

1999



Australian Rail Track Corporation Annual Report



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Chairman's Report

I was pleased to be appointed Chairman of the Board of the Australian Rail Track Corporation Ltd (ARTC) in July 1999. Although not a Director for the period under review, I have great appreciation for the work performed by the Board of Directors, Management and staff during this period.

This is the first Annual Report of the Corporation since operations commenced on 1 July 1998. At that time, the interstate mainline rail infrastructure assets and specified obligations were transferred by Ministerial Declaration to ARTC from the Australian National Railways Commission.

The Corporation was established pursuant to the Inter-Governmental Agreement (IGA), a document signed in November 1997 by the Commonwealth of Australia and the mainland States. This Agreement identified the charter under which ARTC would operate, its broad objectives and the obligations of the Commonwealth and the States to achieve a national interstate rail access regime.

The period ended 30 June 1999 was one of substantial achievement and involved the formation of a company with a distinctly commercial focus, committed to meeting and exceeding the expectations of customers.

The commercial focus involved, and will continue to involve, a commitment to improved train transit reliability, improved track infrastructure yield, improved transit times and the positioning of ARTC as a company able to provide seamless access arrangements over the interstate rail network from Brisbane to Perth.

During the period ended 30 June 1999, I am pleased to report that the Corporation recorded a result of \$13.159 million profit, which was consistent with the company's forecast for the first year contained in the corporate plan.

The long haul freight market from which ARTC derives the majority of its revenue is extremely competitive, with road and sea transport constantly developing strategies to achieve a modal shift. Despite the competition, ARTC is confident that it will be able to maintain and steadily improve upon its profit result over the four year planning horizon. This can only be done by actively supporting train operators in the achievement of their objectives of freight growth and by assisting them to improve their yield. One of the most challenging issues facing ARTC is the realisation of the intent of the IGA. Specifically, for the long-term achievement of the Agreement's objectives, serious consideration may need to be given to ARTC achieving a greater degree of control of the interstate mainline track operation than will be achieved by the Wholesale Agreement under the IGA.

It is important that the Corporation addresses the issue of interstate track management as a priority in order to achieve the expectations of the parties to the IGA. If any part of the national interstate rail network does not operate under a coherent quality product and service framework, then the full intent of the IGA will not be achieved, and the achievement of an extremely important national rail reform could be at risk.

ARTC anticipates that the existing strong spirit of co-operation and goodwill that exists with the State rail regimes will continue and enable substantial gains to be made for the benefit of the rail industry and ultimately those at the end of the supply process, the consumer.

I look forward to the next twelve months and beyond with considerable enthusiasm and optimism. Although the pace of rail reform and privatisation will be even greater than in the past, I am confident that the Corporation will be able to adjust to the changing environment and provide a competitive, efficient and reliable service for our customers and an acceptable return to the shareholders.

In conclusion, I would like to express my sincere appreciation for the contribution made by the Board of Directors, Management and staff and would like to thank customers, suppliers and shareholders for their support for the period under review.



B K Murphy
Chairman
Australian Rail Track Corporation Ltd

Managing Directors' Report

ARTC has been established in an environment of fundamental change and transition in the competitive rail market and the transport logistics industry. Private sector operators are progressively entering the rail market through developing services or the acquisition of government operations. Responsibilities for safety and commercial matters are being more clearly defined between track and train operations. This is assisting in providing greater purpose, drive and accountability into the improvements required by above and below rail operations and creating joint strategies to improve the competitive position of rail against road and sea transport. The synergies of rail as part of supply and logistics chains are also being developed. New markets for rail are being identified and new rail operators from the freight forwarding sector are entering the market to add product options for their customers. Although the journey to the competitive market has, over the last three years, only just begun some of the gains have been significant for customers, rail market share and product development. During this transition phase ARTC as a major network owner and manager has a significant role in assisting and nurturing the development of a fair, transparent and flexible market. This role is in addition to ARTC providing an improved product and securing its commercial and financial viability.

A Focus on Fundamental Improvements

ARTC has established as its foundation objectives the achievement of the Australian Transport Council (ATC) short term goals on axle loads, maximum speeds, train lengths of 1800metres Adelaide to Kalgoorlie and Broken Hill to Port Augusta and 1500metres from Albury through Melbourne to Adelaide.

The four key objectives ARTC is striving to achieve over the next four years are:

- Improve Reliability;
- Improve the Yield for Train Operators and the Track Infrastructure;
- Improve Transit Times;
- Establish the foundations for a one-stop shop, from Brisbane to Perth.

The improved transit time objective is primarily directed at achieving competitiveness over short haul routes against road. It is not aimed at matching road times per se, but rather achieving overnight service capacity and greater potential asset efficiency for rail operators.

An outcome of this objective includes achieving maximum speeds consistent with the ATC objectives and also to obtain improved average speeds which, amongst other things, will provide fuel efficiencies for rail operators.

An early target was to obtain a 10.5 hours transit time for premium services on the Melbourne to Adelaide corridor and 12 hours for superfreighters. The premium services have experienced transit time reductions from over 13 hours to 10.5 hours, while superfreighters have reduced from up to 16 hours to around 12 hours, with further consolidation of these gains by December 1999. The average transit time for freight services on this corridor has reduced by 70 minutes.

The ATC also established a target of 2% or less of track on the interstate network to be under temporary speed restrictions at any time. When ARTC commenced operations in July 1998 approximately 4% of the former AN mainline network and 27% of the Victorian standard gauge track was under temporary speed restrictions. By July 1999, approximately 0.8% of the former AN and Victorian track was under temporary speed restrictions. At the same time, the maximum speed has been progressively increased on the Victorian standard gauge track.

Improved reliability targets have been established to provide rail market customers with greater certainty on the rail product. Reliability is a function of both train operator conduct and network management. To this end ARTC and rail operators have been negotiating KPI measures which will assist in identifying and measuring both parties' performance to enable remedial

action to be taken if necessary. Under its network management principles, ARTC established a target of achieving 95% on time arrival for healthy trains and 45% on time arrival for unhealthy trains by December 1999. These targets were being met, as at July 1999.

To maintain and assist the competitiveness of train operators ARTC has objectives for enhancing the potential yield for train operators. This is being addressed through increasing axle load specifications, enabling longer trains, reducing transit times (improving fuel efficiency and above rail costs), lifting weight restrictions (Adelaide Hills from 3800 tonnes to 5000 tonnes) and the facilitation of driver only operations over large signalling segments of the network.

Establish Transparent Terms and Pricing

ARTC has established a transparent pricing framework in which line segment prices by train category are posted on ARTC's web site at www.artc.com.au. Price is based on the characteristic of the train and its impact upon the track and path capacity.

There has been significant consultation with train operators on the terms and conditions proposed for network users. The current access contract is also available on the ARTC web site. As the consultation has progressed, those operators entering an access contract with ARTC have been assured that any terms amended through the consultation process shall be provided to those who have already executed ARTC access contracts.

ARTC has sought to provide commercially flexible terms in the access contract to enable or assist greater flexibility in the rail market. These terms incorporate the ability of an access path owner to assign a path temporarily or for the contracted term to another party. This enables trading flexibility by path owners. Contracted paths may be amended or varied during the contract period by the parties during 2000. ARTC will develop a discussion paper for distribution to the industry and other stakeholders on options for auctioning paths in the future. The ARTC trading framework also enables a non-train operator to contract a path. This will enable large designated transport users to contract paths and seek accredited train operators to bid for the right to operate a path on their behalf.

Integrate the Victorian Interstate Track

On 1 July 1998, ARTC assumed the operations and management of the Victorian standard gauge interstate rail network. So far this has been a 5 year lease arrangement; ARTC has commenced negotiations for a 15 year lease on this network.

The longer period will enable the Corporation to invest to enhance track quality and provide operators with greater contractual security.

The Victorian standard gauge track and associated infrastructure presents an opportunity for significant improvement. Track speeds were generally well below the ATC short term goals and significant temporary speed restrictions existed.

Integration of its Victorian train control functions into a single ARTC Train Control Centre in Adelaide has commenced. This provides the opportunity for total corridor management, rather than segmented train control operations. In the short term this has already assisted in improving reliability. Electric ticket operations and manual switching systems in and around Melbourne are being upgraded to bring about further improvements in reliability and transit times.

A significant work program has commenced to upgrade the Victorian track to ATC standards for track speed, axle loads and length.

Gain early benefits

Management in the first 12 months of operations has focused on identifying the early gains in transit time, reliability and yield which can be delivered to the market, whilst developing the medium term strategy for sustainable yield and improvement.

Risk Evaluation and Management

ARTC has gained accreditation under each of the Rail Safety Acts in New South Wales, Western Australia, South Australia, Victoria and the Northern Territory.

A single code of operating practice is being put in place for the network to lower the risk and exposure to varying practices and interpretation between the Victorian and former AN areas. This code is being developed within the context of the proposed national Draft Code of Practice for the interstate network generally.

A fundamental review of structures is being undertaken across the network. Quarterly passes are made across the track providing data and readings on track condition. This process enables the testing and evaluation of any effects of the yield improvement programs upon the network.

The access contracts are also seeking greater clarity and accountability for train operators and the network manager for incidents and damage on the network. The purpose of this is to ensure aberrant behaviour of one operator is not subsidised by other operators through incorporation in the access charges. The Corporation and train operators are collectively assessing cost-effective technologies to place on the network to assist in the

prediction of possible risk factors-these could then be ameliorated before incidents take place.

Develop Interstate Network Program

ARTC has been developing with Westrail, RAC and QR a Wholesale Agreement to fulfil the terms of the Inter Governmental Agreement (IGA) for the creation of a one-stop shop for access to the national interstate rail network. A draft agreement is being finalised for consultation with train operators. Due to the various operating procedures applying across the interstate network, the Wholesale Agreement will have a common base contract for the national network but different operating procedures and compliance requirements between the jurisdictions.

Development of National KPI Program

As part of the access agreement development with train operators and the Wholesale Agreement development with the track owners, a common national KPI measurement framework is being put in place across the ARTC network.

