were run throughout the year, including:

- Health fairs
- Flu vaccinations
- Mental health seminars
- Introduction of a Fitness Passport – affordable gym membership
- Salary packaging information sessions.

Many local and regional health and wellbeing events were held and employees participated in the annual City2Surf and the Sydney Chinese New Year Festival Dragon Boat Race.

## 4.4 Engaged workforce

NSW Trains understands that people are key to driving change within the business. Staff need to be supported with the right tools to be successful. In 2015-16, we invested in training and development of staff and continued to implement action plans developed following our annual engagement survey.

### Achievements

- In 2015-16 NSW Trains celebrated the external recognition of our staff, with two significant awards:
  - **The Australasian Rail Industry Safety Award** for the introduction of personal safety cameras (PSC) on long distance Regional services. The award recognised NSW Trains dedication to finding and implementing an innovative and effective solution to improving staff and customer safety on long distance services. Our staff were the first transport staff to wear the cameras in Australia. The cameras continue to be rolled out across the network.
  - **The Best Government Contact Centre in NSW award** at the Auscontact Association industry awards. The Contact Centre which answers up to 70,000 calls per month, was also runner up at the national awards.
- We continued to train and develop staff. **More than 4,600 training interventions were conducted (which is the number of times our staff have attended training or development) resulting in a 96 per cent attendance rate.**
- We received increased feedback from staff with the response rate for the People Matter Employee Survey in 2016 doubling from the previous survey to 29.8 per cent.

NSW TrainLink won the 'Best Government Contact Centre in NSW' award and was runner-up at the national awards.

### Engagement and recognition

We will be leveraging two sources of feedback to continue to identify how team members are experiencing working for NSW Trains and developing action plans aimed at increasing employee engagement: the NSW Public Service Commission People Matter Employee Survey conducted in May 2016, and our Pulse Check Survey.

Internally we continued the Recognition @ NSW TrainLink Program, recognising 53 individuals and seven teams through Quarterly Awards, providing 94 'On the Spot' awards and more than 250 thank you phone calls made by our Executive.

NSW Trains also celebrated a number of events with staff including the launch of the wellbeing program, as well as Harmony Day, Rail Safety Week, Australia's Biggest Morning Tea, Diwali festival, and National Mental Health Awareness month.

Each year NSW Trains partners with TrackSAFE in Rail R U OK? Day for an industry-wide event focused on encouraging rail staff to look out for one another's mental health by prompting them to ask and answer one simple question: R U OK? This year staff were encouraged to wear yellow and take the time out to check in with their team members. There were also a number of events held for staff across the network to draw attention to this important initiative.

## Diversity and inclusion

NSW Trains has introduced key initiatives aligned to Transport for NSW focus areas of increasing both women in senior leadership roles and Aboriginal representation. There is a strong focus on how to develop and retain senior women, including a female leader formally participating in key executive governance forums on a rotational basis and also reviewing succession plans to identify female successors for leadership roles.

Additional development options are also being identified including leveraging Transport for NSW development programs. International Women's Day has also been identified as a key event on our annual calendar.

To support and increase Aboriginal representation, NSW Trains is actively partnering with external Aboriginal employment agencies to increase the number of Aboriginal candidates applying for our roles, supporting these candidates through the application process and, if successful, through the on-boarding process. This approach has proved successful with one candidate being selected in one regional location.

Celebration of key Aboriginal events has also been identified as an area of focus with our calendar of events including NAIDOC Week and Reconciliation Day.

We also continue to support and participate in the Transport for NSW float at the Sydney Gas and Lesbian Mardi Gras and the annual celebration of Diwali - the Festival of Lights to mark the beginning of the Hindu year.

## Training and support

NSW Trains continues to roll out its holistic trauma management framework and program aimed at reducing the effect of trauma where possible. Key areas of focus for the year have included the delivery of the Coping with Trauma Program, designed to help individuals feel more prepared should they be exposed to a stressful incident. This training has been delivered regionally to more than 1,000 staff and will continue in the next financial year. The response from staff has been very positive - with one driver telling his Regional Manager this was 'the best training he'd ever done and it had changed his life'.

We have also partnered with Sydney Trains Health Services and the Black Dog Institute to develop a Suicide Awareness package that could be delivered remotely, supporting a regionally based operator.

## Rail Careers Week

Rail Careers Week is a national campaign aimed at promoting and raising awareness about the network of career opportunities in the industry. The campaign encourages people of all ages and experiences to consider the rail industry as a rewarding place to work and with great opportunity to advance their career. The week had a strong focus on attracting women and highlighting the innovative and technologically advanced areas of the industry, which holds real appeal for the younger generations.

Rail Safety Week.



## 4.5 Cost effective service delivery

NSW Trains aims to provide value for money for customers, the community and Government. In 2015-16, we focused on providing cost effective service delivery through improved systems, new catering arrangements and improved procurement processes.

### System improvements

The planned migration of the Customer Reservations System to a new platform with improved security measures was one of the biggest system improvements undertaken in 2015-16. The enhancements to the Customer Reservations System also make it easier for customers and sales agents to book Regional trips.

In May, we identified a possible compromise of the Customer Reservations System. An investigation of the online booking system determined that there was no evidence to suggest that any personal information had been accessed.

### Procurement

NSW Trains was awarded '3B accreditation' for the procurement function (third highest in NSW Government sector), enabling NSW Trains to make its own procurement decisions up to the value of \$102 million. This is especially important as the organisation moves to becoming an operator/maintainer with the procurement of the new intercity fleet.

We engaged with Fairhaven Services Ltd, an Australian disability enterprise, to print, distribute and warehouse our marketing and ticketing materials on a trial basis. As a result of the trial, Fairhaven Services was able to bid for other business with Transport for NSW and its agencies, providing employment for people living with disability in the West Gosford area.

### Project management

NSW Trains Program Management Office was established to provide governance and oversight of our projects and initiatives driving the achievement of business objectives. A Project Management framework and Program Committee structure was implemented to provide support and guidance for improved project delivery, a consistent approach to project management and increased confidence in strategy execution.

### Catering

In 2015-16 we overhauled the on-board café menu for the first time in 12 years.

The new catering contract with Gate Gourmet, a global food and logistics expert, was awarded to provide food and beverages for long distance Regional services. New food safety standards were introduced and point of sale cash registers were updated to provide 'tap and go' payment for customers.

## 4.6

### Transport for NSW outcomes

In 2015-16, NSW Trains continued to work closely with partners within Transport for NSW and its agencies to deliver improved customer outcomes such as improved access to information for customers through web enhancements and finalising the refurbishments of the V-Set trains.

#### New rolling stock investment

The NSW Government continues to work towards the procurement of the next-generation fleet for Intercity rail customers on the South Coast, Blue Mountains, and Central Coast and Newcastle lines. Five hundred and twelve carriages are expected to be progressively delivered from 2019. The new trains will be accessible, provide an appealing environment and improved comfort and reliability for customers travelling longer distances.

The NSW Government announced the short list of established train manufacturers to supply and maintain the new trains on 9 July 2015. NSW Trains, in partnership with Transport for NSW, has established a New Intercity Fleet Readiness Project which will support the introduction of the new rolling stock.

#### V-Set refurbishment

The two-year V-Set Refurbishment Program was completed at the Flemington Maintenance Centre, covering the whole fleet of V-Set trains.

New carpet, flooring, wall panels, seating upholstery and better toilets have significantly improved the on-board experience for Intercity customers.

#### Newcastle Transport Interchange (Wickham)

During 2015-16 we continued the successful operation of the Wickham Transport Interchange Phase 1 - Truncation without affecting service to customers.

Engagement continued with Transport for NSW regarding the design of Wickham Transport Interchange and the new Wickham Bus Interchange.

We also continued operations during construction of the interchange and successfully moved operations to Broadmeadow Station during planned shutdowns.

#### Sydney Metro

Construction continued on the Sydney Metro project - Australia's largest Public Transport project. NSW Trains continues to work closely with its partners to plan and prepare for this landmark project, which includes a new Metro Station at Central Station where Metro customers will be able to interchange for a NSW TrainLink or Sydney Trains service.

New Intercity fleet.





# 5 Appendices

## 5.1 Financial and asset management

### Overseas travel

#### International travel (itemised): July 2015 – June 2016

Agency	Officer name and position	Date	Destination	Purpose/ cost explanation	International travel cost \$
NSW Trains	Rob Mason, Chief Executive	13-14 June 2016	New Zealand	Attend the Australasian Railway Association Board Meeting and New Zealand Rail Conference, Passenger Transport Group meeting and TrackSAFE Board meeting	\$1,180
NSW Trains	Rob Mason, Chief Executive	28-29 January 2016	UK	Attend International Mainline Rail Benchmarking Group	\$7,466
NSW Trains	Penelope Wood, GM Business Strategy & Performance	28-29 January 2016	UK	Attend International Mainline Rail Benchmarking Group	\$7,466
NSW Trains	Keiron Ritchard, Director Customer Service Delivery	2-11 July 2015	UK	Attend Government to Government Trade Mission	\$8,351

## Grants to non-government community organisations

In relation to the reporting requirement in *Premier's Memorandum 1991-34*:

NSW Trains did not grant any funds to non-government community organisations during the year.

## Consultants

CONSULTANTS ARE REPORTED IN ACCORDANCE WITH THE REQUIREMENT IN PREMIER'S MEMORANDUM 2002-07

Consultant	Project	Costs (\$)
Contracts of \$50,000 or more		
Organisational review		
Deloitte	Provide organisational communication strategy for the NSW Trains Business Plan	79,558
Meld Studios	Develop a strategic customer experience model	140,850
Total contracts of \$50,000 or more		220,408
Total contracts of less than \$50,000		-
<b>Total expenditure in 2015-16</b>		<b>220,408</b>

## Payment of accounts

In accordance with the requirements of the *Annual Reports (Statutory Bodies) Regulation 2010* (NSW), performance in paying trade creditors' accounts during the year is reported below.

### PAYMENTS OF ACCOUNTS (GST INCLUDED)

Quarter	Current (i.e. within due date) \$M	Less than 30 days overdue \$M	Between 30 and 60 days overdue \$M	Between 60 and 90 days overdue \$M	More than 90 days overdue \$M
September 2015	1.9	0.4	0	0	0.2
December 2015	1.1	0	0	0	0
March 2016	0.3	0	0	0	0
June 2016	3.7	0	0	0	0
<b>Small business suppliers</b>					
September 2015	0	0	0	0	0
December 2015	0	0	0	0	0
March 2016	0	0	0	0	0
June 2016	0	0	0	0	0

Payments to NSW Trains suppliers are made by Transport Shared Services.

## Timing for payment of accounts

### ACCOUNTS PAID ON TIME WITHIN EACH QUARTER.

Measure	Sept 15	Dec 15	Mar 16	Jun 16
Number of accounts due for payment	3,330	3,339	2,819	2,966
Number of accounts paid on time	3,141	3,076	2,646	2,761
Actual % accounts paid on time	94.3%	92.1%	93.9%	93.1%
\$ amount of accounts due for payment	\$21.8M	\$19.5M	\$19.8M	\$21.1M
\$ amount of accounts paid on time	\$19.7M	\$15.9M	\$17.7M	\$18.8M
Actual % accounts paid on time (based on \$)	90.4%	81.5%	89.4%	89.1%
Number of payments for interest	0	0	0	0
Interest paid on overdue accounts	\$0	\$0	\$0	\$0
<b>Small business suppliers</b>				
Number of accounts due for payment	9	9	6	29
Number of accounts paid on time	9	9	6	29
Actual % accounts paid on time	100%	100%	100%	100%
\$ amount of accounts due for payment	\$0.5M	\$0.5M	\$0.5M	\$0.5M
\$ amount of accounts paid on time	\$0.5M	\$0.5M	\$0.5M	\$0.5M
Actual % accounts paid on time (based on \$)	100%	100%	100%	100%
Number of payments for interest	0	0	0	0
Interest paid on overdue accounts	\$0	\$0	\$0	\$0

## Internal Audit and Risk Management Policy Attestation

### TPP15-03 INTERNAL AUDIT AND RISK MANAGEMENT STATEMENT FOR THE 2015-2016 FINANCIAL YEAR FOR NSW TRAINS

I, Rob Mason, am of the opinion that NSW Trains has internal audit and risk management processes in operation that are, in all material respects, compliant with the eight core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Core requirements	Compliant, non-compliant, or in transition
<b>Risk management framework</b>	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
<b>Internal audit function</b>	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the international standards for the professional practice of internal auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
<b>Audit and Risk Committee</b>	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

## Membership

The Chair and Members of the Audit and Risk Committee are:

Position	Name	Start term date	Finish term date
Independent Chair	Peter Mayers	6/11/13	5/11/16
Independent Member 1	David Antaw	6/11/13	01/7/18
Independent Member 2	Shirley Liew	11/11/13	01/7/18



**Rob Mason**  
Chief Executive  
NSW Trains  
05 July 2016

## Risk management and insurance activities

NSW Trains has a comprehensive tailored insurance program in place as part of its risk management strategy.

