

Richard Cleal

From: Richard Cleal
Sent: Tuesday, 2 October 2018 6:52 PM
To: 'boardoffice@qr.com.au'
Subject: Direction to Phillip Strachan, Chair, Queensland Rail
Attachments: Direction.pdf

Phillip

Please find attached a direction under the Queensland Rail Transit Authority Act 2013

Richard Cleal
Acting Chief of Staff
Office of the Hon Mark Bailey MP
Minister for Transport and Main Roads
3719 7323



Released under RTI - DTMR



RESPONSIBLE MINISTERS FOR
QUEENSLAND RAIL

Our Ref: SHM421

Mr Phillip Strachan
Chair
Queensland Rail
GPO Box 1429
BRISBANE QLD 4001

Dear Mr Strachan

Direction under the *Queensland Rail Transit Authority Act 2013*

On 2 October 2018 we were advised that the Queensland Rail Board intends to make performance payments to Queensland Rail staff for the financial year ending 30 June 2018.

Queensland Rail has committed to implementing the recommendations from the 2017 *Queensland Rail Train Crewing Practices Commission of Inquiry (COI)* and the Fixing the Trains Implementation Plan. A number of key performance indicators were not met in 2017-18. Just as importantly, key strategic objectives relating to improving customer experience by restoring a reliable and robust full service timetable have not been met.

We appreciate progress has been made in some areas, including successful delivery of the 2018 Commonwealth Games Transport Plan. However, Queensland Rail continues to face significant challenges in recruiting a surplus of train crew, reducing overtime to sustainable levels, restoring the timetable to pre-October 2016 levels, and rebuilding public confidence in the Citytrain system.

We acknowledge that under the terms of the *Corporate Governance Guidelines for Government Owned Corporations (Version 2.0)* (GOC Guidelines), performance payments are commonly at the discretion of Boards. However, in light of the above and given the extraordinary circumstances experienced since 2016, we consider the payment of executive bonuses in relation to the 2017-18 financial year would be inconsistent with community expectations.

The GOC Guidelines state that remuneration for senior executives should aim to ensure a balance between public accountability and transparency and the need to attract high calibre employees, and that GOCs must be properly managed on behalf of their ultimate owners, the people of Queensland.

Two years on from the introduction of the new Citytrain timetable on 4 October 2016, there needs to be greater focus from the Queensland Rail Board and Executive Leadership Team on restoring a full-service timetable and implementing the remaining COI recommendations. Queensland Rail must:

- remain focussed on ensuring rail services are restored to the levels required to meet the demand of customers, with a sufficient pipeline of train crew to sustain these levels into the future;
- be committed to improving organisational capability to support the delivery of a modern, efficient railway; and
- have unwavering commitment to improving customer focus.

To facilitate this, we have issued a Direction under the *Queensland Rail Transit Authority Act 2013* instructing Queensland Rail not to pay any performance payments to the Chief Executive Officer or Queensland Rail staff for 2017-2018. A copy of the Direction is enclosed.

The Palaszczuk Government committed to fixing the trains and transforming public transport to deliver better outcomes for Queenslanders. We will continue to work with Queensland Rail, the Department of Transport and Main Roads, and the Citytrain Response Unit to deliver our customers a modern, efficient and reliable public transport system that meets their needs now and into the future.

Yours sincerely

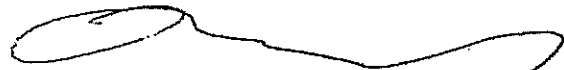


HON. JACKIE TRAD MP

Deputy Premier
Treasurer
Minister Aboriginal and Torres Strait Islander Partnerships

Level 39
1 William Street, Brisbane

PO Box 15009, City East
Queensland 4002 Australia



HON. MARK BAILEY MP

Minister for Transport and Main Roads

Level 35
1 William Street, Brisbane

GPO Box 611, Brisbane
Queensland 4001 Australia

Enc (1)