The capturing of these measures will provide assistance to train operators and track owners to develop systems and strategies for identifying problems over the network, and in improving the rail industry's overall performance.

Establish Commercial Viability

In its first year, the Corporation has made provisions and adjustments to the accounts to reasonably predict matters which might have a bearing on its future earnings and cash flow. Net profit after tax and depreciation amounted to \$13.159 million. This result represented a return on assets of 8.6%.

The first year of operation does not reflect the costs of maintenance and capital to be invested to improve the network and asset base. These programs will have an effect on the expenditure and returns in the second and third year of the Corporation's operations.

The Corporation's pricing strategy has also been based on sharing market risk with operators to help develop the market (and therefore future revenue flows) to enable investment in the replenishment of rail infrastructure.



David Marchant
Managing Director
Australian Rail Track Corporation Ltd

Board Members



ARTC Board Members:
John Walker AM,
David Marchant,
Vanessa Fanning,
Barry Murphy,
Richard Balderstone (inset).

Barry Murphy Chairman

Barry Murphy is Chairman of Australia's second largest electricity generating company, Delta Electricity and a Director of Metal Manufactures Limited. Previously he was Chief Executive and Managing Director of the Federal Airports Corporation, directing the privatisation of 22 of Australia's largest primary regional and general aviation airports. Barry Murphy has had a 30 year career in the oil industry both in Australia and overseas, and in 1991 was appointed as Chairman and Chief Executive of the Caltex Group of Companies in Australia. He is a Fellow of the Institution of Chemical Engineers, a Foundation Fellow of the Australian Institute of Company Directors, and a Distinguished Advisor to the Pacific Economic Co-operation Council Energy Forum.

Richard Balderstone Director

Richard Balderstone is a Director (Trustee) of the Commonwealth Superannuation Board, a Director (non-executive) of Jardine Fleming Capital Partners Group and a Director of Syndication & Corporate Broking in the Equity Capital Markets division of ABN AMRO Rothschild (Australia). In this latter role, he has been involved in the syndication and sale of a large number of equity offerings in Australia. Richard Balderstone has worked in the stock broking industry for over 19 years in various positions including Director - Institutional Equities at BZW (Australia) Limited and in other institutional dealing positions both in Melbourne and London. He was interim Chairman of ARTC from June 1998 to July 1999.

Vanessa Fanning Director

Vanessa Fanning was an inaugural Director of the Australian Rail Track Corporation. She has extensive senior management experience in both the private and government sectors. Currently Chief Executive of Health Services Australia Limited, she was previously the Group Manager, Public Policy at the Head Office of the global multinational transport company, TNT where she was integrally involved in the development of TNT's rail strategy. Before leaving the public sector to take up the position with TNT, Vanessa Fanning had over 10 years experience at the Senior Executive level in the Transport and Communications portfolio departments with carriage of a number of major micro economic reforms in the Telecommunications and Aviation sectors.
(Term expired 25 August 1999)

John Walker AM Director

John Walker is a Director, Head of Government Business at Macquarie Bank. Prior to this appointment he was an Executive Vice President of Bankers Trust and held a number of senior positions within government including Chief Executive Officer of the Chief Minister's Department in the ACT and Director General of Transport in New South Wales. He has also been responsible for negotiating a number of major BOOT projects and for developing and negotiating new self-regulatory regimes in the transport industry. He is a Director ACT Government's Cantrade and a member of the Institute of Company Directors.

David Marchant Managing Director

David Marchant was appointed the Chief Executive Officer of Australian Rail Track Corporation Ltd in July 1998. Prior to this appointment, David Marchant has held a range of positions in utility groups and government agencies. These appointments include; Managing Director of Australian Water Technologies Pty Ltd, Group General Manager of Sydney Water Corporation and Senior General Manager, Project Development for PG&E Corporation.

Company Establishment and Objectives

Australian Rail Track Corporation Ltd (ARTC) was incorporated on 25 February 1998 as part of the corporatisation of the former “Track Access” business unit of the Australian National Railways Commission. ARTC was established pursuant to the Inter-Governmental Agreement endorsed on the 14 November 1997, between the Commonwealth of Australia and the States of New South Wales, Victoria, Queensland, Western Australia, and South Australia. The Agreement also covers arrangements associated with the operation of the mainline interstate network.

The effective commencement of ARTC operations occurred on the 1 July 1998. On this date, the Minister of Finance and Administration transferred the interstate rail corridors and rail infrastructure, held by the Commonwealth, other assets, specified liabilities and contractual rights and obligations to ARTC.

The transfer occurred pursuant to Australian National Railways Commission Sale Act 1997, (Sections 67AE, 67AG and 67AF). ARTC operates as a rail access provider and a rail infrastructure manager. The main activities for the period to 30 June 1999 included:

- provision of access for train operators over the rail network either owned or leased by the company;
- management of the Commonwealth’s former interstate rail infrastructure and related assets; and
- management, through a lease, of those sections of the Victorian standard gauge network and related assets that form part of the interstate corridors.

The company’s main responsibilities include the provision of equitable access arrangements to the rail network it manages, the provision of train pathway planning services, the provision of a

train control function for all trains operating over the network, and the management of a capital investment and infrastructure maintenance program.

Asset Base

The assets included in excess of 4,400 kilometres of standard gauge track and associated rail and communications infrastructure, linking the extremities of Parkeston (Western Australia), Whyalla (South Australia), Broken Hill (New South Wales), Alice Springs (Northern Territory) and Wolseley (South Australian and Victorian border).

The interstate rail corridors transferred to ARTC included land holdings and associated infrastructure required for the interstate operations of the company.

Pursuant to the Non-Metropolitan Railways (Transfer) Act 1997, any land located in South Australia forming part of the interstate mainline track which is surplus to the company’s purposes will be surveyed (if necessary), sub-divided, titled and transferred to the State Government of South Australia.

Lease of Victorian Track

In addition to the railway corridors referred to above, ARTC leases from the Victorian Rail Track Corporation the track forming part of the interstate main line corridors in Victoria, extending from Wolseley in the west through Melbourne and into Albury (NSW/Vic border) to the north-east.

SCT

Specialised Container Transport has introduced refrigerated boxcars to satisfy market demand for refrigerated capacity on a twice weekly Melbourne to Perth service. These specially built 23 metre long vans are the largest refrigerated rail units in Australia and a fleet of 30 is currently in production.

The less than container load capability offered by these vehicles provides customers with the flexibility of being able to consign anything from one to 72 pallet loads of product. Within 12 months of the new service being introduced over a dozen customers are transporting apples, frozen vegetables, chocolates, fruit juice and dairy products to meet tough delivery deadlines in Perth.

Rail's reliability on the Perth corridor is an important factor for SCT in making this investment. SCT believes that this new service can beat any road-based carrier's performance standards for this type of traffic on this corridor. SCT is also investing in new and expanded rail-served warehousing facilities at Forrestfield (WA), Adelaide (SA) and Altona (Vic).



GSR

Great Southern Railway, the operator of The Ghan, Indian Pacific and Overland passenger trains has extended its weekly historic Ghan service between Adelaide and Alice Springs to Melbourne. Following on from this successful initiative, commencing in April 1999 a second service was introduced linking Alice Springs and Sydney.

GSR believes that Australia is experiencing a burgeoning new age of rail travel and they are continually striving to improve and expand their products. The move to the major inbound tourism cities of Melbourne and Sydney will enhance their commitment to ensuring their services continue to be the ultimate Australian rail adventure.

The Ghan offers first class sleepers, holiday class sleepers or coach class seats with dining carriages and motorail services. Passengers can sit back and enjoy the spectacular outback scenery while travelling through remote inland towns and regional hubs such as Port Augusta on their way to the gateway for major tourist attractions such as Uluru and Coober Pedy and the heart of Central Australia, Alice Springs.



The Inter-Governmental Agreement

The Commonwealth and the mainland State Governments in the Inter-Governmental Agreement (IGA) indicated that a principal objective was to establish a commercially viable Australian rail industry, contributing to an efficient national transport system. The process would involve changes to the management and control of parts of the interstate rail network, open access to the interstate network, investment in rail infrastructure and the promotion of uniform operating, technical and safety standards and practices.

The IGA provides that the Australian Rail Track Corporation Ltd (ARTC) will progress, under the general framework of the Agreement, the establishment of a single point of contact for interstate rail access in Australia.

Specifically, the Agreement states that the functions of ARTC will include:

- (a) ownership and management of the Commonwealth owned track and related assets;
- (b) management, through a lease contract, of Victoria's interstate track and related assets;
- (c) management, through a lease contract, of any other track and related assets agreed between parties;
- (d) provision of access to the track ARTC manages under (a), (b) and (c);
- (e) provision of interstate access by accredited rail operators to other track through agreements with track owners.

ARTC has achieved the first two of these objectives over the past twelve months. Terms and conditions of a 5 year lease over the Victorian network have been agreed and negotiations are underway to extend the 5 year Victorian lease to 15 years. This will provide all stakeholders with greater certainty with regard to future access arrangements.



Development of Wholesale Agreement

The implementation of a one-stop shop for train operators requires agreement to be reached between ARTC and all track owners for wholesale access or other arrangements over the interstate network. To date, a Head Wholesale Agreement has been negotiated with RAC; QR and Westrail.

The Wholesale Agreement provides ARTC with access to uncommitted capacity and allows the company to enter into agreements with rail operators for the purpose of conducting interstate rail services. Under this Agreement the track owner will continue to be responsible for infrastructure maintenance and construction, scheduling, timetabling and train control associated with their rail infrastructure.

The above arrangements represent progress towards the establishment of a one-stop shop for interstate rail access. There is nevertheless considerable work still required by ARTC before the spirit and intent of the IGA are achieved in full.

One-Stop Shop Interstate Rail Corridor



TOLL

The TOLL Group relies on rail transport for regular consignments of freight between major cities across the country, from Cairns through to Perth. This freight is handled by TOLL's own private train operation, by twenty dedicated train services per week from Brisbane to North Queensland, and via dedicated capacity on other operator's intermodal services.

