

# Reshaping & Delivering





18 million tonnes of freight moved each year by rail



900 freight trains each week



1,500+ bridges



Interislander carries around 800,000 passengers per year



More than 180 mainline locomotives and 4,600 freight wagons



Front cover photos: Clockwise from left Robbie Meynell, Mechanisation Supervisor Southern, Jazzy Yusuf, Cabin Attendant and Brian King, Mechanical Engineer.

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*Robbie Burns working on the DSG shunt overhaul at the Lower Hutt Workshops*

# Our story

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## Our vision

Trusted Kiwi-owned logistics partner, growing New Zealand.

## Nature and scope of the business

KiwiRail owns, operates and optimises rail and ferry transport and supply chain networks to facilitate the efficient movement of freight and passengers within New Zealand. KiwiRail is focused on providing excellent service to our customers, a zero-harm workplace for our staff, an improved financial position for our shareholder, and delivering our services in an environmentally sustainable way. We:

- Provide end-to-end transport supply chain services and connect customers with the global marketplace
- Own and operate a national rail network which meets the needs of our customers
- Provide for the transport of bulk and consolidated freight
- Provide ferry services (forming the 'bridge' between the North and South Islands) for rail and road freight and for passengers and their vehicles
- Support rail passenger services in metropolitan areas and provide long-distance services for both domestic and tourist markets
- Manage and develop property holdings for rail operations and appropriate third-party land use

We are committed to an integrated transport approach in conjunction with the New Zealand Transport Agency and the Ministry of Transport.

## Who we are

KiwiRail:

- Supports New Zealand's export growth
- Provides resilience to the national transport system
- Reduces New Zealand's carbon footprint
- Provides efficient flows to ports
- Extends SH1 across the Cook Strait
- Reduces New Zealand supply chain costs
- Reduces congestion and makes roads safer
- Offers world-class tourism experiences

## What we do

- We move around 18 million tonnes of freight and enable more than 27 million low-carbon commuter journeys each year
- We employ 3,400 New Zealanders
- We have a market share of around 16% of total freight volume in New Zealand
- We transport around 25% of New Zealand's exports
- We avoid the need for the equivalent of more than 1 million truck movements a year, avoiding more than 200,000 tonnes of carbon emissions each year
- We operate, maintain and improve 3,500 km of operational track network, nationwide



*Sally Fa'amausili, Learning Management System Coordinator*



## Value of rail to New Zealand

Rail freight delivers a range of benefits to New Zealand which are not recognised when undertaking traditional 'return on investment' analysis of expenditure on the rail network. These benefits include a range of positive outcomes that would not be possible without rail, including a reduction in road accidents, fewer emissions into the environment, reduced traffic congestion, and reduced roading repair, maintenance and upgrade costs. These are considered to be items that would incur costs for other parties in the absence of rail freight and represent the value of rail, rather than a narrow view of the cost of rail.

Understanding the value of rail is one of the key strategic projects in the road/rail integration programme of work currently being undertaken with the NZ Transport Agency. The project will identify the wider economic benefits of rail in an integrated transport system and will better inform land transport planning.



Removing more than 1 million truck movements from our roads



Helping commuters make 27 million low-carbon journeys each year



Diverting over 200,000 tonnes of carbon emissions



Avoiding approximately 80 million litres of diesel consumption by road freight



Reducing congestion, making our roads safer



Contributing to New Zealand's economic growth



Helping community groups, schools and sports groups to travel



Creating long-lasting two-way relationships with customers, suppliers and other stakeholders

## Market outlook and economic assumptions

As part of an open economy and a trading nation, factors outside New Zealand affect KiwiRail. New Zealand has a very export-driven competitive economy, with exports accounting for about 30% of New Zealand's GDP. New Zealand is one of the top five dairy exporters in the world.

Currently, the New Zealand economy is performing well, and the forecast is for steady growth, falling unemployment and low inflation, although there are indications of slowing domestic consumer spending. In terms of New Zealand's export economy, the risks and uncertainties within the global economy, such as commodity prices, are becoming more complex. KiwiRail has significant exposure to this uncertainty through its movement of commodities such as coal and milk-based products.

