

STATEMENT OF CORPORATE INTENT 2022–23

ARTC

OUR NETWORK CONNECTS CAPITAL CITIES,
REGIONAL CENTRES, MINING PRECINCTS AND
MAJOR PORTS WITH THE INDUSTRIES AND
MARKETS THAT DRIVE AUSTRALIA'S ECONOMY.

The 2022–23 Corporate Plan covers the period of 2022–23 to 2026–27, as required under subsection 95(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). No other legislation has been identified as being specifically applicable to the preparation of ARTC's Corporate Plan. ARTC does not have any community service obligations and has not received any Ministerial directions.

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CHAIRMAN AND CEO'S MESSAGE

The ability to efficiently transport goods to shops and supermarkets across the country and to ports for export markets around the world remains fundamental to Australia's success.

Recent domestic and global events have further reinforced the importance of a strong and resilient supply chain, including the critical role that rail plays in this country.

At the Australian Rail Track Corporation (ARTC), our 8,500 kilometre network supports the nation's transport sector and helps enable a diverse, competitive and growing economy. Indeed, with Australia's freight task continuing to grow, we forecast that nearly 200 million tonnes of rail freight will traverse our network in 2022–23.

Continued investment in ensuring a safe and reliable network will be a cornerstone to meeting this anticipated growth, as will working with above-rail operators and our other customers and partners to advance new innovations and opportunities to boost rail's modal share.

As part of ARTC's commitment to keep Australia moving, we are determined to increase the resiliency and competitiveness of the rail industry and will continue to champion its strengths as a safe, cost-effective and energy-efficient form of transport. To that end, we will also continue to play our part in the nation's transition to a low carbon future, including building on our Environmental, Social and Governance (ESG) activities as a socially responsible business.

Construction of Inland Rail and supporting intermodal terminals in Brisbane and Melbourne will further shape and transform the role of rail in Australia, which in turn will enhance the connection between our regions, cities and ports.

And in all that we do, the safety of our employees, contractors and the local communities in which we operate will remain paramount. We strive to be an industry leader in safety and will continue to sharpen our focus on providing best-practice protection for everyone across our network.

It's an exciting time for Australian rail, and on the back of new infrastructure and modern technologies that we will continue to build and evolve over coming years, ARTC is confident of growing freight on rail and strengthening our role as a key contributor to the economic development of the nation.

Regards,

The Hon Warren Truss AC
Chairman

Mark Campbell
CEO and
Managing Director



1. INTRODUCTION

ABOUT ARTC

ARTC was established to provide a one-stop-shop for operators seeking access to the standardised national interstate rail network.

Our principal business is the control and management of mainline rail networks used by freight and (non-electrified) passenger services, and the expansion of the network through investments like Inland Rail. We work with rail and infrastructure managers to promote rail, recognising the many benefits rail provides to customers.

We are a company incorporated under the Corporations Act. Our shares are owned by the Commonwealth of Australia, represented by the Minister for Infrastructure, Transport, Regional Development and Local Government and the Minister for Finance.

We are governed by a Board of Directors appointed by the Shareholder Ministers.

OBJECTS AND POWERS

Established by the Commonwealth in 1998, ARTC is governed by our corporate charter to:

- Provide seamless and efficient access to users of the rail network.
- Pursue a growth strategy for rail through improved efficiency and competitiveness.
- Improve rail infrastructure through better asset management and coordination of capital investment.
- Encourage uniformity in technical, operating, and safe working procedures.
- Operate the business on commercially sound principles.

2. OUR ROLE AND PURPOSE

ROLE

At ARTC, our goal is to keep Australia moving. We're a vital link in the nation's transport supply chain – building, maintaining and operating rail lines across the country to move freight and passengers safely, reliably, and efficiently.

More freight on rail will ease congestion on our roads, making our communities safer while also significantly lowering levels of carbon emissions. Freight on rail is good for businesses, motorists, the environment, and local communities across Australia.

We continue to invest in our 8,500km rail network which spans five states, 39 locations and more than 50 First Nations countries. World-class projects like Inland Rail are an example of how we're expanding and modernising our network to bolster the national economy. A once-in-a-generation project, Inland Rail will complete the backbone of Australia's freight network and enhance supply chains by facilitating train journeys of less than 24 hours between Melbourne and Brisbane.

Today, we employ more than 2,200 people who help manage the transit of around 440 passenger and freight trains every day. As we develop our network to be increasingly resilient, responsive, and digitally enabled, we will continue to enhance the connections between our regions, cities, and ports for the good of our economy and the Australian public.

OUR PURPOSE

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

OUR STRATEGY

Our strategy rests on five strategic pillars:

- Creating Safer Workplaces and Communities.
- Excel at Our Core Business.
- Develop Our Future Service.
- Work Better Together.
- Deliver Our Key Projects.



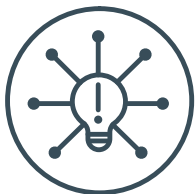
CREATING SAFER WORKPLACES AND COMMUNITIES

We prioritise people and safety with valuable standards, tools and systems.



EXCEL AT OUR CORE BUSINESS

We deliver outstanding services across our assets, customers, and operations.



DEVELOP OUR FUTURE SERVICE

We develop modern solutions, products and infrastructure to meet future demand.



WORK BETTER TOGETHER

We sharpen our systems and perfect our processes, so we work more efficiently.



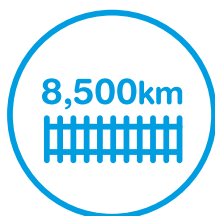
DELIVER OUR KEY PROJECTS

We deliver major construction works on time, on budget and on point.

These pillars recognise the importance of safely delivering for our customers, communities and shareholders now, while preparing for our place in future supply chains.

Each pillar incorporates the key activities we need to deliver in pursuit of our purpose. The activities, outlined in Chapter 4, form the basis of our organisational efforts over the Corporate Plan period and draw on the capabilities and systems of all our teams.

FACTS AT A GLANCE



We manage over
8,500km
of standard
gauge track



We maintain our
network out of
**28 Provisioning
Centres**
based in regional and
urban areas



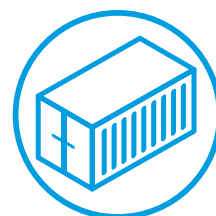
We employ more than
2,200 people



We've invested
more than
\$9 billion in our
network over the past
15 years



Around
160 million
tonnes of export coal
is transported by our
coal customers each
year on our Hunter
Valley network



Our customers
transport over
\$14 billion
worth of goods
across our Interstate
Network every year



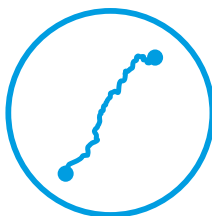
We manage the transit of around **440 freight** and passenger trains per day on our network



We have **six main offices** – Adelaide (head office), Brisbane, Newcastle, Melbourne, Sydney, and Wagga Wagga



We're delivering **\$833 million** in capacity enhancing infrastructure



The Australian Government has committed up to **\$14.5 billion** in equity for ARTC, enabling us to deliver Inland Rail



Inland Rail will be approximately **1,700km long** and enable a 24-hour transit between Melbourne and Brisbane



We move over **100 billion** gross-tonne kilometres annually

KEY MEASURES OF SUCCESS

Over the Plan period, we aim to maintain or improve our performance in accordance with, or better than, our Plan forecasts.

2021–22 year-end forecast¹



Access Revenue
\$744.8 million



Operating Margin
29.2%



Combined Equity
\$5,054.8 million

WE ARE COMMITTED TO THE SAFETY AND WELLBEING OF OUR TEAMS, AND THE FAMILIES AND COMMUNITIES WITH WHOM WE INTERACT.



¹ Final actual results not available at time of publication



Total Recordable Injury
Frequency Rate (TRIFR)

2.45



All Injury Frequency Rate (AIFR)

5.55



Customer Satisfaction

7.8/10

3. OUR OPERATING ENVIRONMENT

OUR NETWORK

ARTC connects customers to markets and communities to economic opportunities. Our network is a vital link in the Australian transportation supply chain that services every mainland capital city, regional centre, and ports.

Our tracks form the backbone of the national rail network, and we facilitate the safe passage for a diverse range of freight and passenger trains. On any day, our network carries:

- **Intermodal freight** carrying manufactured and consumer goods.
- **Bulk freight** such as coal, iron ore, steel, grain, mineral ore, aggregates, cement, sugar, flour, timber and waste.
- **Long distance and regional passenger services** such as The Indian Pacific, The Ghan, The Overland, The Great Southern, NSW Trains and V/Line services.

In total, our network supports over 100 billion gross tonne kilometres every year.

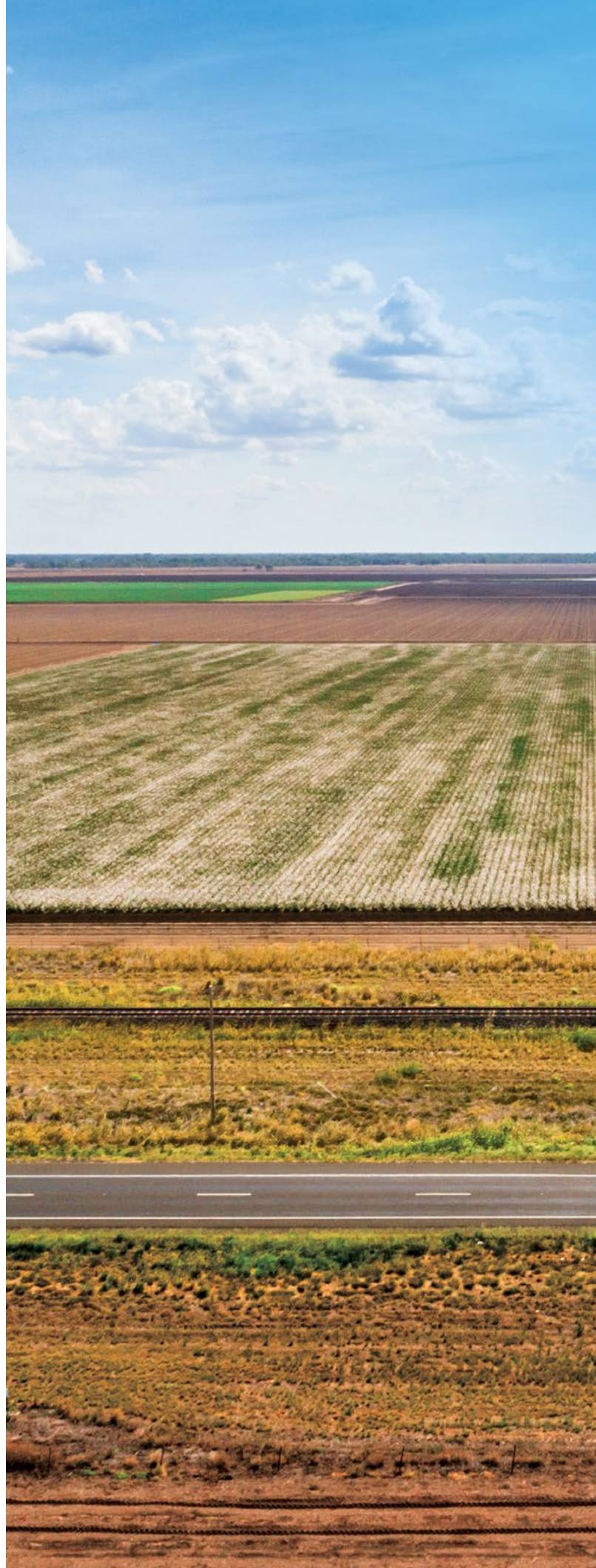
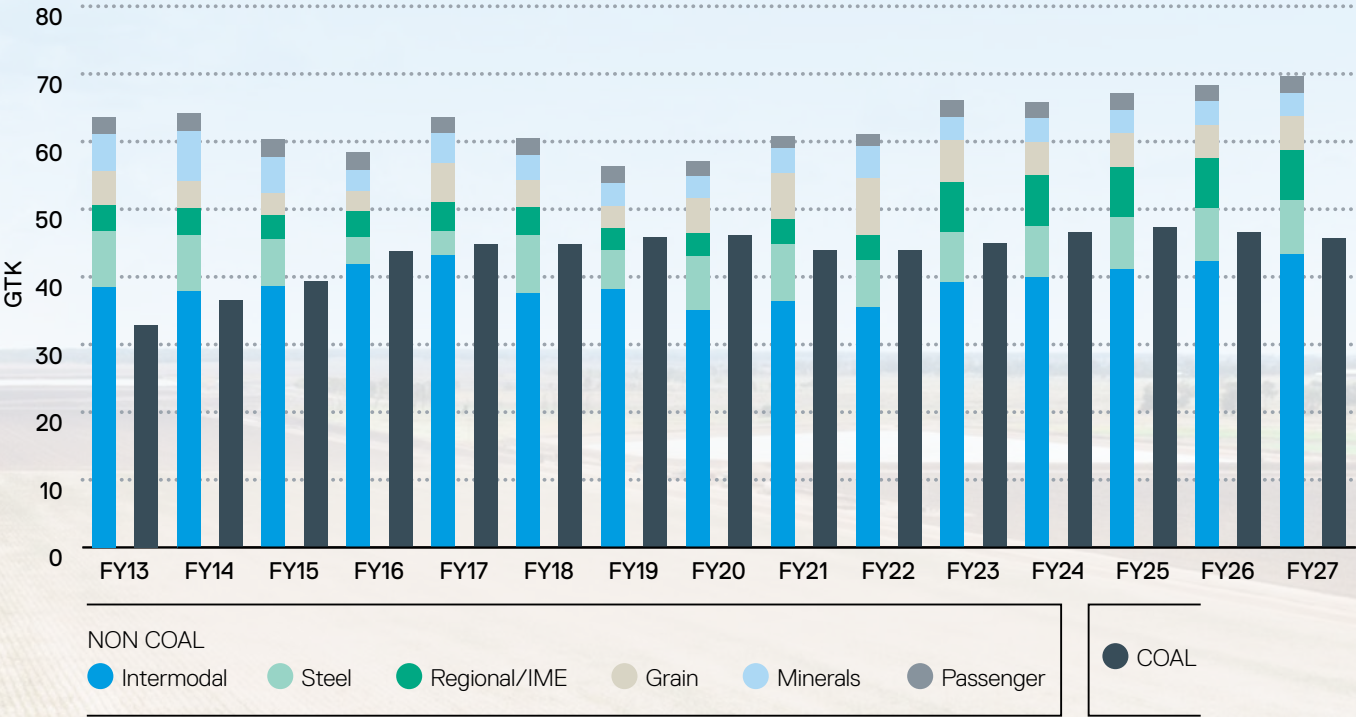


Figure 1: ARTC Network Volume (Billion GTK)



INTERSTATE NETWORK

Our Interstate Network consists of two major corridors

- North-South (Brisbane to Melbourne)
- East-West (Melbourne to Kalgoorlie)

We provide our customers with access to these corridors in accordance with commercially agreed Track Access Agreements negotiated under the regulatory framework defined by ARTC's voluntary Interstate Access Undertaking (IAU) and approved by the Australian Competition and Consumer Commission (ACCC).

