



# ARTC STATEMENT OF CORPORATE INTENT 2014/15



*Make Rail the Mode of Choice in the National Logistics Chain*



*Make Rail the Mode of Choice in the National Logistics Chain*

# ARTC

The Australian Rail Track Corporation (ARTC) is a company incorporated under the Corporations Act. Its shares are owned by the Commonwealth of Australia which is represented by the Minister for Infrastructure & Regional Development, and the Minister for Finance.

ARTC is one of Australia's largest rail network owners operating and managing over 8500 kilometres of standard gauge track in South Australia, Victoria, Western Australia, New South Wales and Queensland. Its core competencies include access management, network control, rail infrastructure planning and management, signalling and communications, as well as offering expert advice in developing rail transport solutions to customers.

ARTC plays a critical role in the transport supply chain and in the overall economic development of Australia. Its rail network is used to move a range of commodities including general freight, coal, iron ore, other bulk minerals and agricultural products. ARTC's network is also important in providing access for interstate and inter-city passenger services.

## ARTC'S VISION IS TO:

***MAKE RAIL THE MODE OF CHOICE IN THE NATIONAL LOGISTICS CHAIN***

## BUSINESS STRATEGY

ARTC was created as a result of the Commonwealth and mainland State Governments Inter-Government Agreement in 1997 for the establishment of a "one-stop shop" for rail operators seeking access to the interstate standard gauge rail network between Brisbane and Perth. Since commencing operations in 1998, ARTC has been primarily focussed on an infrastructure investment and modernisation phase. Its focus on extending, building and upgrading was important to bring many sections of the network up to a safe and reliable operating standard as well as allow for the capacity that the Interstate market and Hunter Valley coal chain required.

Having emerged from this period of significant investment and network growth, ARTC's strategic focus now is to bring more freight onto rail through a business transformation strategy that will put customers at the centre of everything it does. The aim is to continue its transformation into a company that is *committed to customer success* in order to realise the potential created by the investment phase. This will deliver:

- Growth in rail freight volumes carried on the ARTC network and increased rail market share;
- A stronger national supply chain;
- A reputation as an industry leader and an innovative rail based infrastructure owner and operator; and
- Greater Shareholder returns.

This must, however, be put in the context that ARTC is currently operating in an environment of reduced economic activity and slower than expected growth, where the general freight and thermal coal markets continue to be weak and have further softened over the past year.

ARTC has continued to engage with its customers and in 2013, conducted an inaugural customer satisfaction survey. ARTC has set the expectation: its customers are expecting to see service

improve. ARTC will be introducing a framework for continuous improvement of customer service, through better processes, systems, and personal interactions, leading to increasing customer satisfaction.

ARTC's new brand strategy will involve building a strong rail brand that reflects the company strengths and future strategy, and galvanises people internally. Launching the brand will modernise the way ARTC presents rail to the public and its stakeholders, and will support the modernisation of rail across Australia.

Of course, maintaining ARTC's focus on safety is of extreme importance to its customers, Shareholders, the company and the community. This will be achieved through effective safety leadership, employee engagement and accountability.

In late 2013, the Australian Government announced the creation of a high level Inland Rail Implementation Group to fast track the delivery of the inland rail project. ARTC will be playing a significant role, having been asked to refine the alignment for constructability purposes, refresh the costing/financials, start land acquisition process, and, most importantly, develop a delivery strategy for commencement of construction.

The Advanced Train Management System (ATMS) is the network management system that provides the foundation for a significant change in the way in which the rail network is managed, improving safety and capacity. The ATMS product is a key positive initiative and should ultimately provide a significant benefit for ARTC as well as the Australian rail industry more broadly. The Stage 1 field rollout of ATMS as the accredited safe working system between Port Augusta and Whyalla is now approved and being implemented, with commissioning in late 2015. Following this, a staged rollout across the network is planned, dependent on business needs. ARTC is actively working with rail customers and other network owners to support the development of ATMS.

## 2013/14 OVERVIEW

ARTC has continued its investment program and 2013/14 saw the further completion of some key projects and initiatives:

- Passing Lane 1 - represents the final new capacity measure for the North South corridor expansion;
- Metropolitan Freight Network – operational control transferred to ARTC from September 2013 with subsequent commissioning of the remote control of the Enfield and Marrickville Junction/Cooks River signalling in November/December 2013 by Junee Network Control Centre South;
- Enfield - commissioning of the Enfield Staging Facility in December 2013;
- Coonamia to Tarcoola Centralised Train Control – a necessary investment to increase capacity and accommodate growth on the East West corridor;
- Scone Yard Reconfiguration – a Hunter Valley capacity enhancement project which will remove the current capacity restriction through Scone yard;
- Kooragang Coal Terminal Departure Road 3 – a Hunter Valley coal chain system capacity project designed to ease congestion on Kooragang Island and facilitate growth in coal volumes.

Interstate revenue at the end of March 2014 is 9% higher than for the same period in the previous year, despite difficult market conditions. Volume growth over the same period was 3% which reflects growth in the South Australian mining market and to a lesser extent the North South intermodal market.