The insurance program is to be reviewed annually to protect against insurable risks. These risks could affect:

- Operations
- Liabilities to third parties
- Existing assets and those under construction

NSW Trains transfers insurable risks by purchasing insurance through the commercial insurance market with established and financially stable insurers.

## Land disposal

NSW Trains holds no land assets and has made no land disposals in the past year.

## Disclosure of controlled entities

NSW Trains had nil controlled entities during the past financial year.

## Disclosure of subsidiaries

NSW Trains had nil subsidiaries during the past financial year.

## Investment management performance

NSW Trains holds nil investments with TCorp.

## Liability management performance

In accordance with *Treasury Circular 09/07*, as NSW Trains had less than \$20 million debt at 30 June 2015, it is not required to report on liability management performance.

## Credit card certification

I certify that the credit card usage for NSW Trains during the financial year ended 30 June 2016 was in accordance with the Premier's Memoranda and the Treasurer's Directions.



**Rob Mason**  
Chief Executive  
NSW Trains

## Capital works

NSW Trains total capital investment in FY 2016 was \$7.62 million.

The NSW Trains FY16 capital works completed or in progress as at 30 June 2016 include the following:

Capital projects	Cost to date (\$M)	Forecast completion (year)
Various capital projects including: Regional real time information; Regional Customer Support Centres; TellUs Mobility Reporting project; Regional refurbishments; Station rebranding; Central Station platform Refurbishment; Grafton Stabling Yard safety works; Regional CCTV and Customer Help Information Points	7.62 #	Various

# Funded through the Transport for NSW Transport Access Program.

## Response to matters raised by the Auditor-General

No significant matters were raised by the Auditor-General in the Statutory Audit Report for the year ended 30 June 2016.

## 5.2 People

### Human resources

#### INDUSTRIAL RELATIONS LEGISLATION, AWARDS AND AGREEMENTS

The Enterprise Agreement approved in October 2014 remains in force, and has a nominal expiry date of 30 September 2017.

Terms and conditions of employment of NSW Trains' employees are also governed by:

- Executive contracts
- *Fair Work Act 2009 (Cwth)*
- Rail Industry Award 2010

#### EXCEPTIONAL MOVEMENTS IN WAGES, SALARIES OR ALLOWANCES

An overall increase of 3.1 per cent for those NSW Trains employees covered by the *Enterprise Agreement 2014* was paid with effect from the first pay period after 30 September 2015.

#### HUMAN RESOURCES POLICIES AND PRACTICES

A number of new human resources initiatives, policies and procedures were implemented in the past year to support NSW Trains management and employees, including:

- Leadership development programs
- Strategic partnering training
- Technical competency based programs
- Customer relationship training
- Providing support after trauma workshops
- Coping with trauma workshops
- Transport for NSW policies:
  - Grievance management
  - Managing conduct and discipline

### HEADCOUNT AS AT 30 JUNE 2016

Workforce by directorate	Headcount
Customer Service Delivery	1,998
Engineering and Safety, Environment, Quality & Risk	16
Business Strategy and Performance	4
Finance and Corporate Services	30
People and Transformation Delivery	5
<b>Total headcount*</b>	<b>2,053</b>

Source: Transport Shared Services HR Reports

\* Total headcount excludes 53 Senior Service employees (who are substantively employed by Transport for NSW) and Transport for NSW vested employees (Human Resources Business Partners and Organisational Development).

### Workplace Health and Safety

NSW Trains is a self-insurer under the *Workers Compensation Act 1987* (NSW), all workers compensation claims are managed through Transport Shared Services:

- Total claims received - 219
- Number of claims accepted - 133 (where weekly benefits were paid against the claim)
- Number of new Lost Time Injuries - 106.

The average cost of claims was \$5255.40.

NSW Trains incurred no WorkCover prosecutions during the 2015-16 year.

NSW Trains ran comprehensive health and wellness programs for its employees throughout the year.

NSW Trains Work Health and Safety category	Count
Total days lost due to workplace related injuries or illness	3,800
Prosecutions reported	0
Prosecutions under the Act	0
Workplace safety inspections	1,664
Percentage of planned Work and Health and Safety consultation meetings held	100%

## Senior Executives

Senior Service officers accounted for 4.6 per cent of the total employee related expenditure (4.8 per cent in 2014-15).

### NSW TRAINS – SENIOR SERVICE LEVELS 2 TO 6

Pay scale group	Female	Male	Total	Average total remuneration package
Senior Service 2	4	4	8	\$238,145
Senior Service 3	0	0	0	
Senior Service 4		2	2	\$342,316
Senior Service 5		1	1	\$417,447
Senior Service 6		2	2	\$438,531
<b>Total</b>	<b>4</b>	<b>9</b>	<b>13</b>	<b>\$348,531</b>

Source: Transport for NSW Senior Service Contracts and Remuneration

## Agreements with Multicultural NSW

There were no agreements required.

## Workforce diversity

### FLEXIBLE WORKPLACE PRACTICES AND STAYING CONNECTED

NSW Trains is committed to providing flexible workplace arrangements to staff. It is acknowledged that the benefit of these arrangements in many cases allows staff to continue their employment with NSW Trains when they may have otherwise departed the organisation increasing turnover, costs and losing valuable skills and experience. These arrangements also can reduce the requirement for office space and help improve morale and staff engagement.

NSW Trains has processes in place that allow for both flexibility in the hours staff are working, along with flexibility in where staff are physically working. In operational environments staff are in some cases able to access part-time work or agree 'shift-swaps' or variable hours of work to meet their personal circumstances. In the management and administration areas some staff are now working a component of the week from their residential address or with some variability on the hours of employment. The organisation also has a leave purchase scheme which allows staff to increase the amount of leave they have access to.

NSW Trains is also active in the parental leave space. It has been identified that when staff take parental leave they often lose contact with the work environment which affects their interest in returning to work. NSW Trains encourages staff to interact with work while on parental leave and in some cases proactively provides communication to staff on parental leave so they can remain informed on key developments.

## TRENDS IN THE REPRESENTATION OF WORKFORCE DIVERSITY GROUPS

Workforce diversity group	Benchmark/ target	2013	2014	2015	2016
Women	20%	N/A	23.8%	24.1%	24%
Aboriginal people and Torres Strait Islanders	2.3%	N/A	1.4%	1.5%	1.5%
Staff members whose first language is not English	N/A	N/A	3.9%	4.6%	6.3%
People with a disability	N/A	N/A	2.7%	2.6%	2.6%
People with a disability requiring work-related adjustment	N/A	N/A	1.3%	1.2%	1.2%

Note: The 2014-15 targets represented targets set by the NSW Public Service Commission. The 2015-16 targets now represent figures provided by the Rail Service Contract for NSW Trains.

## TRENDS IN THE DISTRIBUTION OF WORKFORCE DIVERSITY GROUPS

Workforce diversity group	Benchmark/ target	2013	2014	2015	2016
Women	100	N/A	86	89	90
Aboriginal people and Torres Strait Islanders	100	N/A	83	81	81
People whose first language spoken as a child was not English	100	N/A	109	103	103
People with a disability	100	N/A	92	93	95
People with a disability requiring work-related adjustment	100	N/A	88	90	95

Source: NSW Public Service Commission

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

**Note 2:** The Distribution Index is not calculated where workforce diversity group or non-workforce diversity group numbers are less than 20.

### Multicultural policies and services program

NSW Trains continues to align to and support the Transport for NSW commitment to promoting the value of diversity and inclusion. Diversity metrics have been included in both the engagement data and talent identification and succession plans to identify opportunities to promote and further build a diverse workforce.

NSW Trains is committed to developing our multicultural credentials further in 2016-17 through our Diversity and Inclusion Plan and strategic workforce planning activities, with a particular focus on women in leadership roles and Aboriginal representation. The organisation is working on building stronger relationships with communities across its network to better understand their needs and work more closely with culturally diverse stakeholder groups.

### Changes in Acts and subordinate legislation

NSW Trains is not responsible for the administration of any Acts or subordinate legislation.

### Exemptions

NSW Trains neither sought nor received any reporting exemptions under the Annual Reporting provisions of the Annual Reports (Statutory Bodies) Regulation 2010.

### Research and development

During the 2015-16 financial year, NSW Trains did not undertake any external studies. Research was conducted in-house regarding catering improvements.

### Digital Information Security Policy Attestation

I, Rob Mason, Chief Executive of NSW Trains, am of the opinion that NSW Trains had an Information Security Management System in place during the financial year being reported on, consistent with the Core Requirements set out in the *Digital Information Security Policy for the NSW Public Sector*.

I, Rob Mason, Chief Executive of NSW Trains, am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of NSW Trains are in most cases adequate for the foreseeable future.

I, Rob Mason, Chief Executive of NSW Trains, am of the opinion that, where necessary, in accordance with the Digital Information Security Policy for the NSW Public Sector, certified compliance with *AS/NZS ISO/IEC 27001 Information technology – Security techniques – Information security management systems – Requirements* was maintained by all or part of NSW Trains and all or part of any Public Sector Agencies under its control.



**Rob Mason**  
Chief Executive  
NSW Trains  
6 July 2016

### **Government Information (Public Access) Act 2009 (GIPA Act)**

Under section 125(1) of the *Government Information (Public Access) Act 2009* (NSW), NSW Trains is required to report annually on details and outcomes of access applications received. Fifteen applications were received: none were invalid, none were determined to have any public interest against disclosure, and all were granted access where the information requested was held by NSW Trains.

#### **FORMAL REQUESTS**

NSW Trains received nine formal requests for information under the GIPA Act. Full access was granted where the information was found to be held by NSW Trains.

#### **INFORMAL REQUESTS**

Six informal requests for information were received. Where the requested information was held by NSW Trains access was granted in full to the applicant.

### **Privacy and Personal Information Protection Act 1998 (PPIPA)**

NSW Trains had no applications under the Privacy and Personal Information Protection

### **Public Interest Disclosures Act 1994 (PID Act)**

All Public Interest Disclosures (PID) received by NSW Trains during 2015-16 were presented to the Ombudsman.

NSW Trains actions to meet its staff awareness responsibilities under s6E(1)(b) of the PID Act this policy include:

- PID information contained in Policy & Procedures
- Code of Conduct
- Links contained on the NSW Trains intranet – including the ‘Whistleblowing/Public Interest Disclosures’ page
- Information communicated via briefing papers and staff communication
- Invitation to staff to a number of seminars on the Act.

