



Left to Right:

- Richard Balderstone (Director)
- Geoff Atkinson (Company Secretary)
- Barry Murphy (Chairman)
- David Marchant (Managing Director)
- John Walker AM (Director)

Australian Rail Track Corporation Limited

ABN 75 081 455 754

Directors' Report and Statutory Accounts

30 June 2000

Directors' Report

The Board of Directors of the Australian Rail Track Corporation Limited ("Australian Rail Track Corporation") has pleasure in submitting the Directors' report in respect of the year ended 30 June 2000.

Directors

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

- B K Murphy (Chairman)
- R T Balderstone
- J W Walker
- D W Marchant

Directors' Meetings

During the reporting period, the company held eleven meetings of directors. The attendance of the directors at meetings of the Board was:

Meetings Of The Board of Directors	
	Attendance
B K Murphy	11 (11)
R T Balderstone	8 (11)
J W Walker	8 (10)
D W Marchant	11 (11)

Ms. V H Fanning attended two meetings until the expiration of her term of appointment on 25 August 1999.

Mr. Walker's initial term of appointment expired on 25 November 1999. He was re-appointed on 7 February 2000.

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

Directors' Report

Principal activities

The principal activities of the Australian Rail Track Corporation during the year 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 year ended 30 June 2000, after income tax, was \$20,260,522.

Dividends

The directors have recommended an interim dividend of \$2,000,000 for the year ended 30 June 2000.

A final dividend of \$2,000,000 for the prior year ended 30 June 1999 was paid during the year ended 30 June 2000.

Review of Operations

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

Significant Events After Balance Date

ARTC is undertaking a due diligence process to prepare a bid for Westrail Freight's mainline interstate rail network, which is being sold along with other rail assets and businesses by the Western Australian Government.

The Board adopted a policy of paying one third of operating profit after income tax as the total dividend for 1999/2000 (i.e. \$6.75 million).

Likely Developments and Future Results

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

Environmental Regulation/Performance

The 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 2001. To date, the Australian Rail Track Corporation has complied with the requirements of the licence agreement.

Year 2000 Compliance

The Year 2000 compliance work undertaken by the Australian Rail Track Corporation resulted in no business or associated disruptions over the twelve months under review.

Directors' benefits

During the twelve months under review, 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, the Company paid insurance premiums (\$19,290) in respect of Directors' and Officers' Liability Insurance. The insurance contract covers wrongful acts to the extent permitted by law.

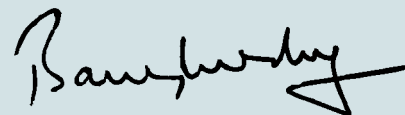
No known liability has arisen under the insurance contract as at the date of this report.

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



David Marchant
Managing Director

Signed at Adelaide, this 20th day of September 2000.

Balance Sheet at 30 June 2000

	Note	2000 \$'000	1999 \$'000
Current Assets			
Cash		39,136	16,253
Receivables	6	9,697	9,062
Inventories	7	41	41
Other	8	636	829
Total current assets		49,510	26,185
Non Current Assets			
Property, plant and equipment	9	204,886	126,354
Total non-current assets		204,886	126,354
Total Assets		254,396	152,539
Current Liabilities			
Accounts payable	10	24,133	17,386
Provisions	11	22,326	23,960
Total current liabilities		46,459	41,346
Non Current Liabilities			
Provisions	12	9,937	8,283
Total non-current liabilities		9,937	8,283
Total Liabilities		56,396	49,629
Net Assets		198,000	102,910
Shareholders' Equity			
Share capital	13	91,751	91,751
Retained profits		29,419	11,159
Asset revaluation reserve	14	76,830	
Total Shareholder's Equity		198,000	102,910

The accompanying notes form an integral part of this Balance Sheet.