Approximately 30 to 40 per cent of the access revenue generated on the Interstate Network is estimated to relate to the transport of groceries and beverages. Grain, minerals (including steel) and passengers each constitute approximately 6 to 7 per cent of overall revenue with coal approximately 5 per cent and the remainder being general freight.

Figure 2: FY22 Access Revenue

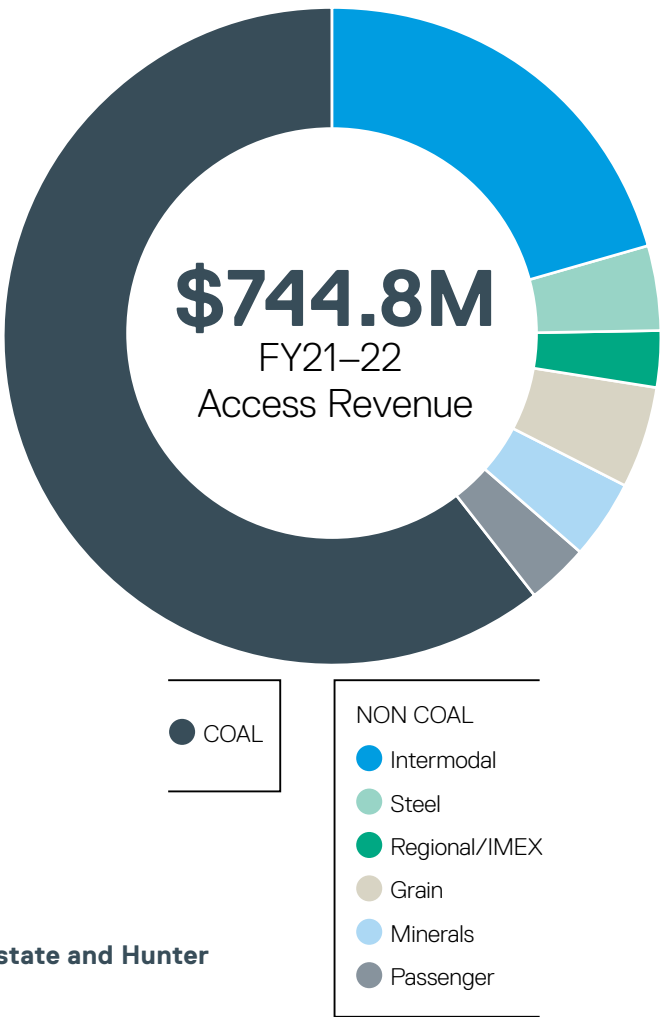
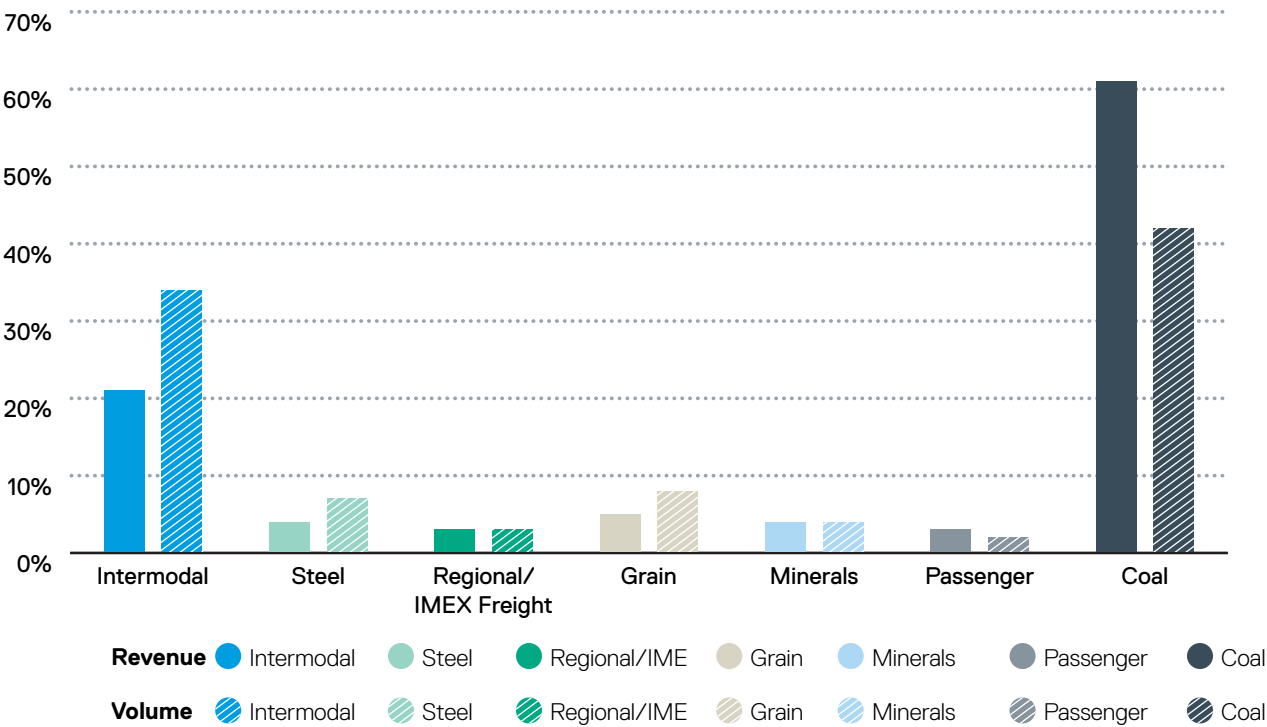


Figure 3: FY22 Revenue/Volume by Contribution (Interstate and Hunter Valley Networks Combined)

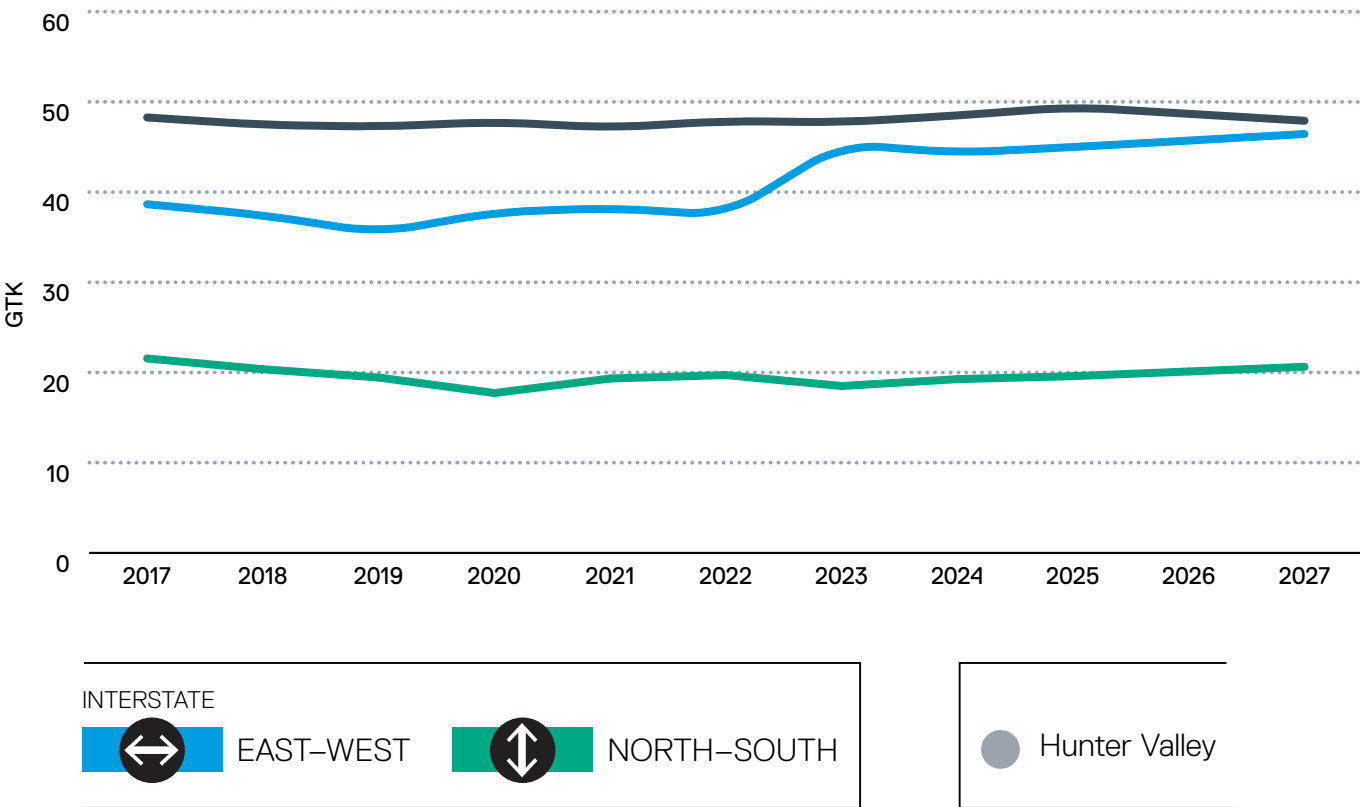


HUNTER VALLEY NETWORK

The Hunter Valley heavy haul rail network mainly supports coal export via the Port of Newcastle, the largest coal port in the world. The coal transported via our network is primarily thermal coal (90 per cent, with 10 per cent metallurgical). Hunter Valley thermal coal is among the highest quality coal globally with high energy and low emissions (HELE) and as such is highly sought internationally. Ninety-three per cent of coal transported by rail is exported.

Revenue is recovered under ARTC’s voluntary Hunter Valley Access Undertaking (HVAU) which is regulated by the ACCC.

Figure 4: Gross-Tonne Kilometres (billion) by Network





OPERATING ENVIRONMENT

Managing Australia's rail freight network is complex and dynamic. The COVID-19 pandemic and resulting impacts on trade and movements across jurisdictions has brought Australia's transport sector to prominence, reinforcing the critical role of rail and a resilient supply chain for Australian consumers. Over the Corporate Plan period, we expect market uncertainty to continue. Volatility in international energy and commodity markets, as a result of disruptions to global supply chains, is forecast to result in continued strength in Australian commodities through 2022. This is expected to manifest in a short-term increase in demand for Australian thermal coal internationally, driving prices towards 2021 peaks.

In the longer term, overall demand is expected to reduce as a result of:

- The commitment by all countries to phase down unabated coal power as part of the 2021 *United Nations Climate Change Conference (COP26)*.
- Commitments by key coal importing countries to reach Net Zero Emissions by 2050.
- Hastened development in alternative fuels to reduce European reliance on Russian fossil fuels.

Whilst the timing and full extent of these shifts away from coal as a power generation commodity are uncertain, balancing the requirements of developing and industrial economies is expected to maintain a longer term role for thermal coal internationally. The quality and efficiency of Hunter Valley thermal coal provides it with a competitive advantage in meeting these future reduced demand scenarios.

RESILIENCE

The impacts of severe weather events on ARTC's network has heightened community and business awareness of infrastructure security and resilience. Ensuring the reliability of ARTC's network against external events will continue to represent an opportunity and challenge to ARTC. Recent significant adverse weather events, including flooding events in South Australia and along the Australian east coast, resulted in extended unplanned disruptions to the national network. The *2022 Intergovernmental Panel on Climate Change Sixth Assessment Report* has identified continued escalating risk in the intensity of rainfall events and increasing fire risk in southern and eastern Australia which, if not managed, may result in greater susceptibility of the network to disruption events.



"I would emphasise the importance of the current leadership that we are seeing in the Hunter Valley. It's made all the difference; we are very happy with it and have real confidence in the individuals in those roles and see the difference that they are making."

Operator, 21/22 Customer Survey



“They are just very responsive in whatever they do. You never think, ‘Where’s ARTC?’ They are always backing us.”

Operator, 21/22 Customer Survey

Recognising the inter-dependencies and criticality to Australian communities and businesses, in March 2022 the Australian Government announced a review by the Bureau of Infrastructure and Transport Research Economics (BITRE). The review into the resilience of Australian road and rail supply chains aims to identify critical supply chains, including a stocktake of work underway to mitigate risk, with a report to the Australian Government due by December 2022. The National Freight and Supply Chain Strategy provides a basis for governments and industry to work together in addressing the challenges in identifying targeted investments, improving supply chain efficiency, promoting better coordination and regulation, and collection and use of data. ARTC has worked closely with BITRE on the provision of rail data to the National Freight Data Hub, the development of which is a key aspect of the Strategy.

SECURITY

Security of ARTC’s physical and digital infrastructure to ensure continued operation of the network through interruptions, and leveraging technology in operations and maintenance aspects of the business are consistent with broader market expectations on a digitised economy.

COMMUNITIES AND CUSTOMERS

Community engagement and confidence building in ARTC’s operations is an enduring priority. Communities along ARTC’s network expect us to be a good neighbour and establish genuine relationships. These expectations will continue to be heightened as a result of our ongoing major works programs, in particular through the design and construction of Inland Rail.

We are actively engaging with our partners to build strong and collaborative relationships. The full benefits of rail to Australia’s supply chain are only realised through an efficient, competitive and innovative service offering. Over the next few years, we anticipate customers will further invest in rolling-stock, in support of both public and

private investments in intermodal terminals and growing competition in bulk goods, mineral and grain transport. The investments which have occurred in these areas to date have driven increased competition across the commodity spectrum, helping to drive increased utilisation of our network. This investment requires continued confidence in our network resilience, and an ability to quickly respond to disruption events should they occur.

TERMINALS

In February 2022, the Australian Government announced the establishment of the *National Intermodal Corporation* (NIC) to support the planning, delivery and operation of open access, multi-user terminals in Brisbane and Melbourne. We welcome the Australian Government’s commitment to investment in new state of the art intermodal terminals on the east coast, and we expect to continue working with NIC and our customers, other network and infrastructure operators to ensure seamless connections into and from our network.

INFLATION

The Reserve Bank of Australia forecasts inflation above the target band in 2022 and is expected to continue above the target band in 2023. Recognising the Australian Government’s significant investment in Inland Rail, and our ongoing capital and maintenance works required across our network, we expect that inflationary pressures will continue to be pronounced in the short to medium-term.

REGULATION

ARTC’s current Interstate Access Undertaking (IAU), which is approved by the ACCC will expire on 30 June 2023. The replacement IAU, and the regulatory framework for the Interstate Network, has undergone an extended period of review by the ACCC with full cooperation from ARTC. ARTC is committed to promoting a regulatory framework based on open and non-discriminatory access, promoting flexibility with our customers and confidence in our commercial offering. We will continue to engage with the ACCC, customers and other stakeholders to develop an IAU and regulatory framework which encourages investment in the productivity and efficiency of rail and the long-term viability of the industry.