### **PUBLIC INTEREST DISCLOSURES – 2015-16**

<b>Disclosures</b>	<b>2015-16</b>
Number of public officials who have made a PID to the public authority	3
Number of PIDs received by the public authority in total	3
Number of PIDs received by the public authority relating to:	
• Corrupt conduct	3
• Maladministration	0
• Serious and substantial waste of public money	0
• Government information contravention	0
Number of PIDs finalised	3
Whether the public authority has a PID Policy in place	Yes

### **External Annual Report Production Cost**

All concept design and infographics associated with the following Transport cluster annual reports were completed in-house:

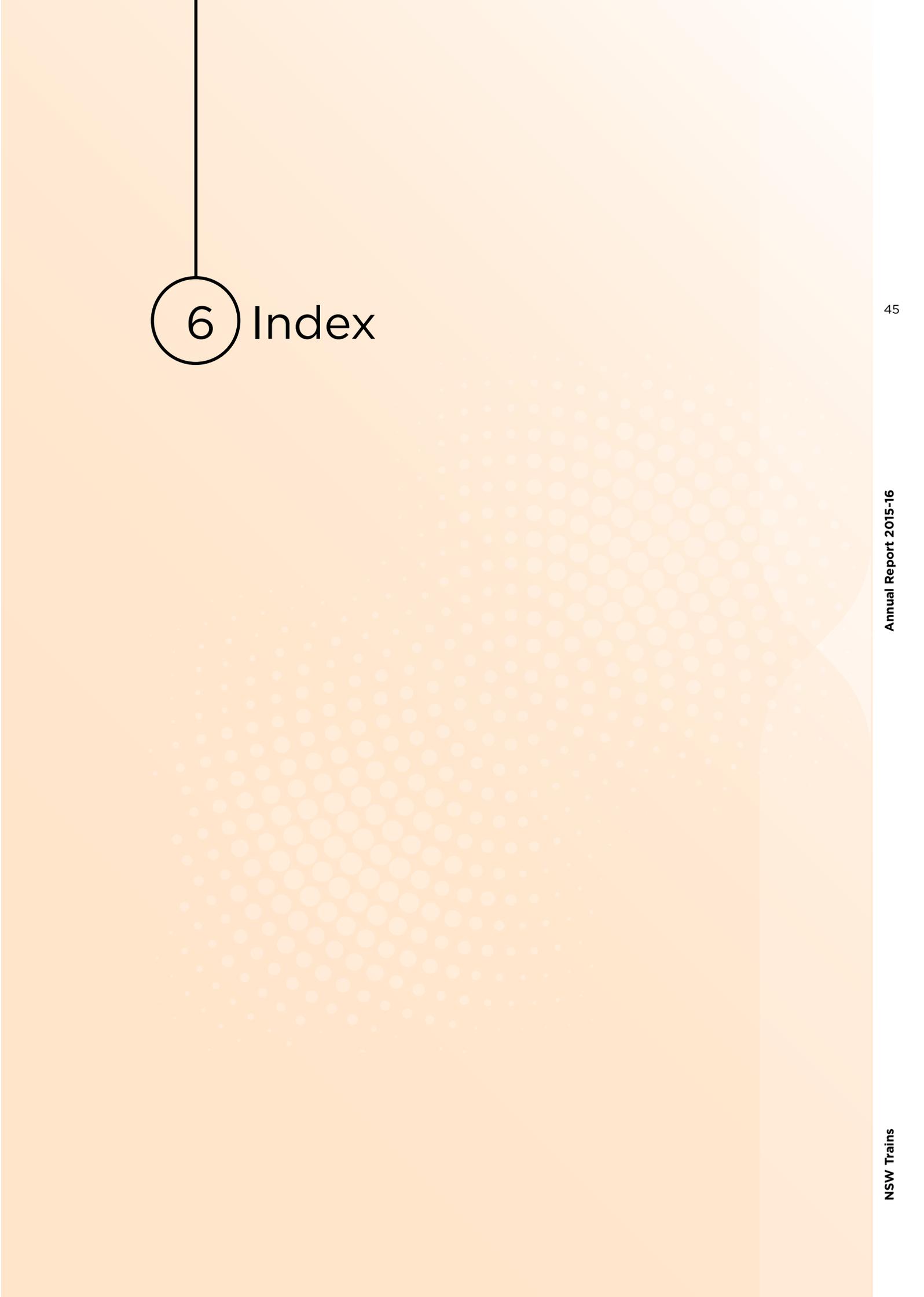
- Transport for NSW
- State Transit Authority
- RailCorp

- Sydney Trains
- NSW Trains
- Port Authority of NSW.

Contractors were employed to ensure the NSW Trains annual report was WCAG Compliant at a cost of \$4,710. Proofreading was also employed for quality assurance purposes at a cost of \$715.







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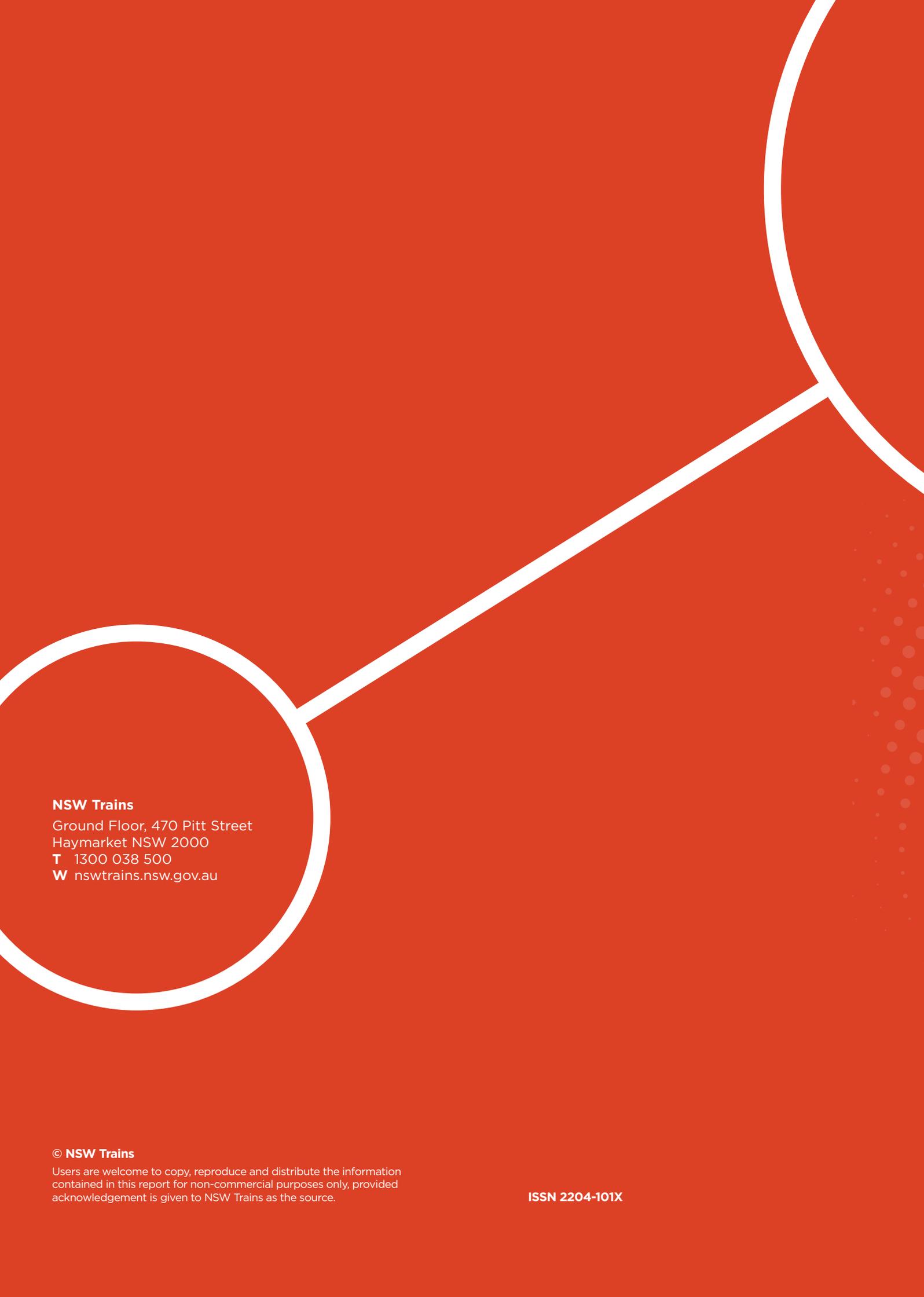
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**ISSN 2204-101X**

2015-2016

# Annual Report



Transport  
NSW Trains

NSW Trains  
Volume 2





**Transport**  
NSW Trains

# **NSW Trains**

Annual Financial Statements

*for the year ended 30 June 2016*

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## Statement by the Chief Executive

In relation to the Financial Statements for the year ended 30 June 2016.

Pursuant to section 41C (1B) of the *Public Finance and Audit Act 1983* and clause 7 of the *Public Finance and Audit Regulation 2015*, I declare that:

- (a) In my opinion, the accompanying financial statements, read in conjunction with the notes thereto, exhibit a true and fair view of the financial position of NSW Trains as at 30 June 2016 and of its financial performance for the year ended 30 June 2016.
- (b) The financial statements have been prepared in accordance with the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, the applicable Australian Accounting Standards, which includes Australian Accounting Interpretations, Treasurer's directions and NSW Treasury Circulars.
- (c) I am not aware, as at the date of this statement, of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.
- (d) In note 2.1 it is disclosed that NSW Trains is expected to pay its debts as and when they fall due and continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. NSW Treasury has issued a letter of comfort to NSW Trains to ensure its ongoing viability for at least 12 months from the date the accompanying audit report was signed.



**Rob Mason**

Chief Executive

23 September 2016

## Statement of Comprehensive Income for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Income</b>			
Passenger services revenue		107,458	103,379
Non passenger revenue	3.1	27,272	38,207
Interest		6,831	936
<b>Income from operating activities</b>		<b>141,561</b>	<b>142,522</b>
<b>Expenses</b>			
Operating expenses			
- Payroll costs and other employee benefits	4.1	250,923	234,320
- Personnel services expenses	4.3	12,042	11,918
- Other operating expenses	4.4	515,313	539,985
Depreciation and amortisation	7.2, 8.2	1,676	596
<b>Total expenses</b>		<b>779,954</b>	<b>786,819</b>
<b>Deficit from operations before Government contributions</b>		<b>(638,393)</b>	<b>(644,297)</b>
Government subsidies and concessions	3.2	555,046	539,861
<b>Deficit from operations before Capital contributions</b>		<b>(83,347)</b>	<b>(104,436)</b>
Contributions for capital expenditure		10,279	2,225
<b>Deficit for the year from continuing operations</b>		<b>(73,068)</b>	<b>(102,211)</b>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified to surplus/deficit</i>			
Superannuation actuarial gains (losses) on defined benefit schemes		(86,531)	19,982
<b>Other Comprehensive Income for the year</b>		<b>(86,531)</b>	<b>19,982</b>
<b>Total Comprehensive Income for the year</b>		<b>(159,599)</b>	<b>(82,229)</b>

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

## Statement of Financial Position as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Current assets</b>			
Cash and cash equivalents	5.1	216,939	112,975
Trade and other receivables	6.1	28,763	203,937
<b>Total current assets</b>		<b>245,702</b>	<b>316,912</b>
<b>Non-current assets</b>			
Plant and equipment	7.1	9,506	3,333
Intangible assets	8.1	4,019	4,319
<b>Total non-current assets</b>		<b>13,525</b>	<b>7,652</b>
<b>Total assets</b>		<b>259,227</b>	<b>324,564</b>
<b>Current liabilities</b>			
Trade and other payables	9.1	72,329	74,033
Provisions	10.1	83,422	79,254
<b>Total current liabilities</b>		<b>155,751</b>	<b>153,287</b>
<b>Non-current liabilities</b>			
Provisions	10.1	179,170	87,372
<b>Total non-current liabilities</b>		<b>179,170</b>	<b>87,372</b>
<b>Total liabilities</b>		<b>334,921</b>	<b>240,659</b>
<b>Net assets (liabilities)</b>		<b>(75,694)</b>	<b>83,905</b>
<b>Equity</b>			
Contributed equity	11.1	260,170	260,170
Retained earnings		(335,864)	(176,265)
<b>Total equity</b>		<b>(75,694)</b>	<b>83,905</b>

