

ARTC

Annual Report

2020 /21

Australian Rail
Track Corporation

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Chairman & CEO's message



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ABOUT ARTC

Improve Australia's productivity by making rail the mode of choice in the national logistics chain.

PUR_—POSE



ABOUT ARTC

ROLE —

Established by the Commonwealth as part of an Intergovernmental Agreement, ARTC commenced operations in 1998 to provide efficient and seamless access to the rail network by:

- Operating on sound commercial principles
- Growing the volume of freight on rail
- Improving rail infrastructure through better asset management and a program of commercial and grant-funded investment
- Promoting operational efficiency and uniformity on the rail network.

Today, ARTC is one of the largest rail network managers in Australia, employing more than 1,900 people across five states – New South Wales, Victoria, Queensland, Western Australia and South Australia.

We maintain and operate 8,500km of the national rail network, facilitating the transportation of agricultural products and commodities, general freight and passenger services.

Our rail offering provides significant advantages compared to other modes of transportation, ranging from efficiency, capacity and cost advantages to safety and environmental benefits.



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- Promoting operational efficiency

Today, ARTC is one of the largest rail network managers in Australia, employing more than 1,900 people across:

- New South Wales
- Victoria
- Tasmania
- Western Australia

No Harm

We have an uncompromising commitment to safety and wellbeing. This starts by thinking safe, in order to work safe, so that we go home safe – every day.

Future Thinking

While we work hard to deliver today, we're motivated to think and plan for the world tomorrow.

Results

Ultimately these values help us work as a team. They help us strive towards our shared goals and deliver results.

VA —
— LUES

Values are important
– not just for people,
but for businesses too.



Hunter Valley: Driving efficiency and reliability

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ARTC's Hunter Valley network played a major role for the company in 2020-21.

A key focus was serving the Hunter Valley coal chain – which remains the world's largest thermal coal export operation – by delivering an increasingly efficient rail system, including access to coal mines between the Hunter Valley, Ulan region and Gunnedah Basin to the Port of Newcastle.

During the year, we managed the movement of 219 trains on average per day on our Hunter Valley network, with around half of these being coal trains.

The other half comprised of passenger services, as well as grain, general intermodal and other bulk freight trains.

Employing around 500 people in the Hunter Valley, we continued to work with our customers, governments, industry and the local community to maximise the safety, reliability and efficiency of our network.

Key results

HUNTER VALLEY

219
165.97m
155m
3.4m
\$160.9m

train journeys per day operating across our Hunter Valley network

total coal tonnes transported on the Hunter Valley network

coal tonnes transported to Port of Newcastle (export) – down 5.65% on 2019-20

general and bulk freight GTKs transported

capital investment in the Hunter Valley network in 2020-21

17

Access revenue**EBITDAI****LTIFR****MTIFR****AIFR****Gross tonne KMs****Export coal****Customer Satisfaction Score****Employee Engagement****Reputation Score****\$766m****\$256.4m****0.71****0.94****6.14****57,000m****155mt****7.4/10****60%****79**Earnings before Interest,
Tax, Depreciation and
AmortizationLost Time Injury
Frequency RateMedical Treatment
Injury Frequency RateAll Injury
Frequency RateGeneral bulk and
freight transported
on interstate network2020 Customer
Satisfaction Survey2021 Employee
Engagement SurveyTrust among corporate
stakeholder groups
surveyed in 2021

0.5

2.0

10

↑
increase from
55,000m in 2019–2020↓
5.65% decrease
on 2019–2020

65%

A strong performance across government,
industry and suppliers and a key area
for improvement identified in the area
of community engagement.

Inland Rail is a once-in-a-generation project that will complete the backbone of Australia's freight network and enhance supply chains by facilitating train transit times of less than 24 hours between Melbourne and Brisbane.