CAPABILITY

ARTC maintains a diverse workforce across mainland Australia, with approximately 2,200 employees engaged at July 2022. Our capacity to deliver our strategy and major projects relies on attracting and retaining a skilled, professional workforce. To this end, we look to navigate anticipated trends impacting the rail industry workforce over the next five years including:

- Rail Infrastructure Investment: a record \$155 billion investment pipeline over the coming 15 years will raise demand for skilled workers.
- Rail Workforce Demographics: 20 per cent of the current rail workforce is forecast to retire by 2028 while the sector workforce is expected to expand by 4.9 per cent over a similar period.
- Technological Innovation: increasing reliance on automated track control, communications and digital signalling will change ways of working for many employees.

Over the Corporate Plan period, we will be defining our vision of the future of work and identifying where we need to acquire or develop capabilities to manage the impacts on our workforce. We are exploring strategies related to:

- Our ways of working
- Our crisis response capability
- Resource planning
- Digital skills and business resilience
- Leadership capability

Figure 5: Budgeted Full-Time Employees

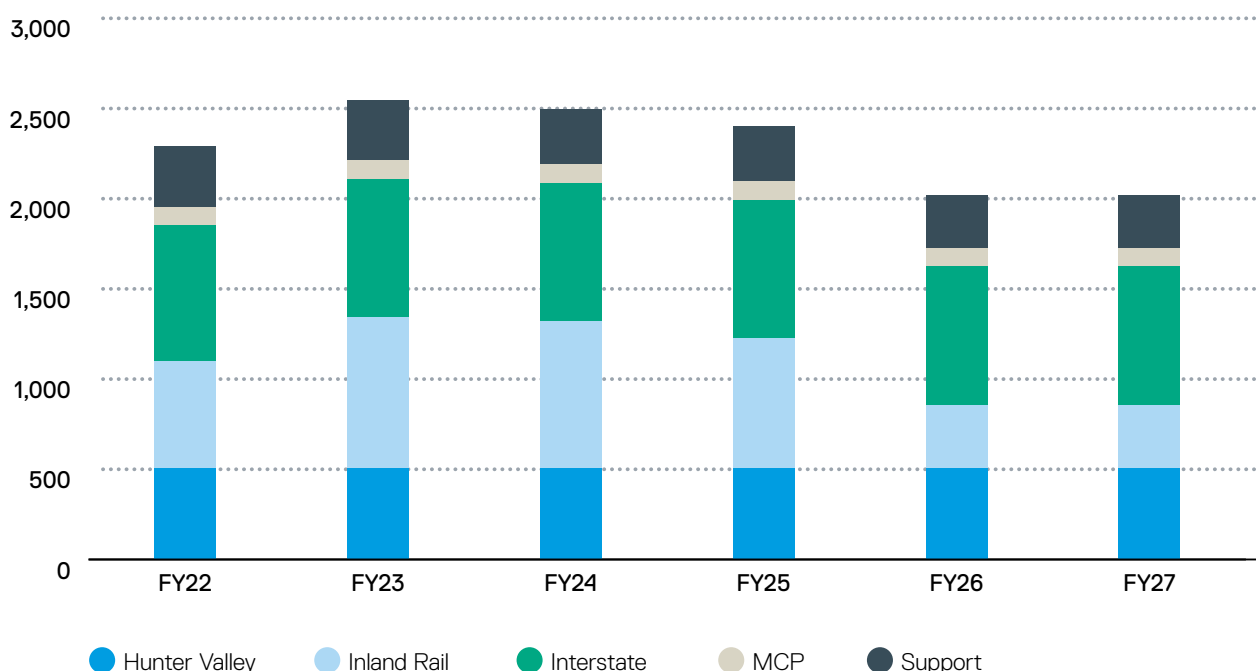
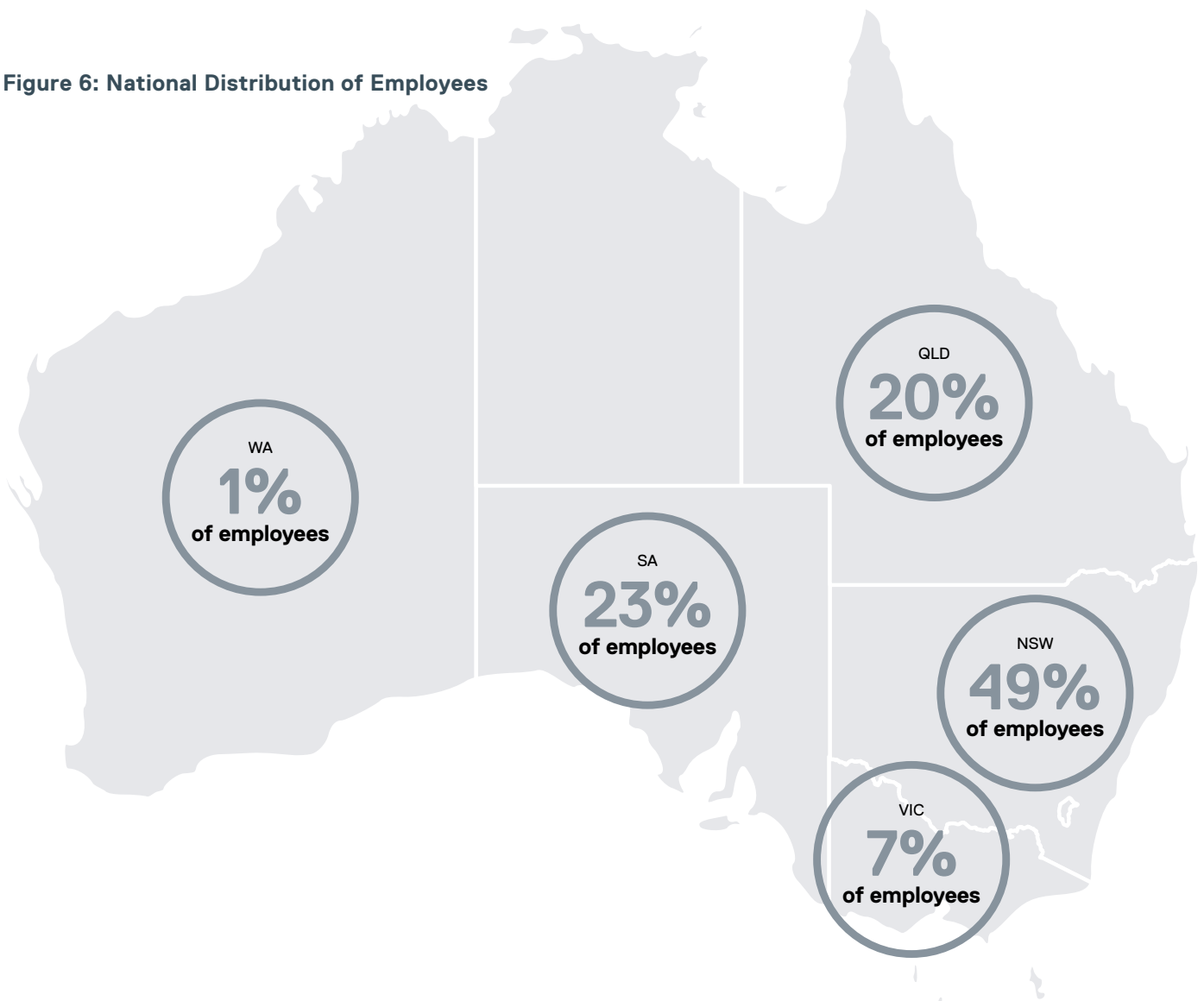


Figure 6: National Distribution of Employees




The ongoing impacts of COVID-19 on workplaces, low unemployment and significant infrastructure programs are contributing to forecast higher competition in the attraction and retention of staff. An employment workforce that is safe, delivery focussed and inclusive will support ARTC meeting its objectives in managing and improving interstate rail infrastructure, and delivering on the significant capital program.

ARTC is committed to a diverse and inclusive business that provides a competitive value proposition to retain and develop our current employees and attract new people to our organisation. In March 2022, ARTC launched its inaugural Reconciliation Action Plan (RAP) that includes 13 actions to build relationships, demonstrate respect, promote opportunities and enhance governance towards First Nations people by 2023. Our RAP is explored further under Our Key Activities.

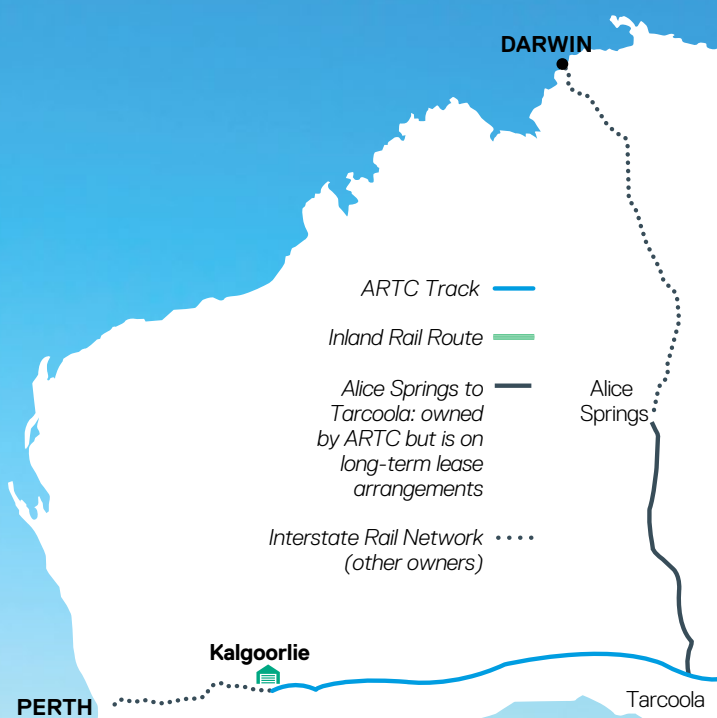
Investment in the resilience of ARTC's network, through enhancing the redundancy and robustness of the physical network, the ability to operate in a variety of conditions, and recover from disruption events is a continuing focus for ARTC. Ensuring a reliable network that makes greater use of technology to support efficient and dynamic access to the network, will promote rail's value proposition and support continued private and public investment. This includes progressing the Advanced Train Management System (ATMS), which represents a step-change in rail technology and enhancements generated through the adoption of automation, risk-based management and use of data to support ARTC delivering a resilient and world-class network.

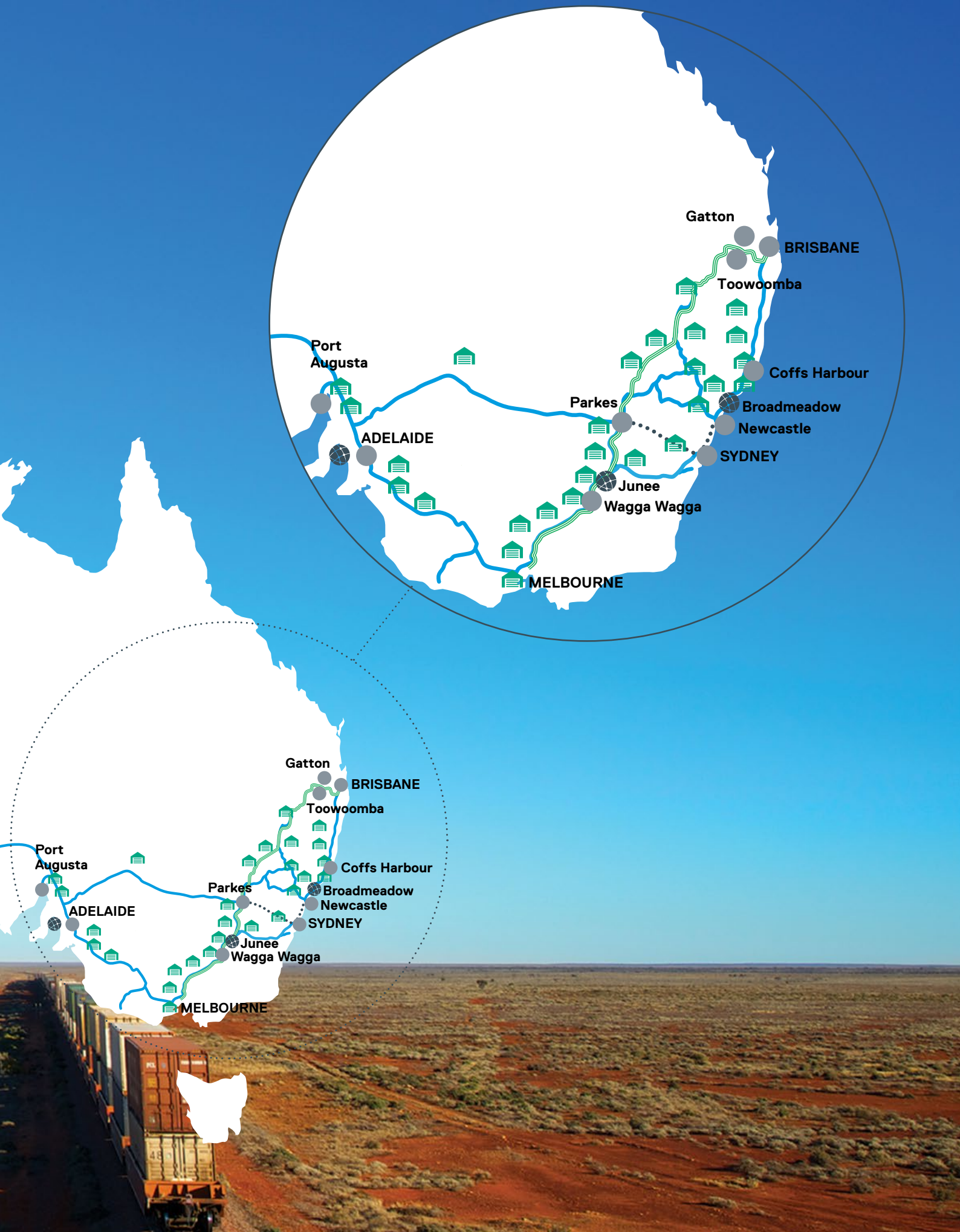
OPERATIONAL FOOTPRINT

 Provisioning Centre

 Metro, Regional and Project Offices

 Network Control Centres





COORDINATION

The safe operation of our network across Australia involves significant engagement with our stakeholders. We work with industry, governments, regulators and community partners, to develop joint strategies, communicate change and raise awareness of the benefits of rail in the national logistics supply chain.

We actively engage with our customers and peak rail industry representative bodies including the Australasian Railway Association (ARA), Freight on Rail Group (FORG) and Australian Logistics Council (ALC) to promote rail and transport industry issues and bring awareness to opportunities or matters of joint interest. We also work closely with regulators, departments and government rail and logistics bodies across state and Commonwealth jurisdictions on areas of shared interest in promoting operational safety and network resiliency.