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

## Statement of Changes in Equity for the year ended 30 June 2016

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2015</b>		<b>260,170</b>	<b>(176,265)</b>	<b>83,905</b>
<b>Deficit for the year</b>		-	<b>(73,068)</b>	<b>(73,068)</b>
<b>Other comprehensive income</b>				
Superannuation actuarial losses on defined benefit schemes	10.2.6	-	<b>(86,531)</b>	<b>(86,531)</b>
<b>Total other comprehensive income for the year</b>		-	<b>(86,531)</b>	<b>(86,531)</b>
<b>Total comprehensive income for the year</b>		-	<b>(159,599)</b>	<b>(159,599)</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase in net assets from equity transfers (contribution by owners)	11.2	-	-	-
<b>Balance at 30 June 2016</b>		<b>260,170</b>	<b>(335,864)</b>	<b>(75,694)</b>
<b>Balance at 1 July 2014</b>				
<b>Balance at 1 July 2014</b>		<b>(89,789)</b>	<b>(94,036)</b>	<b>(183,825)</b>
<b>Deficit for the year</b>		-	<b>(102,211)</b>	<b>(102,211)</b>
<b>Other comprehensive income</b>				
Superannuation actuarial gains on defined benefit schemes	10.2.6	-	19,982	19,982
<b>Total other comprehensive income for the year</b>		-	19,982	19,982
<b>Total comprehensive income for the year</b>		-	<b>(82,229)</b>	<b>(82,229)</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase in net assets from equity transfers (contribution by owners)	11.2	349,959	-	349,959
<b>Balance at 30 June 2015</b>		<b>260,170</b>	<b>(176,265)</b>	<b>83,905</b>

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

## Statement of Cash Flows for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
<i>Cash received</i>			
Passenger Services		118,282	112,956
Other receipts from customers and others		31,879	38,040
Government subsidies and concessions		555,046	539,861
Interest received		3,566	790
<b>Total cash received</b>		<b>708,773</b>	<b>691,647</b>
<i>Cash used</i>			
Payment to employees		(221,883)	(211,082)
Payment to suppliers and others		(565,480)	(573,033)
<b>Total cash used</b>		<b>(787,363)</b>	<b>(784,115)</b>
<b>Net cash flows used in operating activities</b>	5.2	<b>(78,590)</b>	<b>(92,468)</b>
<b>Cash flows from investing activities</b>			
<i>Cash received</i>			
Capital grants		10,279	5,000
<b>Total cash received</b>		<b>10,279</b>	<b>5,000</b>
<i>Cash used</i>			
Plant and equipment and intangible assets acquisitions		(7,549)	(4,027)
<b>Total cash used</b>		<b>(7,549)</b>	<b>(4,027)</b>
<b>Net cash flows from investing activities</b>		<b>2,730</b>	<b>973</b>
<b>Cash flows from financing activities</b>			
<i>Cash received</i>			
Proceeds from inter entity advance		-	199,000
Proceeds from equity vesting		179,824	109,662
<b>Total cash received</b>		<b>179,824</b>	<b>308,662</b>
<i>Cash used</i>			
Payment of inter entity advance		-	(138,000)
<b>Total cash used</b>		<b>-</b>	<b>(138,000)</b>
<b>Net cash flows from financing activities</b>		<b>179,824</b>	<b>170,662</b>
<b>Net increase in cash and cash equivalents</b>		<b>103,964</b>	<b>79,167</b>
Cash and cash equivalents at beginning of year		112,975	33,808
<b>Cash and cash equivalents at end of year</b>	5.1	<b>216,939</b>	<b>112,975</b>

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

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 1 Reporting entity and Financial Statements

#### (i) Reporting entity

On the 7<sup>th</sup> December 2012, NSW Trains was established under the *Transport Administration (General) Amendment (Sydney Trains and NSW Trains) Regulation 2012*. It became a statutory body on 17 May 2013 under the *Public Finance and Audit Amendment (Sydney Trains and NSW Trains) proclamation 2013*. It is domiciled in Australia and its principal office is at 470 Pitt Street Sydney, NSW 2000. Its principal objective is to deliver safe and reliable railway passenger services in NSW in an efficient, effective and financially responsible manner.

NSW Trains operates services in the intercity and regional areas and commenced operation on 1 July 2013.

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

#### (ii) Authorisation of the Financial Statements

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

#### (iii) Statement of compliance

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

### Note 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

The Financial Statements are general purpose Financial Statements prepared in accordance with applicable Australian Accounting Standards, which includes Australian Accounting Interpretations, the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and these Financial Statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value. Refer Note 2.3(ii).

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

NSW Trains is a not-for-profit entity for accounting purposes.

The Financial Statements have been prepared on a going concern basis which assumes that NSW Trains is expected to be able to pay its debts as and when they fall due and continue in operation without any intention or necessity to liquidate or otherwise wind up its operations.

NSW Trains' continued operations and ability to pay its debts are satisfied by annual grants from the NSW Government and availability of receivables and cash reserves. NSW Treasury has issued a letter of comfort to NSW Trains to ensure its ongoing viability for at least 12 months from the date the accompanying audit report was signed.

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

The Financial Statements are for the year from 1 July 2015 to 30 June 2016.

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 2 Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

The term "Inter entity" in the Financial Statements refers to transactions between NSW Trains and transport entities RailCorp, Sydney Trains, TfNSW, Transport Services of NSW, State Transit Authority and Roads & Maritime Services.

The term "Rail entities" in the Financial Statements refers to transactions between NSW Trains, RailCorp and Sydney Trains.

#### Change in accounting policy

There have been no changes in accounting policy in the year.

#### 2.2 Adoption of new and revised Accounting Standards

The Financial Statements have adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to NSW Trains effective for the reporting period beginning on 1 July 2015. The adoption of these new and revised Standards and Interpretations has not resulted in any significant changes to NSW Trains' accounting policies.

The following new Accounting Standards and Interpretations have not yet been adopted and are not effective as at 30 June 2016. The standards are effective for annual reporting periods commencing on or after 1 January 2016.

AASB/ Amendment	Title	Issue Date	Application Date
AASB 7	Financial Instruments: Disclosures	Aug 2015	1 Jan 2018
AASB 9	Financial Instruments	Dec 2014	1 Jan 2018
AASB 13	Fair Value Measurement	Aug 2015	1 Jan 2018
AASB 14	Regulatory Deferral Accounts	Jun 2014	1 Jan 2016
AASB 15	Revenue from Contracts with Customers	Oct 2015	1 Jan 2018
AASB 16	Leases	Feb 2016	1 Jan 2019
AASB 101	Presentation of Financial Statements	Jul 2015	1 Jan 2018
AASB 107	Statement of Cash Flows	Aug 2015	1 Jan 2016
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors	Aug 2015	1 Jan 2018
AASB 110	Events after the Reporting Period	Aug 2015	1 Jan 2018
AASB 116	Property, Plant and Equipment	Oct 2015	1 Jan 2018
AASB 119	Employee Benefits	Aug 2015	1 Jan 2016
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance	Aug 2015	1 Jan 2018
AASB 123	Borrowing Costs	Aug 2015	1 Jan 2018
AASB 124	Related Party Disclosures	Jul 2015	1 Jul 2016
AASB 132	Financial Instruments: Presentation	Aug 2015	1 Jan 2018
AASB 136	Impairment of Assets	Aug 2015	1 Jan 2018
AASB 137	Provisions, Contingent Liabilities and Contingent Assets	Aug 2015	1 Jan 2018
AASB 138	Intangible Assets	Oct 2015	1 Jan 2018
AASB 139	Financial Instruments: Recognition and Measurement	Aug 2015	1 Jan 2018
AASB 1057	Application of Australian Accounting Standards	Jul 2015	1 Jan 2016
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9	Sep 2012	1 Jan 2018
AASB 2014-1 (Part D)	Amendments to Australian Accounting Standards	Jun 2014	1 Jan 2016
AASB 2014-1 (Part E)	Amendments to Australian Accounting Standards	Jun 2014	1 Jan 2018
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	Aug 2014	1 Jan 2016

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 2 Summary of significant accounting policies (continued)

#### 2.2 Adoption of new and revised accounting standards (continued)

AASB/ Amendment	Title	Issue Date	Application Date
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	Dec 2014	1 Jan 2018
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9	Dec 2014	1 Jan 2018
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	Jan 2015	1 Jan 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	Jan 2015	1 Jan 2016
AASB 2015-6	Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	Mar 2015	1 Jul 2016
AASB 2015-7	Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities	Jul 2015	1 Jul 2016
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	Oct 2015	1 Jan 2017
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	Mar 2016	1 Jan 2017
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	May 2016	1 Jan 2018

The impact of these standards and interpretations on the Financial Statements is not expected to be significant, apart from AASB2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-profit public sector entities and AASB16 Leases. With the adoption of AASB2015-6, additional disclosures will be required for Related Party Disclosures. With the adoption of AASB16, nearly all leases will be on balance sheet.

#### 2.3 Financial Instruments

Financial instruments are contracts that give rise to both a financial asset of one entity and a financial liability (or equity instrument) of another entity. They include cash and cash equivalents, receivables, payables, borrowings and derivatives (forward foreign exchange contracts, and commodity swap contracts).

##### (i) Recognition

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

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

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

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

##### (ii) Measurement

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

After initial recognition, receivables and payables are carried in the Statement of Financial Position at amortised cost, which is a reasonable approximation of their fair value. Their fair value at year end is disclosed in Note 15.

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 2 Summary of significant accounting policies (continued)

#### 2.4 Taxes

##### (i) Income tax equivalents

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

##### (ii) Goods and Services tax

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

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

#### 2.5 Leases

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

##### Accounting treatment – operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases.

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

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

#### 2.6 Income

Income is measured at the fair value of the consideration or contributions received or receivable. In most cases this is the value of the cash exchanged or exchangeable. Income is only recognised if its receipt is probable and the amount is reliably measurable. The accounting policies for the recognition of income are discussed below:

##### (i) Passenger revenue

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

Opal card is managed by Transport for NSW. Remittance of Opal passenger revenue is on the basis of the output from the electronic ticketing system.

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 2 Summary of significant accounting policies (continued)

#### 2.6 Income (continued)

##### (ii) Government contributions

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

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

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

##### (iii) Interest revenue

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

##### (iv) Sale of assets and goods

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

#### 2.7 Cash and cash equivalents

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

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

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 2 Summary of significant accounting policies (continued)

#### 2.8 Trade and other receivables

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

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

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

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

#### 2.9 Asset maintenance

RailCorp owns the rail stations, majority of property, certain rolling stock and rail network and provides NSW Trains with access rights to these assets at no charge. Sydney Trains is responsible for the maintenance of the rail assets. Sydney Trains charges NSW Trains for the maintenance of rolling stock, infrastructure and stations utilised by NSW Trains, and recovers associated costs.

#### 2.10 Plant and equipment

##### (i) Recognition

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

A component is accounted for separately if it (a) has a useful life materially different from that of the prime asset and therefore requires separate replacement during the life of the prime asset, (b) is material enough to justify separate tracking, and (c) is capable of having a reliable value attributed to it.

Expenditure on the acquisition, replacement or enhancement of plant and equipment is capitalised, provided it exceeds the capitalisation threshold.

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 2 Summary of significant accounting policies (continued)

#### 2.10 Plant and equipment (continued)

##### (i) Recognition (continued)

The capitalisation threshold for a network of plant and equipment items or for an individual (non-networked) item is \$5,000.

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

##### (ii) Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Replacement cost is the written-down cost of an optimised modern equivalent asset. Non-specialised assets with short useful lives are measured at depreciated historical cost as a proxy for fair value, this applies to all assets of NSW Trains. NSW Trains has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

##### (iii) Depreciation

Each item of plant and equipment is depreciated on a straight-line basis over its estimated useful life commencing when the item is available for use.

Each part of an item of plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

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

	<u>Years</u>
Plant and equipment	5 – 20

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

**Note 2 Summary of significant accounting policies (continued)**

**2.10 Plant and equipment (continued)**

**(iv) Derecognition**

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

On derecognition of an item of plant and equipment, any gain or loss or any related compensation receivable is recognised in the Statement of Comprehensive Income.

**2.11 Intangible assets**

**(i) Recognition**

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

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

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

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

**(ii) Measurement**

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

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

**(iii) Amortisation**

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

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

The expected useful life of an item of software ranges between 2 and 5 years.

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

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 2 Summary of significant accounting policies (continued)

#### 2.11 Intangible assets (continued)

##### (iii) Amortisation (continued)

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

##### (iv) Derecognition

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

#### 2.12 Trade and other payables

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

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

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

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

#### 2.13 Provisions

##### (i) Provisions generally

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement, e.g. employee benefits, workers' compensation claims, public liability claims, legal claims, restoration of leased premises and other charges.