Inland rail: delivering a step change in the freight rail sector

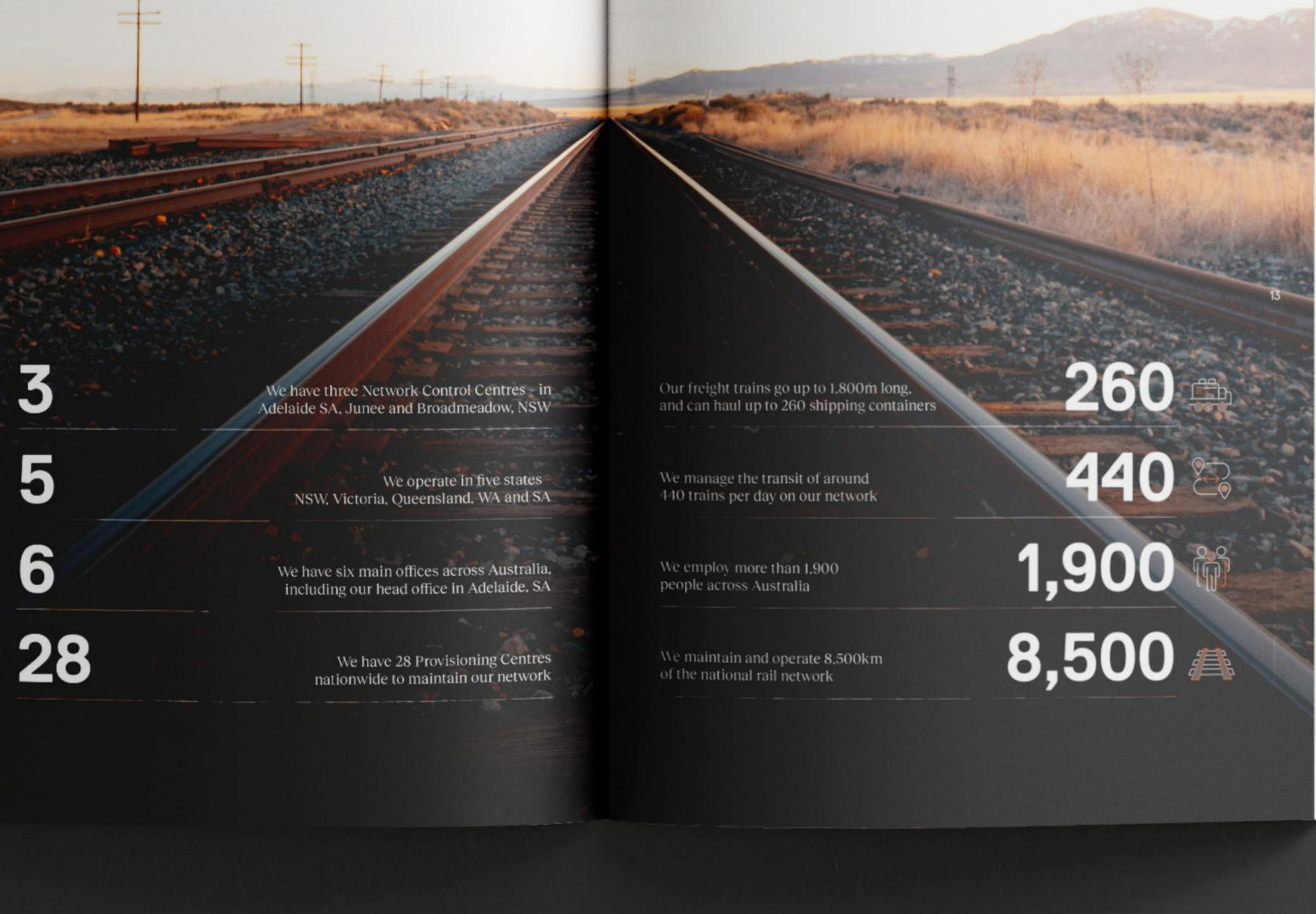
As the largest freight rail infrastructure project in Australia, ARTC's Inland Rail project is being built to industry best practice standards and will deliver a step change in the freight rail sector.

The program progressed significantly in 2020–21, including completion of the first section from Parkes to Narrabri in September – the first of 13 individual projects to be completed across three states. We also commenced construction on the first phase of the Narrabri to North Star project in NSW, which will see the upgrade of the existing rail corridor and the construction of new track near Moree.