Beyond management of our operational network, our delivery of Inland Rail has continued to reshape the nature of engagement with communities as we build this nationally significant project across Victoria, New South Wales and Queensland. Meaningful engagement with communities, their representatives and with state and local governments is critical to maintaining support and delivery momentum. Further information on our engagement with communities and stakeholders through the delivery of Inland Rail is on page 47.

Our emerging Stakeholder Engagement Strategy assists us in working with our stakeholders in a consistent and coordinated manner.

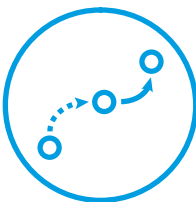
Our Stakeholders Include



Government



Community



Supply chain



Supplier and delivery partners



Peak bodies and industry associations



Regulators



RISK MANAGEMENT

We are committed to robust risk management to keep our people and the communities we work in safe, and to meet our commercial performance objectives and shareholder's expectations. Effective risk management is critical to delivering on our purpose and in anticipating and responding to a dynamic operating environment.

We have a well established and mature risk framework. Our Board establishes ARTC's risk appetite and delegates responsibility for regular oversight and monitoring of the suitability and effectiveness of policy and management of emerging and changing risks to the Board Risk Committee.

The Board is supported through the various committees that consider specific risks in the context of their work plans including safety, environment, people and performance, operations, program delivery, financial and assurance/audit, and reputation.

ARTC has appropriate risk management policies, practices, systems, and the expertise to provide assurance in the delivery of a fit-for-purpose risk management framework and assurance in its operation.

Day-to-day management of risk has been delegated to our executive, supported by a dedicated risk and assurance team, and as appropriate, independent risk reviews. Compliance with our risk framework continues to remain high.

Figure 7: Key ARTC Risks

Key Risk	Mitigating actions/activities
Major Train Incident	<ul style="list-style-type: none"> – ATMS implementation will enhance and automate many of the critical controls which manage the safe operation of trains on ARTC's network. – Safe Working Improvement Program projects making our systems simpler, safer, and more consistent. – Implementation of critical control assurance framework to ensure that all of our critical safety controls are designed and operate effectively.
Workforce Injuries	<ul style="list-style-type: none"> – Safe Working Improvement Program projects making our systems simpler, safer, and more consistent. – Fatal and Severe Risk program to actively educate and promote safe working in those areas of highest safety risk to our people. – Implementation of critical control assurance framework to ensure that all of our critical safety controls are designed and operate effectively.
Injuries to Public	<ul style="list-style-type: none"> – ATMS implementation will enhance and automate many of the critical controls which manage the safe operation of trains on ARTC's network. – Level crossing strategy to reduce safety risks across the approximate 3,500 level crossings on ARTC's network.
Network resilience	<ul style="list-style-type: none"> – Co-develop ARTC Recovery & Resilience Strategy and implement Network Resilience Strategy to improve the redundancy, reliability, resistance and recovery of network and business operations. – Work with broader industry to build an industry-wide National rail network resilience funding and policy reform proposal.
Insufficient people capability and/or capacity	<ul style="list-style-type: none"> – Implement ARTC People Plan 2021–22 to 2023–24 to enhance the attraction and retention of employees.
Failure to optimise end-of-service terminal locations undermines ability of Inland Rail to deliver on business case objectives	<ul style="list-style-type: none"> – Provide input into the Commonwealth's analysis of proposed terminal solutions to ensure support for the Inland Rail service offering. – ARTC will work with National Intermodal Corporation (NIC) in respect of the development of a terminal at Beveridge that will facilitate the growth of rail freight and the Interstate Network and accelerate benefits from Inland Rail.
Meeting Interstate Market forecasts	<ul style="list-style-type: none"> – Implement technology and process improvement initiatives to improve network resilience. – Deliver Inland Rail program to improve ARTC's service offering and provide greater resiliency across ARTC's North-South network.
Stakeholder expectations on ESG not met	<ul style="list-style-type: none"> – Implement ARTC's ESG Strategy to demonstrate a continued commitment to managing ESG issues.
Responding to forecast deterioration in coal market	<ul style="list-style-type: none"> – Implement Hunter Valley Strategy to plan for this impact against: <ul style="list-style-type: none"> – Service Strategy – Service offering – Dynamic maintenance and overhead cost modelling to identify opportunities for enhanced efficiency.

In addition to our key risks and as part of our risk management framework, we continue to monitor emerging risks that may impact on our business. Inflationary pressures, the affordability of increased long term liabilities under the Inland Rail program's Public Private Partnership (PPP), and the rapidly evolving cyber risk environment have been identified as emerging risks to be monitored.

Recognising the scale and complexity of delivering the objectives of the Inland Rail program, we continue to review and manage program risks in close consultation with Shareholder Departments. These risks will continue to evolve and mature as the program transitions through design finalisation, construction and integration with the Operations network.

Figure 8: Key Inland Rail Risks

Key Inland Rail Delivery Risks	Mitigating actions/activities
Delays in state-based environmental approvals, land acquisition processes and enabling agreements	<ul style="list-style-type: none"> – Strategic planning of key activities to coordinate and allocate resources to areas of greatest impact. – Government Relations strategy aiming to create and maintain positive interactions with state government representatives. – Regulator consultation and proactive engagement aiming to understand and respond to the views of key stakeholders. – Stakeholder engagement plans seeking constructive, productive relationships with key stakeholders.
Project cost increases and escalation	<ul style="list-style-type: none"> – Engagement of third-party estimators to provide independent benchmarking of estimated project delivery costs. – Scope change management processes to identify, document, mitigate, manage and fund potential changes to scope. – Migration to Incentivised Target Cost contracts to share risks and incentivise efficiencies.
Additional program scope to meet stakeholder expectations	<ul style="list-style-type: none"> – Scope management working group to review and prioritise potential additional program requirements for management consideration. – Scope change management processes to identify, document, mitigate, manage and fund potential changes to scope. – Pursue alternative Shareholder sources of scope funding for additional program requirements to address stakeholder expectations.
Loss of support from stakeholders of influence and decision makers	<ul style="list-style-type: none"> – Government Relations strategy aiming to create and maintain positive interactions with state government representatives. – Stakeholder engagement plans seeking constructive, productive relationships with key stakeholders.
Achievement of requirements for biodiversity credits/ environmental offsets	<ul style="list-style-type: none"> – Government Relations strategy aiming to create and maintain positive interactions with state government representatives. – Regulator consultation and proactive engagement aiming to understand and respond to the views of key stakeholders.

4. OUR KEY ACTIVITIES

CREATING SAFER WORKPLACES AND COMMUNITIES

We place safety at the heart of everything we do. As a guiding value, our constant focus on doing no harm is reflected at the forefront of our strategic pillars.

Over time our approach to safety has changed as we put in place tools and systems that enhance our safety-conscious culture. We understand that excellence in safety goes beyond the number of incidents that occur. We are striving towards embedding a culture in which our people embrace caring for one another and themselves. We will continue to monitor performance in embedding this culture through our engagement with employees.

We know that rail outperforms road on safety outcomes, both on frequency and magnitude. In 2022, the ARA found that accident costs associated with road freight are 20 times higher than rail. Preserving this competitive advantage has the dual benefits of making the network safer and promoting rail as the safe choice.



“The mutual respect and understanding is there. Often, there’s a lot of times when we are just on the same page, same foot, going in the same direction.”

Operator, 21/22 Customer Survey

PROACTIVE, ENABLED AND ACCOUNTABLE LEADERS

Our strategy targets a safety performance that is industry leading.

This goal requires our people to be supported both by strong safety leadership and by a step change in the maturity of our safety systems.

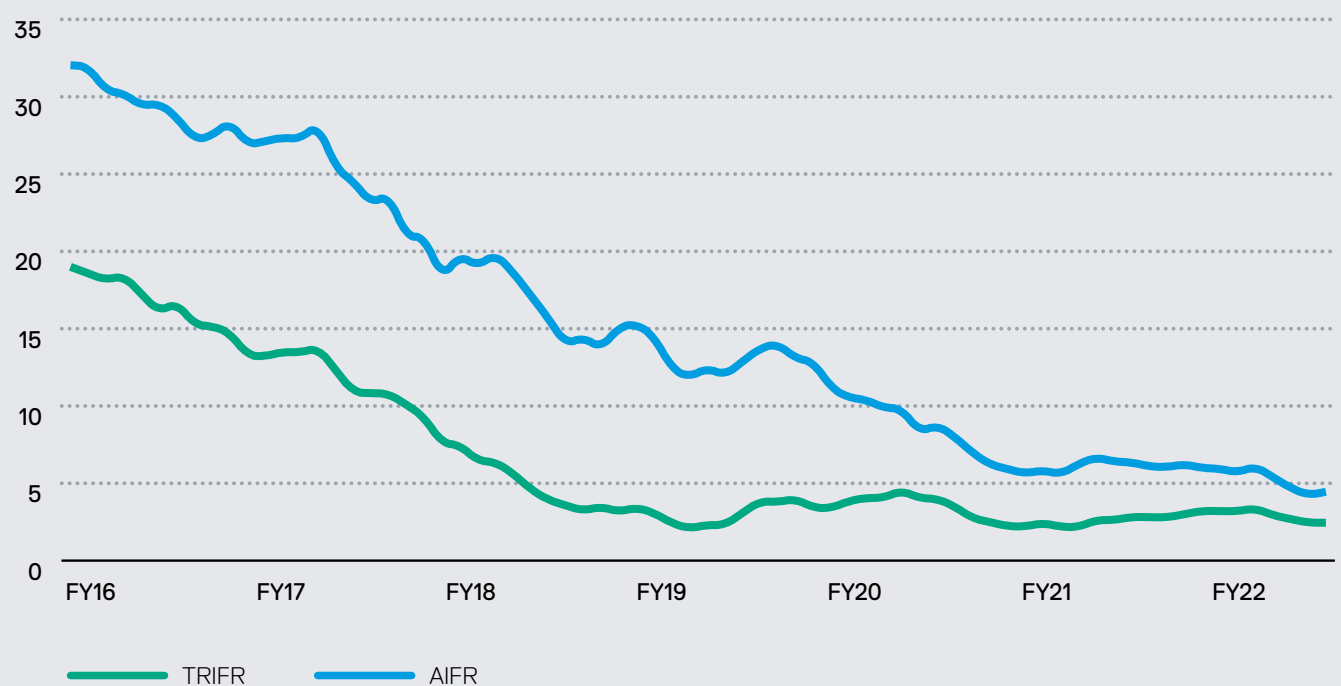
We have established a dedicated Safety and Environment Function to build on our strong safety performance and embed the benefits arising from our *Pathway to Zero Harm* safety improvement focus.

This focus has seen sharp and sustained improvement in the frequency of ‘all injuries’. While incremental improvement becomes harder to achieve as our performance improves, we are committed to continual betterment.

Recognising this sustained improvement, we remain committed to identifying and addressing areas of lower performance. We’ll achieve this by understanding and responding to control risk failures and incidents where no injury has occurred, but where an individual was at an unacceptable safety risk.



Figure 9: Safety Incident Frequency Rates



CONTROLLING CRITICAL RISKS

To maintain and build on our trend of improvement across most safety outcomes, we are introducing changes to our systems and tools, designed to enable our leaders to undertake proactive safety steps.

An important component of this will be our phased roll out of a new Environment, Health and Safety Platform – Horizon360 – to facilitate a fully integrated, user friendly safety management experience for our people. We expect Horizon360 to be implemented by the end of 2023.

Horizon360 will replace a myriad of fragmented, manual and repetitious systems which our teams identify as leading to duplication, lack of data integrity and frustration. The platform will enable our teams to manage health and wellbeing, rail safety, workplace safety and environment in one place.

The benefits of this integrated approach include productivity and data quality improvements and crucially, removing impediments to our teams focussing on value adding safety management. In this way, we can reorient our teams toward proactively identifying, mitigating and treating risks.

As we embed this platform, our focus will mature from tracking risk incidents to also monitoring critical control assurance. By emphasising control quality, we lower the rate of incident occurrence and become a safer, more empowered organisation.



“They understand what we do very well. Certainly from a planning perspective, they are very easy to deal with; there’s never any major issues; they work well with us to provide us paths; and ideas...”

Operator, 21/22 Customer Survey

SIMPLIFYING SAFEWORKING PROTECTION FOR OUR PEOPLE

The nature of operating a rail network is that frontline teams, and contractor partners, will be exposed to risk of serious injury, both along and inside rail corridors and in travelling to and from work sites.

To address and reduce our safety risk, we continue to deliver our Safe Work Improvement Program (SWIP). SWIP seeks to make our safety systems simpler, safer and more consistent across five workstreams.

Figure 10: SWIP Workstreams

Focus	Objective
Engaging Safe Working Providers	Improve Safe Working Providers and Protection Officer management and assurance.
Information and Communication Process	Improve accuracy and accessibility of network information to enable Safe Working personnel to plan, deliver and communicate more effectively.
Management of workers entering the corridor	Improve corridor access management to: <ol style="list-style-type: none">1. Identify and authorise access, and2. Improve effectiveness of location verification.
Protection Officer Training	Improve the quality and effectiveness of Registered Training Organisation training to improve Protection Officer competency.
Supervision and Assurance	Improve the assurance framework to monitor and validate the effectiveness of safe working controls.

ENHANCING LEVEL CROSSING SAFETY

As Australia's population and our freight task grows, we must continue to engage with community, industry and governments in creating safer outcomes across our network.

Given the risks, and the complexity of the operating environment, ARTC adopts a strategic approach for the management of our level crossings. Our new level crossing strategy includes four key focus areas of elimination, engineering, education and enforcement. Across these focus areas, during the Corporate Plan period, actions we are undertaking include:

- improvement works and risk assessments targeted at our highest risk crossings;
- support for technology enhancements and initiatives;
- improving and consolidating standards for signalling, track and civil disciplines;
- engaging in local and state based education campaigns and targeted higher risk and seasonal advertising; and
- engaging with stakeholders on known higher-risk crossings.

As part of our focus on enhancing safety, we will also continue working with the Commonwealth Government on opportunities to deliver improvement works and upgrades at our highest risk public crossings.





EXCEL AT OUR CORE BUSINESS

Our mandate requires that we provide efficient and seamless access to our rail network. Our customers depend on the reliability and availability of this network.

PROVIDING SEAMLESS ACCESS TO THE NETWORK

Our network traverses 8,500 kilometres of varied environments, from the remote desert of the Nullarbor to the hinterlands of NSW. Operating in such extremes exposes our network to the vagaries of severe weather events. Likewise, with around 440 services utilising our network on a daily basis, train related incidents may lead to outages in sections of our network. Combined, these factors may lead to an increased risk of service disruptions.