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

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

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

**Note 2 Summary of significant accounting policies (continued)**

**2.13 Provisions (continued)**

**(ii) Employee benefits**

Superannuation, long service leave, annual leave, and award leave liabilities are recognised as provisions when the obligations arise, which is usually through the rendering of service by employees. Expenditure creating such provisions is either expensed or capitalised, depending on its nature.

**Short – term obligations**

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before 12 months after the end of the reporting period. Non-accumulating sick leave is recognised when the leave is taken and measured at the rates payable.

**Other long – term obligations**

The liability for other long-term employee benefits such as annual leave and long service leave is recognised in current provisions regardless of the expected timing of settlements, if there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, otherwise it would be classified as a non-current liability.

It is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Retirement benefit obligations**

All employees of NSW Trains are entitled to benefits on retirement, disability or death, from the superannuation plans contributed to by NSW Trains. The plans include both defined benefit plans and defined contribution plans. The defined benefit plans provide defined lump sum benefits based on years of service and final average salary. The defined contribution plans receive fixed contributions from NSW Trains and its legal or constructive obligation is limited to these contributions.

A liability or asset in respect of a defined benefit superannuation plan is recognised in the Statement of Financial Position, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Statement of Financial Position.

Past service cost are recognised in the Statement of Comprehensive Income immediately.

Contributions to the defined contribution plans are recognised as an expense as they become payable.

**Note 2 Summary of significant accounting policies (continued)**

**2.13 Provisions (continued)**

**(ii) Employee benefits (continued)**

**Termination Benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. NSW Trains recognises termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of AASB 137 that involves the payment of termination benefits, or when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits not expected to be settled wholly before 12 months after the end of the reporting period are discounted to present value.

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

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

**2.15 Critical accounting estimates**

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying NSW Trains accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

**(i) Judgements**

Note 12 - Expenditure commitments: whether an arrangement contains a lease.

**(ii) Assumptions and estimation of uncertainties**

Note 10.2 - Measurement of defined benefit obligations: key actuarial assumptions

Note 10.3 - Measurement of long service leave obligations: key actuarial assumptions

Note 10.5 - Measurement of workers compensation obligations: key actuarial assumptions.

**2.16 Personnel service**

Personnel service expenses include salaries and wages, and related costs for contract staff employed by Transport Service of New South Wales and other agencies within the Department of Transport Group. NSW Trains recognises the expenses when incurred. Refer Note 4.3.

**2.17 Inter entity advance**

The inter entity advance is short term in nature, provided by RailCorp and interest free. It is measured at fair value and derecognised when the obligation expires or is discharged, cancelled or substituted.

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 3 Income

#### 3.1 Non passenger revenue

	2016	2015
	\$'000	\$'000
Labour cost recovery for assigned staff	3,012	6,647
Cost recovery for services performed	4,130	10,758
Resources free of charge*	476	316
Catering revenue	7,302	7,062
Recoveries for interstate services	11,507	12,427
Other revenue	845	997
<b>Total non-passenger revenue</b>	<b>27,272</b>	<b>38,207</b>

\* Employee related expenses assumed by the Crown for senior service personnel.

#### 3.2 Government subsidies and concessions

	2016	2015
	\$'000	\$'000
Operating subsidies	554,427	539,861
Redundancy payments	619	-
<b>Total government subsidies and concessions</b>	<b>555,046</b>	<b>539,861</b>

### Note 4 Expenses

#### 4.1 Payroll costs and other employee benefits

Employee related expenses include the following items:

	2016	2015
	\$'000	\$'000
Salaries and wages	178,451	171,595
Annual leave	16,876	17,180
Long service leave	10,015	9,111
Superannuation - defined benefits plan	7,000	7,893
Superannuation - defined contribution plan	11,730	10,007
Workers' compensation	5,901	4,442
Payroll tax and fringe benefit tax	12,353	10,465
Redundancy	6,030	205
Other payroll costs	2,567	3,422
<b>Total payroll costs and other employee benefits</b>	<b>250,923</b>	<b>234,320</b>

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 4 Expenses (continued)

#### 4.2 Defined benefit superannuation expense

	Note	2016 \$'000	2015 \$'000
Current service cost		4,632	4,676
Net interest		2,368	3,217
<b>Total defined benefit superannuation expense</b>	10.2.5	<b>7,000</b>	<b>7,893</b>

#### 4.3 Personnel service expenses

	2016 \$'000	2015 \$'000
Salaries and wages	9,296	9,218
Annual leave	799	878
Long service leave	408	305
Superannuation - defined benefits plan	73	26
Superannuation - defined contribution plan	802	826
Workers' compensation	19	13
Payroll tax and fringe benefit tax	645	652
<b>Total personnel service expenses</b>	<b>12,042</b>	<b>11,918</b>

#### 4.4 Other operating expenses

	Note	2016 \$'000	2015 \$'000
Subcontractors		13,027	11,292
Materials		6,781	6,471
Operating lease non-contingent rents (including rail access fees)		37,821	38,499
Insurance costs		673	521
Computer expenses		2,908	1,722
Corporate and shared services costs from TfNSW		14,383	13,168
Travelling expenses		2,651	2,981
Advertising and marketing		1,153	1,492
Printing and Stationary		757	935
Audit fees - audit of financial statements		161	150
Recovery of trade receivables		(8)	(30)
Services costs from Rail entities	4.5	427,932	450,536
Other		7,074	12,248
<b>Total operating expenses</b>		<b>515,313</b>	<b>539,985</b>

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 4 Expenses (continued)

#### 4.5 Services costs from Rail entities

	2016	2015
	\$'000	\$'000
Asset maintenance	384,820	392,637
Customer service	17,840	20,876
Operations	19,692	23,867
Other	5,580	13,156
<b>Total services costs from Rail entities</b>	<b>427,932</b>	<b>450,536</b>

### Note 5 Cash and cash equivalents

#### 5.1 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash at bank	216,804	112,875
Cash on hand and in transit	135	100
<b>Total cash and cash equivalents</b>	<b>216,939</b>	<b>112,975</b>

#### 5.2 Reconciliation of net deficit for the year with net cash from operating activities

	2016	2015
	\$'000	\$'000
<b>Deficit for the year</b>	<b>(73,068)</b>	<b>(102,211)</b>
Capital grants	(10,279)	(2,225)
Depreciation and amortisation	1,676	596
Recovery of trade receivables	(8)	(30)
Write off of assets	-	1,026
<b>Net movements in assets and liabilities applicable to operating activities:</b>		
(Increase)/ decrease in trade and other receivables	(4,641)	919
Increase in trade and other payables and provisions	7,730	9,457
<b>Net cash flows used in operating activities</b>	<b>(78,590)</b>	<b>(92,468)</b>

#### 5.3 Non-cash investing activities

During 2015-16, there were no assets and liabilities transferred to NSW Trains by way of equity transfers (2014-15: non-cash increase of \$350m in Net Assets). Refer Note 11.2 for details.

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 5 Cash and cash equivalents (continued)

#### 5.4 Credit standby arrangements and loan facilities

The credit standby arrangement and unused amounts available are:

	2016 Credit Facilities \$'000	2016 Unused \$'000
Tape negotiation authority	30,000	30,000
Purchasing card facility	10,000	6,540
Bank guarantee	11	-
Come and Go facility	30,000	30,000
<b>Total credit standby arrangements and loan facilities</b>	<b>70,011</b>	<b>66,540</b>

	2015 Credit Facilities \$'000	2015 Unused \$'000
Tape negotiation authority	30,000	30,000
Purchasing card facility	10,000	7,730
Bank guarantee	11	-
Come and Go facility	30,000	30,000
<b>Total credit standby arrangements and loan facilities</b>	<b>70,011</b>	<b>67,730</b>

### Note 6 Trade and other receivables

#### 6.1 Analysis of trade and other receivables

	2016 \$'000	2015 \$'000
<b>Current trade and other receivables</b>		
Trade receivables	380	1,000
Inter entity receivables	9,566	189,472
Other receivables	18,848	13,505
Less: allowance for impairment	(31)	(40)
<b>Total current trade and other receivables</b>	<b>28,763</b>	<b>203,937</b>

Movements in the allowance for impairment were as follows:

	2016 \$'000	2015 \$'000
Balance at beginning of year	40	74
Recovery recognised in Statement of Comprehensive Income	(8)	(30)
GST Movement	(1)	(4)
<b>Balance at end of year</b>	<b>31</b>	<b>40</b>

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 6 Trade and other receivables (continued)

#### 6.2 Impaired trade and other receivables

As at 30 June 2016, current trade and other receivables with a nominal value of \$31k (2015: \$40k) were impaired. The ageing of the impaired trade and other receivables is as follows:

	2016	2015
	\$'000	\$'000
1-3 months	13	22
3 to 6 months	12	12
Over 6 months	6	6
<b>Balance at end of year</b>	<b>31</b>	<b>40</b>

#### 6.3 Past due but not impaired receivables

As at 30 June 2016, trade receivables of \$162k (2015: \$497k) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2016	2015
	\$'000	\$'000
1 to 3 months	162	497
3 to 6 months	-	-
Over 6 months	-	-
<b>Balance at end of year</b>	<b>162</b>	<b>497</b>

#### 6.4 Nature and extent of risk arising from receivables

Information about NSW Trains' exposure to credit risk in relation to trade and other receivables is provided in Note 14.4.

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

### Note 7 Plant and equipment

#### 7.1 Classes

	2016	2015
	\$'000	\$'000
<b>Plant and Machinery</b>		
Gross carrying amount	2,249	2,002
Less accumulated depreciation	1,722	1,448
<b>Total plant and machinery</b>	<b>527</b>	<b>554</b>
<b>Capital works in progress</b>		
Other works in progress	8,979	2,779
<b>Total capital works in progress</b>	<b>8,979</b>	<b>2,779</b>
<b>Total plant and equipment</b>	<b>9,506</b>	<b>3,333</b>

Notes to the Financial Statements for the year ended 30 June 2016

Note 7 Plant and equipment (continued)

7.2 Asset class movement

	Plant and equipment \$'000	Capital work in progress \$'000	Total \$'000
<b>Year ended 30 June 2016</b>			
<b>Gross carrying amount</b>			
Balance at 1 July 2015	2,002	2,779	4,781
Additions	-	6,379	6,379
Transfers	247	(179)	68
<b>Balance at 30 June 2016</b>	<b>2,249</b>	<b>8,979</b>	<b>11,228</b>
<b>Accumulated depreciation</b>			
Balance at 1 July 2015	(1,448)	-	(1,448)
Depreciation for the year	(274)	-	(274)
<b>Balance at 30 June 2016</b>	<b>(1,722)</b>	<b>-</b>	<b>(1,722)</b>
<b>Net carrying amount</b>			
At 1 July 2015	554	2,779	3,333
<b>At 30 June 2016</b>	<b>527</b>	<b>8,979</b>	<b>9,506</b>
<b>Year ended 30 June 2015</b>			
<b>Gross Carrying amount</b>			
Balance at 1 July 2014	1,423	199	1,622
Additions	-	2,648	2,648
Transfers	68	(68)	-
Transfers from Sydney Trains	511	-	511
<b>Balance at 30 June 2015</b>	<b>2,002</b>	<b>2,779</b>	<b>4,781</b>
<b>Accumulated depreciation</b>			
Balance at 1 July 2014	(946)	-	(946)
Depreciation for the year	(207)	-	(207)
Transfers from Sydney Trains	(295)	-	(295)
<b>Balance at 30 June 2015</b>	<b>(1,448)</b>	<b>-</b>	<b>(1,448)</b>
<b>Net carrying amount</b>			
At 1 July 2014	477	199	676
<b>At 30 June 2015</b>	<b>554</b>	<b>2,779</b>	<b>3,333</b>

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 8 Intangible assets

#### 8.1 Classes

	2016	2015
	\$'000	\$'000
<b>Software</b>		
Gross carrying amount	20,976	20,007
Less accumulated amortisation	(18,694)	(17,292)
Net carrying amount of software	2,282	2,715
<b>Software work in progress</b>	1,737	1,604
<b>Total intangible assets</b>	4,019	4,319