TOLL Rail is one of only a few accredited private sector rail operators in Australia and operates three dedicated intermodal services per week over ARTC tracks between Melbourne and Perth. These services are amongst the longest trains operating on the network, often up to 1.8 kilometres in length, and with 50% of the train double-stacked to deliver lower unit operating costs.

TOLL also contracts with Freight Victoria to operate the TOLL Paper Train, which carries 200,000 tonnes of Amcor product per annum from Regional Victoria.

TOLL has recently been appointed as the preferred operator of the Fremantle Rail terminal by Fremantle Port Authority. In the short time in which TOLL has been operating the terminal, a large number of previous road movements have been transferred onto a newly introduced intermodal rail service, operated for TOLL by



Freight Victoria

Freight Victoria purchased the government owned assets of V/Line Freight in May 1999. Freight Victoria operates grain and general freight services over ARTC tracks between Melbourne and Dimboola as well as providing locomotives, crews and rolling stock to other operators on the Adelaide to Melbourne corridor.

Market Conditions and Trends

In 1998/99, the Australian freight task was estimated to be 1.875 billion tonnes generating revenue of approximately \$25.3 billion. Road transport accounts for approximately 72% of this total, though much of this latter figure is attributable to urban freight transport over relatively short distances.

Rail currently enjoys a market share of around 25.5%, which on an annualised basis is growing slightly faster than road, driven principally by growth in the resources sector.

The rail freight task is estimated at \$4.7 billion per annum, although of this total only 22% is attributable to general freight, the remainder being bulk commodities such as steel, coal, other minerals and agricultural products.

The road freight task is valued at \$19 billion, of which 43% is attributable to general freight and 20.5% to express freight.

Based on tonne-kilometres, rail's share of the overall domestic freight market is estimated at 34.0% compared to road at 35.4% and sea at 30.6%

(Source: BIS Shrapnel, "Freight in Australia" August 1999)

Impact of Competition on East-West Corridor

On the predominant East-West corridor, ARTC estimates that the total freight task into WA averages 220,000 net tonnes per month. During 1998/99, growth in the overall rail freight market on this corridor slowed, but continues to increase at a modest rate and slightly faster than road transport. Rail's market share on this corridor increased by 4% to 74% during this period.

Strong competition from open-access operators on the East-West corridor has seen significant rate reductions on freight moving to and from WA. These have been estimated to be between 30% to 40%.

Service levels have continued to improve with ARTC maintaining exit of healthy trains on this corridor at 95%.

Toll Rail consolidated its third weekly Melbourne to Perth service while National Rail introduced new Trailerrail and Western Sprinter Services targeting the express freight market between Sydney and Perth. Great Southern Railway expanded its Ghan passenger service to both Sydney and Melbourne on a weekly basis.

North-South Corridor State of Market (refer to graphs on page 10)

Rail's market share on this important corridor is estimated to be 15%-20%. It continues to be constrained by strong competition from road transport and other factors such as the predominance of intrastate traffic on parts of the corridor.

Growth on the North-South corridor has also been constrained by congestion through the Sydney metropolitan area. During the year, NSW rail operator FreightCorp extended beyond its traditional intrastate role and introduced new interstate services on the Melbourne to Sydney corridor.

Market Opportunities

ARTC has offered real reductions in pricing to operators over its network by comparison with pricing under previous operating regimes. In addition, incremental yield improvement has been made available with increasing opportunities to run heavier and longer trains. These will provide operators with strong potential to reduce their unit access cost per GTK.

Deregulation and greater competition within the grain industry is creating new opportunities for operators. Greater strategic utilisation of the rail network and the siting of new high-capacity facilities adjacent to the ARTC network are making this possible. Potential new rail operators are looking to serve niche markets by providing customer focussed operations, such as small light-weight express services between Melbourne and Sydney and through the introduction of new multi-modal technologies. The introduction of larger ships serving Australia may restrict the number of port calls for individual vessels thus providing potential for rail to provide additional land-bridging services to the market. ARTC is monitoring the opportunities likely to be created, and impact upon the existing network, from the proposed Alice Springs to Darwin railway project and the proposal for upgrading the inland rail route between Melbourne and Brisbane.

Market Threats

Competition from road transport remains at a very high-level. Legislated productivity gains including higher mass-limits and the wider operation of B-Double, B-Triple and road train combinations continue to put rail under strong competitive pressure on all corridors.

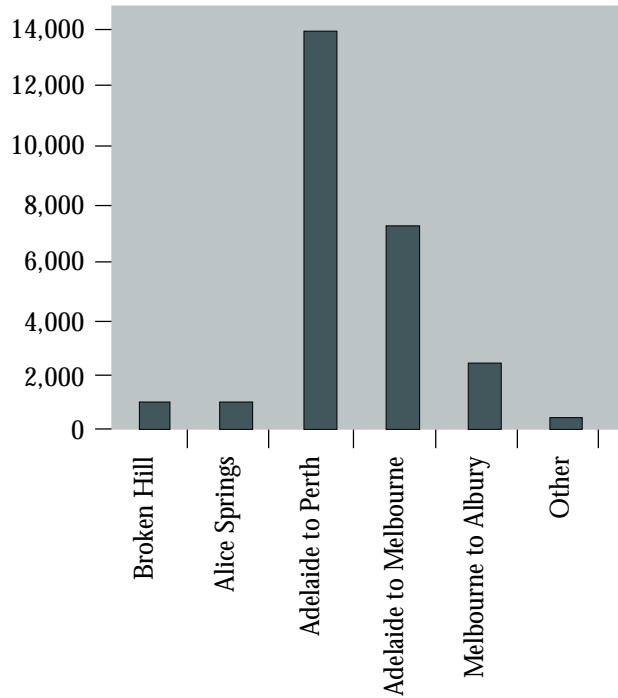
The increasing use of single voyage permits for foreign shipping remains a strong threat to rail's competitiveness especially on longer haul corridors such as Sydney to Perth.

Average Train Lengths (refer to graphs on page 10)

In order to maintain rail's overall competitive position with respect to road in the highly competitive interstate freight market, ARTC, together with its customers, through investment and improved capacity management has facilitated the operation of longer trains on the key East-West corridor.

This has been achieved without a significant impact on service quality parameters such as transit time and reliability; it has also resulted in yield benefits for operators both in the cost of access as well as from 'above rail' assets such as crews and rollingstock. Since 1995/96, when on-rail competition commenced, average train lengths have increased by around 22% (180 metres) between Melbourne and Adelaide and 10% (120 metres) between Pt. Augusta and Kalgoorlie. Limited numbers of train paths exist for trains of up to 1500metres between Melbourne and Adelaide and 1800metres between Adelaide and Kalgoorlie in either direction. The number of these maximum length paths available will increase through current crossing loop extension projects.

ARTC GTKs Corridor 1998/ 99 GTK= Gross Tone Kilometres



North-South Corridor State of Market



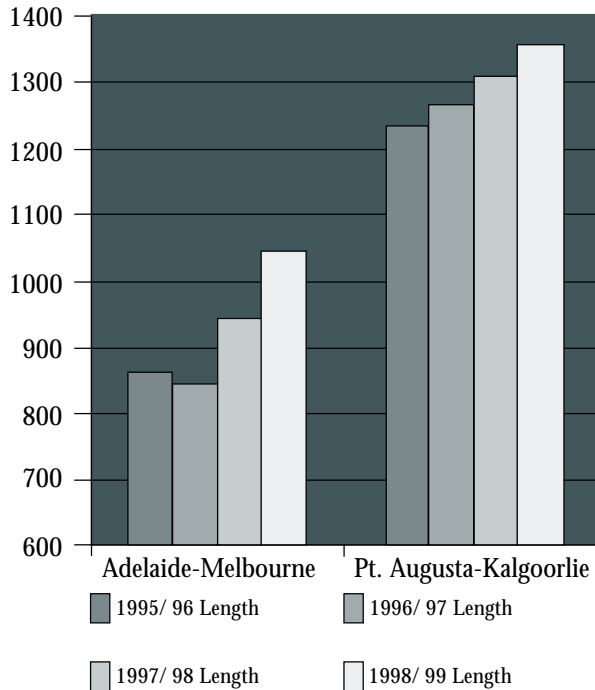
ASR

Attracting larger volumes of grain to key rail sites has been a collective strategy of the South Australian grain industry, represented by South Australian Cooperative Bulk Handling, AWB Ltd and Australian Barley Board in cooperation with Australia Southern Railroad.

South Australian farmers benefited from lower haulage rates at many silos during the 1998 harvest and the trend is likely to continue. When ASR took over the former SA Freight business in 1997 it handled approximately 35% of the export grain harvest in South Australia. Within the last 12 months this has grown to over 40% and with the implementation of a new haulage agreement with the grain industry this should reach in excess of 50%.

On the ARTC main line between Adelaide and Broken Hill rapid loading facilities have been installed at the SACBH terminals at Gladstone and Bowmans. With a loading capacity of 1,000 tonnes per hour these facilities have resulted in large savings in crew time and greatly increased wagon and locomotive utilisation for ASR.

Train Length by Corridor



Average Train Lengths

10

Network Management



Total Corridor Management

During the period under review, ARTC has introduced a number of significant improvements to the management of its train control operations. The focus has been on providing a more holistic approach to the management of trains over the network, in addition to the development of a customer focussed, responsive and efficient approach to train management.

ARTC has continued to support a model of train control that assigns train transit managers as the primary contact point for train operators on a 'twenty-four hour, seven-day a week' basis. The continued operation and development of information technology systems such as the Rail Access Management System (RAMS) has assisted in ensuring that up to date information on train progress is readily available to our customers.

Train control functions have been consolidated progressively at the ARTC Mile End centre in line with ARTC's objective of management of all train movements across the network from one location. This will provide for reduced costs of delivering this service, provide more effective control of trains and ensure that customers have a single point of contact for all train management issues.