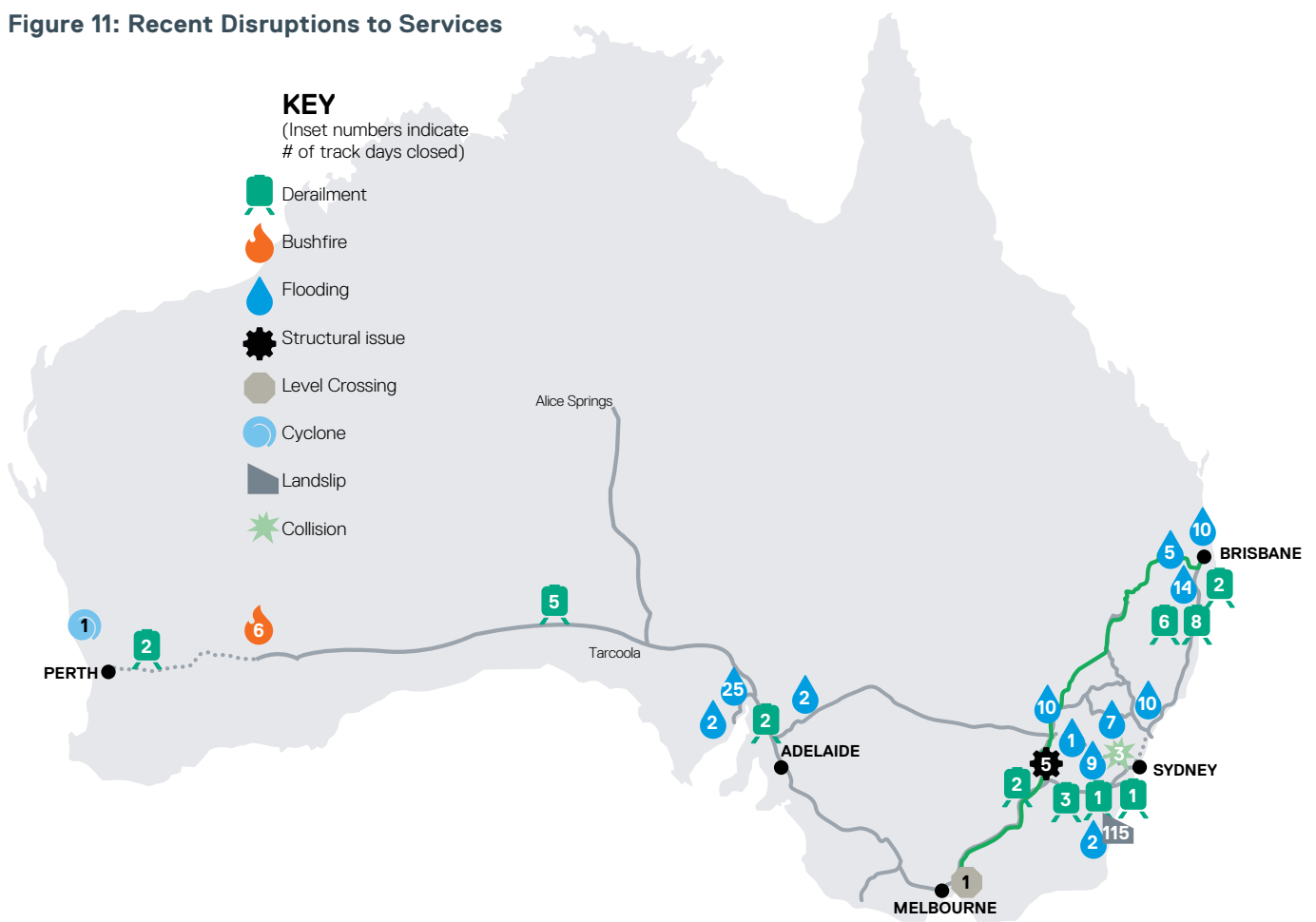
Over the past twelve months, Australia has been impacted by significant and unprecedented weather events across much of our network. Numerous sections have experienced 1-in-300 year weather events, most notably in northwest South Australia and along the New South Wales and Queensland coastal routes.



“They are always available; we can always seem to contact them on a regular basis. They are very experienced in rail; they understand train movements, which is great. They are not just in the infrastructure space... they provide good advisory optionality, if there is a disruption, from a pathing perspective not just from an access agreement perspective, which is good.”

Operator, 21/22 Customer Survey

Figure 11: Recent Disruptions to Services



In recognition, we are focused on increasing the ability of our network to withstand potential threats, adapt to changing conditions and recover positively and rapidly from disruptive events. This will be achieved by creating a more resilient network. To this end, ARTC has adopted a resilience framework that structures our approach:

- **Redundancy:** spare network capacity or availability of diversionary routes.
- **Resistance:** the physical robustness of infrastructure.
- **Recovery:** the ability to respond and recover from disruptions.
- **Reliability:** the ability to operate under a variety of circumstances.

This framework will inform the development of resilience strategies that scope works necessary to enhance the uninterrupted operation of the network.

As part of this process, we identified and implemented a range of investments to bolster resiliency of the network during the Corporate Plan period. This includes investment in the upgrade of cable, lighting and power

supplies to minimise the impact on network operations that failures in this equipment can cause. We are increasing our investment in strategic rerailling to reduce instances of speed reductions and bringing forward opportunities to address structures nearing end-of-life. In support of minimising disruption on the network following an incident, we are also enhancing our ability to rapidly respond through implementing strategic stockpiles of key materials.

Alongside enhancing resilience, we anticipate confronting a period of major capital repair and replacement works beyond 2030. As our network ages, a range of important structural components are forecast to reach their life-expiry, with parts of the network being over 100 years old. To meet this challenge, we are forecasting an expanded maintenance and capital program in our long-range Asset Management Plan. In managing our network, we will continue to work with the Commonwealth, state and local governments, communities and our customers on opportunities to enhance resiliency through targeted investment programs.

Our planning program will continue to be enhanced by the adoption of our Decision Support Platform (DSP). The DSP draws on data analytics to examine the condition of our network and forecast predicted failure horizons. This intelligence provides our teams evidence to plan intervention and maintenance activities, prioritising a focus on the most critical locations.

As this platform matures, we will enhance our maintenance function to fully integrate these new technologies. These will include advancements in:

- **Remote Flood and Weather Monitoring:** providing real-time data on rainfall volumes and impacts to structures reducing the risks from a compromised track.
- **Spatial Data Capture:** creating an auditable, digital twin of our network to inform over 130 systems and processes.
- **LiDAR:** improved asset condition and clearance data, decreasing the need for manual inspection resulting in a safer, more efficient maintenance program.
- **Ground Penetrating Radar:** greater assurance of track condition and performance causation.
- **Sonar systems:** to inspect underwater structures and provide realistic 3D structural imaging.

These tools and systems represent a critical modernisation of our practices – brought online under the completed Asset Management Improvement Program. This is an important step as the scope of our asset management program increases alongside customer expectations.

IMPROVING CUSTOMER SATISFACTION

Despite the challenges of COVID-19 and heightened disruption to services from major weather events, our customers' perceptions of ARTC continue to improve, reaching a nine year high across all reporting divisions. Our 2021–22 annual customer survey, facilitated by Kantar, undertook over 40 interviews with a range of customer types and a mix of individuals with strategic and operational responsibility.

Our customer feedback highlights a strong appreciation for our efforts in continuing to minimise the impact of the pandemic. Additionally, customers have approved of our:

- Transparency in setting access charges.
- Deferment of price increases during COVID-19.
- Innovation in partnering with stakeholders on ATMS and ANCO.
- Strong communication, proactiveness and responsiveness.

ARTC



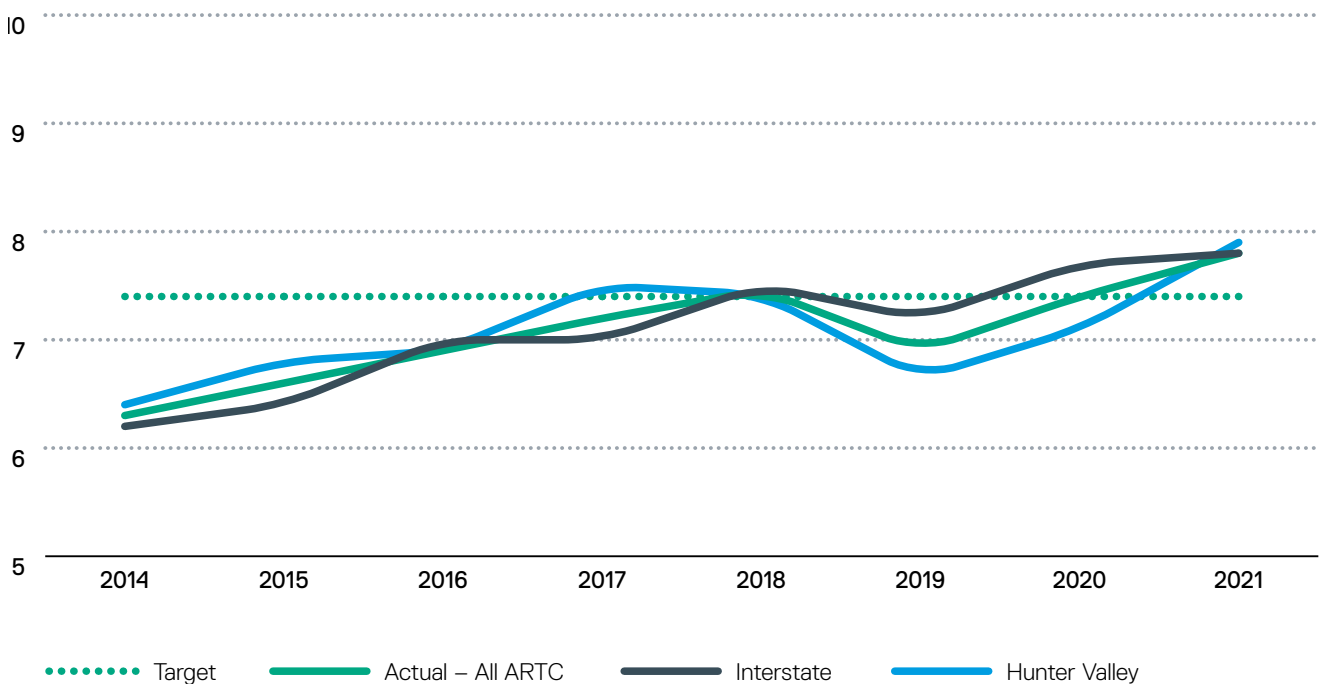
Figure 12: Worth what paid for (WWPF) assessment

Dimension	OVERALL		INTERSTATE		HUNTER VALLEY	
Overall Value	7.8	+4	7.9	+8	7.8	+1
Performance	7.9	+2	8	+5	7.9	0
Customer Service	8.2	+5	8.5	+8	8	+3
Product Service and Support	7.9	+0	8	-1	7.9	+1
Innovation	7.4	+2	7.6	+7	7.2	-.4
Reputation	8	+2	8.1	+4	7.8	-.1
Price	7.3	+8	7	+1.2	7.5	+2
Net Promoter Score	37	+16.1	43	+20.3	30	+11.8

Notably, the feedback from our customers indicating opportunities for improvement are closely aligned to our strategic objectives. Going forward we look to continue upwards trends in performance by:

- Increasing clarity on scheduled track maintenance and repairs.
- Exploring opportunities for network expansion.
- Utilising our leadership position within the industry to advocate for a transition to rail.
- Highlighting the competitiveness of our prices.

Figure 13: Customer Perceptions of ARTC Value





CASE STUDY: SA FLOODING

On 21 January 2022 a significant rain event caused major damage to road and rail infrastructure west of Tarcoola. The region experienced 1 in 300 year flooding, with some regions recording their annual average rainfall in less than 24 hours.

With the Stuart and Eyre highways and the East-West rail corridor suffering extensive damage, critical supply routes were cut. With 80 per cent of Western Australia's land-based freight arriving on rail, already stretched supply chains were severely constrained. In many supermarkets, groceries were unavailable, and shelves were bare.

In response, ARTC activated emergency rectification works and immediately mobilised crews to inspect damage and begin repair works. At the peak of the recovery, over 100 team members, 25 heavy machines and a range of supporting contractor crews operated across 18 separate sites in remote South Australia. Works included track and ballast reconditioning, repairs to structures and the construction of access roads to enable equipment and supplies to get to damaged locations.

Working around the clock, our crews were able to return the line to operation within 24 days, several days earlier than anticipated in what stakeholders described as a 'Herculean effort'. The outstanding recovery effort was made possible by utilising the latest in survey technology, including drone inspections in flooded areas, as well as the support of our partners; John Holland, McMahons, Exact Mining, Bardavcol, Arc Infrastructure and Sydney Trains.

This event reinforces the importance of increasing supply chain resilience. During the outage, the cost of road freight into Western Australia, already inflated by a shortage of truck drivers and a global shortage of AdBlue, surged by 200 – 300 per cent.

We continue to review the lessons learnt from this major weather event and have identified a range of measures to reduce recovery time and help the network bounce back following a similar future event. One option may be the storage of resources at secure locations along the corridor, supported by the acquisition of specialised rail equipment to easily distribute materials at impacted sites.



"I have been really appreciative of what they have done in the last year; particularly we have had a lot of weather events. They have been quite quick in terms of providing information; quite open in terms of having industry forums together, listening to people; and also solving the problems. So it's a big tick for me, from what I have seen in the last year."

Operator, 21/22 Customer Survey

PURSuing GROWTH IN FREIGHT ON RAIL

We continue to strongly advocate for new and existing beneficial freight owners to move their goods by rail. The ARA's 2020 Value of Rail Report found that for every 1 per cent of the national freight task that moves to rail, there are benefits to society of around \$72 million a year.

Our focus is on bringing together constituents of a supply chain to craft a commercially competitive freight solution. In this role, we introduce and facilitate discussions between beneficial freight owners, rail operators, warehousing, ports and terminals.

Alongside fostering new opportunities in partnership with the private sector, we are strong advocates for investment in interfaces with our existing and future network. The Inland Rail Interface Improvement Program (IIP) is one important area, in which we are working in support of the Government to review the formation of ideas to improve access to the network and generate more freight on rail and remove trucks from regional roads.

We are contributing to the development of feasibility studies across a range of council areas – providing insight into a network of regional logistics hubs and special activation precincts. These sites may become important nodes to concentrate local production and extract benefits from scale. Likewise we are contributing to an assessment on the economic feasibility of local sidings and spur lines – often associated with grain storage.

We welcome the establishment of the National Intermodal Corporation (NIC). We have long highlighted the barriers to entry for above rail operators that result from a lack of open access terminals. The move toward creating a network of interconnected efficient and independently managed terminals, genuinely promoting open access will lower these barriers and encourage new entrants. In turn, heightened competition in intermodal markets will foster innovation and service augmentation among rail operators – leading to a revitalisation of intermodal rail growth.

We will work closely with NIC, state and federal governments to support the planning, delivery and operation of future terminals.

