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WestNet Rail Pty Ltd

Review of compliance with the Train Path Policy and Train Management Guidelines

Year ended 30 June 2007

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1 Executive summary

1.1 Introduction

In accordance with the letter of engagement accepted by the Access Policy Manager on 27 July 2007, this report presents the results, conclusions and observations of the review of compliance by WNR for the year ended 30 June 2007 with the Train Path Policy and Train Management Guidelines. The engagement was performed in accordance with Australian Auditing Standard AUS 110, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information."

Deloitte would like to acknowledge the assistance provided by management and staff during the review, with specific mention of Geoff Brook (Access Policy Manager), Arthur Fowler (Administration Officer), Ian Burnett (Customer Service Co-ordinator) and Graeme Stickland (Systems Officer).

1.2 Objectives

The primary objective of this engagement is to provide an assessment of the compliance by WNR with the Train Path Policy and Train Management Guidelines as outlined in our letter of engagement dated 27 July 2007 and further detailed in the scope below.

1.3 Scope

The scope of this assignment was to address whether:

- all personnel who handle confidential information had been included in the Confidentiality Register
- all personnel who handle confidential information had undergone appropriate induction training to understand their obligations
- WNR provided operators with a time profile of its schedule of repair, maintenance or upgrading works to be undertaken and the length of potential disruptions
- (in any instances when WNR was unable to meet identified time commitments) WNR advised the affected operators of the revised time profile within a reasonable period
- WNR-scheduled train paths have been affected by planned track maintenance activities and planned track upgrades, where the parties cannot be provided satisfactory alternate train paths
- WNR imposition of temporary speed restrictions in various parts of the rail network resulted in a deterioration of agreed train transit times being achieved on a continuing basis
- the below rail delay recorded for track, signals and train control showed any deterioration over the reporting period.

1.4 Approach

The assignment involved the following activities:

- reviewing the Train Path Policy, the Train Management Guidelines, the Segregation Arrangements Management Manual, policies and procedures
- interviewing key staff to understand processes as they relate to the functions outlined under the scope
- performing walkthroughs of relevant processes
- assessing the adequacy of compliance with the relevant legislation, policies and procedures
- performing compliance testing
- identifying areas of non-compliance
- finalising the report.

1.5 Opportunities for improvement

This review noted that there are three opportunities to strengthen the processes used by WNR to ensure compliance with the Train Path Policy and Train Management Guidelines.

1. prompt signing of confidentiality agreement upon induction
2. no confidentiality agreements register
3. absence of confidentiality refresher sessions

These opportunities are further detailed at items 1 to 3 of the Observations and Agreed Action Plans section of this report.

1.6 Conclusion

Based on our review, except for the matters noted above and described more fully in the Observations and Agreed Action Plans section of this report, nothing has come to our attention that causes us to believe that WNR has not, for the year ended 30 June 2007, complied with the Path Policy and Train Management Guidelines as detailed in the scope above.