Released under the Queensland Right of Access Act 2009

Queensland Rail Transit Authority Act 2013

Section 12

Ministerial Directions

- (1) Pursuant to section 12 of the Act, we, the responsible Ministers direct Queensland Rail in relation to it and its subsidiaries to:
- a) not make any performance payments to Queensland Rail's Chief Executive Officer or staff for 2017-2018; and
 - b) notify us, as responsible Ministers, of the Queensland Rail Board's proposed course of action to implement this direction.
- (2) For the purpose of this direction:
- a) Act means *Queensland Rail Transit Authority Act 2013*;
 - b) Queensland Rail means the Queensland Rail Transit Authority established under the Act; and
 - c) A term used in this direction which is not otherwise defined has the same meaning as that term is given in the Act.

Dated at Brisbane on the 2nd day of October 2018.



HON. JACKIE TRAD MP
Deputy Premier, Treasurer
Minister Aboriginal and
Torres Strait Islander Partnerships



HON. MARK BAILEY MP
Minister for Transport and Main Roads

Richard Cleal

From: Richard Cleal
Sent: Tuesday, 2 October 2018 7:14 PM
To: 'phillip.strachan@qr.com.au'
Subject: FW: Direction to Phillip Strachan, Chair, Queensland Rail
Attachments: Direction.pdf

Phillip

Please find attached a direction under the Queensland Rail Transit Authority Act 2013 which I have also sent to boardoffice@qr.com.au

Richard Cleal
Acting Chief of Staff
Office of the Hon Mark Bailey MP
Minister for Transport and Main Roads
3719 7323



Queensland
Government

Sent: Tuesday, 2 October 2018 6:52 PM
To: 'boardoffice@qr.com.au' <boardoffice@qr.com.au>
Subject: Direction to Phillip Strachan, Chair, Queensland Rail

Phillip

Please find attached a direction under the Queensland Rail Transit Authority Act 2013

Richard Cleal
Acting Chief of Staff
Office of the Hon Mark Bailey MP
Minister for Transport and Main Roads
3719 7323



Queensland
Government

Richard Cleal

From: Board Office <BoardOffice@qr.com.au>
Sent: Wednesday, 3 October 2018 4:28 PM
To: Deputy Premier; Richard Cleal
Cc: Brett Reed
Subject: Queensland Rail: letter of response (2/10/2018) Direction under QRTA Act 2013
Attachments: 20181003_Outgoing letter to RMs_response to Ministerial Direction.pdf

Importance: High
Sensitivity: Confidential

Good afternoon

Please find attached letter from the Chair of Queensland Rail in response to letter (2 October 2018) in relation to the Direction under the *Queensland Rail Transit Authority Act 2013*.

The original letter will be mailed to you today.

Kind regards

Board Office

 **QueenslandRail**
Board Office

Rail Centre 1-14, 305 Edward Street, Bne
GPO Box 1429, Brisbane Q 4001 •,
T: 30721877 M: N/R F: 30720090

Board.office@qr.com.au

queenslandrail.com.au

facebook.com/queenslandrail

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Released under RTI - DMR

Our ref: MCR-18-821

The Honourable Jackie Trad MP
Deputy Premier
Treasurer
Minister for Aboriginal and Torres Strait Islander Partnerships
Member for South Brisbane
Level 39, 1 William Street
Brisbane Qld 4000

The Honourable Mark Bailey MP
Minister for Transport and Main Roads
Member for Miller
Level 35, 1 William Street
Brisbane Qld 4000

Dear Deputy Premier and Minister

Direction under the Queensland Rail Transit Authority Act 2013

I refer to your letter dated 2 October 2018 attaching a Direction under the *Queensland Rail Transit Authority Act 2013*.

Queensland Rail's Board under my role as Chair has maintained a constant and strong focus on implementing the recommendations from the 2017 Commission of Inquiry. I am proud of what has been delivered to date and I refer you to my letter dated 27 August 2018 setting out the achievements. Of note is the implementation of 17 of the 31 recommendations in accordance with the original schedule.