ASSURING OUR BUSINESS RESILIENCE CAPABILITY

The COVID-19 pandemic has forced businesses to re-examine their capacity to maintain operational continuity. Given the critical role we play in Australia's supply and logistics network, we are focussed on continual improvement in our business resilience. Our approach to business resilience is guided by international standards related to business continuity systems. Our objective is to build and maintain an organisation with systems and technology that is able to absorb, respond and adapt to both unforeseen and expected challenges, whilst maintaining the ability to deliver key services and maximise any opportunities that arise. This includes a technology environment that is resistant and adapts to cybersecurity threats. Efforts to target critical infrastructure, including rail networks, are expected to evolve leveraging both known security issues and more complex vulnerabilities.

In the coming year we will undertake a series of activities consistent with our Corporate Resilience Framework. This Framework focusses our actions by applying guiding principles:

Figure 14: Corporate Resilience Principles

Guiding Principle	Future Application
Continuous improvement and innovation	Opportunities to improve our plans and capabilities are actively identified, including the use of innovative solutions when appropriate.
Knowledge sharing and collaboration	Lessons and better practices are shared as widely as possible, with opportunities to work collaboratively with others constantly sought.
Risk-based decision making	We are applying a risk-based approach to prioritising deliverables to focus on critical areas, before moving on to more value enhancing improvements.

In this vein we continue to implement our Business Continuity Strategy, with a future focus on maturing and assuring the plans and process that have been embedded in the past two years.

During the 2022–23 financial year, we will commence a quality assurance program designed to review and audit the preparedness of sections of our business to respond to disruptive events. Likewise, this program will identify areas for enhanced focus and improvement opportunities. We will also develop a roadmap for continuous improvement, using up-to-date information on the impacts of unplanned outages on the network and our customers.

PROMOTING UNIFORMITY IN SAFETY STANDARDS

We are unique among rail operators and controllers in the breadth of our jurisdiction across Australia. With our interstate network traversing five states, we operate in accordance with multiple state-based safeworking

regulations, which creates complexity for our highly mobile workforce and customers operating trains to maintain the skills and expertise necessary to do so safely.

At present, drivers on Australia's interstate network must be trained to navigate a number of state based systems. This low level of interoperability is a legacy of Australia's early lack of a federalised approach to the railway system. We are advocating for national harmonisation of safeworking rules and procedures.

This approach will deliver safety improvements, with drivers and track workers required to interpret one, common set of rules. ATMS operates on a single set of safe-working rules and is a catalyst to align systems nationally leading to significant productivity benefits as ATMS is progressively rolled out across the network.



“ARTC was like a Big Brother. When you needed something, they were there to open doors ... the best thing they could do was get us especially in the coalface of issues that were happening in the middle of the night, that were happening during the day, sometimes you can't workshop these. They were able to get us in front of the lieutenant, the sergeant, the chief health officer; and we got those outcomes which sometimes it is easier said than done but you can't get there because you are a private business/company.”

Operator, 21/22 Customer Survey



DEVELOP OUR FUTURE SERVICE

TRANSFORMING TRAIN CONTROL

We are investing in new technologies to transform our core capabilities in managing train pathing, scheduling, timetabling and train control.

ARTC NETWORK CONTROL OPTIMISATION (ANCO)

ANCO continues to transform service delivery in the Hunter Valley by fundamentally changing the operational capability of network management, bringing about major efficiencies in the whole supply chain, from which all members can benefit. These benefits have now been largely delivered across Horizons 1 and 2 of the program:

- Increased Throughput capacity
- Reduced Cost
- Efficient Operation
- Integrated Track Work
- Decision Visibility
- Delay Capture

In the past year we have delivered enhancements to the ANCO system which facilitate:

- **Advanced Network Flow Management:** application of advanced data analytics and data science to increase train flow and network utilisation.
- **Integrated Rail Scheduling:** dynamic maintenance plans integrated with train movement plans for greater scheduling certainty and more effective maintenance.
- **Enhanced Performance Reporting:** enabling monitoring and proactive decision making for the achievement of KPI's.

With such a successful implementation of transformative scheduling and planning capability, we continue to explore an integrated, network-wide solution operating in tandem with ATMS.

ADVANCED TRAIN MANAGEMENT SYSTEM (ATMS)

We are continuing with the phased deployment of our ATMS train control technology targeting the successful operation of the system across the Nullarbor. This phase on a critical section of the East-West corridor will be commissioned and verified by ONRSR, paving the way towards full implementation across the ARTC network.

Through this delivery, we continue to see improvements to the safety of operations, including a reduced human impact through automated controls. We anticipate risk reduction benefits to continue through out delivery as key factors are removed through the use of innovative technology.

Alongside the technical roll-out, we are coordinating the future capability requirements with our wider change program. This gives us confidence that ATMS continues to meet current and future business needs and is fully aligned to the construction schedule of Inland Rail.

Our customers consistently highlight ATMS as an example of where we are innovating and engaging with industry to drive productivity and safety improvements. Their strong support is critical as we partner with operators to undertake training, education and installation programs.



"I think the tangible benefits from having a computerised system like that will open up so many more efficiency gains naturally; but also then highlight areas across the chain that are currently manually being looked at, that can be automated as well. So ANCO implementation will be a huge step change to understanding any gaps in the network."

Operator, 21/22 Customer Survey

FOSTERING A COMMERCIALY VIABLE RAIL INDUSTRY

Our customers and supply chain partners consistently seek for us to take an industry leadership position in advocating on behalf of the wider rail industry. To this end, we are contributing across an array of reviews into supply chain resilience and rail competitiveness in line with our efforts to shape the future policy and regulatory landscape.

At present, we are:

- Determining risks to the resilience of critical supply routes as part of the **Road and Rail Supply Chain Resilience Review**:
 - Identifying short/medium/long term key risks to critical supply routes.
 - Informing potential vulnerabilities in critical supply routes.
 - Supporting supply of data to inform best practice and improve rail supply chain resilience.
 - Aid in developing pragmatic options for governments to mitigate risks to critical rail supply chains.
- Supporting analysis into policy settings necessary to maximise the productivity of rail freight through the **Rail Freight Productivity Review (Anderson Review)**:
 - Examining policy options to remedy disparate funding models, policy fragmentation and lack of coordination.
 - Providing an assessment on current operation efficiency constraints.
 - Assessing infrastructure requirements to enhance rail performance.
- Defining advocacy priorities in tandem with the ARA **Rail Freight Action Plan**:
 - Formation of a proactive policy advocacy program to facilitate mode shift, including careful consideration of mode shift incentive schemes.
 - Commentating on critical elements of competitive inequality between modes and formulating solutions to effect change.
 - Highlighting interoperability challenges most negatively impacting efficiency.
 - Highlighting specific infrastructure investment priorities to support the growth and efficiency of national rail freight network.

Both the Resilience and Anderson Reviews are intrinsically linked to our service ambitions – the access to resilient, competitive rail services. We fully support the Government's recognition of the important role rail plays in future supply chain networks and will continue to participate in the formation of policy and investment recommendations on behalf of our industry partners.

SUPPORTING A SUSTAINABLE FUTURE THROUGH MODAL SHIFT

We recognise that managing environmental, social and governance (ESG) factors is important to our long-term success and will strengthen our standing as a good corporate citizen and safeguard our social license. No longer considered peripheral to business activities, ESG is becoming core to business strategy.

ESG has been universally adopted by publicly-listed companies to manage risk and opportunities associated with changing market conditions and stakeholder expectations.

Banks, creditors and investors are setting the bar for how companies disclose and report on ESG, assessing and benchmarking these companies on their level of ambition and the credibility and robustness of published information. ESG is being considered alongside financial disclosures to assess company performance and access to finance.

Our ESG Strategy will set our ESG goals over the next three years and is an important lens through which we view our activities. Applying an ESG mindset will help us drive outcomes across priority areas, identify new and emerging risks and opportunities, and support an inclusive and purpose-driven culture.

This alignment of business strategy and ESG strategy will enable us to build on activities already underway and progressively integrate ESG into our core business activities, which in time will become our new business as usual.

ARTC intends to assess risks to the business from climate change using the Taskforce for Climate-related Financial Disclosure (TCFD) guidelines. TCFD outlines a globally accepted framework for how companies can disclose climate-related risks that have a potential material impact on their long-term financial viability.



We are also investigating the alignment of our ESG strategy with the United Nations Sustainable Development Goals (SDGs) and the benefits of disclosing our performance with reference to the Global Reporting Initiative (GRI) and will communicate our progress on these fronts in future reports.

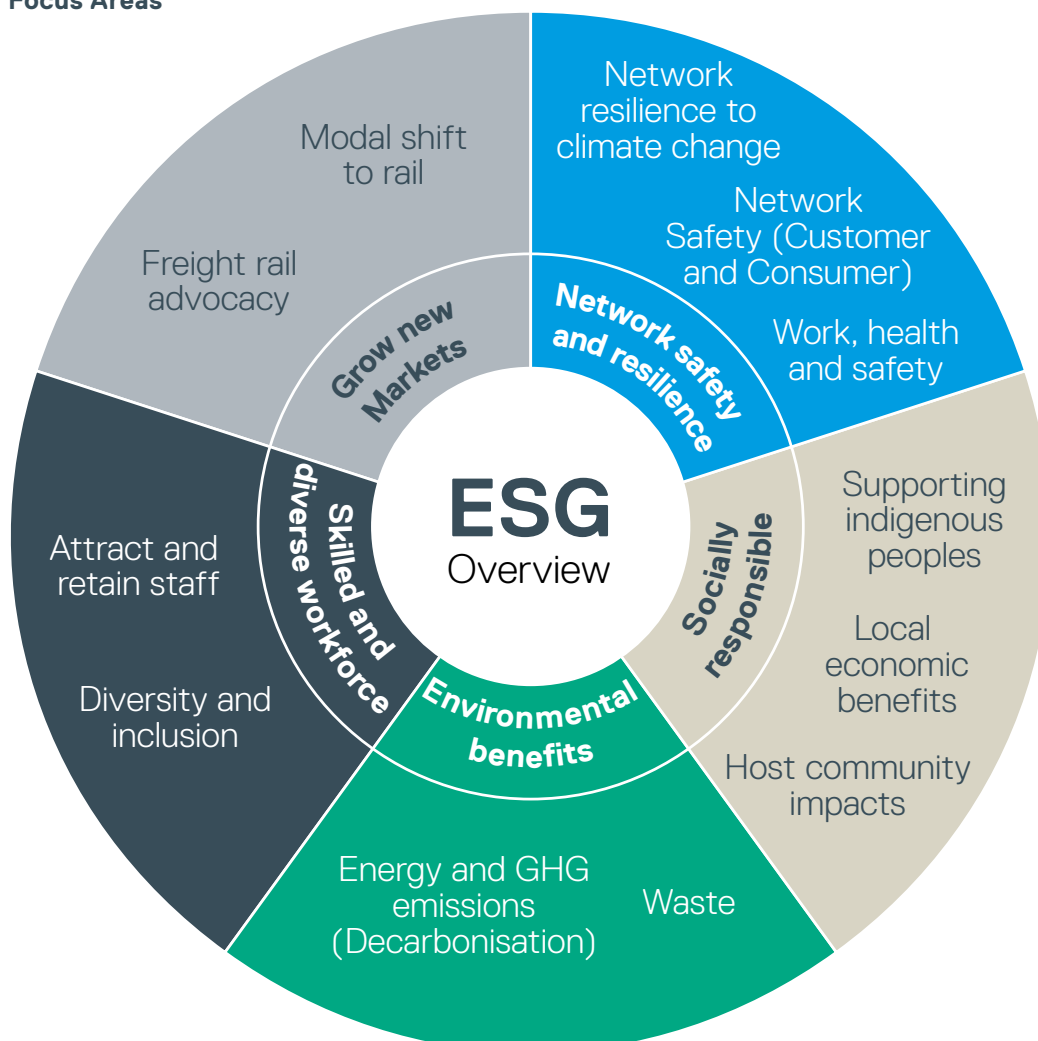
2020–2030 has been called the decade of action with many leading companies setting ambitious and science-based targets and action. While we are still in the early stages of our ESG journey, we are excited for the future and will continue to engage with our key stakeholders to inform our approach and evolve our strategy and targets as we gain maturity in this space.

In tandem with our business strategy, we have identified our ESG ambition and strategic priorities.

“From my point of view, they try to plan their track maintenance/outages with less disruption as possible. It’s clear that there will be disruption from time to time. At the end of the day, the track does need to be maintained...and we need to accept that there is going to be disruption. But I do think they try to keep the impact as minimal as possible. No one’s happy; the track is going to be closed and there is a possibility of cancelling services; but I think the communication is good and the times that they try to do it are good. So it is as little impact as possible.”

Operator, 21/22 Customer Survey

Figure 15: Environmental Social Governance Focus Areas



PREPARING FOR A DIFFERENT HUNTER VALLEY

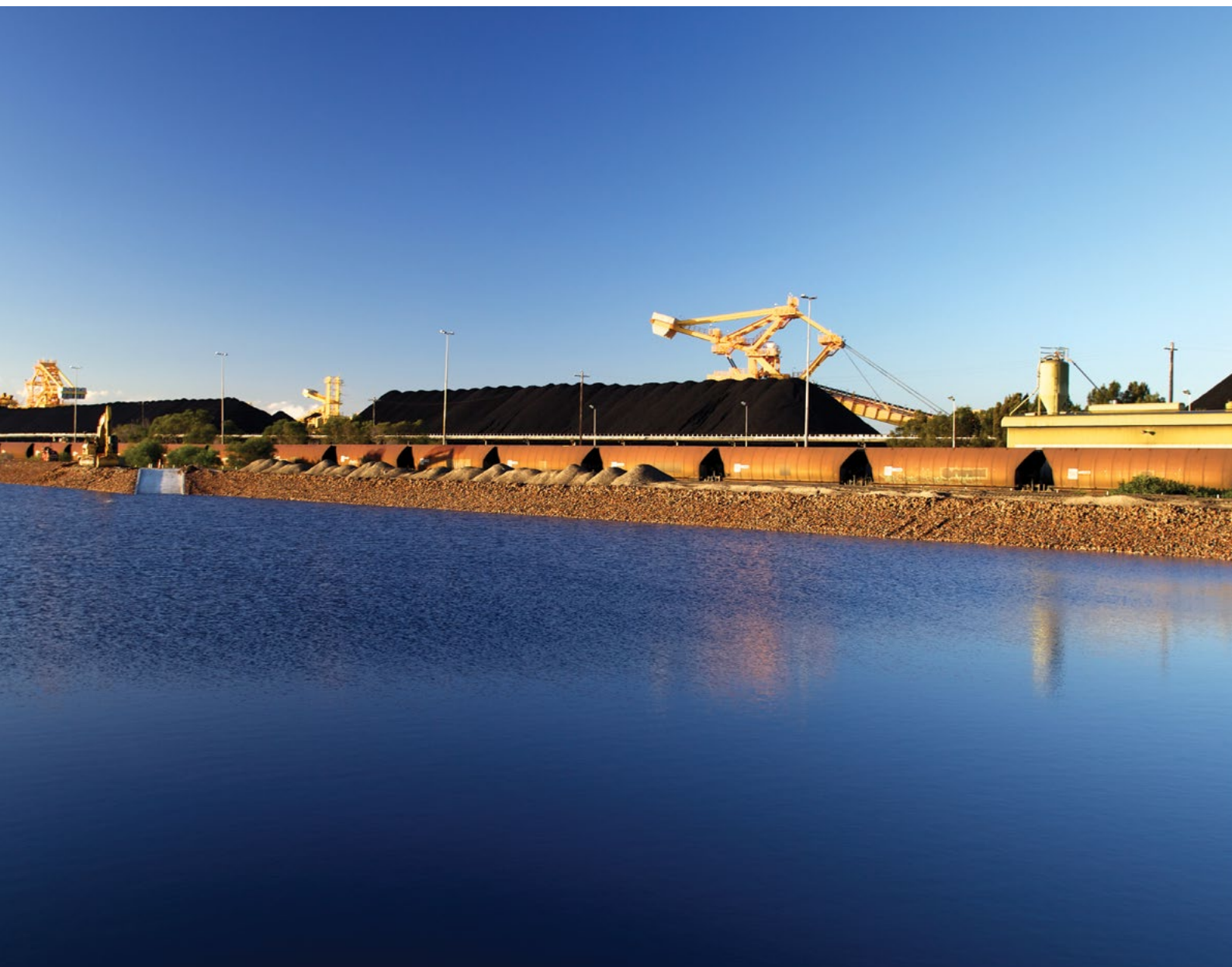
The short to medium-term forecasts for coal demand remain stable, however longer-term risks to the thermal coal market are increasingly driven by climate change policies. In anticipation of a longer-term decline in coal demand, we have commenced initial work to identify feasible pathways to scale our cost base and sustain our service as coal volumes decline.