During the fourth quarter of 2013, Hunter Valley coal customers exported tonnages equivalent to 102%, or close to a million tonnes above their contracted volumes. This high demand for coal transport raised the bar once again for ARTC, setting a new monthly haulage record. The rate of coal growth achieved in 2013 was in line with expectations with the tonnage of coal moved from mines to ports, rising 12.5% from 133.8mtpa in 2012 to 150.6mtpa in 2013.

2013/14 marks the end of ARTC's agreed dividend holiday related to the take-up of the New South Wales lease, and this year sees the commencement of Shareholder dividend payments.

## STRATEGIC OBJECTIVES

ARTC's six strategic objectives reflect the key focus areas and are aimed at providing long term value to our customers and Shareholders.

### Strategic Objectives

*Make Rail the Mode of Choice in the National Logistics Chain*



NO ONE IS HARMED AT WORK OR ON OUR NETWORK



DRIVE VOLUME GROWTH ON OUR NETWORK BY CREATING LONG TERM CUSTOMER VALUE



SUSTAINABLE COMMERCIAL VIABILITY & ACCEPTABLE RETURNS TO SHAREHOLDER

**Customer Value**



A POSITIVE & RESPECTED CORPORATE REPUTATION



NETWORK INFRASTRUCTURE & SERVICES THAT ARE RELIABLE, COST EFFECTIVE & SAFE



A CULTURE THAT PROMOTES PERFORMANCE IN AN ENJOYABLE, PRODUCTIVE WORK ENVIRONMENT



# VALUES

In direct response to feedback from customers, staff and stakeholders about what they expect and need, ARTC has developed new values. These values and behaviours form the foundation on which ARTC is transforming the business. Values influence behaviour, and ARTC recognises that establishing a culture that values and supports diverse and broad thinking, customer focused decision making, accountability and responsibility is fundamental to achieving its objectives.

## OUR VALUES

### No Harm

In our world, safety is everything. We care about people, environment and communities. It doesn't matter how big or small, doing things safely means doing things right.

**Behaviours**

- *We take care*
- *We look out for each other*
- *We find safe ways*

### Future Thinking

**Behaviours**

- *We find solutions*
- *We embrace excellence*
- *We think bold, not old*

Future thinking is in our DNA. It's how we innovate, change the game and break through challenges and barriers. We're leaders who think differently; curious and skilful, we challenge the status quo.

### Active Engagement

We care about what matters and we're committed to the success of our customers, stakeholders and employees. We ask questions, listen and respond to needs. We're always on the front foot and actively engaged.

**Behaviours**

- *We take initiative*
- *We pay attention*
- *We respect one another*

### Results

**Behaviours**

- *We set and measure goals*
- *We promote and recognise performance*
- *We focus on success*

We deliver results. We're driven by results because they lead to progress. Determined to make rail the mode of choice for freight, we work together to achieve personal, organisational and industry-wide results.

## ACCOUNTABILITY & REPORTING

The ARTC Board has responsibility for the performance of the company and is fully accountable to the shareholder. The Board is required to provide:

- A Corporate Plan on an annual basis to cover a period of minimum three years;
- Quarterly progress reports;
- Other reports as requested by the shareholders; and
- An Annual Report in accordance with the Corporations Act.

ARTC will comply with the Commonwealth Government Business Enterprise Governance and Oversight Guidelines, the Public Governance Performance and Accountability Act 2013, and meet the notification requirements under the newly agreed Commercial Freedoms Framework, as well as meet all relevant regulatory requirements.

On a quarterly basis, regular progress reports against both financial and operational performance are provided to our Shareholder representatives. At this time, consideration is also given to any key items of strategic interest.

## FINANCIAL RESULTS

2013/14*	
Operating Revenue (\$m)	766.4
EBITDAI** (\$m)	400.4
Depreciation Expense (\$m)	(183.4)
Net Profit/(Loss) Before Interest and Tax (\$m)	217.0
Total Assets (\$m Ave.)	5,577.8
EBITDAI Return on Fixed Assets	8.8%

\*Forecast end of year result based on February 2014 management accounts

\*\* EBITDAI = Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment

## FUNDING UPDATE

ARTC's capital and debt structure is the subject of ongoing review in light of the forecast capital investment program, operating requirements and dividend policy as agreed in consultation with the Shareholder.

ARTC debt funding reflects a combination of debt capital (bonds) and banking facilities.



---

For more information on ARTC, including copies of Annual Reports, please refer to ARTC's website:  
[www.artc.com.au](http://www.artc.com.au)

Refer to the "Latest News" section on ARTC's website for up to date  
information, press releases and other important announcements from ARTC.

AUSTRALIAN RAIL TRACK CORPORATION LTD. ABN: 75 081 455 754  
Off Sir Donald Bradman Dr, Passenger Rail Terminal Rd, Mile End SA 5031  
PO Box 10343, Gouger Street, Adelaide SA 5000  
Tel: (08) 8217 4366 Fax: (08) 8217 4578