#### 8.2 Asset class movement

	Software \$'000	Software work in progress \$'000	Total \$'000
<b>Year ended 30 June 2016</b>			
<b>Gross carrying amount</b>			
Balance at 1 July 2015	20,007	1,604	21,611
Additions	-	1,170	1,170
Transfers	969	(1,037)	(68)
<b>Balance at 30 June 2016</b>	<b>20,976</b>	<b>1,737</b>	<b>22,713</b>
<b>Accumulated amortisation</b>			
Balance at 1 July 2015	(17,292)	-	(17,292)
Amortisation for the year	(1,402)	-	(1,402)
<b>Balance at 30 June 2016</b>	<b>(18,694)</b>	<b>-</b>	<b>(18,694)</b>
<b>Net carrying amount</b>			
At 1 July 2015	2,715	1,604	4,319
<b>At 30 June 2016</b>	<b>2,282</b>	<b>1,737</b>	<b>4,019</b>

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 8 Intangible assets (continued)

#### 8.2 Asset class movement (continued)

	Software \$'000	Software work in progress \$'000	Total \$'000
<b>Year ended 30 June 2015</b>			
<b>Gross carrying amount</b>			
Balance at 1 July 2014	9,001	719	9,720
Additions	-	1,379	1,379
Write-offs	-	(1,026)	(1,026)
Transfers	494	(494)	-
Transfers from Sydney Trains	10,512	1,026	11,538
<b>Balance at 30 June 2015</b>	<b>20,007</b>	<b>1,604</b>	<b>21,611</b>
<b>Accumulated amortisation</b>			
Balance at 1 July 2014	(8,383)	-	(8,383)
Amortisation for the year	(389)	-	(389)
Transfers from Sydney Trains	(8,520)	-	(8,520)
<b>Balance at 30 June 2015</b>	<b>(17,292)</b>	<b>-</b>	<b>(17,292)</b>
<b>Net carrying amount</b>			
At 1 July 2014	618	719	1,337
<b>At 30 June 2015</b>	<b>2,715</b>	<b>1,604</b>	<b>4,319</b>

### Note 9 Trade and other payables

#### 9.1 Current trade and other payables

	2016 \$'000	2015 \$'000
<b>Current payables</b>		
Trade payables	4,708	4,048
Inter entity payables	44,641	48,631
Accrued salaries and wages	10,155	7,523
Other payables and accruals	10,900	11,520
Deferred revenue	1,925	2,311
<b>Total current trade and other payables</b>	<b>72,329</b>	<b>74,033</b>

#### 9.2 Fair value

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

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions

#### 10.1 Provisions

	Note	2016 \$'000	2015 \$'000
<b>Current provisions</b>			
Annual leave (see note (a) below)		26,041	24,546
Long service leave (see note (a) below)	10.3	52,666	47,577
Pay in lieu of certain holidays worked (see note (a) below)		2,541	5,933
<b>Total current employee benefits</b>		<b>81,248</b>	<b>78,056</b>
Worker's compensation	10.5	2,174	1,198
<b>Total current provisions</b>		<b>83,422</b>	<b>79,254</b>
<b>Non-current provisions</b>			
Superannuation	10.2	170,194	79,662
Long service leave (see note (a) below)	10.3	2,399	3,271
<b>Total non-current employee benefits</b>		<b>172,593</b>	<b>82,933</b>
Worker's compensation	10.5	6,577	4,439
<b>Total non-current provisions</b>		<b>179,170</b>	<b>87,372</b>
<b>Total provisions</b>			
Superannuation	10.2	170,194	79,662
Annual leave		26,041	24,546
Long service leave	10.3	55,065	50,848
Pay in lieu of certain holidays worked		2,541	5,933
<b>Total employee benefits</b>		<b>253,841</b>	<b>160,989</b>
Worker's compensation	10.5	8,751	5,637
<b>Total provisions</b>		<b>262,592</b>	<b>166,626</b>

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

	Within 12 months \$'000	Later than 12 months \$'000	Total \$'000
<b>Year ended 30 June 2016</b>			
Long service leave	7,670	47,395	55,065
Annual leave	16,306	9,735	26,041
Pay in lieu of certain holidays worked	2,541	-	2,541
	<b>26,517</b>	<b>57,130</b>	<b>83,647</b>
<b>Year ended 30 June 2015</b>			
Long service leave	6,025	44,823	50,848
Annual leave	15,423	9,123	24,546
Pay in lieu of certain holidays worked	5,933	-	5,933
	<b>27,381</b>	<b>53,946</b>	<b>81,327</b>

**Note 10 Provisions (continued)**

**10.2 Superannuation**

**10.2.1 Overview**

**Nature of the benefits**

Employer contributions are made to three defined-benefit superannuation schemes administered by the SAS Trustee Corporation (STC): the State Authorities Superannuation Scheme (SASS), the State Authorities Non-Contributory Superannuation Scheme (SANCSS) and the State Superannuation Scheme (SSS), which together form the Pooled Fund. Each scheme is closed to new members and its investments are held in trust by the Pooled Fund. At least a component of the final benefit is derived from a multiple of member salary and years of membership.

**Regulatory framework**

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The next actuarial investigation will be performed at 30 June 2018.

**Note 10 Provisions (continued)**

**10.2 Superannuation (continued)**

**10.2.1 Overview (continued)**

**Responsibilities for the governance of the fund**

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- \* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- \* Management and investment of the fund assets; and
- \* Compliance with other applicable regulations.

**Risks**

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- \* Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- \* Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions.
- \* Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- \* Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- \* Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

**Significant events**

There were no fund amendments, curtailments or settlements during the year.

**Financial impacts**

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

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.1 Overview (continued)

#### Financial impacts (continued)

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

Year ended 30 June 2016	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Accrued liability*	406,965	37,647	1,241	445,853
Estimated reserve account balance	(248,763)	(26,307)	(589)	(275,659)
Deficit	158,202	11,340	652	170,194
Future service liability**	13,140	12,241	287	25,668
Surplus in excess of recovery available from schemes	-	-	-	-
<b>Net liability recognised in statement of financial position</b>	<b>158,202</b>	<b>11,340</b>	<b>652</b>	<b>170,194</b>

Year ended 30 June 2015	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Accrued liability*	327,356	33,795	801	361,952
Estimated reserve account balance	(254,319)	(27,403)	(568)	(282,290)
Deficit	73,037	6,392	233	79,662
Future service liability**	12,031	11,081	195	23,307
Surplus in excess of recovery available from schemes	-	-	-	-
<b>Net liability recognised in statement of financial position</b>	<b>73,037</b>	<b>6,392</b>	<b>233</b>	<b>79,662</b>

\* The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15 per cent.

\*\* The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119 any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).

Year ended 30 June 2016	SASS	SANCSS	SSS
<b>Member numbers</b>			
Contributors	550	551	1
Pensioners	16	-	-
<b>Year ended 30 June 2015</b>	<b>SASS</b>	<b>SANCSS</b>	<b>SSS</b>
<b>Member numbers</b>			
Contributors	580	581	1
Pensioners	8	-	-

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.2 Reconciliation of the net defined benefit liability

Year ended 30 June 2016	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Net Defined Benefit Liability at start of year	73,037	6,392	233	79,662
Current service cost	3,249	1,356	27	4,632
Net Interest on the net defined benefit liability	2,167	194	7	2,368
Actual return on Fund assets less Interest income	(217)	(31)	(1)	(249)
Actuarial (gains)/losses arising from changes in demographic assumptions	29,981	(77)	145	30,049
Actuarial losses arising from changes in financial assumptions	45,980	3,093	306	49,379
Actuarial (gains)/losses arising from liability experience	7,005	413	(65)	7,353
Employer contributions	(3,000)	-	-	(3,000)
<b>Net defined benefit liability at end of year</b>	<b>158,202</b>	<b>11,340</b>	<b>652</b>	<b>170,194</b>

Year ended 30 June 2015	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Net Defined Benefit Liability at start of year	83,795	6,566	256	90,617
Net Defined Benefit Liability transferred from RailCorp upon administrative restructure at 31 July 2014	1,010	124	-	1,134
Current service cost	3,328	1,317	31	4,676
Net Interest on the net defined benefit liability/(asset)	2,991	219	9	3,219
Actual return on Fund assets less Interest income	(17,671)	(1,872)	(41)	(19,584)
Actuarial (gains)/losses arising from changes in demographic assumptions	2,187	230	(116)	2,301
Actuarial losses arising from changes in financial assumptions	13,664	1,304	101	15,069
Actuarial gains arising from liability experience	(14,970)	(488)	(7)	(15,465)
Effects of transfers in/out due to business combinations and disposals	(1,297)	(1,008)	-	(2,305)
<b>Net defined benefit liability at end of year</b>	<b>73,037</b>	<b>6,392</b>	<b>233</b>	<b>79,662</b>

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.3 Reconciliation of the fair value of fund assets

<b>Year ended 30 June 2016</b>	<b>SASS</b>	<b>SANCSS</b>	<b>SSS</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fair value of fund assets at the beginning of the year	254,319	27,403	568	282,290
Interest income	7,389	790	17	8,196
Actual return on Fund assets less Interest income	217	31	1	249
Employer contributions	3,000	-	-	3,000
Contributions by participants	2,404	-	6	2,410
Benefits paid	(17,726)	(1,860)	2	(19,584)
Taxes, premiums and expenses paid	(840)	(57)	(5)	(902)
<b>Fair value of fund assets at the end of the year</b>	<b>248,763</b>	<b>26,307</b>	<b>589</b>	<b>275,659</b>

<b>Year ended 30 June 2015</b>	<b>SASS</b>	<b>SANCSS</b>	<b>SSS</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fair value of fund assets at the beginning of the year	228,375	23,681	507	252,563
Bulk transfer in upon administrative restructure at 31 July 2014 from RailCorp	2,975	340	-	3,315
Interest Income	8,151	863	18	9,032
Actual return on fund assets less Interest income	17,671	1,872	41	19,584
Contributions by participants	2,295	-	6	2,301
Benefits paid	(12,484)	(1,593)	(1)	(14,078)
Taxes, premiums and expenses paid	101	598	(3)	696
Transfers in/out due to business combinations and disposals	7,235	1,642	-	8,877
<b>Fair value of fund assets at the end of the year</b>	<b>254,319</b>	<b>27,403</b>	<b>568</b>	<b>282,290</b>

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.4 Reconciliation of the present value of the defined benefit obligation

Year ended 30 June 2016	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Present value of defined benefit obligations at beginning of the year	327,356	33,795	801	361,952
Current service cost	3,249	1,356	27	4,632
Interest cost	9,556	984	24	10,564
Contributions by participants	2,404	-	6	2,410
Actuarial (gains)/losses arising from changes in demographic assumptions	29,981	(77)	145	30,049
Actuarial losses arising from changes in financial assumptions	45,980	3,093	306	49,379
Actuarial (gains)/losses arising from liability experience	7,005	413	(65)	7,353
Benefits paid	(17,726)	(1,860)	2	(19,584)
Taxes, premiums and expenses paid	(840)	(57)	(5)	(902)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>406,965</b>	<b>37,647</b>	<b>1,241</b>	<b>445,853</b>
<b>Year ended 30 June 2015</b>	<b>SASS \$'000</b>	<b>SANCSS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Present value of defined benefit obligations at beginning of the year	312,170	30,247	763	343,180
Bulk transfer in upon administrative restructure at 31 July 2014 from RailCorp	3,986	464	-	4,450
Current service cost	3,328	1,317	31	4,676
Interest cost	11,142	1,082	27	12,251
Contributions by participants	2,295	-	6	2,301
Actuarial (gains)/losses arising from changes in demographic assumptions	2,187	230	(116)	2,301
Actuarial losses arising from changes in financial assumptions	13,664	1,304	101	15,069
Actuarial gains arising from liability experience	(14,970)	(488)	(7)	(15,465)
Benefits paid	(12,484)	(1,593)	(1)	(14,078)
Taxes, premiums and expenses paid	101	598	(3)	696
Transfers in/out due to business combinations and disposals	5,937	634	-	6,571
<b>Present value of defined benefit obligation at the end of the year</b>	<b>327,356</b>	<b>33,795</b>	<b>801</b>	<b>361,952</b>

Notes to the Financial Statements for the year ended 30 June 2016

Note 10 Provisions (continued)

