

National Express Group Australia (Bayside Trains) Pty Ltd
("M>Train")

National Express Group Australia (Swanston Trams) Pty Ltd
("M>Tram")

National Express Group Australia (V/Line Passenger) Pty Ltd
("V/Line")

Synopsis In December 2002 McGrathNicol Corporate Recovery were appointed as the Receivers and Managers of M>Train, M>Tram and V/Line, three privatised Victorian Rail Franchises operated by Australian subsidiaries of the UK based National Express Plc.

The entities, with combined annual turnover of approximately \$400 million, were responsible for the safe provision of public transport services on more than 50% of Melbourne's heavy and light rail metropolitan networks and rail and passenger bus services in regional Victoria.

The appointment of McGrathNicol Corporate Recovery followed a period of industry wide operational and financial underperformance.

What McGrathNicol Corporate Recovery did McGrathNicol Corporate Recovery acted swiftly to assist the Victorian State Government by implementing contingency plans which they had previously developed for Government, to negotiate a controlled and safe handover of operational management of the three businesses without disruption to critical public transport services.

After taking control of the three businesses, operations were critically assessed to ensure:
safe operation;

- accurate budgeting for Treasury and financial reporting;
- appropriate infrastructure maintenance programs and budgets; and
- identification and management of key contracts and relationships.

McGrathNicol Corporate Recovery achieved the following:

- appointed a new management team;
- successfully operated M>Train and M>Tram from December 2002 to April 2004 overseeing:
 - alignment restructure to improve operational performance and profitability;
 - the population and running of data rooms for re-franchising;
 - re-franchising of the business and their integration with Connex Trains and Yarra Trams respectively;
 - introduction of new rolling stock;

- infrastructure development and maintenance; and
- implementation of new enterprise agreements in a heavily unionised labour environment.
- Successfully operated V/Line from December 2002 to September 2003, restructuring the business as a viable standalone organisation for its return to Government ownership which was achieved in October 2003.

Outcome Through a combination of strategic pre-planning, high level responsiveness to stakeholder demands, the identification of stakeholder needs and the development of strong executive relationships within the business and with Government, employees, unions and critical suppliers, McGrathNicol Corporate Recovery was able to successfully manage the businesses for an extended period allowing sufficient time for critical policy formation by Government and subsequent industry rationalisation without compromise to public transport safety or service levels.