### The economics of rail

There has been much commentary during the 2015/16 year on what the future configuration of the rail network should look like. KiwiRail does not create or reduce the demand for freight. If freight is present in commercial quantities and customers are prepared to pay commercial rates, KiwiRail will

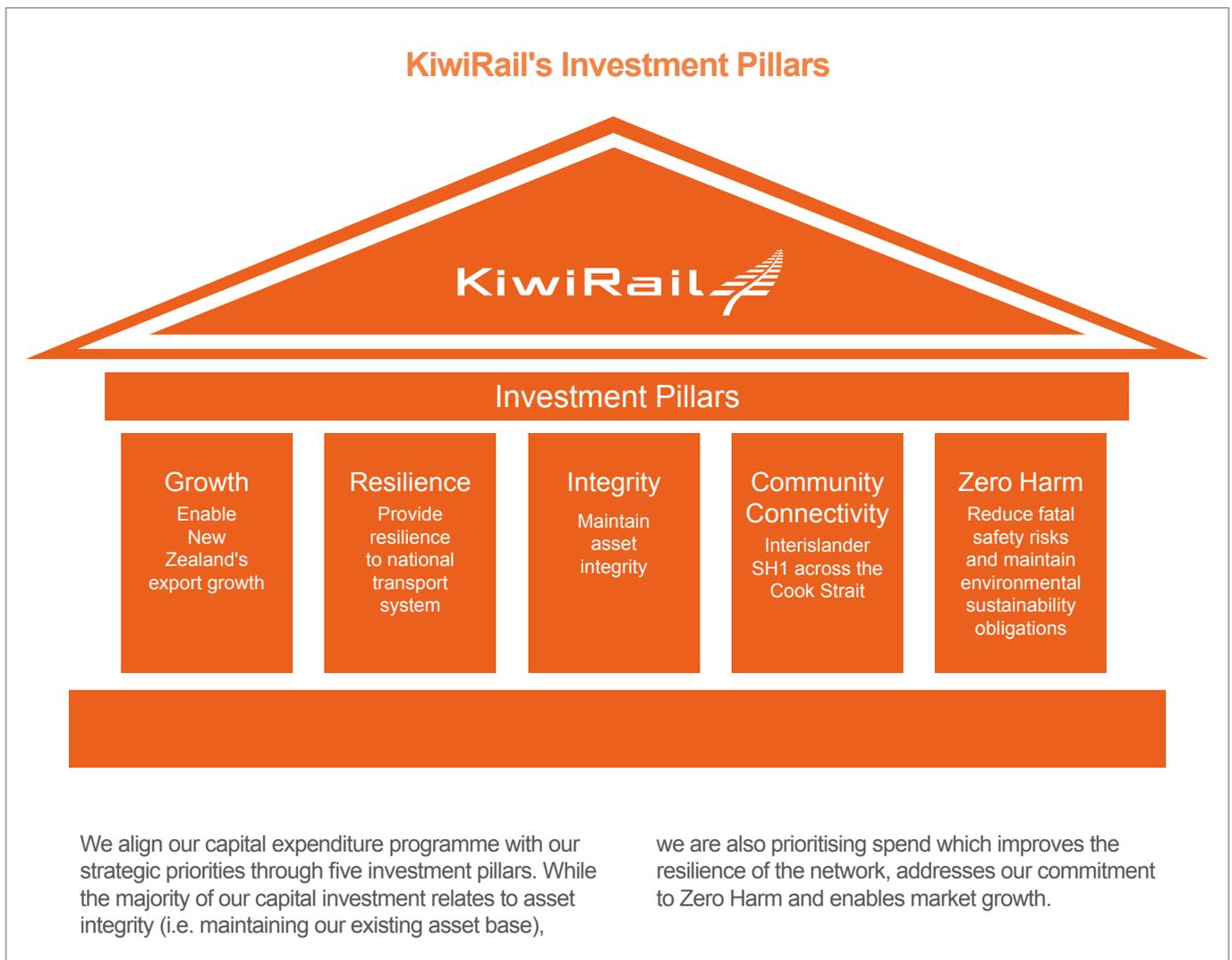
carry that freight. If the demand is not there, there are wiser uses for the public's investment in rail.

When considering KiwiRail's costs, it is helpful to think of the operational side of the business – running the trains and ferries – as the “above rail” costs. These are largely covered by the revenue that the company earns. Meanwhile, the Government's investment in rail contributes to the “below rail” costs – including maintaining and improving tracks, bridges and tunnels.