The control centre has also been restructured to provide greater flexibility and allow ARTC to align its resources with patterns in train volumes. This allows for the consolidation of 'control territories' in low demand periods providing greater efficiencies and improving continuity of train control across the network. An ongoing training program for train control staff was implemented to support the restructure and consolidation of the control centre. As part of this consolidation process, the relocation of Victorian control functions to Mile End commenced when the control of a substantial section of the Western Victorian track was successfully completed during 1999. The project will be completed in 1999/2000 and involves the transfer of Victorian train control including the West Tower signal cabin, upgrading of safeworking and control systems through the Melbourne metropolitan area and the rationalisation of a number of signal boxes throughout Victoria. The transfer of the functions from the Port Augusta train control centre to Mile End was completed early in 1999, as were those previously carried out at the Dry Creek signal cabin. The latter providing centralised control of movements through the Dry Creek yards and importantly ensuring that train operators are able to enter the network without control delays.

In February 1999, ARTC secured a two-year contract for train management of the Stirling North to Leigh Creek line in South Australia on behalf of FreightCorp.

Pathing Management

ARTC has undertaken a review of its scheduling and path identification processes with a view to further improve these procedures through greater application of computer assisted simulation planning tools in 1999/2000.

ARTC is aware of the need for a high level of customer involvement in preparing train plans and steps have been taken to improve the level of consultation with train operators. ARTC is also aware of the need to liaise closely with neighbouring track authorities and in 1998/99 focussed on developing relationships with relevant authorities in Western Australia and New South Wales. This will continue to be a priority as ARTC plans to further develop information technology systems to assist in providing more timely transfer of data on trains across jurisdictions.

Consolidation of Operating Rules

A key focus of managing risk and safety has been the development of a National Code of Practice for train operations. The National Code is being developed by a working party that contains representatives of all relevant authorities and establishes a consistent basis for network management and safe working systems. ARTC has supported this initiative and plans to make implementation of the code for ARTC operations a priority upon finalisation in 1999/2000.

The lease of Victorian track by ARTC has required the consolidation of Victorian safe working documents with ARTC's and this was completed successfully in May 1999. A revised version of the operating rules consistent with the proposed National Code will also be finalised in 1999/2000. This will form a basis of testing the draft National Code in a practical setting.

Risk Minimisation

A comprehensive program to review, assess and document ARTC's safety and management systems was conducted throughout the year. In March 1999 ARTC received accreditation as a track owner from the South Australian, Victorian, New South Wales, Western Australian and Northern Territory regulatory bodies. ARTC will continue to focus on risk and quality management and is working with operators and suppliers to minimise all parties' exposure to risk. The consolidation of train control has resulted in the rationalisation of a number of safe working systems and ensures there is greater automation of many control functions. The effect of this is will be to minimise the potential for system failure and hence minimise the risk to operators and ARTC.



The ARTC network continues to support a wide number of safe-working technologies and a key initiative in 1999/2000 and beyond will be to further review and identify opportunities to rationalise existing technologies.

A number of options for the installation of preventative trackside monitoring technology are being evaluated. It is envisaged that these will assist in identifying early indication of potential hazards to both operations and track condition, ensuring greater certainty in the reliability of the network.

A thorough review of the potential implications of Year 2000 issues was conducted and resources dedicated to ensuring that all technological systems are Y2K compliant. Testing programs will be completed and contingency plans will be in place before the end of 1999.

The Drive for Greater Competitiveness

Considerable resources are being allocated to improving the condition of ARTC infrastructure and re-evaluating engineering standards applied to the infrastructure. ARTC train planners have closely monitored these processes to ensure that the benefits of these improvements are reflected in operator schedules.

Additionally, ARTC is seeking to increase utilisation of its assets by developing new train paths for all operators. The development of new competitive train paths is vital to improve ARTC's return on assets and to assist the rail industry to attract a greater share of the transport market.

Train schedules are being revised to reflect track upgrades and higher permissible track speeds in Victoria. The latest schedules indicate that ARTC has delivered an average transit time reduction of over 70 minutes for freight trains on the Melbourne to Adelaide corridor since these initiatives commenced.

With the extension of crossing loops and installation of new self-restoring switches, the latter allowing higher speeds across turnouts, between Pt Augusta and Kalgoorlie, it is anticipated that a reduction of 2.5 hours in transit times will be achieved by the end of 1999. Subsequent improvements during 1999/2000 will support a further review of Adelaide to Perth schedules.

ARTC has also commenced involvement in a project, in association with RAC, to lower transit times between Melbourne and Sydney and a program of crossing loops extensions between Melbourne and Albury to be completed in 1999/2000 will increase capacity on this corridor. In 1999/2000 additional improvements in Victorian track conditions will result in further refinements of schedules.

In 1998/99, ARTC has focussed on improving existing schedules but equally important to customers is the ability to rely on consistently achieving their schedules. ARTC train control concentrates on ensuring that operators who meet their scheduled arrival time on to the ARTC network can also expect to leave the network at the scheduled time.

Over the past twelve months more than 10,000 trains travelled across the ARTC network and 71% of these trains exited the network on schedule. A key measure of reliability for ARTC is the proportion of 'healthy trains' that exited the network at the scheduled time. A 'healthy train' is one that has not recorded an operator related delay which exceeds a level of tolerance agreed by ARTC and the operator. Across the year this reliability indicator was measured at 94%. In addition ARTC was able to ensure that 45% of trains that were not classified as healthy exited the network ahead of schedule.

These results indicate a high level of reliability achieved across the network and ARTC will continue to work closely with train operators to further improve these figures.



Countrylink

Countrylink provides country passenger services in rural New South Wales and also operate twice daily high-speed XPT services on the Melbourne to Sydney corridor.



Patrick

Patrick Rail, an operating division of Patrick Stevedores, commenced its dedicated shippers train two years ago to service the shipping industry for import and export containers. This provided an Adelaide gateway to the wharf at East Swanson Dock in Melbourne. The service has been well received by shipping lines as a value-added extension of the stevedoring operation and has provided growth from the initial 3 round trips per week to 5 per week.

Patrick Rail continues to reinforce its commitment to rail on the Melbourne to Adelaide corridor with increased capacity and extra services as required. Further growth in Patrick's landbridging operations is anticipated.



FreightCorp

FreightCorp is the largest freight operator in NSW and commenced two new regular through services on the Melbourne to Sydney corridor during 1999. ARTC provides train control facilities for the FreightCorp coal trains serving Flinders Power on the Stirling North to Leigh Creek railway line.

A number of key projects were initiated during 1998/99, with the aim of assisting ARTC in achieving its stated objectives of greater reliability, increased yield and improved transit times. In addition a review of existing engineering standards as applied to the track have resulted in increased speeds and axle loads being permitted in Victoria and longer and heavier trains permitted through the Adelaide Hills.

On the Port Augusta to Kalgoorlie corridor, three key projects are being undertaken to improve transit times and corridor reliability.

- Long term speed restrictions at several major pre-existing track damaged sites were eliminated as a result of a \$5.5 million rehabilitation program.
- \$6 million is being spent on the installation of new self-restoring switches at most crossing loops between Port Augusta and Kalgoorlie, with project completion scheduled for December 1999. This project will improve corridor reliability and substantially reduce transit times on the corridor.
- A joint ARTC/Commonwealth funded \$6.9 million project is providing for the extension of most crossing loops between Port Augusta and Kalgoorlie to accommodate 1800 metre length trains and for the replacement of selected timber sleepers with new high-speed turnouts with concrete bearers.

The program will allow for some service consolidation and lower unit train costs for operators.

In Victoria, \$20 million (jointly funded by the Commonwealth and Victorian Governments) has been spent on upgrading the severely speed restricted Maroona to Pura Pura section of the Melbourne to Adelaide corridor, with 60 kg/m rail and concrete sleepers.

In South Australia and Victoria, an intensive \$20.5 million, jointly ARTC/ Commonwealth funded, two and a half-year program of rail straightening, tamping and rail grinding commenced. The program allows for the removal of dip and peak welds in the track, re-profiling and restoration of the rail-head, tamping of affected track sections and final grinding of the rail surface. An extensive program of top-up rail grinding funded by ARTC will also be carried out during this period.

Western Region Track Structure

The majority of the track comprising the former AN network (Wolseley to Adelaide; Adelaide to Kalgoorlie; Broken Hill to Crystal Brook; Tarcoola to Alice Springs; Port Augusta to Whyalla) is constructed to a relatively light standard mainly 47kg/m rail on concrete sleepers. Most of the rail was installed between 1950 and

the mid 1980's and the sleepers from the mid 70's to the mid 90's. By comparison, current new track construction is generally 60kg/m rail on a heavier concrete sleepers. Much of the track has been upgraded on formation built 80 or more years ago.

Under the former AN administration, steps were taken to actively improve the smoothness of the running surface of the rail by correcting misaligned welded rail joints and grinding the rail to improve the wheel rail contact interface and extend rail life. This program is continuing and is being expanded to include the Victorian interstate track.

Victoria Track Structure

The track infrastructure in Victoria is a mixture of lightweight to strong track construction.

Over the Melbourne and Albury section (NSW border), the track is predominantly light-weight 47 kg/m rail laid in the early 1960s, on timber sleepers with baseplates and dogspikes, the ballast profile being of generally poor condition for most of its the entire length. Between Somerton and Broadford the track was rebuilt during 1994 with 60 kg/m rail on timber sleepers with resilient fastenings.

From Melbourne through to Wolseley (SA border), the infrastructure is generally a mixture of lighter 47 kg/m rail and heavier 60 kg/m rail.

- **Melbourne to Newport:** 47 kg/m rail on timber sleepers with baseplates and dogspikes, poor ballast condition;
- **Newport to North Geelong:** 60kg/m rail on concrete sleepers constructed in 1994, ballast in good condition;
- **North Geelong to Gheringhap:** 47 kg/m rail on timber sleepers with baseplates and dogspikes, poor ballast;
- **Gheringhap to Pura Pura:** 47 kg/m rail on concrete sleepers, poor ballast;
- **Pura Pura to Maroona:** 60 kg/m rail on concrete sleepers, ballast relaid during 1999;
- **Maroona to Wolseley:** 60 kg/m rail on timber sleepers with baseplates and resilient fastenings, relaid between 1982 and 1989.