Additional Government investment, announced in December 2020, has ensured Inland Rail will be delivered to its fullest potential, maximising benefits for the country while meeting the expectations of stakeholders.

During the year, we also released our Inland Rail Program Delivery Strategy to accelerate procurement for several of the projects, taking into account the size, value and complexity of the projects and providing scalable, more manageable works packages which better align with market capability and capacity.





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We have three Network Control Centres - in Adelaide SA, Junee and Broadmeadow, NSW

We operate in five states - NSW, Victoria, Queensland, WA and SA

We have six main offices across Australia, including our head office in Adelaide, SA

We have 28 Provisioning Centres nationwide to maintain our network

Our freight trains go up to 1,800m long, and can haul up to 260 shipping containers

260



440



1,900



8,500





Environment &
Sustainability

People &
Community

Innovation

Upgrading
Resilience &
Reliability

Safety

OUR FOCUS AREAS

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38

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Safe Work Improvement Program (SWIP)

As part of our Pathway to Zero Harm strategy we commenced the rollout of our Safe Work Improvement Program (SWIP). This risk-based approach has been developed to reduce safety risk across the business and establish a consistent approach to our site work systems and practices.

- In 2020-21 we completed:
- Upgraded the core site working practices
- Defined the ARTC hazard register
- Defined the ARTC incident reporting system

Safety

Safety is our principal focus.
 Guided by our No Harm value and overarching Pathway to Zero Harm strategy, we continued to drive improvements in processes and systems throughout 2020-21 to ensure a safe workplace for our people and a safe network for our customers and the community.

Our Safety Focus

To meet legislative obligations, we also continued to build robust relationships with Work Health and Safety regulators (Comcare and the relevant Regulator) and the Office of the National Rail Safety Regulator to support all regulatory requirements.

Safety Performance

We're committed to continually strengthening our positive safety culture, with the overarching aim that no one is harmed at work or on our network. The following table applies to ARTC employees only and provides key safety performance indicators for the year:

Key Performance Indicator	Target FY20-21	Actual FY20-21
LTI Frequency Rate (LTFR)	0.00	0.04
MTR Frequency Rate (MTRF)	1.00	0.64
All Injury Frequency Rate (AIFR)	-	-



Number of injuries for every million hours worked (ARTC employees)
 AIFR (left scale) MTRF (left scale) LTR (right scale)

SAFETY

Annual Report

CASE — STUDY

We have implemented an Environment and Sustainability Policy for Inland Rail, which continues to guide the planning, design and implementation of the project. A key outcome of our work was the publication of the second Inland Rail Annual Sustainability Report, detailing the environmental, social and governance benefits realised during FY2019–20 and future sustainability challenges and targets. Presenting on the first community section of Inland Rail between Parkes and Narrabri as influenced by the following factors:

>98%
OF THE SYSTEMS ARE IN USE
22,625
THREE SHAPERS
47,000
THREE SHAPERS
297,000
OF PARTIES AND INDIVIDUALS

Supporting local communities

Our teams worked closely with local communities across our network throughout the year, with activities including:

RECONCILIATION ACTIONS

Several initiatives were undertaken to promote engagement with local First Nations communities, including participation in NAIDOC Week, the NAIDOC Art Competition for infrastructure projects, and contributing to ARTC's broader Reconciliation Action Plan.

Our Inland Rail team also further developed and implemented an Indigenous Participation Plan to ensure long-term benefits of the project are shared with communities along the route.

LIFELINE SUPPORT

In the Hunter Valley, we entered into a long-term partnership with Lifeline's Hunter Valley Branch, a suicide prevention program, which provides free, confidential assistance to help people struggling with emotional, social or behavioural difficulties.