KiwiRail runs about 3,500km of operational rail track which requires maintenance and upgrades even where there are no passenger services and very little freight.

KiwiRail's Commercial Review of its operations, completed in 2014, found that there is not enough demand for rail to enable KiwiRail to fully fund the infrastructure, including tracks, signals, bridges and tunnels. This means the company will always rely on a level of government investment.

None of the debate about how and by how much KiwiRail is supported distracts us from the task of helping to enable the growth of New Zealand exports and tourism. Rail competes directly with road and sea operators for the transport of goods around New Zealand. In order to increase our market share, rail needs to provide a reliable, cost-effective and consistent service to our customers. KiwiRail is prioritising investment to key parts of our network to achieve these goals and to lift our service for our freight and passenger customers.





The Strand, Auckland

## Sector outlook

The domestic and import/export (IMEX) sectors are both forecast to grow. KiwiRail is continuing to reshape its offering for the domestic market, and actively target growth in the IMEX sector. The move by shipping lines to bring larger ships to New Zealand is also a positive opportunity for KiwiRail, as this leverages our ability to aggregate and move large volumes of freight with speed to and from ports.

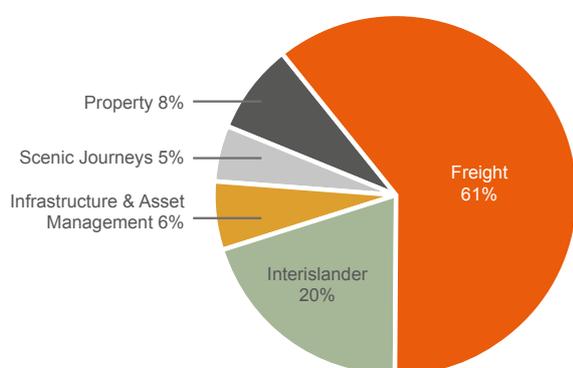
Key New Zealand ports and customers are also increasingly investing in infrastructure and commercial activities outside the port gates. For example, CentrePort invested in an inland freight hub at Whanganui, which opened in October 2015, and is served by a daily KiwiRail freight train as part of CentrePort's CentreRail service. Port of Auckland has freight hubs at Wiri in South Auckland, Mt Maunganui in the Bay of Plenty, and Longburn, near Palmerston North, and in February 2016

announced plans to open a new hub at Northgate in Waikato. Tainui is expected to commence construction of the logistics precinct in October 2016 as part of its development of an inland port at Ruakura which will ultimately have the capacity to process 1 million TEUs (20 foot containers) per year.

Working with key customers and ports to develop rail-served freight hubs is an area of strategic focus for KiwiRail over the short and medium term.

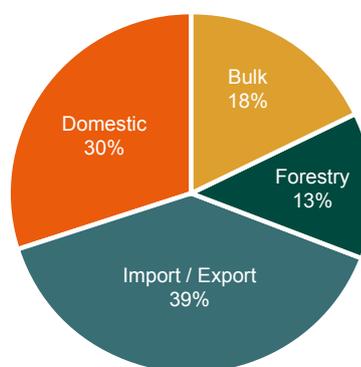
However, future performance of the rail freight business is largely dependent on the outlook for commodity-driven activities. The current outlook for key commodities such as coal, forestry and milk-based products is concerning as global demand has fallen away, with key customers experiencing and forecasting reductions in export volumes. The immediate outlook over the next three years for these commodities is challenging.

Total External Revenue



The charts above show the source of KiwiRail's revenue, and a breakdown of KiwiRail's freight revenue by sector. In terms of freight revenue, it is worth noting that the non-commodity driven activities are where we can have

Freight Trading Revenue by Sector



the greatest degree of influence on our market share as these activities are less susceptible to price movements caused by external factors.

## Our priorities

Our focus for the next two years is to reshape the business to ensure we can meet our customers' needs in the most efficient and effective way possible and deliver both financial and operational results. KiwiRail has undergone significant change in the last 18 months, and the next two years will see us continuing with our strategy of simplifying our business, standardising our assets, and investing in our people to help us achieve this goal.