Profit and Loss Statement for the year ended 30 June 2000

	Note	2000 \$'000	1999 \$'000
Operating profit before depreciation, amortisation and borrowing costs		26,041	20,633
Depreciation and amortisation	4	(5,781)	(5,474)
Borrowing costs	4		(2,000)
Operating profit	4	20,260	13,159
Income tax attributable to operating profit	5		
Operating profit after income tax		20,260	13,159
Retained profits at the beginning of the financial year		11,159	
Dividends provided for	15	(2,000)	(2,000)
Retained profits at the end of the financial year		29,419	11,159

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

Statement of Cash Flows for the year ended 30 June 2000

	Note	2000 \$'000	1999 \$'000
Cash flows from operating activities			
Receipts from customers		88,446	77,800
Payments to suppliers and employees		(60,176)	(55,955)
Interest received		1,153	1,365
Interest paid			(2,000)
Insurance claims received		2,941	2,158
Net cash provided by operating activities	17(b)	32,364	23,368
Cash flows from investing activities			
Payments for property, plant and equipment		(44,811)	(4,994)
Receipts for plant and equipment from the Foundation (a)		37,330	
Net cash used in investing activities	(7,481)	(4,994)	
Cash flows from financing activities			
Proceeds from Ministerial Declaration			17,879
Repayment of borrowings			(20,000)
Payment of Dividends		(2,000)	
Net cash used in financing activities	(2,000)	(2,121)	
Net increase in cash held		22,883	16,253
Cash at the beginning of the financial year		16,253	
Cash at the end of the financial year	17(a)	39,136	16,253

(a) The Australian Railway Infrastructure Foundation (the Foundation) was established by the Commonwealth to finance capital projects approved by the Commonwealth Minister for Transport and Regional Services. During the year ended 30 June 2000 the Foundation reimbursed Australian Rail Track Corporation (ARTC) for funds ARTC expended on approved projects.

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

The Australian Rail Track Corporation Limited was incorporated on 25 February 1998 as part of the corporatisation of the former "Track Access" business unit of the 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 year to 30 June 2000 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 a 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 the 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 the Australian Rail Track Corporation as at 1 July 1998.

Note 2: Financial Period

The financial period represented in these accounts is from 1 July 1999 to 30 June 2000.

Prior period comparisons represent the 16 month period from 25 February 1998, being the date of incorporation, to 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 Corporations Law and Urgent Issues Group Consensus Views. The financial statements have been prepared on an accrual basis and 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 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 the 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.

Valuation Of Assets

The company's assets were re-valued as at 30 June 2000, and follow the first valuation in June 1998. The company's assets were valued at their fair value, as determined by financial 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. The same methodology, using the discounted cash flows, was used in the initial valuation.

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.

Notes to the Financial Statements

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 and Communications	10 years
Tunnels	50 years
Turnouts	12 years
Leasehold Improvements	4.25 years
IT and 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 value of the business will be reviewed on a periodic basis to determine whether the carrying amount of assets requires adjustment to their 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. Long service leave is accrued from the time of employment.

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 the Australian National Railways Commission, for which amounts were initially received from that entity on 1 July 1998. Additional accruals are raised each year to allow for employee entitlements to be funded by ARTC.

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.

Revenue Recognition

Access revenue recorded in the profit and loss account comprises amounts received and receivable by the company granting operators access to the rail network during the year.

Financial Instruments included in Equity

Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Financial Instruments included in Assets

Cash, money market deposits, and commercial bills held by the company 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.

Notes to the Financial Statements

Note 4: Operating Profit

	2000 \$'000	1999 \$'000		2000 \$'000	1999 \$'000
Operating profit is after crediting the following revenues:					
<i>Sales Revenue:</i>					
Access fees	87,649			84,238	
Total Sales Revenue	87,649			84,238	
<i>Other Operating Revenue:</i>					
Interest received or receivable from unrelated entities	1,108			1,438	
Other revenue items in total	1,127			1,722	
Total Other Operating Revenue	2,235			3,160	
Total Operating Revenue	89,884			87,398	
Operating profit is after charging the following expenses:					
<i>Employees:</i>					
Remuneration for services provided	7,640			5,637	
<i>Suppliers:</i>					
Supply of goods & services	52,139			52,908	
Net incident expenditure (a)	742	52,881		867	53,775
<i>Depreciation and Amortisation:</i>					
Depreciation of: Property, plant and equipment	5,502			5,418	
Amortisation of: Leasehold improvements	279	5,781		56	5,474
<i>Borrowing Costs:</i>					
Interest paid or payable – related party					2,000
<i>Other Operating Expense Items:</i>					
Net charge to provision for doubtful debts	12			14	
Net charge to other provisions	588			5,770	
Operating lease rentals	2,722	3,322		1,569	7,353
Total Operating Expenditure	69,624			74,239	
Operating Profit	20,260			13,159	

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

Note 5: Income Tax

The passing of Division 58, with Royal Assent on 16 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 the 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 likely significant income tax benefits in the current and future years. However, as the tax losses arising from this permanent difference are not considered virtually certain of recovery, under the applicable tax effect accounting standard, the income tax benefits have not been recognised in the current year financial statements.