As part of its maintenance strategies and work programs for the Victorian track, ARTC is focussing attention on the provision of a smoother running surface on the rail head through the elimination of misaligned rail welds and track grinding.

Track - Sustaining the Asset

Track - Sustaining the Asset

The Drive for Greater Yield

Much of the ARTC track infrastructure is of a relatively light construction that traditional practice would rule unsuitable for the Australian Transport Council (ATC) proposed speed and axle load standards for the interstate rail network. ARTC is challenging these conventions and examining the assumptions behind the theory. These assessments and re-evaluation of asset conditions have allowed the risks to be better understood. Through the application of improved knowledge of the current and projected track condition, combined with appropriate preventative maintenance strategies, it is now possible to better predict the loads and stresses imposed on the track structure and how the track might react.

Reviews undertaken so far indicate that with an appropriate focus on the rail surface and general track condition, most of the light track over the ARTC network will be able to reliably carry the proposed higher speeds and axle load into the future without recourse to high-cost infrastructure upgrades.

The major threat to the track capacity is the high impact loads created by poorly aligned welded rail joints which past practice allowed, and which the track was able to tolerate under lighter loadings. By removing these dynamic impact points through the rail rectification program, the stresses in the track can be better controlled and the life of the track structure extended.

A major effort has been put into the rail surface to reduce stresses in the rail; this will continue until the complete network has been covered. The removal of impact load points will also assist to prolong the life of the sleepers, ballast and formation.

Track Quality Index (TQI)

As part of risk management procedures in place to ensure the reliability of the network and the integrity of the infrastructure are not compromised, ARTC measures the TQI across its entire network at three monthly intervals. A rating is applied to discrete line segments and averaged across corridors, based on a quantitative assessment of four main parameters relating to the geometry of the track. These parameters are surface, alignment, cross-level and twist. The lower the TQI, the better the track quality.

Overall the average TQI across the former AN track reduced slightly between June 1998 and June 1999, with the average section of track dropping 1.3 points. TQI values on the Adelaide to Wolseley line, increased from 39.8 to 42.8, mainly due to the development of mudholes in the first 50kms from Adelaide. A special improvement program has been implemented to address the problem of mudholes on this section.

Overall the average track quality across the Victorian network improved. There was an outstanding improvement of 6.5 in TQI between Geelong and Maroona as a result of the major track upgrading project on this section.

Signalling and Communication Assets

ARTC inherited a mixture of signalling and communications assets throughout its system, these assets vary in age and complexity.

Improvements to the communication systems which form a vital element of train control were delivered. The Victorian train control relocation included linking communication systems to Mile End and ARTC was able to achieve this at significantly less cost than was originally proposed.

Trials of new communication technologies were commenced in 1998/99 and ARTC plans to rationalise existing systems and improve the quality of communications across the network. Prior to the formation of ARTC, the signalling and communications maintenance was carried out by Australian National. One of the first major decisions ARTC undertook was to contract out the signalling and communications maintenance work to the private sector. This has proved to be a positive step. One of the main challenges facing ARTC is to reduce the number of faults reported against the signalling and communications systems. Progress is being made in introducing more effective maintenance techniques and proactively carrying out preventative maintenance in targeted areas. ARTC and its maintenance providers are working together in identifying locations in need of improvement and upgrading, leading to the most efficient allocation of funds available. This approach is resulting in a continued decline in infrastructure faults across the network. A challenge facing the Signal and Communications team for the future is the drive towards consolidating these various signalling and communications systems into fewer, more manageable systems. This process involves searching industry for innovative solutions to ARTC's signalling and communication needs and reviewing the operational needs of ARTC's customers both now and in the future. The constantly evolving electronics industry creates challenges in identifying equipment and systems that will be sustainable for a significant period of time and those which can easily be adapted to suit changing requirements in ARTC's traffic patterns.

Another challenge facing ARTC is the movement towards a common set of standards, which will be applicable to all sections of the ARTC system. This challenge covers all aspects from installation of equipment through to the safeworking procedures applied to the equipment in daily use. Great strides have already been made in producing a common safeworking code of practice. The team is becoming involved in the formulation of common Australian standards for signalling and communications.

Civil and Communications Maintenance

The civil maintenance for ARTC's network is contracted to Transfield Maintenance in South Australia and to ABB Engineering & Construction in Victoria. Signal and communications maintenance is contracted to Rail Services Australia in South Australia and to VicTrack and ABB in Victoria.

All civil contracts are progressively being moved to alliance agreements to enable greater flexibility and efficiency in the delivery of the Corporation's maintenance and capital improvement programs.





National Rail

In February, National Rail and BHP announced a major long-term contract for the transport of steel products by National Rail between BHP Steel's major manufacturing and distribution centres around Australia.

The agreement will lock in major benefits in quality assurance and increased productivity for BHP and guarantee first class delivery performance for a wide product range supplied to the Australian engineering, automotive, construction and manufacturing industries.

National Rail has developed innovative logistic solutions for the contract, significantly increasing the productivity of its train operations through improved wagon utilisation, and reduced fuel consumption and crewing costs. Improved management control is being achieved through implementation of new IT systems developed for National Rail.

Up to 750,000 tonnes per year of feedstock billet, the largest single steel movement in Australia, are being supplied from Whyalla to Newcastle and SteelLink services have been reintroduced to the Broken Hill corridor to service these movements.

Other terminals covered by the new contract are; Brisbane (Acacia Ridge), Newcastle, Sydney (Leightonfield), Port Kembla, Western Port, Melbourne (South Dynon), Adelaide (Gillman), Whyalla and Kwinana (Perth). Between July 1998 and June 1999 SteelLink services achieved 97% on-time freight placements to BHP sites.

A Program for Improvement

Strong progress is being made towards achieving both ARTC and ATC's objectives for the interstate rail network. Average reductions of 2.5 hours for superfreighters on the Adelaide to Kalgoorlie corridor and of up to 2 hours on the Melbourne to Adelaide corridor will be delivered.

Progress is being made towards the ATC benchmark of 115 km/h maximum and 80 km/h average speeds for trains of 21 tonne axle load. With the lifting of the maximum speeds on the Geelong to Maroona section in Victoria, across the ARTC network operators now enjoy a consistent standard of 115 km/h for trains of 21-tonne axle load. The proposed works program and further engineering reviews will form the basis for a move to 23 tonne axle loads for superfreighters in 2000/01.

On the Melbourne to Adelaide corridor, further upgrading including mudhole removal and drainage works particularly between Geelong and Maroona will help stabilise track infrastructure and sustain higher speed limits. Similarly between Horsham and Lubeck, poor formation will be better managed and long term speed restrictions lifted. The average speed across this corridor, (currently 75km/h) will rise to meet the ATC target of 80 km/h.

Similarly a combination of works on the Melbourne to Albury section of the Melbourne Sydney corridor will see average speeds rise above 80 km/h. The installation of resilient track fastenings, partial timber re-sleepering and the rail rectification program combined with mudhole removal and drainage works will greatly improve the dynamic characteristics of the track infrastructure. Across the leased track in Victoria, it is anticipated that:

- speed restrictions will be maintained at a low level
- reliability of transit times will be enjoyed by all operators
- reduced braking and acceleration will reduce fuel consumption
- there will be better utilisation of rolling stock

Increasing Corridor Capacity

Standard train configurations are limited to 1000metres in length (1500metres for certain paths) on the Adelaide to Melbourne corridor and 900metres in length between Melbourne and Sydney (limited paths at 1300metres -1450metres). The ATC recommended standard for crossing loops on both of these corridors is to accommodate crossing of trains up to 1500metres optimum length. On the Adelaide to Perth corridor limited pathing opportunities exist for optimum market length trains of 1800metres and the infrastructure does not facilitate this length on a free flowing basis.

The Commonwealth and ARTC funded (see below) projects scheduled for completion during 1999/2000 will allow improved crossing opportunities for longer and heavier trains, providing train operators with lower unit costs and scope for freight train consolidation.

On the Melbourne to Adelaide corridor \$7.6 million will be spent on construction of two new 1500metres crossing loops and extension of a further five crossing loops to 1500m train length capability. Complementing other Commonwealth funding for loop extensions in NSW, six loops on the Melbourne to Albury corridor will also be extended to 1500metres train length capability at a cost of \$3.8 million.

Commonwealth Government's \$250 Million Capital Works Program

The Commonwealth Government has made available \$250 million over four years to fulfil several key objectives for the national interstate track. These include; improved corridor reliability, reductions in transit times and increased corridor capacity.

These works have been developed specifically to meet the ATC 5 year objectives for axle loads and train speeds.

In addition, ARTC, Westrail, RAC and the Victorian Government are funding complementary works totalling more than \$100 million. ARTC has recommended to the Commonwealth investment in the following corridors:

Corridor	Amount
Adelaide to Perth	\$ 31.0 million
Melbourne to Adelaide	\$ 37.6 million
Melbourne to Sydney	\$ 33.2 million
Sydney to Brisbane	\$ 19.9 million
Sydney to Crystal Brook	\$ 4.0 million
Sydney Metropolitan Congestion	\$124.0 million
TOTAL	\$249.7 million

The proposed investment covers three main areas of improvement:

Crossing Loop Extension and Construction - \$49.3 million

Work is progressing on the extension and construction of crossing loops on the main interstate corridors to enable the crossing of 1500 metre length trains between capital cities on the east coast and between Melbourne and Adelaide, and for 1800 metre length trains west of Adelaide and Parkes.

Track Upgrading - \$76.4 million

To allow for increased speeds and higher axle loads to be accommodated across the national interstate track, a number of targeted track upgrading programs are proposed for funding from the \$250 million investment program funding.