Part Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

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Part Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

Turning to the matter of the performance payment that the Board had proposed paying, this performance payment is a key remuneration component of the individual contracts with 384 leaders of the business. The Board set the performance criteria against which individual performance would be measured at the start of 2017/18 financial year. These criteria are all contained in the 2017/18 plans submitted to government. The Board then assessed the delivery of performance at the end of the year. I attach a summary Fact Sheet of the performance criteria and outcomes. I spoke with the Minister three times about the performance payment in recent months and the direction it was heading, noting each time that the performance payment assessment was at the discretion of the Board. Furthermore, I committed to inform the Minister of the outcome of the Board deliberations, which were only concluded at its meeting last Friday 28 September, before a payment was made, which I did yesterday at my first opportunity.

In its deliberations, the Board considered the performance of the business against the criteria set for participants and took into account the outstanding contribution from many people across the business towards the successful outcome delivered for the Commonwealth Games. The Board also took into consideration the significant contribution employees made towards stabilising the business since the failed timetable implementation in October 2016. For example, the adverse trend in SPADs has been arrested; significant improvement was achieved in employee and public safety statistics; the delivery of on-time running performance; no reduced service levels in numerous recent stress periods; driver overtime was reduced by 20%; robust forecasting of supply and demand of traincrews which is actively used in business decisions; and a reduction in the duration of driver training by 30%.

The Board also took account of the fact that the leadership team has actively supported and made a significant contribution to the Cross River Rail project, facilitated a seamless handover of the ETCS project, and had a major input into the Rail Network Strategy which should be the blueprint for the SEQ network for the next 10 years. None of these activities were contemplated at the start of the 2017/18 financial year but all were embraced by dedicated employees. Many employees have worked extraordinary hours during the past 12 months.

The Board's focus has also been to change the culture of Queensland Rail and rebuild the business. To that end we have added new senior leadership to the team over the past 12 months, none of who were with the business when the timetable failed in 2016 and the Board was looking to reward their contribution. It is paramount that the business continues to attract and retain capable people as part of its culture change.

I believe the Board has acted responsibly and fairly to the participants in the performance payment scheme. To not make a payment for this financial year, Part Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

Part Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration
is not consistent with the performance cultural change that the Board is driving. When a significant contribution is made then employees should be rewarded fairly. I understand some people external to the business might question the merit of a performance payment, but in delivering a multi-year change program it is important to acknowledge the individual contributions along the journey as that is often when the "heavy lifting" is done.

You will recall that the Board decided to pay no performance payment to its employees in the 2016/17 financial year, the year of the "failed timetable". This was well understood by the employees at the time because the business had let its customers down. Your decision to issue a Direction on the performance payment outcome for 2017/18 will no doubt come as a disappointment for many employees, particularly when they heard about the decision via the media, when all have worked extremely hard to recover and stabilise the business.

In respect of the Ministerial Direction itself, under (1) b) you have asked for confirmation of the Board's proposed course of action to implement the direction. I can confirm that I have instructed the CEO not to pay any performance payments to any of its participants for the 2017/18 financial year.

Sch 4 CTPI

Phillip Strachan

Chair

23 October 2018

Enc 1

cc: Nick Easy
Chief Executive Officer, Queensland Rail

FACT SHEET



Abatement KPIs 2017-18

Abatement KPIs	FY 2017/18 Target	FY 2017/18 Actual
On-time running - Citytrain 24/7 (adjusted for Force Majeure)	95.00%	
Reliability - Citytrain 24/7 (adjusted for Force Majeure)	99.50%	
Signal Passed At Danger per MTK - Operator	1.78	
Customer injuries per million passenger journeys	9.49	
Customer satisfaction - Citytrain (TransLink index)	70.00	69.56
Customer satisfaction - Traveltrain	81.00	79.87

Key achievements 2017-18

- 18 of total 36 Commission of Inquiry (COI) recommendations completed, including 17 completed by Queensland Rail. Part Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