Further, due to differences in the depreciation rates used to depreciate the track infrastructure and related assets for tax and accounting purposes, a 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 year.

Note 6: Receivables (Current)

	2000 \$'000	1999 \$'000
Trade debtors	9,723	9,076
less provision for doubtful debts	(26)	(14)
Total current receivables, net	9,697	9,062

Note 7: Inventories (Current)

	2000 \$'000	1999 \$'000
Stores at cost	41	41
Stores, net	41	41

Note 8: Other Assets (Current)

	2000 \$'000	1999 \$'000
Prepaid Insurance	636	829
Other assets (Current)	636	829

Notes to the Financial Statements

Note 9: Property, plant and equipment

	2000 \$'000	1999 \$'000
<i>Leasehold improvements</i>		
- At cost	950	950
<u>Less accumulated amortisation</u>	<u>(279)</u>	<u>(56)</u>
Total leasehold improvements, net	671	894
<i>Plant and equipment</i>		
At independent valuation 30 June 2000 (a)	193,338	
- At cost		123,804
<u>Less accumulated depreciation</u>		<u>(5,393)</u>
Total plant and equipment, net	193,338	118,411
<i>Computer & office equipment</i>		
- At cost	347	175
<u>Less accumulated depreciation</u>	<u>(98)</u>	<u>(25)</u>
Total computer & office equipment, net	249	150
<i>Other property, plant and equipment</i>		
- At cost		
capital work in progress (b)	<u>10,628</u>	<u>6,899</u>
Total other property, plant and equipment, net	10,628	6,899
Total property, plant and equipment, net	204,886	126,354

- a) Plant and equipment represents the fair value of assets based on an independent valuation as at June 30 2000. The valuation was performed by Equity & Advisory Pty Ltd. The fair value of the assets was calculated by discounting estimated future net cash flows using the estimated long term weighted average cost of capital.
- b) Contained within the item "capital work in progress" is expenditure on uncompleted work relating to projects to be paid by the Australian Rail Infrastructure Foundation. The Foundation has been established and is funding the projects as at 30 June 2000 based on claims submitted by ARTC.

Note 10: Accounts Payable (Current)

	2000 \$'000	1999 \$'000
Unsecured:		
Trade creditors and accruals	24,133	17,386
Total current accounts payable	24,133	17,386

Note 11: Provisions (Current)

	2000 \$'000	1999 \$'000
Dividends	2,000	2,000
Employee entitlements (a)	955	1,285
Track restoration (b)	2,855	5,222
Survey & subdivision (c)	995	1,257
Rail grinding (d)	1,674	1,502
Loss of Tarcoola to Alice Springs line segment (e)	11,349	11,349
Bridges (f)	1,207	
Other	1,291	1,345
Total current provisions	22,326	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 the Australian National Railways Commission on transfer of track assets to the company.
- (c) The survey and subdivision provision represents the balance of funds made available by the Commonwealth to enable re-titling of land associated with rail infrastructure assets transferred to the company.
- (d) The provision for rail grinding comprises estimated costs associated with corrective grinding and related works 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.
- (f) The provision for bridges comprises estimated costs associated with the maintenance of the identified bridges to meet performance requirements.

Notes to the Financial Statements

Note 12: Provisions (Non-current)

	2000 \$'000	1999 \$'000
Employee entitlements (a)	4,092	4,291
Survey & subdivision (b)	498	628
Rail grinding (c)	1,674	2,252
Track restoration (d)	2,855	
Other	818	1,112
Total non-current provisions	9,937	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 the balance of 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 estimated costs associated with corrective grinding and associated works required to reinstate the track to a suitable standard.
- (d) The track restoration provision represents the balance of funds made available for the rectification of incident damaged sites by the Australian National Railways Commission on transfer of track assets to the company.