We are also continuing to engage with the Port of Newcastle, businesses and local councils across the Hunter Valley region on future opportunities for diversification of the network and to support development opportunities being pursued in the Hunter Region.

EMBRACING DATA INTELLIGENCE

Our network generates millions of data points every day. We are bringing a focus to harnessing the power of data analysis and intelligence to bring new insights into how our track functions day to day.

We continue to work closely with BITRE, supporting the development of the National Freight Data Hub. By partnering together, we can bring a mature, evidence-based policy approach in our support of the national freight and supply chain strategy. Additionally, through utilising modal data available through the Hub, we can strengthen our perspectives on how to generate modal shift momentum.



WORK BETTER TOGETHER

Consistent with our values, we are embedding a culture that values diverse perspectives and celebrates differences. Our experience shows that where our teams embrace diversity and inclusion, our people feel empowered and produce outstanding results.

As a large, complex business with a national presence, we are focussed on continuous improvement in how we engage across functions and skills.

DELIVERING A MODERN HYBRID OPERATING MODEL

We recognise that a workforce of over 2000 people needs to be supported by an operating model that fosters consistency, collaboration and efficient ways of working. While our business units have unique contextual factors that govern their operating environments, we will continue to embed changes to the way we lead organisation wide improvements across our safety and environment and people and culture functions. These changes provide business unit leaders with support to drive company wide outcomes as well as business unit specific initiatives.

Over the next two years, we will continue to design and embed this partnership framework that will:

- Improve employee engagement
- Improve productivity
- Improve compliance and governance
- Increase focus on strategic imperatives
- Centralise and reduce transactional work
- Standardise processes and improve analytics

ATTRACTING AND RETAINING A TALENTED WORKFORCE

Our business succeeds where we can attract, develop, promote and retain a workforce that is passionate about our vision and aligned to our goals. A tightening of the labour market and the specialised nature of rail-oriented roles reinforces the need to offer a compelling employee value proposition (EVP) to ensure we remain competitive.

Recognising this challenge, we are implementing an iterative EVP Roadmap over the Corporate Plan period to progressively review and enhance our employment offering, to improve employee engagement, productivity, capability matching and awareness of ARTC in the labour market.

ENCOURAGING AND ENABLING FLEXIBLE WORKING

COVID-19 has catalysed a gradual re-thinking of corporate real estate requirements. Allied to our EVP focus is a shift towards more contemporary flexible working arrangements supported by appropriate facilities. A wider industry movement has been underway for sometime, but an acceleration in remote working has highlighted an opportunity for businesses to review their infrastructure requirements and ensure these remain fit-for-purpose.

Broadly, early 2021 office vacancy was the highest since 1997, with this reflected in all major cities where we have a footprint.

In managing the long-term expectations of a reduced office accommodation footprint, we are developing and will commence delivery of an accommodation strategy in the 2022–23 financial year that seeks to maximise value for ARTC while adapting to new ways of collaborating and connecting our people and rail partners together.

EMBRACING A DIVERSE AND INCLUSIVE WORKFORCE

We know strong teams are characterised by a diversity of opinions and backgrounds and we continue to work towards fostering our desired culture. We have implemented specific targets focussed on increased gender and cultural participation, but understand that inclusivity goes beyond representation – and relies on organisational culture.

In this light, we continue to implement and imbed change and promote opportunities for diversity through our:

- Diversity and Inclusion Strategy
- Reconciliation Action Plan
- Leadership Framework

Together these strategies will deliver greater female and indigenous participation, greater internal promotion focus, a reduction in turnover and crucially a maturation in our leadership capability.



CASE STUDY – OUR RECONCILIATION ACTION PLAN (RAP)

At ARTC, we are committed to laying a foundation that allows our Aboriginal and Torres Strait Islander employees to always feel safe, supported and heard. We are also engaging with local communities to foster employment and business opportunities with First Nations people, so that everyone can benefit in the future that we build together.

In March 2022, we launched our inaugural RAP which serves as the start of our pursuit of deeper knowledge and connections among our people and our local communities, and provides a clear strategy in positively engaging and impacting First Nations people. The RAP, endorsed by Reconciliation Australia and available on ARTC's website, contains thirteen forward focused actions for delivery in 2022 and 2023. March 2022, also saw the introduction of our First Nations Strategy and Engagement Specialist, who will provide leadership, guidance and governance to build a greater sense of belonging for all our employees. The role will drive reconciliation initiatives that benefit our business operations within the communities in which we live and operate.

Relationships

1. Establish and strengthen mutually beneficial relationships with Aboriginal and Torres Strait Islander stakeholders and organisations.
2. Build relationships through celebrating National Reconciliation Week (NRW).
3. Promote reconciliation through our sphere of influence.
4. Promote and lead positive race relations through anti-discrimination strategies.

Respect

5. Increase understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge, and rights through cultural learning.
6. Demonstrate respect to Aboriginal and Torres Strait Islander peoples by observing cultural protocols.
7. Build respect for Aboriginal and Torres Strait Islander cultures and histories by celebrating NAIDOC Week.

Opportunities

8. Improve employment outcomes by increasing Aboriginal and Torres Strait Islander recruitment, retention, and professional development.
9. Increase Aboriginal and Torres Strait Islander supplier diversity to support improved economic and social outcomes.

Governance

10. Maintain an effective Reconciliation Action Plan Working Team (RAP-T) to drive governance of the RAP.
11. Provide appropriate support for effective implementation of RAP commitments.
12. Build accountability and transparency through reporting RAP achievements, challenges, and findings both internally and externally.
13. Continue our reconciliation journey by developing our next RAP.

DELIVER OUR KEY PROJECTS

In line with our mandate to manage a program of commercial and public investment on our network we continue to enhance our project management capabilities. Central to this has been the formation of a new Major Constructions division in 2021 with responsibility for delivering our rail infrastructure portfolio.

The next phase in maturing our new delivery function is the development of a new project management framework providing consistency and clarity in delivery. At present, we are in a twelve-month collaborative design

phase developing supporting procedures and manuals. The next phase will include implementation supported by a significant training and change program.

Our ambition through this framework is to maximise the benefits to our communities, shareholders and operations through disciplined project delivery. In time, we seek to build a Centre of Excellence that demonstrates leading infrastructure project management practice and builds on our history of high-performance.



Figure 16: Major Construction Projects Portfolio

	Project	Completion	\$(M)	Scope
1	Botany Rail Duplication	Q3 2024	273	Delivery of 3km of railway duplication, signal upgrade, two crossovers and four new bridges on the Botany Rail Line to Port Botany.
2	Cabramatta Loop Project	Q1 2024	137	Simultaneous entry loop to the Southern Sydney Freight Line (SSFL) by delivering 1.6km of new loop track, two new bridges, three new retaining walls and signal upgrades in the shared corridor.
3	Southern Highlands Overtaking Opportunities (SHOO)	Late 2024	41.6	Create passing opportunities in the Southern Highlands around: <ul style="list-style-type: none"> – Moss Vale – Goulburn
4	Narrabri to Turrawan Line Upgrade (N2TLU)	Late 2023	44.6	Upgrading 35km of existing track to 25TAL.
5	Melbourne Airport Rail (MAR)	ARTC's involvement and support of the project is subject to further engagement with the Victorian and Commonwealth Governments.		<p>The Melbourne Airport Rail Project (MAR Project) is a once-in-a-generation transformation of Victoria's transport network, connecting Melbourne Airport with a rail service for the first time.</p> <p>Melbourne Airport Rail Project responds to the growth needs of Melbourne's airport precinct and provides long-term capacity for connections to and from the airport for Victorians and visitors to the State. The rail services will run direct from the new Airport Station to the heart of Melbourne's CBD via Sunshine and through the Metro Tunnel and then continue along the Cranbourne/ Pakenham Line.</p>
6	Gladstone Siding Upgrade	March 2023	12.2	Extension of the existing crossing loop by 725 metres and alterations to the siding tracks into the Viterro grain siding.
7	Torrens Rail Junction Upgrade	December 2023	4.1	Complete signalling upgrade works to the ARTC network to allow 1800m train and follow on movements through the section.



INLAND RAIL

Inland Rail is a nationally significant infrastructure program and is required to keep pace with Australia's increasing freight demands. Through construction and operation, it will unlock a variety of benefits to communities and the broader Australian economy. Around 21,500 workers will play their part in building Inland Rail during peak construction with Inland Rail expected to deliver an economic boost of more than \$18 billion GDP during construction and the first 50 years of operation. Gross Regional Product along the alignment is forecast to increase by up to \$13.3 billion over this same period. Nearly 70 per cent of freight carried on Inland Rail is forecast to be for domestic use – including household goods and food.

Across the 1,715 kilometre alignment, we are upgrading 1,100 kilometres of existing rail line and building 600 kilometres of new track to connect missing links between Melbourne and Brisbane.

SAFELY DELIVERING INLAND RAIL

Our commitment is to deliver Inland Rail safely and in a way that minimises risks to our workers, contractors and the public. Over the past twelve months, we have identified opportunities to improve Inland Rail contractor safety performance against our targets and we are working with our partners to deliver a safety improvement plan to ensure contractor safety performance improves. In delivering the safety improvement plan, we will:

- Ensure contractor leadership and resourcing is appropriate and promotes continual review and improvement in safe work practices.
- Ensure proactive hazard observations across all levels of delivery, including joint ARTC and contractor inspections.
- Improve contractor incident response, management and reporting.

We recognise that we can also do more to ensure our contractors are realising the safety improvements, as demonstrated through continued reductions in injuries and near-misses. We will continue to maintain an active presence on construction sites to monitor and track delivery of the safety action plan to provide confidence in sustained safety improvements.





Figure 17: Inland Rail Employee Injury Frequency Rate

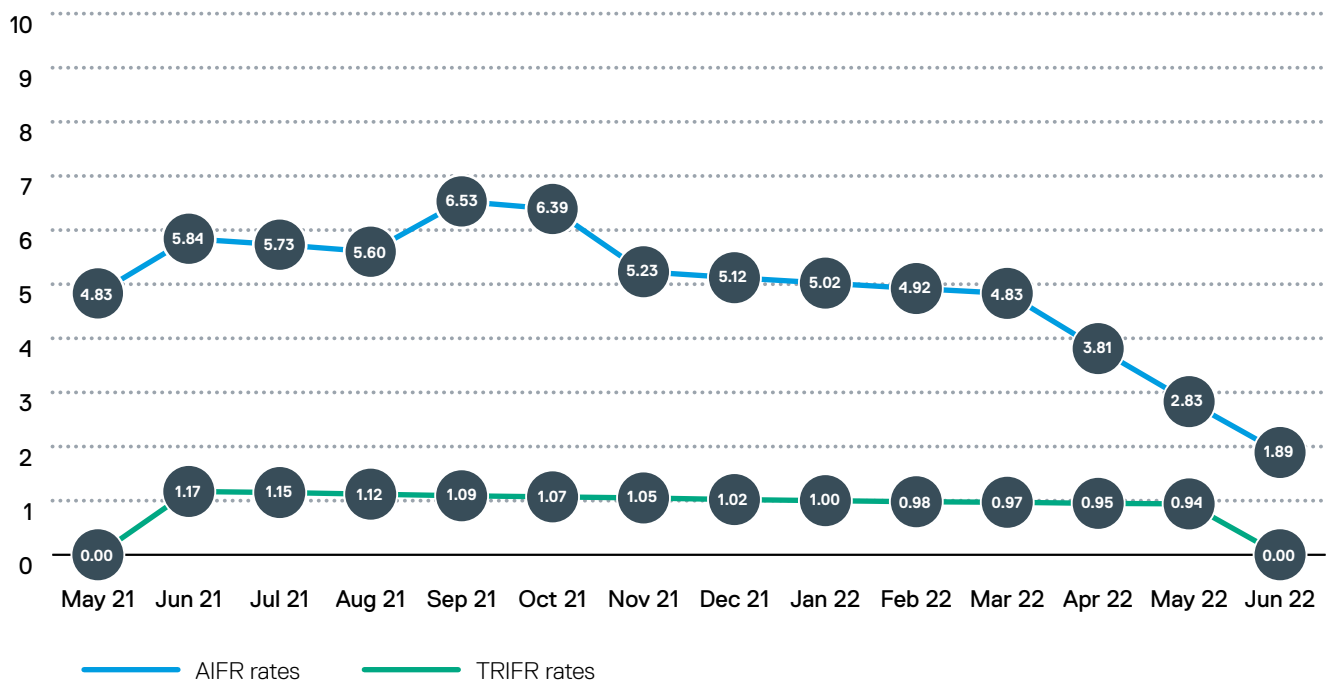
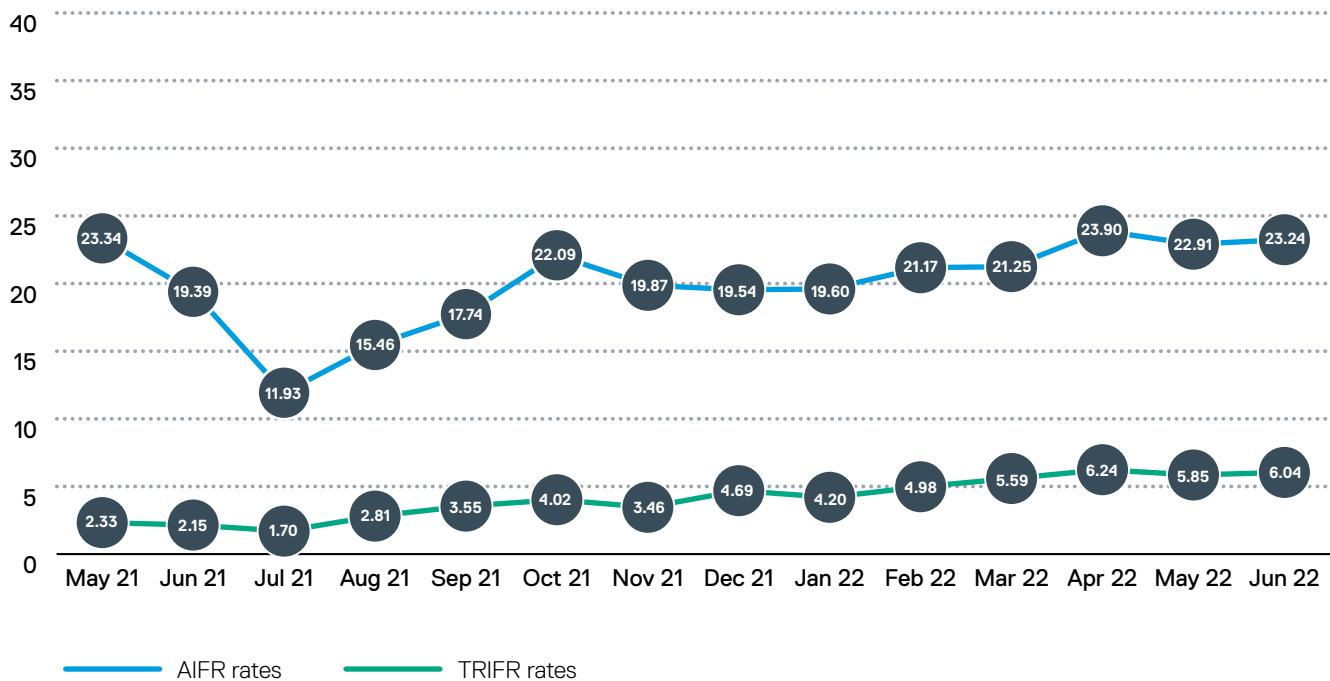