Along with a number of minor improvement projects, the four main areas where track standards will be raised are:

- \$18 million towards improvement works on the Kalgoorlie to Koolyanobbing section of the main East-West corridor.
- \$20.5 million for rail rectification works in South Australia and Victoria to significantly improve rail life and to support heavier and faster trains.
- Further funding for works on the sub-standard section of track between Gheringhap to Maroona to enable the progressive raising of axle loads and speed limits to ATC standards.
- Installation of resilient track fastenings on the section of track between Melbourne and Albury at a cost of \$14 million. These will assist in extending track life, both of the timber sleepers and rail, and will support heavier and faster trains.

Removal of System Capacity Constraints - \$131.5 million

\$124 million has been allocated as the Commonwealth's contribution to the creation of a freight route through the Sydney metropolitan area. This capacity constraint represents the largest single constraint to the smooth passage of rail freight on the Melbourne - Sydney - Brisbane rail corridor.

Commonwealth funding of up to \$7.5 million will also be spent on system continuity works to remove system constraints and improve operational flexibility at three major locations; Port Augusta, Cook and Dry Creek.



Silvertown Rail

Silvertown Rail has for many years provide shunting operations to the mining industry in the Broken Hill area. More recently its has expanded its short haul and leasing capabilities based at Parkes in Western NSW.



Great Northern Rail Services

Melbourne-based GNRS is an established niche market rail operator providing crewing services, locomotive leasing, terminal and shunting operations, work trains and workshop facilities to the wider rail industry.

Australian Rail Track Corporation Limited
A.C.N. 081 455 754
Directors' Report and Statutory Accounts
30 June 1999

Directors' report

The Board of Directors of Australian Rail Track Corporation Limited ("the Australian Rail Track Corporation") has pleasure in submitting the Directors' report in respect of the period ended 30th June 1999. This report is the first report of the Australian Rail Track Corporation and covers an extended reporting period from 25th February 1998 to 30th June 1999.

Directors

The names of the directors in office at the date of this report are:

B K Murphy (Chairman – Appointed 20th July 1999)
R T Balderstone (Appointed 25th February 1998 – Acting Chairman June 1998 to July 1999)
J W Walker (Appointed 25th May 1998)
D W Marchant (Appointed 13th August 1998)

Directors' Meetings

During the reporting period, the company held seventeen (17) meetings of directors. The attendance of the directors at meetings of the Board was:

	Meetings Of The Board of Directors
	Attendance
R T Balderstone	17 (17)
V H Fanning	15 (17)
J W Walker	13 (14)
D W Marchant	11 (11)

Ms. V H Fanning was appointed and held the office of director for the eighteen month term, 25th February 1998 to 25th August 1999.

Mr K P Baxter attended 4 (4) and Mr L J Welsby 6 (6) meetings. Both directors resigned during the reporting period (refer Financial Statements Note 19.).

The figures in brackets () represent the maximum possible number of meetings each director could attend.

Principal activities

The principal activities of Australian Rail Track Corporation during the period were the provision of rail access and infrastructure management of rail networks either owned or leased by the company.

Results

The profit of the company for the period ended 30th June 1999, after income tax, was \$13,158,600.

Dividends

The first and final dividend of \$2,000,000 for the reporting period has been recommended by the directors.

Review of Operations

The review of the operations of Australian Rail Track Corporation is contained in the Managing Director's Report.

Significant Events After Balance Date

Division 58 of Australian Income Tax Legislation was passed on 2nd July 1999 with Royal Assent on the 16th July 1999. The change in legislation is likely to have a significant favourable impact on the taxation position of the company.

B K Murphy was appointed Chairman on 20th July 1999, replacing R T Balderstone who was acting Chairman for the period June 1998 to July 1999. V F Fanning held the office of director from the 25th February 1998 until the expiration of the 18 month term of appointment on the 25th August 1999.

Likely Developments and Future Results

Likely developments of Australian Rail Track Corporation are contained in the Managing Director's Report.

Environmental Regulation/Performance

Australian Rail Track Corporation holds a licence from the Environmental Protection Authority under Part 6 of the Environmental Protection Act, 1993 to undertake the activity of a "Railway System". The licence will expire on 31 January 2000, subject to a number of conditions, one of which is the preparation of an Environmental Improvement Programme by 1st May 1999. To date, Australian Rail Track Corporation has complied with all requirements of the licence agreement.

Year 2000 Compliance

Australian Rail Track Corporation has developed and implemented a Year 2000 Compliance Programme. Compliance activities are well advanced with quarterly reports being provided to the Department of Communications, Information Technology and the Arts. Management also reports progress against the programme to the Board on a monthly basis.

Directors' benefits

During the reporting period, no director has received or become entitled to receive a benefit, other than benefits disclosed in the financial statements of the company, by reason of a contract made by the company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Indemnification of officers

During the reporting period, Australian Rail Track Corporation entered into an agreement to indemnify the directors and secretary of the company. The indemnity relates to all actions, proceedings, claims and tenants as a result of work performed in their capacity as directors or secretary to the extent permitted by law. During the reporting period, the Company paid insurance premiums (\$43,400) in respect of Directors' and Officers' Liability Insurance. The insurance contract covers wrongful acts to the extent permitted by law. No known liability has arisen under the indemnity arrangement or insurance contract as at the date of this report.

Rounding of Amounts

Amounts in the financial statements and the Directors' report have been rounded to the nearest thousand dollars unless specifically stated otherwise.

Signed in accordance with a resolution of directors.

On behalf of the Directors.



B K Murphy
Chairman
Australian Rail Track Corporation Ltd



D W Marchant
Managing Director
Australian Rail Track Corporation Ltd

Signed at Sydney, this 22nd day of September 1999

Balance Sheet at 30 June 1999

	Note	1999 \$'000
Current Assets		
Cash		16,253
Receivables	6	9,062
Inventories	7	41
Other	8	829
Total current assets		26,185
Non-Current Assets		
Property, plant and equipment	9	126,354
Total non-current assets		126,354
Total Assets		152,539
Current Liabilities		
Accounts payable	10	17,386
Provisions	11	23,960
Total current liabilities		41,346
Non-Current Liabilities		
Provisions	12	8,283
Total non-current liabilities		8,283
Total Liabilities		49,629
Net Assets		102,910
Shareholders' Equity		
Share capital	13	91,751
Retained profits		11,159
Total Shareholders' Equity		102,910

The accompanying notes form an integral part of this balance sheet.

Profit and Loss Account for the period ended 30 June 1999

	Note	1999 \$'000
Operating profit before depreciation, amortisation and borrowing costs	4	20,633
Depreciation and amortisation	4	5,474
Borrowing costs	4	2,000
Operating profit	4	13,159
Income tax attributable to operating profit	5	-
Operating profit after income tax		13,159
Dividends provided for	14	2,000
Retained profits at the end of the financial period		11,159

The accompanying notes form an integral part of this Profit and Loss account

Statement of Cash Flows for the period ended 30 June 1999

	Note	1999 \$'000
Cash flows from operating activities		
Receipts from customers		77,800
Payments to suppliers and employees		(55,955)
Interest received		1,365
Interest paid		(2,000)
Insurance claims received		2,158
Net cash provided by operating activities	16(b)	23,368
Cash flows from investing activities		
Payments for property, plant and equipment		(4,994)
Net cash used in investing activities		(4,994)
Cash flows from financing activities		
Proceeds from Ministerial Declaration		17,879
Repayment of borrowings		(20,000)
Net cash used in financing activities		(2,121)
Net increase in cash held		16,253
Cash at the beginning of the financial period		-
Cash at the end of the financial period	16(a)	16,253

The establishment of Australian Rail Track Corporation (refer Note 1) resulted in rail infrastructure and other assets being transferred to the company from Australian National Railways Commission. The transfer was structured to provide the Commonwealth Government with a 100% beneficial share interest in the company. In addition, an opening debt position was established of \$20,000,000, through a loan from the Commonwealth, which Australian Rail Track Corporation repaid during the reporting period.

The accompanying notes form an integral part of this Statement of Cash Flows.

Notes to the financial statements

Note 1: Establishment of the Economic Entity

Australian Rail Track Corporation Ltd was incorporated on 25 February 1998 as part of the corporatisation of the former "Track Access" business unit of Australian National Railways Commission. The company was established pursuant to the inter-governmental agreement reached on 14 November 1997 between the Commonwealth of Australia and the States of New South Wales, Victoria, Queensland, Western Australia, and South Australia regarding the operation of the mainline interstate rail network. The agreement runs until 30 June 2003 and may be extended by agreement of the parties to it.

The company operates as a rail access provider and a rail infrastructure manager. Its main activities for the period to 30 June 1999 included: (a) provision of access to train operators over the rail network either owned or leased by the company; (b) management of the Commonwealth's former interstate rail infrastructure and related assets; and (c) management, through the lease of the interstate track and related assets located in Victoria.

The company's main responsibilities include the provision of equitable access arrangements to the rail network it manages, the provision of train pathway planning services for the network, the provision of a train control function for all trains operating on the network, and the management of a capital investment and infrastructure maintenance program.

Pursuant to Australian National Railways Commission Act 1983, (Sections 67AE, 67AG and 67AF), the Minister of Finance and Administration transferred the interstate corridor rail infrastructure, held by the Commonwealth, other assets, specified liabilities and contractual rights and obligations to Australian Rail Track Corporation as at 1st July 1998.

Note 2: Financial Period

This is the first set of statutory accounts for Australian Rail Track Corporation Ltd. The financial statements have been prepared from the date of incorporation at 25 February 1998 to the reporting date of 30 June 1999.

Note 3: Statement of Significant Accounting Policies

Basis of accounting

The financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards. The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention. They do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets.

Income tax

The financial statements apply the principles of tax-effect accounting. The income tax expense in the profit and loss account represents the tax on the pre-tax accounting profit adjusted for income and expenses not assessed or allowed for taxation purposes. The future income tax benefit and provision for deferred tax accounts represent the tax effect of differences between income and expense items recognised in different years for book and tax purposes, calculated at the tax rates expected to apply when the differences reverse.

Leased Assets

Operating lease assets are not capitalised. Rental payments are charged against operating profit in the period in which they are incurred.

There are no finance leases in existence.