## Sustaining a Zero Harm environment

We are fully committed to the safety of our people and the public, with Zero Harm being taken seriously at every level of the organisation from the Board and Executive Team to front line staff. We have developed and implemented a number of safety initiatives over the last 12 months and continued to reduce both our Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR). We are targeting a 40% year on year reduction in both rates for 2017.

In addition, we introduced 'Steel Wheels' in February 2016 to report on our environmental impact through avoided truck trips and avoided CO2 emissions. We intend to continue this commitment to reduce our critical risks and improve our environmental accountability.



## Case study - Steel Wheels

In February 2016, KiwiRail launched an infographic tool to help demonstrate the value of rail and KiwiRail's contribution to the NZ logistics sector.

The tool, named Steel Wheels, is a graphic depiction of the role KiwiRail plays in New Zealand's freight supply chain, highlighting the number of rail trips undertaken in each reporting period, the equivalent heavy vehicle trips avoided by using rail to shift

freight, and the resulting fuel and CO<sub>2</sub> emission savings relative to the same volume of freight travelling by road.

Steel Wheels will be reported monthly, quarterly and annually, with breakdowns provided by sector. Steel Wheels is available on KiwiRail's Freight website and is included in monthly customer newsletters in order to demonstrate the environmental benefits of rail as a transport mode.

### STEEL WHEELS FY2016 (full year results)

Your partner in sustainable freight





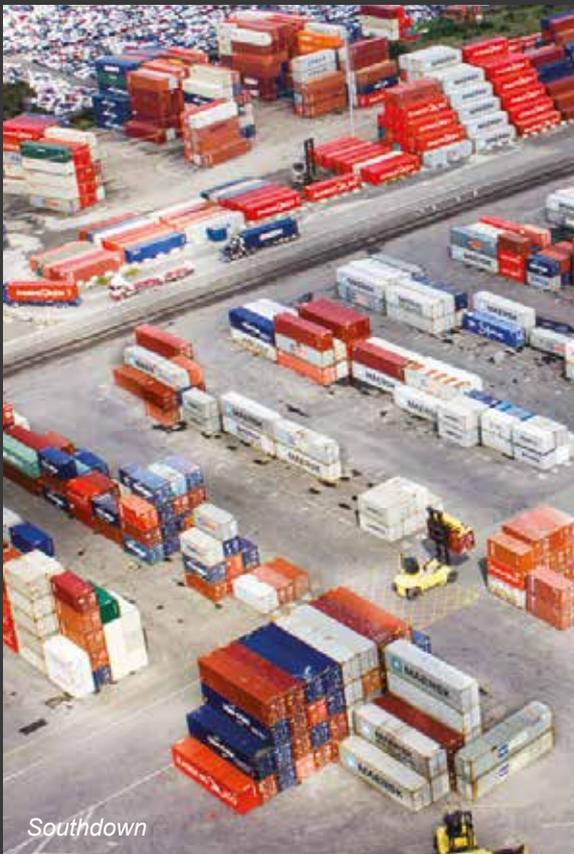
*Te Rapa. Photo: Stephen Barker*

## Engaging our customers and stakeholders

We are embedding our new customer-centric approach, emphasising that we don't move trains and ships, we move freight and people. We are committed to delivering on our customer promise, building strategic customer partnerships, being an easy and reliable company to do business with, and seamlessly bundling our rail, ferry, infrastructure and property services. Core to our strategy

is working with our customers to consolidate freight to reduce supply chain costs. We will actively pursue opportunities with our customers to help us deliver this strategy.

We intend to continue to work with the NZ Transport Agency and Ministry of Transport to ensure that KiwiRail is an integral part of the solution to New Zealand's transport needs.



*Southdown*

## Case Study – Southdown

KiwiRail is actively working with our customers to promote easier freight movements and to help make our customers competitive in their markets. The development and upgrade of freight hubs that integrate road and rail are helping to improve freight flows to and from ports.

KiwiRail's Southdown Freight Hub (Southdown) situated in the Onehunga/Penrose area supports Auckland as a critical freight gateway for New Zealand's economy.