Note 13: Share Capital

	2000 \$'000	1999 \$'000
Paid up capital		
Ordinary shares	91,751	91,751

Note 14: Reserves

	2000 \$'000	1999 \$'000
Asset Revaluation		
Opening Balance		
Revaluation of plant and equipment (a)	76,830	
Closing balance	76,830	

(a) For details on the revaluation of plant and equipment refer to note 9.

Note 15: Dividends

	2000 \$'000	1999 \$'000
Retained profits recommended to be distributed as dividends (interim for 2000)	2,000	2,000

At balance date, no franking credits were available.

Note 16: 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 year end, as their ultimate collection is not considered certain.

Notes to the Financial Statements

Note 17: 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:

	2000 \$'000	1999 \$'000
Call Deposits with National Australia Bank	8,293	5,262
Short Term Money Market Deposits		6,011
Commercial Paper	<u>30,843</u>	<u>4,980</u>
	39,136	16,253

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

Operating profit after income tax	20,260	13,159
<i>Adjustments for non-cash income and expense items</i>		
Depreciation and amortisation	5,781	5,474
Movement in provision for:		
Doubtful debts	12	14
Other provisions	<u>588</u>	<u>750</u>
Sub-total	6,381	6,238
<i>Changes in assets and liabilities,</i>		
(Increase)/decrease in assets:		
Accounts receivable	(647)	(9,076)
Inventories		(41)
Prepaid Insurance	193	(829)
Capital WIP		(3,734)
Increase/(decrease) in liabilities:		
Trade creditors	6,747	17,386
Provision for employee entitlements	<u>(570)</u>	<u>265</u>
Sub-total	5,723	3,971
Net cash from operating activities	32,364	23,368

Note 18: 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:

	2000	1999
\$0 – 9,999	1	
\$10,000 – 19,999		1
\$ 20,000 – 29,999	2	2
\$ 50,000 – 59,999	1	1
\$210,000 – 219,999		1
\$230,000 – 239,999	1	

The aggregate remuneration of the directors referred to in the above bands was

\$332,886	\$340,511
-----------	-----------

The total of all remuneration paid, or due and payable, directly or indirectly, from the company to directors was \$352,176. This amount includes the value of insurance premiums and indemnity payments made for the benefit of directors.

Remuneration of Executives

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

	2000	1999
\$110,000 – 119,999		1
\$140,000 – 149,999	2	2
\$150,000 – 159,999	2	
\$160,000 – 169,999		1
\$210,000 – 219,999		1
\$230,000 – 239,999	1	

The aggregate remuneration of the executives referred to in the above bands was

\$826,024	\$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.

Notes to the Financial Statements

Note 19: Remuneration of auditors

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

	2000 \$'000	1999 \$'000
Auditing the financial statements	67	67
	67	67

Note 20: Related party disclosures

Loans to directors, transactions with directors and director related entities concerning shares, units, options and other equity instruments and any other transactions with directors and director related entities.

Nil transactions for the year ended 30 June 2000.

Other Related parties including Shareholders

Other than payment of a dividend to the shareholders of \$2,000,000, there were no other related party transactions for the year ended 30 June 2000.

Note 21: Segment information

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

Note 22: Economic Dependency

A significant level of the 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 23: Interest Rate Risk Exposures

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

Note 24: Commitments

ARTC has negotiated a lease over the Victorian standard gauge track between Wolsley and Albury, for fifteen years. As a formal agreement has not yet been signed by all parties, the timing of the expected payments have not been included under this note.

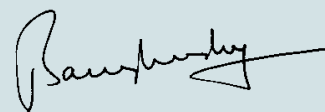
Directors' Declaration

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 2000 and performance of the company for the year ended 30 June 2000;
- (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



David Marchant
Managing Director

Signed at Adelaide, this 20th day of September 2000.

Independent Auditor's Report



INDEPENDENT AUDIT REPORT

To the members of the Australian Rail Track Corporation Limited

Scope

I have audited the financial statements of Australian Rail Track Corporation Limited for the year ended 30 June 2000 as set out in pages 23 to 30. The Corporation'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 Corporation.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view of the entity which is consistent with my understanding of its financial position, 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 and consolidated entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and

- (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) Other mandatory professional reporting requirements.

Australian National Audit Office

Edward M. Hay
Group Executive Director

Delegate of the Auditor-General

Canberra
4 October 2000