Rail Infrastructure Assets

The rail infrastructure assets vested in Australian Rail Track Corporation at 1 July 1998 covered all interstate mainline track and associated land, trackside and related assets under Commonwealth jurisdiction, and includes rail, sleepers, ballast, designated crossing loops, turnouts, signals and communications equipment, bridges, culverts, tunnels, and specified rolling stock.

Initial Valuation

A valuation of the company's rail infrastructure assets was determined as at 1 July 1998, the effective date of commencement of trading. The rail infrastructure assets were valued at their fair value, as determined by management in consultation with engineering, financial and accounting advisers and thereafter adopted by the Board. The fair value was calculated by discounting estimated future net cash flows using the estimated long term weighted average cost of capital. It has been assumed that income tax liabilities existed in the 1998/99 financial year for the purposes of estimating future cash outflows. The assessment of fair value was done on a line segment basis, which means that the asset value of each segment of rail infrastructure was determined after assessing the likely future economic returns of that segment of rail infrastructure.

Capitalisation

Expenditure on the acquisition of new infrastructure assets is capitalised when these new assets increase the net present value of future cash flows.

Infrastructure assets in the course of construction are classified as capital works in progress. Capital works in progress are recorded at cost, and are not depreciated until the capital works have been completed and the asset is ready for economic use.

Depreciation

All infrastructure assets are depreciated on a straight line basis over the estimated economic useful life of the assets as follows.

	Maximum Economic Useful Life*
Bridges	40 years
Culverts	100 years
Signals & Communications	10 years
Tunnels	50 years
Turnouts	12 years
Leasehold Improvements	4.25 years
IT & Other Equipment	4 years
Ballast	60 years
Rail	109 years
Sleepers	50 years
Motor Vehicles	5 years

*Depending on the age and location of particular assets, the economic life may vary.

Major periodic maintenance

Maintenance of infrastructure assets is classified as major periodic maintenance if it is part of a systematic planned program of works, occurs on a cyclical basis and is significant in monetary values. Major periodic maintenance may include major corrective works, component replacement programs, and similar activities.

Capital work in progress

Work in progress comprises expenditure on incomplete capital works.

Assessment of recoverable amounts

The valuation of the infrastructure assets is to be reviewed every financial year to determine whether the assumptions used in the most recent valuation remain relevant in assessing whether their carrying amounts require adjustment to recoverable amount. Recoverable amount is determined using future net cash flows discounted to present values.

Capital gains tax has not been taken into account in determining the carrying amounts of these assets as they are integral to the company's operations and it has no intention to sell these assets.

Provision for employee entitlements Annual and Long Service Leave

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave. Applicable on-costs, including payroll tax, are included in the determination of provisions. Annual leave and long service leave are measured at their nominal amounts.

Note 3: Statement of Significant Accounting Policies (continued)

Gratuity Entitlements

Included in the amounts set aside for employee entitlements are liabilities for the possible future redundancy of employees who transferred to the company from Australian National Railways Commission, for which amounts were received from that entity on 1st July 1998.

Other Provisions

Included in the amounts of other provisions are liabilities to make payments for track restoration, for survey and subdivision of defined railway land, and part costs for the running of a plan room, for which amounts were received from the Commonwealth on 1 July 1998.

Revenue Recognition

Access revenue recorded in the profit and loss account comprises amounts received and receivable by the economic entity for granting operators access to the rail network during the reporting period.

Financial instruments included in equity

Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders. Share capital represents the fair value of net assets transferred to the company on 1st July 1998.

Financial instruments included in assets

Cash, money market deposits, and commercial bills held by the economic entity are recorded at cost.

All trade debtors are recorded at the amount due, based on a pricing regime agreed with train operators. The amounts are reviewed on an ongoing basis and any amounts considered uncollectable are provided for as doubtful debts.

Inventory

Inventories are valued at lower of cost and net realisable value. Cost is assigned on a first-in first-out basis.

Recoveries and Expenses Associated with Rail Access Related Incidents

Income attributable to insurance recoveries arising from rail access related incidents is not recognised until certain. Costs of rectification are recognised when incurred.

Note 4: Operating Profit

	\$'000	1999 \$'000
Operating profit is after crediting the following revenues:		
Sales Revenue:		
Access Fees		84,238
Total Sales Revenue		84,238
Other Operating Revenue:		
Interest received or receivable from unrelated entities	1,438	
Other revenue items in total	<u>1,722</u>	
Total Other Operating Revenue		3,160
Total Operating Revenue		87,398
Operating profit is after charging the following expenses:		
Employees:		
Remuneration for services provided		5,637
Suppliers:		
Supply of goods & services	52,908	
Net incident expenditure (a)	<u>867</u>	
		53,775
Depreciation and Amortisation:		
Depreciation of:		
Property, Plant & Equipment	5,418	
Amortisation of:		
Leasehold Improvements	<u>56</u>	
		5,474
Borrowing Costs:		
Interest paid or payable – Related party		2,000
Other Operating Expense Items:		
Net charge to provision for doubtful debts	14	
Net charge to other provisions	5,770	
Operating lease rentals	<u>1,569</u>	
		7,353
Total Operating Expenditure		74,239
Operating Profit		13,159

(a) Net result of insurance recoveries and incident expenditure over the reporting period.

Note 5: Income Tax

No entries in relation to income tax expense, income tax payable or timing differences have been raised in the 1998/99 accounts of the company. This is as a result of the following issues which ensure the company is not liable for tax in the current period:

1. Funds of \$17,879,000 were received from Australian National Railways Commission on 1st July 1998. These funds were received to compensate for liabilities transferred in relation to:

	\$'000
Track Restoration	9,880
Employee Provisions	5,312
Survey & Sub Division of Land	2,000
Other Provisions	687

Total	17,879
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The company has received legal advice under Part VA – Transfer of Assets of Commission – of Australian National Railways Commission Act 1983, as amended by Australian National Railways Commission Sale Act 1997, that the \$17,879,000 transferred is not subject to income tax, based on the interpretation of the legislation. The Statutory Accounts have been prepared on this basis.

The company expects to obtain confirmation of the tax exempt basis of the \$17,879,000 from Australian Taxation Office when submitting the 1998/99 company taxation return.

2. The passing of Division 58, with Royal Asset on 16th July 1999, has entitled the company to value assets, for taxation purposes, using the pre-existing audited book values. This effectively means the value of rail infrastructure and related assets for taxation purposes is as recorded in the accounts of Australian National Railways Commission before they were transferred to the company. This results in a significant permanent difference which will ensure the company is not liable for tax during the current reporting period and gives rise to a significant income tax benefit in future periods. As the full extent of the benefit has not yet been confirmed, the company has not recorded the associated tax entries in the current period.

Further, due to differences in the depreciation rates used to depreciate the track infrastructure and related assets for tax and accounting purposes, a significant provision for deferred income tax arises. However, due to the magnitude of the tax losses arising from the passing of Division 58, the resultant tax benefit more than offsets any deferred tax liability in the current period.

Note 6: Receivables (Current)

	1999
	\$'000
Trade debtors	9,076
less provision for doubtful debts	14
Total current receivables, net	9,062

Note 7: Inventories (Current)

	1999
	\$'000
Stores at cost	41
Stores, net	41

Note 8: Other Assets (Current)

	1999
	\$'000
Prepaid Insurance	829
Other assets (current)	829

Note 9: Property, Plant and Equipment

	1999
	\$'000
Leasehold improvements	
- At cost	950
less accumulated amortisation	(56)
Total leasehold improvements, net	894
Plant and equipment:	
- At cost (a)	123,804
less accumulated depreciation	(5,393)
Total plant and equipment, net	118,411
Computer & office equipment	
- At cost	175
less accumulated depreciation	(25)
Total computer & office equipment, net	150
Other property, plant and equipment	
- At cost	6,899
capital work in progress (b)	6,899
Total other property, plant and equipment, net	6,899
Total property, plant and equipment, net	126,354

a) Plant and equipment represents the fair value of assets transferred from Australian National Railways Commission to the company on 1st July 1998 and was based on an independent valuation performed by engineering, financial and accounting advisors. The valuation examined the cashflows associated with assets transferred.

b) Contained within the item "capital work in progress" is expenditure on uncompleted work relating to projects to be paid by Australian Rail Infrastructure Investment Trust. The work has preceded the formal establishment of the Trust and Australian Rail Track Corporation will be seeking reimbursement from the Trust once established. As the amounts have been paid by Australian Rail Track Corporation they have been included in work in progress.

Note 10: Accounts Payable (Current)

	1999
	\$'000
Trade creditors and accruals	17,386
Total current accounts payable	17,386

Note 11: Provisions (Current)

	1999
	\$'000
Dividends	2,000
Employee entitlements (a)	1,285
Track restoration (b)	5,222
Survey & subdivision (c)	1,257
Rail grinding (d)	1,502
Loss of Tarcoola to Alice Springs line segment (e)	11,349
Other	1,345
Total current provisions	23,960

a) Employee entitlements include provisions for both annual leave and the current portion of long service leave entitlements.

b) The track restoration provision represents the balance of funds made available for the rectification of incident damaged sites by Australian National Railways Commission on transfer of track assets to the company.

c) The survey and subdivision provision represents funds made available by Australian National Railways Commission to enable re-titling of land associated with rail infrastructure assets transferred to the company.

d) The provision for rail grinding comprises costs associated with corrective grinding required to reinstate the track to a suitable standard.

e) Loss of the Tarcoola to Alice Springs line segment is the result of the obligation to lease this line to the successful Alice Springs to Darwin rail line consortium at nominal cost.

Note 12: Provisions (Non-current)

	1999
	\$'000
Employee entitlements (a)	4,291
Survey & subdivision (b)	628
Rail grinding (c)	2,252
Other	1,112
Total non-current provisions	8,283

a) Employee entitlements include the non-current portion of long service leave entitlements and contracted gratuity entitlements.

b) The survey and subdivision provision represents funds made available by the Commonwealth to survey and title the interstate mainline land transferred by Ministerial Declaration to the company.

c) The provision for rail grinding covers costs associated with corrective grinding required to reinstate the track to a suitable standard.