KiwiRail has committed more than \$15 million to a significant upgrade of its Southdown facilities in 2016/17 aimed at developing the integration point for road and rail, including:

- Additional lifting equipment to cope with 25% to 40% growth in activity connecting road transport operators to rail heads for movement of goods around New Zealand and to Port of Tauranga MetroPort
- Redesign of entranceways and grids to speed up truck access to Southdown, MetroPort and MetroBox
- Upgrade of current MetroPort rail lines

## Delivering operational performance

In order to improve our operational performance, we are simplifying our operating model and standardising our assets. Following on from productivity and efficiency initiatives implemented during 2015/16, we will continue to have a sharp focus on further reducing the cost of operations through the delivery of additional initiatives. Delivering frequent reliable services which balance meeting our customers' needs with optimising our train and ferry assets will also be a priority over the SCI period.

Within KiwiRail's Property operations, the focus is on continuing to review and rationalise the company's property portfolio. KiwiRail will embed improved leasing arrangements to generate market-aligned returns from the property portfolio, as well as identifying any surplus land and generating the best commercial return for that land.

KiwiRail is working towards providing a fully intermodal freight service, which provides customers greater flexibility when moving goods around the country and beyond. To

this end, we are introducing road-bridging that enables easy transfer of freight from rail wagons to road trailers which are then loaded on and off ferries. Amongst other benefits, this will allow greater flexibility of freight movements across the Cook Strait. The arrival of the Interislander's latest ferry, Kaiarahi, in 2015 marked a significant milestone in introducing a road-bridging service across the Cook Strait, with Aratere now being the only rail-enabled ferry in Interislander's fleet.

Changes at both our Picton and Wellington terminals were made in 2015 to support the transition to road-bridging, allowing us to transfer freight more efficiently between rail, road and ferry. To meet the changing operational demands when Aratere is away for two months for a scheduled dry-dock, we are planning short-term changes that will see vehicles using different space across our terminal sites. In the long-term, we are planning developments to our operating footprint to meet the requirements of a permanent intermodal road-bridging service.

## Case Study - Driver Advice System

KiwiRail's Driver Advice System (DAS), which incorporates the energy-saving Energymiser system, celebrated a year in action in February 2016 by breaking the 3 million litres-saved mark.

The fuel usage in February 2016 was 8 percent less than the same month last year, just as DAS was starting to be rolled out. A huge amount of work went into both developing and rolling out DAS, with several work streams involved, including

gathering and analysing information on track gradients, installing DAS on our locomotives and training the locomotive engineers (LEs) in its use.

DAS works by supporting the LE as he or she negotiates the contours of the KiwiRail network. It advises the driver how best to operate their train, taking into account the track, locomotive and train characteristics and timetable requirements.

Aside from providing enhanced safety for train drivers, DAS and Energymiser have been one of the notable achievements of KiwiRail's programme to make the business more efficient, improve our performance and reduce costs.



*Pascal Sutherland, Locomotive Engineer, operating DAS on a freight train out of Dunedin*



Ritchie Rowlands (Uncle),  
Remote Control Operator

### Empowering our people

All our staff have a part to play in helping to deliver our strategic objectives, and it is therefore vital we recruit and develop the right talent. Strategy is designed to build a continuous improvement culture where our front line teams are improving the day to day work effort / identifying changes and taking ownership. This will require KiwiRail leaders to provide direction, engage teams, remove the roadblocks and bring people together to solve the problems.

This KiwiRail approach will help us to become one KiwiRail, learning and continuously improving together for our customers.

### Meeting our financial targets

In line with the clear expectations of shareholding Ministers, the executive and management teams remain committed to improving KiwiRail’s financial position. For the 2015/16 year, we expect our underlying operating profit to be within the range of \$80-85 million, delivering on our 2016-2018 Statement of Corporate Intent target.

Our 2016/17 operating profit is forecast to be at a similar level, despite the transfer of the Tranz Metro services to a new operator from July 2016. Our focus continues to be on making our cost base more flexible to increase agility, de-risking customer revenue streams through increased take or pay arrangements, improving productivity and efficiency, and targeted investment to enable growth.