SPONSORSHIPS/PARTNERSHIPS

Our business and people provided in-kind and financial support to local charities and community groups and events, such as:

- Mumbullanbaa Picnic Food and Toy Appeal
- Australian Red Cross Blood Service for specialist medical equipment
- Newcastle and Binnaway Show
- Clean Up Australia Day and Tally Towns campaigns
- Westpac Rescue Helicopter Service
- New South Wales Fire and Rescue Service
- Port Augusta Toy Run
- Coonamble Sports Foundation

In addition, through our Inland Rail Community Sponsorship and Donations Program, we awarded \$653,000 to more than 100 regional community groups and initiatives in 2020–21.



INLAND RAIL SKILLS ACADEMY

More than 100 people have been trained in civil construction competencies and white cards, with more than 200 businesses skilled in respect of apprenticeships, including one-on-one mentoring support.

Notably, the Inland Rail Skills Academy for Science, Technology, Engineering and Maths (STEM) has trained 100 students to engage with STEM subjects and careers, with more than 1000 students from 37 schools reached already. We awarded 20 scholarships valued at \$20,000 each to students from the University of Southern Queensland, Charles Sturt University and LaTrobe University.

Inland Rail – local community engagement

In 2020–21, our Inland Rail team continued to engage with local communities through a wide range of channels and activities, including regular project updates, community consultation and participation in local events, regional local business briefings and major contract briefings. We also continued to cooperate with the Aboriginal Land Council of NSW (ALC) (pronounced in September 2019). Five public hearings were held in front of the Rural and Regional Aboriginal Land Councils Committee, which reported the outcomes of its inquiry in mid-2021. To that end, we continue to work with our stakeholders to ensure we are taking community views into account as project design and construction progresses.

Increasing our focus on ESG

ARTC acknowledges the value our environmental, social and governance (ESG) activities deliver in achieving our strategic imperative of safeguarding and enhancing our social licence to operate.

Our reputation is earned. The way we interface with the community, manage our environmental footprint and conduct our work has a direct influence on our reputation and ability to deliver on core business to make rail the mode of choice in the national logistics chain.

We're committed to pursuing ESG principles and standards to help guide us on our journey to a sustainable future that respects the environment and communities, is safe, open and continually improves our business and network resilience.

An internal advisory group with members from across each of the different ARTC divisions was established in late 2020 to further consider how to advance ESG.

ENVIRONMENTAL

- Environment Policy and Principles
- Community and Environment Strategy FY21–23
- GHG reports of Scope 1 and 2 GHG emissions GHG Scope 1 and 2 reporting (NGERS)
- Inland Rail sustainability reporting
- New resource recovery exemptions enabling waste recycling

SOCIAL

- Pathway to Zero – Safety Strategy, systems and reporting
- People Strategy
- Community and Environment Strategy FY21–23

GOVERNANCE

- Stakeholder (reputational) research and customers, regulators, industry and government
- Infrastructure Sustainability ratings (major construction)
- ARTC Modern Slavery Statement
- Reconciliation Action Plan working group established
- Renewed focus on corporate ethics with Integrity Officer appointed



MAIN IMAGE
An aerial view of the Hunter Valley rail between Cogger Creek and Sandy Hollow.

In 2020-21, we continued to sharpen our focus on new technology and innovation in support of our operations, our people and our customers, including updating and adapting new technologies to help facilitate new ways of working as a result of the COVID-19 pandemic.



ABOUT ARTC

In pursuit of an enhanced network that is resilient, responsive, and digitally enabled, we progressed activities to prepare our business to meet future challenges and opportunities.

ATMS enters exciting new phase

We continued to progress the implementation of our Advanced Train Management System (ATMS), which we've developed in conjunction with Lockheed Martin.

A communications-based train control system that precisely tracks trains using GPS and mobile telecommunication technologies, Stage 1 of ATMS was successfully deployed between Port Augusta and Whyalla in September, with Stage 2 set to be deployed next between Port Augusta and Kalgoorlie.

During the year, the Freight on Rail Group (FORG) – of which we are a member – expressed support for further ATMS deployments through a business case which was presented to the Federal Government.

As a result, an additional \$220 million in funding was announced in February, which will see the ATMS implemented across our Interstate network.

With ATMS reaching an important next phase of growth, our Safety, Engineering and Technology division has now assumed oversight of the project, including the growing commercial, industry and customer elements.

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