Part Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

- Implemented eight-week plan and five-year forecasting model to effectively manage train crew supply and demand
- On-time running targets met in 2017-18, with 95.89% of services running on-time
- Service cancellation rate of just 0.29% in 2017-18
- No service cancellations due to train crew since January 2017
- Timetable stress periods identified and reliably managed including school holiday periods and Gold Coast 2018 Commonwealth Games (GC2018). The Games were an outstanding success delivering a world class rail service to customers

- Delivered 97.76% of trains on time during GC2018, despite supporting unprecedented demand and extra services
- 101 new train drivers and 228 new train guards into supply since October 2016 (as at 24 September 2018), representing net increase of 50 additional drivers and 79 additional guards
- Train driver overtime reduced by 20% and guard overtime by 37% compared with October 2016
- June-July school holidays 2018 first school holiday period since January 2017 not requiring a service downgrade, followed by September school holidays 2018
- Train crew requirements for the testing and commissioning of the New Generation Rollingstock fleet supported
- Established the Commuter Catch Up program to proactively listen to customer feedback and identify improvements, with more than 70 Catch Ups held across South East Queensland (SEQ) so far
- 53.66 million customer trips taken on SEQ network in 2017-18, up 3.81%
- Customer satisfaction results improved from 69.32 (FY 2016-17) to 69.56 (FY 2017-18).

Beyond 2017-18

- Further 95 trainee drivers and 42 trainee guards currently undergoing training
- Further training schools scheduled in 2019, including trainees selected from external recruitment campaign
- Due to meet compliance with mandated working hours for train crew under the new National Rail Safety Law from 15 October 2018, despite impacts to train crew supply
- Preparing for required introduction of meal break changes for traincrew by February 2019 as per the requirements of the 2017 Traincrew Enterprise Agreement.

Richard Cleal

From: Richard Cleal
Sent: Wednesday, 3 October 2018 4:47 PM
To: Emily Brogan
Subject: FW: Queensland Rail: letter of response (2/10/2018) Direction under QRTA Act 2013
Attachments: 20181003_Outgoing letter to RMs_response to Ministerial Direction.pdf

Importance: High
Sensitivity: Confidential

FYI

Richard Cleal



Queensland
Government

Importance: High

Sensitivity: Confidential

From: Board Office <BoardOffice@qr.com.au>
Sent: Wednesday, 3 October 2018 4:28 PM
To: Deputy Premier <deputy.premier@ministerial.qld.gov.au>; Richard Cleal <Richard.Cleal@ministerial.qld.gov.au>
Cc: Brett Reed <Brett.Reed@ministerial.qld.gov.au>
Subject: Queensland Rail: letter of response (2/10/2018) Direction under QRTA Act 2013

Good afternoon

Please find attached letter from the Chair of Queensland Rail in response to letter (2 October 2018) in relation to the Direction under the *Queensland Rail Transit Authority Act 2013*.

The original letter will be mailed to you today.

Kind regards

Board Office



Board Office

Rail Centre 1-14, 305 Edward Street, Bne
GPO Box 1429, Brisbane Q 4001 •,
T: 30721877 M: N/R F: 30720090

Board.office@qr.com.au

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and Communities Connecting*

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Released under the DTMR

Richard Cleal

From: Board Office <BoardOffice@qr.com.au>
Sent: Thursday, 4 October 2018 3:11 PM
To: Deputy Premier; Richard Cleal
Cc: Brett Reed
Subject: Queensland Rail: Phillip Strachan, Chair, resignation
Attachments: 20181004_Phillip Strachan resignation.pdf

Importance: High

Good afternoon

Please find attached correspondence from Phillip Strachan, Chair confirming his resignation from the Board of Queensland Rail effective 4 October 2018.