## Case study - High Performance High Engagement (HPHE)

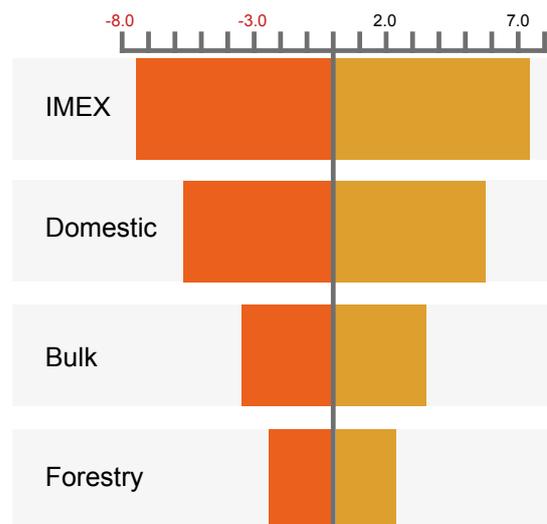
One of the biggest barriers in a traditional business environment is the communication gap between management and workers which can be created because of the lack of shared information, different perspectives and the lack of time that is required to understand each other fully.

The HPHE process was implemented to enable KiwiRail to achieve stronger and more sustainable results through better engagement with, and participation from, our people and the unions which represent them.

HPHE is a more collaborative approach than traditional industrial relations practices, and seeks to involve staff throughout the organisation in contributing to the vision for KiwiRail. HPHE also recognises that engagement with staff at all levels of the organisation is an integral part of the process to address the challenges facing the business, and to improve the prospects of successful outcomes.

An HPHE project is currently underway at the Hutt Workshops to build a joint business plan for the future of the Hutt Workshops, with more planned.

### Revenue change - \$million



The diagram above shows the impact on our revenue of a 5% increase/decrease in freight volumes by trading category.

## Our strategic objectives and performance measures

Following the successful introduction of a 'Back to Basics' framework across KiwiRail in 2014/15, we continue to work towards five strategic objectives. These are "Sustaining a Zero Harm Environment", "Engaging our Customers and Stakeholders", "Delivering Operational Performance", "Empowering our People" and "Meeting our financial targets".

Individually, achieving each of these objectives is important. Together, they are fundamental to achieving our strategy and are the measures by which we assess our performance.



*Dion McNatty, Train Manager*

### Aspiration:

- Improving Zero Harm performance to Australasian best practice levels
- Recognised as a sustainability leader

### Objective:

Sustaining a Zero Harm Environment

### Our focus:

- Broaden our understanding and mindset of Zero Harm
- Continued reduction in injuries, with a 40% reduction for 2017 and at least 30% for 2018 and 2019
- Reduction in carbon emissions of 1% per year

	2016	2017	2018	2019
	Forecast	Plan	Plan	Plan

### Key performance measures

LTIFR*	5.9	3.5	2.3	1.6
TRIFR*	14.9	8.9	5.0	3.5
GHG emissions per NTK (gms)	29.62	29.26	28.97	28.69

\* 2016 restated to exclude Tranz Metro for comparability with plan

## Aspiration:

- Best in class customer loyalty measures
- Deep understanding of the true value of rail to New Zealand

## Objective:

Engaging our customers and stakeholders

## Our focus:

- Strategic partnerships with our key customers
- Profitable growth in defined markets
- Clearly defined service offerings to customers
- Collaborate with the NZ Transport Agency and Ministry of Transport on integrated land transport initiatives

	2016	2017	2018	2019
	Forecast	Plan	Plan	Plan

### Key performance measures

Revenue (\$m)	689	635	651	671
Freight Trading Revenue Growth (%)	(2)	2	2	4
Passenger Revenue Growth (%)	10	4	2	2



## Aspiration:

- On-time performance above 90%
- Total cost of operations less than 85% of revenue

## Objective: Delivering operational performance

## Our focus:

- Simplify the train plan
- Improve on-time performance
- Optimise assets through standardisation and investment
- Reduce the cost of operations through productivity and efficiency initiatives

2016	2017	2018	2019
Forecast	Plan	Plan	Plan

## Key performance measures

### Overtime Performance (%)

- All Freight Trains	82	92	92	92
- % Interislander services to advertised sailings	99	99	99	99
Operating costs as a percentage of revenue	88	87	86	85
Network Renewals				
- New Sleepers Laid (000)	73	79	85	77
- New Rail Laid (km)	15	21	19	20
- Lines De-stressed (km)	93	140	139	139