10.2 Superannuation (continued)

10.2.5 Expense recognised in the Statement of Comprehensive Income

Year ended 30 June 2016	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
<b>Components recognised as expense</b>				
Current service cost	3,249	1,356	27	4,632
Net interest	2,167	194	7	2,368
<b>Expense recognised</b>	<b>5,416</b>	<b>1,550</b>	<b>34</b>	<b>7,000</b>

Year ended 30 June 2015	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
<b>Components recognised as expense</b>				
Current service cost	3,328	1,317	31	4,676
Net interest	2,990	218	9	3,217
<b>Expense recognised</b>	<b>6,318</b>	<b>1,535</b>	<b>40</b>	<b>7,893</b>

Impact of RailCorp Restructure at 31 July 2014

	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Net Defined Benefit Liability transferred from RailCorp upon administrative restructure at 31 July 2014	1,010	124	-	1,134

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.6 Amounts recognised in Other Comprehensive Income

Year ended 30 June 2016	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Actuarial losses on liabilities	82,966	3,428	386	86,780
Actual return on fund assets less Interest income	(217)	(31)	(1)	(249)
<b>Total Remeasurements</b>	<b>82,749</b>	<b>3,397</b>	<b>385</b>	<b>86,531</b>

Year ended 30 June 2015	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Actuarial (gains) losses on liabilities	880	1,047	(22)	1,905
Actual return on fund assets less Interest income	(17,671)	(1,872)	(41)	(19,584)
Effects of transfers in/out due to business combinations	(1,296)	(1,007)	-	(2,303)
<b>Total Remeasurements</b>	<b>(18,087)</b>	<b>(1,832)</b>	<b>(63)</b>	<b>(19,982)</b>

##### 10.2.7 Fund assets

The percentage invested in each asset class at the reporting date is as follows:

	2016 %	2015 %
Short Term Securities	5.4	6.5
Australian Fixed Interest	7.1	6.6
International Fixed Interest	2.2	2.5
Australian Equities	25.4	25.7
International Equities	31.7	32.4
Property	9.6	8.6
Alternatives	18.6	17.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.8 Fair value of Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

Asset Category	Total \$'000	Quoted prices in active markets	Significant observable inputs	Unobservable inputs
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Year ended 30 June 2016</b>				
Short Term Securities	2,050,414	2,044,454	5,960	-
Australian Fixed Interest	2,720,589	2,724	2,717,865	-
International Fixed Interest	834,373	(1,358)	835,731	-
Australian Equities	9,720,878	9,171,767	549,087	24
International Equities	12,093,667	9,026,207	2,078,766	988,694
Property	3,650,267	1,113,253	618,946	1,918,068
Alternatives	7,115,949	470,130	3,122,185	3,523,634
<b>Total^</b>	<b>38,186,137</b>	<b>21,827,177</b>	<b>9,928,540</b>	<b>6,430,420</b>

Asset Category	Total \$'000	Quoted prices in active markets	Significant observable inputs	Unobservable inputs
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Year ended 30 June 2015</b>				
Short Term Securities	2,641,516	95,603	2,545,913	-
Australian Fixed Interest	2,656,598	958	2,638,759	16,881
International Fixed Interest	1,003,849	(110)	1,003,959	-
Australian Equities	10,406,940	9,898,541	503,999	4,400
International Equities	13,111,481	9,963,287	2,585,150	563,044
Property	3,452,609	948,421	718,406	1,785,782
Alternatives	7,170,187	622,102	3,020,225	3,527,860
<b>Total^</b>	<b>40,443,180</b>	<b>21,528,802</b>	<b>13,016,411</b>	<b>5,897,967</b>

^Additional to the assets disclosed above, at 30 June 2016 the Pooled Fund has provisions for receivables/(payables) estimated to be around \$2.83 billion. This gives total estimated assets of \$41.01 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.9 Significant actuarial assumptions at the reporting date

	Year ended 30 June 2016
Discount rate	1.99%
Salary increase rate (excluding promotional increases)	2.50% 2016/2017 to 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI increase	1.5% 2015/2016; 1.75% 2016/2017; 2.25% 2017/2018; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.
	Year ended 30 June 2015
Discount rate	3.03% pa
Salary increase rate (excluding promotional increases)	2.50% 2015/2016 to 2018/2019; 3.50% 2019/2020; 3.00% pa 2021/2022 to 2024/2025; 3.50% pa thereafter
Rate of CPI increase	2.50% 2015/2016; 2.75% 2016/2017 & 2017/2018; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

##### 10.2.10 Fair value of entity's own financial instruments

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets includes, as at 30 June 2016, \$189.6 million (2015: \$209.2 million) in NSW Government bonds.

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$222 million (2015: \$159 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value of \$243 million (2015: \$204 million).

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.11 Sensitivity analysis

The entity's total defined benefit obligation as at 30 June 2016 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2016.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
<b>Year ended 30 June 2016</b>			
Discount rate	1.99%	0.99%	2.99%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (\$'000)	445,853	506,803	397,637
	Base case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
<b>Year ended 30 June 2016</b>			
Discount rate	as above	as above above rates plus	as above above rates less
Rate of CPI increase	as above	0.5% pa	0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (\$'000)	445,853	460,252	432,794
	Base case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
<b>Year ended 30 June 2016</b>			
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above above rates plus	as above above rates less
Salary inflation rate	as above	0.5% pa	0.5% pa
Defined benefit obligation (\$'000)	445,853	458,120	434,171
	Base case	Scenario G Higher Mortality*	Scenario H Lower Mortality**
<b>Year ended 30 June 2016</b>			
Defined benefit obligation (\$'000)	445,853	443,340	452,146

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.11 Sensitivity analysis (continued)

	Base case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
<b>Year ended 30 June 2015</b>			
Discount rate	3.03%	2.03%	4.03%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (\$'000)	361,952	396,637	333,714

	Base case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
<b>Year ended 30 June 2015</b>			
Discount rate	as above	as above above rates plus 0.5%	as above above rates less 0.5%
Rate of CPI increase	as above	pa	pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (\$'000)	361,952	368,182	356,312

	Base case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
<b>Year ended 30 June 2015</b>			
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above above rates plus 0.5%	as above above rates less 0.5%
Salary inflation rate	as above	pa	pa
Defined benefit obligation (\$'000)	361,952	371,282	353,066

	Base case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
<b>Year ended 30 June 2015</b>			
Defined benefit obligation (\$'000)	361,952	360,974	362,986

\*Assumes the long term pensioner mortality improvement factors for years post 2021 also apply for years 2016 to 2021.

\*\*Assumes the short term pensioner mortality improvement factors for years 2016-2021 also apply for years after 2021.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

##### 10.2.12 Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.13 Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

#### a) Surplus / deficit

The following is a summary of the 30 June 2016 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans".

Year ended 30 June 2016	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Accrued benefits*	254,244	26,981	360	281,585
Net market value of fund assets	(248,763)	(26,307)	(589)	(275,659)
<b>Net (surplus)/deficit</b>	<b>5,481</b>	<b>674</b>	<b>(229)</b>	<b>5,926</b>

Year ended 30 June 2015	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Accrued benefits*	242,642	24,940	324	267,906
Net market value of fund assets	(254,319)	(27,403)	(568)	(282,290)
<b>Net surplus</b>	<b>(11,677)</b>	<b>(2,463)</b>	<b>(244)</b>	<b>(14,384)</b>

\*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

#### b) Contribution recommendations

Year ended 30 June 2016	SASS multiple of member contributions	SANCSS % member salary	SSS multiple of member contributions
Recommended contribution rates for the entity	N/A	N/A	N/A

Year ended 30 June 2015	SASS multiple of member contributions	SANCSS % member salary	SSS multiple of member contributions
Recommended contribution rates for the entity	N/A	N/A	N/A

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.13 Funding arrangements (continued)

###### c) Economic assumptions

The economic assumptions adopted for the 30 June 2015 actuarial investigation of the Pooled Fund are:

Weighted-average assumptions	Year ended 30 June 2016
Expected rate of return on fund assets backing current pension liabilities	7.8% pa
Expected rate of return on fund assets backing other liabilities	6.8% pa
	3.0% to 30 June 2019 then
Expected salary increase rate (excluding promotional salary increases)	3.5% pa thereafter
Expected rate of CPI increase	2.5% pa

Weighted-average assumptions	Year ended 30 June 2015
Expected rate of return on fund assets backing current pension liabilities	8.3% pa
Expected rate of return on fund assets backing other liabilities	7.3% pa
	SASS, SANCSS, SSS 2.7 %
	pa (PSS 3.5% pa) to 30 June
Expected salary increase rate (excluding promotional salary increases)	2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa

###### d) Expected contributions

Year ended 30 June 2016	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Expected employer contributions to be paid for 2017	-	3,000	-	3,000

Year ended 30 June 2015	SASS \$'000	SANCSS \$'000	SSS \$'000	Total \$'000
Expected employer contributions to be paid for 2016	-	3,000	-	3,000

###### e) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 14.7 years (2015: 11.1 years).

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 10 Provisions (continued)

#### 10.2 Superannuation (continued)

##### 10.2.14 Nature of asset / liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligations.

#### 10.3 Long service leave

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

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

The liability for long service leave was assessed by a consulting actuary, Mercer Consulting (Australia) Pty Ltd. The actuary assumed a discount rate of 2.1% (2015: 3.0%) per annum and a salary growth rate of 3.2% per annum effective 30 September 2016 and 3.0% per annum thereafter (2015: 3.1% per annum effective 30 September 2015, 3.2% per annum effective 30 September 2016 and 3.5% per annum thereafter).

#### 10.4 Movements in provisions (other than employee benefit provisions)

	Carrying amount at start of year \$'000	Increase in provision \$'000	Discounting adjustment \$'000	Subtotal \$'000	Payment of claims \$'000	Carrying amount at end of year \$'000
<b>Year ended 30 June 2016</b>						
Worker's compensation	5,637	4,536	1,364	11,537	2,786	8,751
<b>Year ended 30 June 2015</b>						
Worker's compensation	3,083	4,156	286	7,525	1,888	5,637

#### 10.5 Workers' compensation

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

The workers' compensation liability at year end was assessed by McMahon Actuarial Services assuming a discount rate ranging from 1.6% to 4.0% per annum over the next 10 years (2015: ranging from 1.9% to 4.1% per annum) and a future wage inflation rate of 3.5% per annum over the next 10 years (2015: 4% per annum over the next 10 years).

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 11 Contributed equity

#### 11.1 Contributed equity

	Note	2016 \$'000	2015 \$'000
Contributed equity at start of year		260,170	(89,789)
Net assets contributed by Government	11.2	-	349,959
<b>Contributed equity at end of year</b>		<b>260,170</b>	<b>260,170</b>

#### 11.2 Net assets contributed by the Government

The net transfers noted below are considered to be a contribution by owner in accordance with TPP 09-3 *Accounting Policy: Contribution by Owners made to wholly owned public sector entities* and are treated as an adjustment to equity.

	2016 \$'000	2015 \$'000
<b>Assets transferred</b>		
Trade and other receivables (current)	-	350,496
Plant and equipment (net)	-	216
Intangible assets (net)	-	3,018
<b>Total assets transferred</b>	-	<b>353,730</b>
<b>Liabilities transferred</b>		
Provisions (current)	-	2,637
Provisions (non-current)	-	1,134
<b>Total liabilities transferred</b>	-	<b>3,771</b>
<b>Net assets contributed by the Government</b>	-	<b>349,959</b>

Refer Note 5.3 for details.

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 12 Expenditure commitments

#### 12.1 Expenditure commitments

	2016	2015
	\$'000	\$'000
<b>Operating leases</b>		
Within 12 months	39,790	40,465
12 months or longer but not longer than 5 years	69,551	94,811
<b>Total operating leases</b>	<b>109,341</b>	<b>135,276</b>
<b>Total plant and equipment (including intangible assets)</b>	<b>2,444</b>	<b>1,498</b>

#### Other commitments

Sydney Trains and NSW Trains entered a service contract commencing on 1 July 2013, expiring on 30 June 2018. Under this contract, Sydney Trains will provide maintenance, operational, security, cleaning and other services to NSW Trains. The estimate amount for 2016-2017 is \$446.6m (2015-2016: \$440.2m).