Regards

 **Queensland Rail**
Board Office

Rail Centre 1-14, 305 Edward Street, Bne
GPO Box 1429, Brisbane Q 4001 • ,
T: 30720565 M: N/R F: 30720090

Vera.Colbran@qr.com.au

queenslandrail.com.au

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Released under RTI - DTMR

The Honourable Jackie Trad MP
Deputy Premier
Treasurer
Minister for Aboriginal and Torres Strait Islander Partnerships
Member for South Brisbane
Level 39, 1 William Street
Brisbane Qld 4000

The Honourable Mark Bailey MP
Minister for Transport and Main Roads
Member for Miller
Level 35, 1 William Street
Brisbane Qld 4000

Dear Deputy Premier and Minister

It is with some regret that I resign from the Queensland Rail Board with immediate effect. I believe that the business has made significant progress over the past 19 months, much of which has gone unrecognized. It is unfortunate that I do not have your ongoing support.

Yours sincerely

Sch 4 CTPI

Phillip Strachan
Chair

4th October 2018

Cc Company Secretary – Queensland Rail

Richard Cleal

From: Paul Wallis Sch 4 CTPI
Sent: Thursday, 4 October 2018 3:23 PM
To: Richard Cleal; Deputy Premier
Cc: Brett Reed; McNamara, Peter; Neroni, Bronwyn
Subject: Resignation from Queensland Rail
Attachments: 1538628373968_QR Resignation 04102018(1).pdf

Deputy Premier and Minister,
Please see attached my letter of resignation from Queensland Rail Board.
Regards
Paul Wallis.

Released under RTI - DTMR

Sch 4 CTPI

04 October 2018

The Honourable Jackie Trad MP
Deputy Premier
Treasurer
Minister for Aboriginal and Torres Strait Islander Partnerships
Member for South Brisbane
Level 39, 1 William Street
Brisbane QLD 4000

The Honourable Mark Bailey MP
Minister for Transport and Main Roads
Member for Miller
Level 35, 1 William Street
Brisbane QLD 4000

Deputy Premier and Minister

This is to inform you of my resignation from my appointment as Board Member of Queensland Rail and Director of Queensland Rail Ltd, effective today's date.

Regards

Sch 4 CTPI

Paul Wallis

cc. Peter McNamara, Company Secretary, Queensland Rail.

Richard Cleal

From: Sandra Birkenleigh
Sent: Thursday, 4 October 2018 4:24 PM
To: Deputy Premier; Richard Cleal
Cc: Brett Reed
Subject: Resignation from the Board of Queensland Rail.
Attachments: Queensland Rail.docx; ATT00001.htm

Sch 4 CTPI

Dear Ministers

Please find attached my resignation

Released under RTI - DTMR

4th October 2018

The Honourable Jackie Trad MP
Deputy Premier
Treasurer
Minister for Aboriginal and Torres Strait Islander Partnerships
Member for South Brisbane
Level 39, 1 William Street
Brisbane Qld 4000

The Honourable Mark Bailey MP
Minister for Transport and Main Roads
Member for Miller
Level 35, 1 William Street
Brisbane Qld 4000

Dear Deputy Premier and Minister

Resignation as Director of Queensland Rail

The last 48 hours has been one of deep regret. It is unfathomable to me that those that have strived so diligently, with much sacrifice to deliver a revived and sustainable Queensland Rail could be so maligned and treated with disdain for their dedication, commitment, vision and achievement against quite frankly all odds.

I joined this Board because I signed up to a vision – the vision of Phillip Strachan and the leadership team, lead by Nick Easy. I have watched with admiration as they have surmounted all obstacles to deliver for you and the state time and time again. I have been privileged to work with the team as they have driven a new and invigorated culture – with performance and safety at the heart of everything we do.

Phillip and Nick are outstanding individuals – very few corporations are as well placed to have such an effective Chair and CEO team. Queensland Rail is the poorer for Phillip's resignation and you as its shareholders are now bereft of an amazing talent. His resignation does not serve the people of Queensland well and you are responsible for that.

My personal values do not allow me to continue to serve in a role where there is such a clear disconnect between the values of the shareholders and the Board. Accordingly, I tender my resignation with immediate effect.

Yours sincerely,

Sandra Birkenleigh; Non-Executive Director

Email: Sch 4 CTPI

mobile; N/R