Maintenance work in the Kaimai Tunnel

## Aspiration: Best in class staff engagement measures

**Objective:**  
Empowering our people

### Our focus:

- Build a High Performance High Engagement culture
- Grow leadership capability and retain key talent
- Simplify and standardise our working practices

	2016	2017	2018	2019
	Forecast	Plan	Plan	Plan

### Key performance measures

Employee Net Promoter Score	(15)	0	5	5
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## Aspiration: Long-term funding mechanism in place

**Objective:**  
Meeting our financial targets

### Our focus:

- Improve operating surplus as a percentage of revenue to 15%
- Maximise capital efficiency

	2016	2017		2018	2019
	Forecast	Plan (Low)	Plan	Plan (High)	Plan

### Key performance measures

Operating Surplus (\$m)	83	75	80	85	91	97
Operating Margin (%)	12	12	13	13	14	15
Capital Expenditure - net of grants (\$m)	249	283	283	283	293	281
Property						
- Reduce Operational Footprint (%) <sup>1</sup>	0	3	3	3	5	7
- Reduce Inward Lease Liability (%) <sup>2</sup>	5	5	5	5	5	5
- Reduce Vacant Land (%) <sup>3</sup>	3	3	3	3	2	2

1. Reduce operational footprint – reduce the amount of KiwiRail land that is used for KiwiRail operations
2. Reduce inward lease liability – reduce the amount of lease paid by KiwiRail for lease of land and buildings
3. Reduce vacant land – reduce the amount of land that is not used for operations or providing commercial return to KiwiRail

# Required information

	2016	2017	2018	2019
	Forecast	Plan	Plan	Plan
<b>Shareholder Return Measures</b>				
Total Shareholder Return	N/A	N/A	N/A	N/A
Dividend Yield	0	0	0	0
Dividend Payout	0	0	0	0
Return on Average Equity (%)	(46)	(52)	(43)	(55)
<b>Profitability/Efficiency Measures</b>				
Return on Average Capital Employed (%)	(32)	(36)	(30)	(38)
Operating Margin (%)	12	13	14	15
<b>Leverage/Solvency Measures</b>				
Shareholders' Funds to Total Assets (%)	54	53	57	53
Gearing Ratio - net (%)	25	32	29	34
Interest Cover	5.9	6.2	7.2	7.7
Solvency (current assets/current liabilities)	1.59	1.36	1.46	1.42

Note that to provide meaningful comparatives, the above ratios assume that additional funding will be received as equity.

## Accounting Policies

KiwiRail's detailed accounting policies can be found here: <http://www.kiwirail.co.nz/media/publications>

## Dividend Policy

KiwiRail is focused on improving financial sustainability and reducing the need for taxpayer support. However, a significant amount of investment will be required from the Shareholder for the foreseeable future. As such, KiwiRail does not expect to make any dividend payments over the period of this SCI.

## Information to be provided to Shareholding Ministers

KiwiRail will provide to Shareholding Ministers:

- An Annual Report and Half Yearly Report in accordance with sections 15 and 16 of the State-Owned Enterprises Act 1986. These will include a statement of financial performance, a statement of financial position, a statement of cash flows and such details as are necessary to permit an informed assessment of the Company's performance
- Continuous Disclosure reporting as required by

Treasury's Commercial Operations Team

- Regular reporting to Treasury's Commercial Operations Team for performance monitoring during the Strategic Plan investment period
- Other information requested by Ministers in accordance with section 18 of the State-Owned Enterprises Act 1986.

## Procedures for share acquisition

KiwiRail will consult with Shareholding Ministers on the subscription for, or sale of, shares in any company or equity interests in any other organisation which are material, involve a significant overseas equity investment, or are outside the scope of KiwiRail's core business.

## Compensation from the Crown

KiwiRail expects to receive compensation from the Crown as per section 7 of the State-Owned Enterprises Act 1986 for public policy work and projects undertaken by the company which have a public good element or purpose and would not be undertaken on purely commercial grounds.

## Commercial Valuation of the Crown's investment

The Board has used the method of discounted cash flows (DCF) to estimate the value of the KiwiRail Group as at 30 June 2016.

There has been a reduction in the commercial value related to operating free cash flows of \$120 million. This reflects the reduction in operating surplus

projections as a result of lower revenue growth projections compared with previous years.