The expenditure commitments include any associated Goods and Services Tax. Related input tax credits of \$10.2m (2015: \$12.4m) are expected to be recoverable from the Australian Taxation Office.

#### 12.2 Minimum lease payments committed under non-cancellable operating leases

	2016	2015
	\$'000	\$'000
Within 12 months	39,790	40,465
12 months or longer but not longer than 5 years	69,551	94,811
<b>Total committed</b>	<b>109,341</b>	<b>135,276</b>

Minimum lease payment commitments include any associated Goods and Services Tax. Related input tax credits of \$10.2m (2015: \$12.4m) are expected to be recoverable from the Australian Taxation Office.

### Note 13 Contingent liabilities and contingent assets

#### 13.1 Contingent liabilities

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

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

#### Guarantee

NSW Trains has a bank guarantee of \$11,000 issued by the Westpac Banking Corporation.

#### Litigation

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

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 13 Contingent liabilities and contingent assets (continued)

#### 13.2 Contingent assets

Contingent assets represent matters that are unconfirmed (pending the occurrence or non-occurrence of an uncertain future event), or not reliably measurable or unlikely to be settled. However, their probability of settlement is "probable" but not "virtually certain".

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

### Note 14 Financial instruments

#### 14.1 Financial instruments

NSW Trains holds the following financial instruments:

	2016	2015
	\$'000	\$'000
<b>Financial assets</b>		
Cash and cash equivalents	216,939	112,975
Trade and other receivables*	25,386	202,155
<b>Total financial assets</b>	<b>242,325</b>	<b>315,130</b>
<b>Financial Liabilities</b>		
Trade and other payables**	66,212	68,657
<b>Total financial liabilities</b>	<b>66,212</b>	<b>68,657</b>

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

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

#### 14.2 Financial risks

The operational activities of NSW Trains expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk). A risk management program focuses on financial performance and seeks to minimise potential adverse effects from financial market price movements. Methods used to measure risk include sensitivity analysis in the case of interest rate, and an ageing analysis for credit risk.

Risk management is carried out under approved policies. Treasury Management Policy establishes a prudential framework covering policies, best practice internal controls and reporting systems for the management of financial risks within NSW Trains' operation. The policy covers specific areas such as foreign exchange risk, interest rate risk, commodity risk, and credit risk, use of derivative financial instruments and investment of excess funds. The NSW Trains has a Treasury Management Policy. The primary objective of this policy is to achieve management of all financial risks in strict compliance with internal policies and guidelines within the broad framework of the NSW Treasury Management Policy (TPP07-7). Accounting for Treasury Instruments is in accordance with NSW Treasury accounting policy, Accounting for Financial Instruments (TPP08-1).

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 14 Financial instruments (continued)

#### 14.3 Market risk

Market risk relates to fluctuations in the fair value of future cash flows of financial instruments because of changes in market prices. This applies to NSW Trains' interest rate risk.

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

##### 14.3.1 Foreign exchange risk

NSW Trains is not exposed to foreign exchange risk, all significant contractual commercial transactions denominated in local currency.

##### 14.3.2 Interest rate risk

Interest rate risk refers to the market value of financial instruments or cash flows associated with the instruments fluctuating due to changes in market yields. NSW Trains' main interest rate risk relates primarily to cash at bank.

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

	Interest Rate	Principal Amount
	%	\$'000
<b>Year ended 30 June 2016</b>		
<b>Financial assets</b>		
<b>Not later than 1 year</b>		
Cash on hand and in transit	-	135
Cash at bank	1.75	216,804
<b>Total financial assets</b>		<b>216,939</b>
<hr/>		
	Interest Rate	Principal Amount
	%	\$'000
<b>Year ended 30 June 2015</b>		
<b>Financial assets</b>		
<b>Not later than 1 year</b>		
Cash on hand and in transit	-	100
Cash at bank	2.00	112,875
<b>Total financial assets</b>		<b>112,975</b>

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 14 Financial instruments (continued)

#### 14.3 Market risk (continued)

##### 14.3.2 Interest rate risk (continued)

###### Interest rate sensitivity analysis

A change of +/- 1 per cent is used, consistent with current trends in interest rates, to measure NSW Trains' financial sensitivity to interest rate movements. NSW Trains' exposure to interest rate risk is set out below.

	Change in yield	Impact on Net result \$'000	Impact on Equity \$'000
<b>Year ended 30 June 2016</b>			
Bank deposits	-1%	(2,168)	(2,168)
	1%	2,168	2,168
<b>Year ended 30 June 2015</b>			
Bank deposits	-1%	(1,129)	(1,129)
	1%	1,129	1,129

#### 14.4 Credit risk

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

Credit risk can arise from financial assets of NSW Trains, including cash and cash equivalents, deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

Credit risk associated with NSW Trains' financial assets, other than receivables, is managed through the sound selection of counterparties and establishment of minimum credit rating standards.

NSW Trains held \$216.8m in cash at bank at 30 June 2016 (2015: \$112.9m). This was held with Westpac Banking Corporation.

##### Trade receivables

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

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

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 14 Financial instruments (continued)

#### 14.5 Liquidity risk

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

Credit standby arrangements are shown at Note 5.4.

During the current year, there have been no defaults or breaches on any amounts payable. No assets have been pledged as collateral. NSW Trains exposure to liquidity risk is deemed insignificant based on current year data and assessment of risk.

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

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

	Carrying amount \$'000	Contract Cash flow \$'000	Less than 1 Year \$'000	Between 1 and 5 Years \$'000	Over 5 Years \$'000
<b>Year ended 30 June 2016</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	216,939	216,939	216,939	-	-
Trade and other receivables	25,386	25,386	25,386	-	-
	<b>242,325</b>	<b>242,325</b>	<b>242,325</b>	-	-
<b>Financial liabilities</b>					
Trade and other payables	66,212	66,212	66,212	-	-
	<b>66,212</b>	<b>66,212</b>	<b>66,212</b>	-	-
<b>Year ended 30 June 2015</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	112,975	112,975	112,975	-	-
Trade and other receivables	202,155	202,155	202,155	-	-
	<b>315,130</b>	<b>315,130</b>	<b>315,130</b>	-	-
<b>Financial liabilities</b>					
Trade and other payables	68,657	68,657	68,657	-	-
	<b>68,657</b>	<b>68,657</b>	<b>68,657</b>	-	-

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 15 Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

NSW Trains does not own any land or building. The current holding of Plant and Equipment is mainly operational equipment with useful lives of 10 years or less. Management has reviewed and concluded that the written down value of these assets approximate their fair value.

The carrying amounts and aggregate net fair values of financial assets, non-financial assets and financial liabilities at balance date are:

	Carrying Amount \$'000	Fair Value \$'000
<b>Year ended 30 June 2016</b>		
<b>Financial assets</b>		
Cash and cash equivalents	216,939	216,939
Trade and other receivables	28,763	28,763
<b>Total financial assets</b>	<b>245,702</b>	<b>245,702</b>
<b>Non-financial assets</b>		
Plant and machinery	527	527
<b>Total non-financial assets</b>	<b>527</b>	<b>527</b>
<b>Financial liabilities</b>		
Trade and other payables	72,329	72,329
<b>Total financial liabilities</b>	<b>72,329</b>	<b>72,329</b>
<b>Year ended 30 June 2015</b>		
<b>Financial assets</b>		
Cash and cash equivalents	112,975	112,975
Trade and other receivables	203,937	203,937
<b>Total financial assets</b>	<b>316,912</b>	<b>316,912</b>
<b>Non-financial assets</b>		
Plant and machinery	554	554
<b>Total non-financial assets</b>	<b>554</b>	<b>554</b>
<b>Financial liabilities</b>		
Trade and other payables	74,033	74,033
<b>Total financial liabilities</b>	<b>74,033</b>	<b>74,033</b>

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 16 Events occurring after reporting date

No events have occurred between the end of reporting date and the date the financial statements are authorised for issue, which require adjustment to, or disclosure in, the financial statements.

(End of audited financial statements)



## INDEPENDENT AUDITOR'S REPORT

### NSW TRAINS

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of NSW Trains, which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of NSW Trains as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of NSW Trains in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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



## **The Chief Executive's Responsibility for the Financial Statements**

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

In preparing the financial statements, the Chief Executive must assess NSW Trains' ability to continue as a going concern unless NSW Trains will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

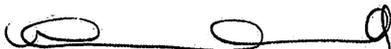
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

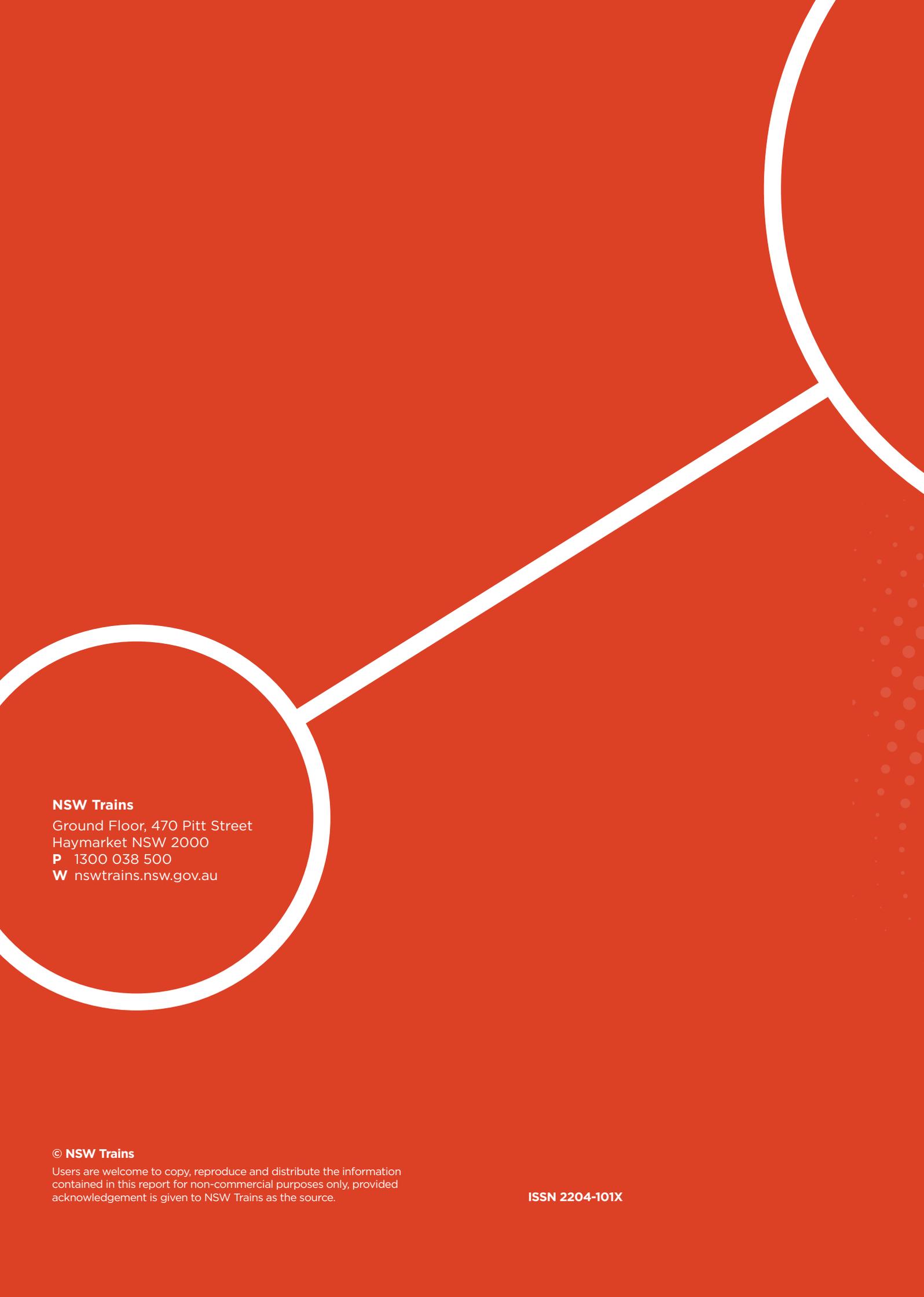
- that NSW Trains carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Margaret Crawford  
Auditor-General of NSW

28 September 2016  
SYDNEY





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