Note 13: Share Capital

	1999
	\$'000
Paid up capital:	
Ordinary shares	91,751

Note 14: Dividends

	1999
	\$'000
Retained profits recommended to be distributed as dividends	2,000

At balance date no franking credits were available.

Note 15: Contingent Liabilities/Assets

As mentioned in Note 3. to the financial statements, the company accounts for costs associated with rectifying rail access related incidents following their occurrence. Income from subsequent insurance and other recoveries is only recognised when certain. As a result, certain potential insurance recoveries have not been recognised at period end, as their ultimate collection is not considered certain.

Note 16: Notes to the Statement of Cash Flows**(a) Reconciliation of cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the balance sheet as follows:

	1999
	\$'000
Call Deposits with National Australia Bank	5,262
Short Term Money Market Deposits	6,011
Commercial Paper	4,980
	16,253

(b) Reconciliation of net cash provided by operating activities to operating profit after income tax

Operating profit after income tax	13,159
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Adjustments for non-cash income and expense items:

Depreciation and amortisation	5,474	
Movement in provision for:		
Doubtful debts	14	
Other provisions	750	
Sub-total	<u>6,238</u>	

Changes in assets and liabilities:

(Increase)/decrease in assets:		
Accounts receivable	(9,076)	
Inventories	(41)	
Prepaid Insurance	(829)	
Capital WIP	(3,734)	
Increase/(decrease) in liabilities:		
Trade creditors	17,386	
Provision for employee entitlements	265	
Sub-total	<u>3,971</u>	

Net cash from operating activities	23,368
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Note 17: Staff Costs**Remuneration of Directors**

The number of directors of the company who were paid, or were due to be paid, remuneration (including brokerage, commissions, bonuses, and salaries, but excluding any payments in connection with their retirement), directly or indirectly, from the company, as shown in the following bands, was:

	1999
\$ 10,000 – 19,999	1
\$ 20,000 – 29,999	2
\$ 50,000 – 59,999	1
\$210,000 – 219,999	1
The aggregate remuneration of the directors referred to in the above bands was	\$340,511

The total of all remuneration paid, or due and payable, directly or indirectly, from the corporation to directors was \$383,911. This amount includes the value of insurance premiums and indemnity payments made for the benefit of directors.

Payments relate to the extended reporting period 25th February 1998 to 30th June 1999.

Remuneration of Executives

The number of executive officers whose total income for the reporting period falls within the following bands, was:

	1999
\$110,000 – 119,999	1
\$140,000 – 149,999	2
\$160,000 – 169,999	1
\$210,000 – 219,999	1
The aggregate remuneration of the executives referred to in the above bands was	\$777,239

Income of executives comprises amounts paid or payable to executive officers domiciled in Australia, directly or indirectly, by the company (but excluding “retirement benefits”) in connection with the management of the affairs of the company, whether as executive officers or otherwise.

Payments relate to the extended reporting period 25th February 1998 to 30th June 1999.

Note 18: Remuneration of auditors

The following total remuneration was received, or is due and receivable, by Australian National Audit Office in respect of:

	1999
	\$'000
- Auditing the financial statements	67

Note 19: Related party disclosures**Directors**

The following persons held the position of director of Australian Rail Track Corporation Limited during all or part of the reporting period and up to the date of signing the accounts, unless otherwise stated:

B K Murphy	(Chairman – Appointed 20 th July 1999)
K P Baxter	(Chairman – Appointed 25 th February 1998, resigned 29 th May 1998)
R T Balderstone	(Appointed 25 th February 1998)
V H Fanning	(Appointed 25 th February 1998, term expired on 25 th August 1999)
J W Walker	(Appointed 25 th May 1998)
L J Welsby	(Appointed 25 th June 1998, resigned 18 th August 1998)
D W Marchant	(Appointed 13 th August 1998)

Shareholders

During the period, a loan of \$20,000,000 was advanced by the shareholders. The loan was repaid in full with interest of \$2,000,000 on 28th June 1999.

Note 20: Segment information

The company operates predominantly in one industry segment, the rail industry, and in one geographical segment, Australia.

Note 21: Economic Dependency

A significant level of Australian Rail Track Corporation's track access revenue relates to a single rail operator. If not for this revenue the company would find it difficult to maintain the current level of revenue and profit.

Note 22: Interest Rate Risk Exposures

Australian Rail Track Corporation has a very limited exposure to interest rate risk. All of the cash held (\$16,253,000) is for a period of less than twelve months apportioned between floating and fixed interest rate investments. The average floating rate is 4.6% and the fixed rate is 5.12%.

The company had no borrowings at balance date. Trade debtors and creditors were not subject to interest providing payment was within agreed terms.

Directors' declaration

The directors declare that:

- (a) the financial statements and associated notes comply with the accounting standards and Urgent Issues Group Consensus Views;
- (b) the financial statements and notes give a true and fair view of the financial position as at 30 June 1999 and performance of the company for the period 25th February 1998 to 30th June 1999;
- (c) in the directors' opinion;
 - (i) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
 - (ii) the financial statements and notes are in accordance with the Corporations Law, including sections 296 and 297.

Signed in accordance with a resolution of directors.

On behalf of the Directors.



B K Murphy
Chairman
Australian Rail Track Corporation Ltd

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D W Marchant
Managing Director
Australian Rail Track Corporation Ltd

Signed at Sydney, this 22nd day of September 1999



INDEPENDENT AUDIT REPORT

To the members of the Australian Rail Track Corporation Limited

Scope

I have audited the financial report of the Australian Rail Track Corporation Limited for the period ended 30 June 1999. The financial report comprises:

- Balance Sheet
- Profit and Loss Account
- Statement of Cash Flows
- Notes to the Financial Statements; and
- Directors' Declaration

The Company's directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance whether the financial report is free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with my understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Australian Rail Track Corporation Limited is in accordance with:

(a) the Corporations Law, including:

(i) giving a true and fair view of the company's financial position as at 30 June 1999 and of its performance for the period ended on that date; and

(ii) complying with applicable Accounting Standards and the Corporations Regulations; and

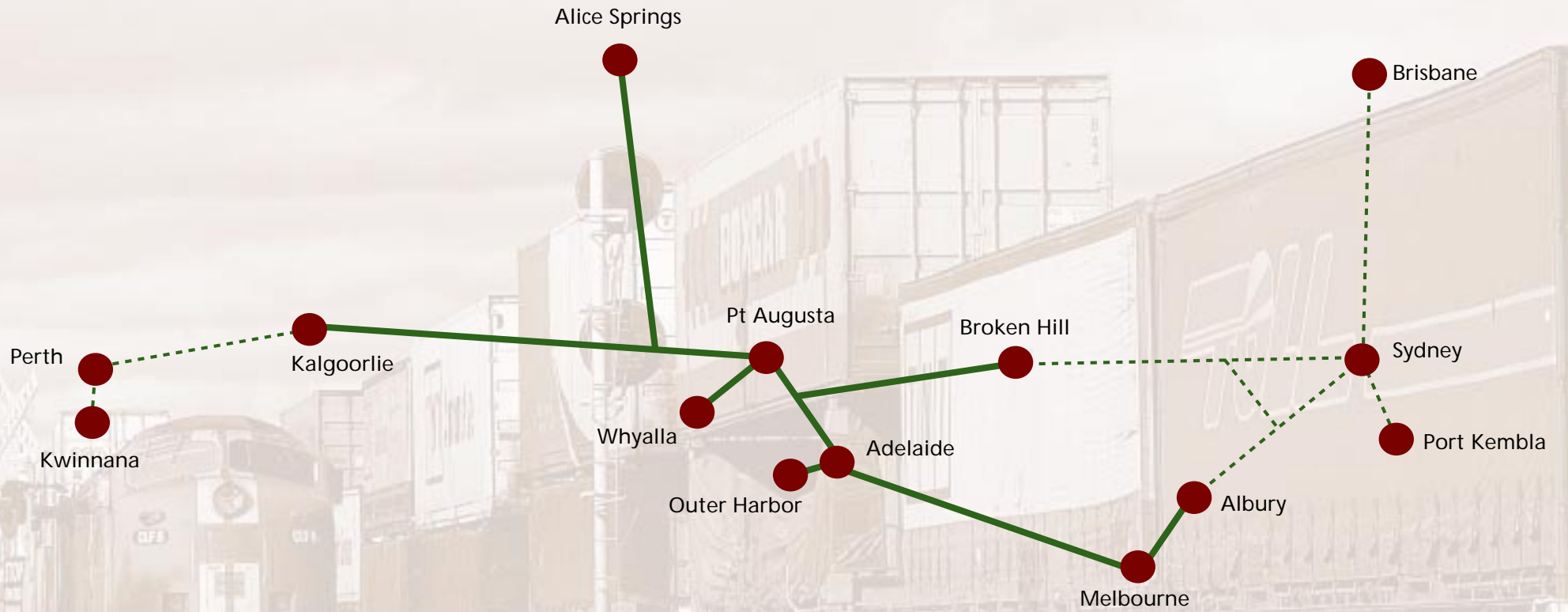
(b) other mandatory professional requirements.



Australian National Audit Office

Allan M Thompson
Executive Director

For the Auditor-General

Canberra
22 October 1999



 ARTC Network
 National standard gauge network (other jurisdictions)

Not to scale



production



Photography

GRMS Media
RAILSCAPE/Stuart Turnbull
Bob Grant
Stephen Howard
ARTC and train operators.
(Copyright remains with the photographers)

Production

GRMS Media

Design

Pawpaw Design

Pre-Press

Show Ads

Printing

Van Gastel Printing

The following abbreviations have been used in this report.

AN	Australian National
ARTC	Australian Rail Track Corporation
ATC	Australian Transport Council
RAC	Rail Access Corporation
QR	Queensland Rail
NSW	New South Wales
IGA	Inter-Governmental Agreement
KPI	Key Performance Indicators
TQI	Track Quality Index

All monetary values are shown in Australian dollars

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Australian Rail Track Corporation



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