Based on the current earnings projections, it is not expected that the Group will be tax paying in the projected earnings period. The present value of tax payable on ungeared earnings is, therefore, zero.

\$m	30 June 2015	30 June 2016
Present Value of Pre-Tax Free Cash Flows	(1,375)	(1,485)
Less Present Value of Tax Payable on Ungeared Earnings	0	0
<b>DCF Enterprise Value</b>	(1,375)	<b>(1,495)</b>
Less Net Debt	(170)	(167)
<b>DCF Equity Value</b>	(1,545)	<b>(1,662)</b>

The key points about the manner in which this valuation was derived are as follows:

- The DCF methodology used to calculate the Net Present Value (NPV) of the entire KiwiRail Group includes all subsidiaries on an after tax basis
- The DCF / NPV was based on the nominal (i.e. inflation-adjusted) future cash flows set out in KiwiRail's three year operating plan, with forward projections made through years 4 to 10 aligned to business unit planning models and years 11 to 20 consistent with the Commercial Review undertaken in 2014
- A terminal value of zero has been assessed
- A risk free rate of 4%\* and discount rate of 9% has been used (same as the 30 June 2015 valuation)
- PwC has confirmed the mathematical accuracy of the calculation of the DCF valuation prior to approval of the DCF value by the Board

*\*Risk free rate used is consistent with PwC approach to take a series of longer-term forward one year yields*

# APPENDIX 1:

## Performance Measure definitions and glossary

### Definitions of SOE Performance measures

Dividend Payout	Proportion of net operating cash flows paid out as a dividend to the shareholder after allowance is made for capital maintenance.
Dividend Yield	The cash returned to the shareholder as a proportion of the value of the company.
Gearing ratio (net)	Net Debt divided by Total Equity
Interest cover	Operating Surplus divided by net Interest Expense on Borrowings
Operating Margin	Operating surplus divided by Total Revenue
Return on Average Capital Employed	EBIT divided by Total Average Equity before Revaluation Reserve and Interest bearing liabilities
Return on Average Equity	NPAT divided by Total Average Equity before Cashflow Hedge Reserve
Shareholder's Funds to Total Assets	Total Equity divided by Total Assets
Solvency	Current Assets divided by Current Liabilities
Total Shareholder Return	(Commercial Value <sub>end</sub> less Commercial Value <sub>beg</sub> plus dividends paid less equity injected) divided by Commercial Value <sub>beg</sub>

## Glossary

Contribution Margin	Revenue less fixed and variable costs, expressed as a percentage of revenue
EBIT	Earnings before interest and tax
GHG	Greenhouse Gas
GTK	Gross Tonne Kilometre
Line De-stressing	De-stressing rail is a process undertaken to minimise the risk of the rail line buckling in hot conditions.
LTIFR	Lost Time Injury Frequency Rate. A lost-time injury is defined as an occurrence that results in time lost from work of one day/shift or more, permanent disability or a fatality. Lost-time injury frequency rates are the number of lost-time injuries within a given period relative to the total number of hours worked in the same period.
Net Promoter Score	Net Promoter Score (NPS) derives from asking your employees or customers 'How likely are you to recommend 'company name' to a friend or colleague?' and basing that on a scale of 0-10. Scores of 9 or 10 are classed as promoters, scores of 7 or 8 are classed as passive, and scores of 0 to 6 are classed as detractors. The NPS is then calculated by subtracting the percentage of "Detractors" from the percentage of "Promoters" providing a score between -100 and 100.
NPAT	Net profit after tax
NTK	Net Freight Tonne Kilometre
Operating Surplus	Net surplus (revenue minus expenditure) excluding significant items before foreign exchange, interest, taxation, depreciation, amortisation, impairment, grant income and fair value adjustments.
TRIFR	Total Recordable Injury Frequency Rate. A recordable injury is defined as a lost-time injury, any injury requiring medical treatment, or any instance where an injury prevents a return to work on normal duties for a period of one day/shift or more. Total recordable injury frequency rates are the number of total recordable injuries within a given period relative to the total number of hours worked in the same period

## Statement

This Statement of Corporate Intent has been submitted by the Board of KiwiRail Holdings Limited in accordance with Section 14 of the State-Owned Enterprises Act 1986. It sets out the Board's intentions and objectives to June 2019.

