

QR's Strategic Direction for 2005/06

Values & Behaviours

Leadership: "Inspiring and encouraging"

We provide clear direction and manage performance for sustainable results

We champion high performance, potential and talent

We encourage and reward contributions made by others

We lead with integrity

Customers: "We respond, we deliver"

We make time to understand our customers business and needs

We are solution focused

We ensure all interactions add value to the customer relationship

Results: "Relentless pursuit of sustainable results"

We do not accept complacency

We take responsibility for our own performance

We use teamwork for the best outcomes

People: "Respect in all our actions"

We do not condone actions that demean others

We support people with empathy, openness and honesty

We balance work and life

We keep commitments

We act ethically

We commit to equal employment opportunity

Creativity & Innovation: "New ideas powering our future"

We constructively challenge for a better way

We sponsor creativity and sharing of ideas

We embrace ideas for improvement

We proactively identify opportunities for growth

We capture and share knowledge

Safety & Environment: "Everyone's responsibility"

We ensure our own safety and the safety of others

We act with care for the environment

We make business decisions that respect safety and the environment

Vision

Our vision is "Performance".

We do this by contributing to Queensland's economic and regional development through creating commercial and social value for our shareholders, the people of Queensland.

We recognise that our people plus their performance will lead to the profitability of our business.

Mission

We will create value through delivering responsive, innovative, rail-based solutions for our customers and stakeholders.

Goals

1. QR is recognised as a national leader in transport solutions with global reach
2. Our shareholders and the people of Queensland will continue to value QR as a profitable organisation
3. QR's employees are recognised for their customer service excellence
4. The Queensland Government recognises QR as the preferred supplier for passenger, network and other rail services
5. Customers are able to achieve their social outcomes (safety & environment) through the use of QR's services and products

Lines of Business - Priorities for 2005/06

QRNational

Purpose: To become Australia's leading coal and bulk logistics provider and a leading national containerised freight logistics business.

Priorities

1. Develop a mix of organic growth, acquisitions, joint ventures, partnerships, alliances and contracts with key suppliers/customers focussed on specific customer needs to achieve the QRNational purpose
2. Grow our markets
3. Create a line of business with clear, differentiated value propositions by market segment, supported nationally by a common brand
4. Develop a competitive cost base
5. Increase logistics capability
6. Manage capacity and customer needs

Passengers

Purpose: To create passenger travel experiences which exceed expectations, profitably and safely.

Priorities

1. Pursue profitable revenue opportunities beyond current scope of operations
2. Match services to the needs of government and within agreed funding limits
3. Plan for and manage delivery of sustainable and accessible rail transport for our passengers
4. Continue to focus on and improve safety performance
5. Reduce operating cost of providing passenger services through a program of initiatives designed to improve the contribution to QR's bottom line and/or reduce the cost to government
6. Improve utilisation of assets through a program of initiatives designed to improve the contribution to QR's bottom line and/or reduce the cost to government
7. Engage our key value chain partners and work together to achieve transparency of costs and implement opportunities for improvement
8. Derive better business value from IT
9. Continue to prepare our people for the changes expected under the 'Towards 2009' change program
10. Build a culture that internally supports our brand for each product

Network Access

Purpose: To attract the largest possible share of the land transport market to rail. To do this we will deliver a safe, reliable, environmentally and commercially sustainable network.

Priorities

1. Contribute to the growth of new business
2. Increase productivity and drive down costs
3. Deliver a safe, efficient, reliable and environmentally friendly rail network
4. Optimise service/price package for rail operators
5. Build a market driven and responsive culture with a focus on relationships

iQR Complete Rail Solutions

Purpose: To grow a sustainable and profitable business by selling complete rail solutions to the world leveraged from QR's wealth of knowledge, intellectual property and know how.

Priorities

1. Leveraging QR's intellectual property and knowledge
2. Establish and enhance our customer base
3. Deliver iQR products and services

Support Groups – Objectives for 2005/06

Infrastructure Services (ISG)

Purpose: To construct, maintain and manage rail infrastructure and related services with a focus on safety and cost.

Objectives

1. Support growth of profitable business based on strategic advantage
2. Improve performance through process excellence
3. Optimise resource utilisation and supply logistics
4. Improve understanding of costs and product value-add
5. Review business processes and systems to improve efficiency
6. Improve operational excellence through performance, relationships and innovative solutions
7. Reduce loss by appropriate management of risk
8. Further develop a commercial culture around business performance
9. Improve capability in leadership and change management

Rollingstock & Component Services (RACS)

Purpose: To manage responsive, competitive rollingstock overhaul and component supply and manufacture in partnership with the QRNational and Passengers Lines of Business.

Objectives

1. Support performance improvement activities of the Lines of Business
2. Rationalise core rail activities in areas in which RACS is competitive
3. Reduce cycle times to ensure rollingstock is available to meet customer demands
4. Provide timely, quality, reliable, safe, responsive products and services to our customers
5. Reduce costs through improved productivity and performance
6. Manage risk to RACS' business
7. Build effective relationships with staff, unions and government to affect the critical workplace reforms required
8. Enhance RACS' business and people performance through strong, interventionist and effective leadership

Shared Services (SSG)

Purpose: To be a trusted partner with QR's Lines of Business. We will add value by being a strategic resource for QR and by providing cost efficient support and professional services.

Collated SSG Business Unit's Strategic Objectives

1. Identify and manage QR's engineering intellectual property
2. Foster research and development - encourage, support, incubate and facilitate research into engineering innovation for LOB profitability
3. Match our skills, knowledge and abilities to meet current and future Line of Business demand
4. Meet and exceed our stretch targets
5. Support iQR to deliver training products and services to the global markets
6. All of the Business Units have cost reduction objectives focusing on reducing our costs which are passed on through the cost of our services as well as providing more accurate information to help Lines of Business' to make more informed decisions to help reduce their expenditure
7. Implement a QR works program to improve planning and utilisation of resources
8. Engender value engineering earlier in the cycle
9. Continue development and providing end-to-end supply chain processes and methodologies including asset management
10. Develop Decision Support Systems to allow managers to make better supply chain decisions
11. Increase operational efficiencies within QR (SAP Payroll/Personnel Project)
12. Deliver QR/Line of Business strategies on time at the right cost/quality, including the QR Capital Works Investment Program
13. Implement an organisational wide Project Management environment via Project Management Improvement Plan
14. Provide effective and efficient training and development solutions
15. Establish an improved SLA framework with Line of Business partners
16. Provide innovative business solutions and use of technology to support business growth and increase competitiveness
17. Embed a performance culture in everything we do
18. Assist Lines of Business to develop their project management capability
19. Enhance targeted external stakeholders and industry relationships
20. Support the development and implementation of the Leadership Development Framework for QR
21. Develop flexible resources to ensure adequate capability and capacity to respond
22. Improve capability in leadership and change management