Figure 18: Contractor Injury Frequency Rate



ACTIVELY ENGAGING COMMUNITIES

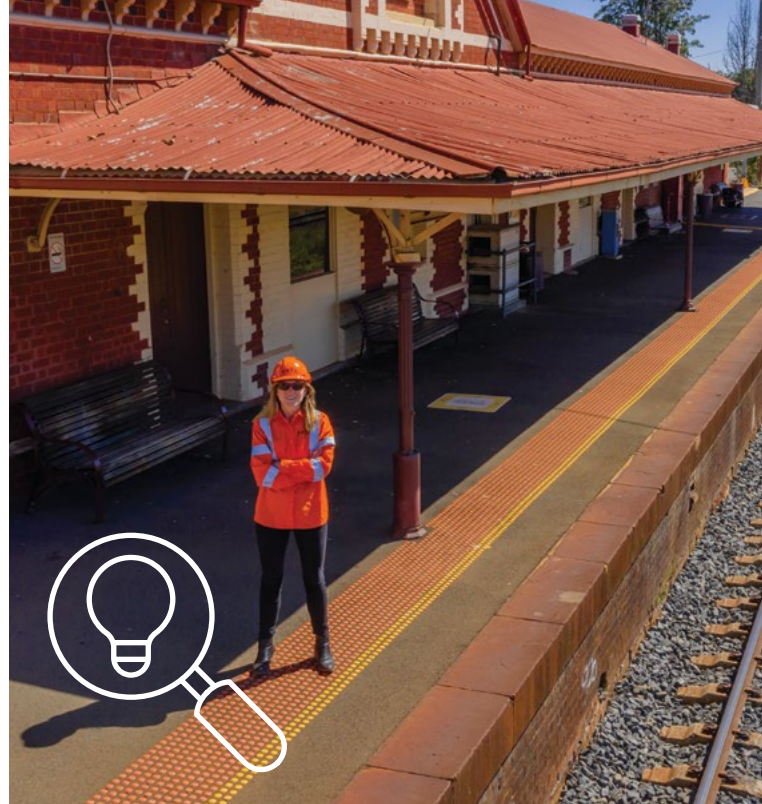
We are committed to working proactively with communities where Inland Rail is being delivered. We remain committed to strengthening our stakeholder and community consultation and engagement to ensure the critical task of managing community expectations is delivered successfully. Improving ARTC's relationship with communities was a key theme of the 11 August 2021, *Senate's Rural & Regional Affairs & Transport References Committee Inquiry into the management of the Inland Rail Program by ARTC and the Commonwealth Government*. The Government response, tabled on 16 December 2021 indicated support for 15 of these recommendations, with 11 relevant to ARTC.

Recognising our continued commitment to enhancing our community engagement, in 2022–23 we will:

- Continue to undertake community workshops.
- Further collaborate with our contractors to display a united approach.
- Undertake further consultations with landowners to resolve their concerns.
- Continue to implement preparation of specific engagement plans to respond to community requests.

Annual Engagement Plans have been developed for the individual project segments along the alignment for 2022–23, detailing our approach to engagement and over-arching schedule/activities for the financial year.

We are also committed to Inland Rail acting as a catalyst to enable opportunities for education, training and skills development and employment, with a focus on regional Australia. As part of the Inland Rail Skills Academy, two new programs, the Mentorship Program and Clontarf Foundation and Inland Rail Partnership were established in 2021–22. In 2022–23, our focus shifts to delivery of these programs with the Mentorship Program providing structure and guidance to staff when engaging with Indigenous trainees internally, or participants in training courses by external agencies. As part of our partnership with the Clontarf Foundation, over two-years, we will provide funding support for education, training and employment of Indigenous youth in communities along the Inland Rail alignment. The partnership will support 13 academies in Queensland and New South Wales, with more than 1,000 boys to be provided opportunities to engage in the program.



CASE STUDY – LISTENING TO THE COMMUNITY

We have backed a modification of the Benalla station precinct through the Inland Rail project, in line with the necessary safety and technical requirements.

Following consultation with the community, we found there is clear support from Benalla locals for modifications, which includes realigning a portion of track at the station.

This decision is a win for the community following consultation over several years.

We heard that the community wanted the chance to provide feedback on the modification of the station at Benalla. We listened to the community and produced draft visual designs for this option to help the community understand what this solution may look like for the station precinct in Benalla.

The response we received was overwhelmingly in favour of the option that involves realigning a portion of current west track to the other side of the station.

We are now working with the Victorian Government to formalise this option through the projects future planning approvals process.

We remain steadfastly committed to open and transparent consultation and active engagement to understand the community's views relating to the projects we are responsible for delivering.



23 scholarships

awarded to provide real world education opportunities for regional students considering undertaking an undergraduate degree.



248 projects

have been awarded funds over 12 rounds in sponsorships and donations contributing to the community's well-being, prosperity, and sustainability.



More than 120 people

trained in Civil Construction competencies and white cards, and over 200 businesses skilled in Capability Statements with one-on-one mentoring support through our Inland Rail Skills Academy.



66 schools, 2,817 students, 120 teachers and 157 community volunteers

reached through our program to inspire primary and secondary students to engage with STEM subjects and careers.

PUBLIC PRIVATE PARTNERSHIP

On 22 March 2022, the Australian Rail Track Corporation announced Regionerate Rail as the Preferred Proponent to deliver the 128km segment from Gowrie to Kagaru (G2K) in Queensland through a Public Private Partnership (PPP). Regionerate Rail is a multinational consortium comprising Clough, GS Engineering and Construction, Webuild, Service Stream and Plenary Group. The works on the PPP, which involves delivering new and upgraded rail track, pose significant technical and engineering challenges including a requirement for approximately 8.2 kilometres of tunnelling.

Through the PPP, Regionerate Rail will design, build, finance and maintain this segment of the railway over a 25-year maintenance period, in a manner that delivers value for money. Finalisation of the contractual arrangement with Regionerate Rail is expected following the receipt of primary approvals for the G2K section.



“the communication is absolutely paramount. That’s been the most notable; because ARTC have kept us all in the loop with what they are doing.”

Operator, 21/22 Customer Survey

DELIVERING RESULTS

Progress continues to be made in delivery of Inland Rail across the approximate 1,700 kilometre alignment. Ongoing engagement with communities on the design and continued movement towards the commencement of major construction works across greenfield and brownfield sections is forecast in 2022–23, following significant contract announcements in 2021–22. Managing key risks and the impacts on communities in the delivery of the Program remains our key focus. Maintaining support from state governments, through the approval of environmental assessments and necessary enabling and access agreements will continue to be critical to the program.

Following the selection of the Preferred Proponent for the PPP, works to progress detailed design for the Gowrie to Kagaru section will progress throughout 2022–23. In conjunction with the design works and approvals, early execution works are forecast to commence in mid 2023.

In Victoria, the contract for the Tottenham to Albury (T2A) Tranche One Early Delivery Works was awarded in late 2021, with construction works expected to commence under possessions in 2022–23.

Project segments from Albury to Parkes are progressing through market evaluations for release to Tender in 2022–23.

In September 2021, ARTC progressed agreements on three civil works programs:

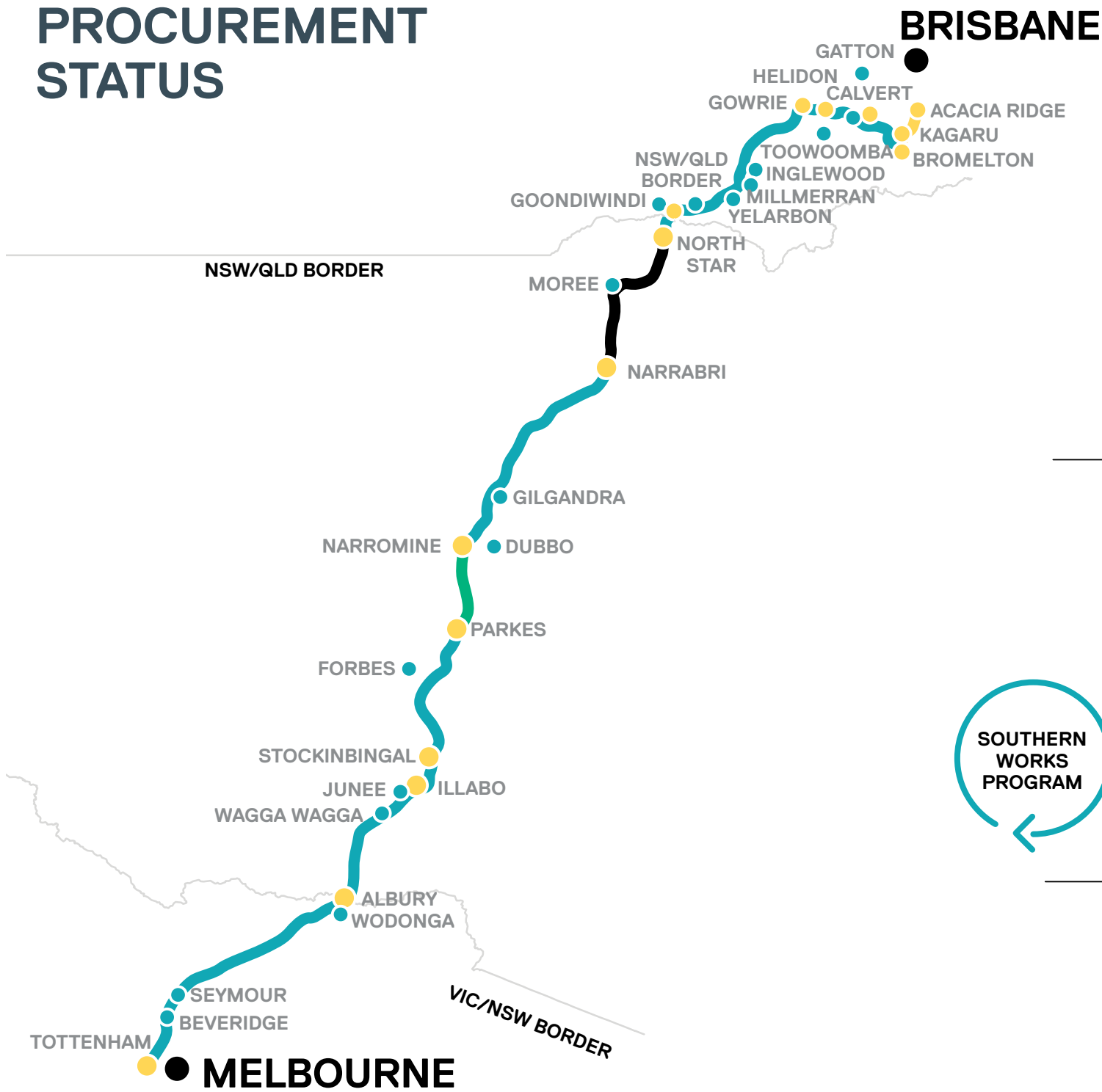
- Acciona CPB Joint Venture (ACACPB JV) for the Narromine to Narrabri section in New South Wales.
- Laing O’Rourke (Freight Connect) for sections between Narrabri in New South Wales and Whetstone in Queensland.
- BHQ Joint Venture (BHQ JV), comprising Brisbane-based Bielby Holdings, JF Hull, and QH&M Birt for the Border to Gowrie section in Queensland.

Major civil works construction is expected to progressively commence from early 2022–23, following receipt of statutory approvals.

Further progress towards the commencement of construction was also achieved in December 2021, with Martinus Rail announced as the preferred contractor for the delivery of the Rail Corridor Program (RCP) for project segments in New South Wales and Southern Queensland. The project will involve laying ballast, sleepers and track across approximately 570 kilometres of railway between Narromine and Moree in New South Wales and North Star in New South Wales to Gowrie in Queensland, with a materials handling facility expected to commence construction in 2022 and track construction commencing in late 2024.

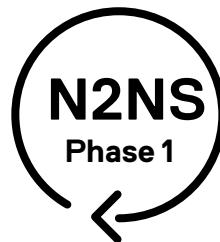
Recognising the scale of Inland Rail, progress in establishing biodiversity offsets across all three states is ongoing. Extensive work is underway to assess opportunities for strategic acquisitions of both land and the purchase of offsets, either directly from landholders or third parties. In parallel, discussions are being conducted with the Department of Planning and Environment in New South Wales to provide changes to the Biodiversity Offsets Delivery Plan conditions which will enable additional timeframes to retire credits on projects that are yet to begin construction. Both of these measures will ensure that Inland Rail fulfils the offset requirements while maximising the benefits to the environment and the community. A Species tender to the market was conducted in 2022 with approximately 20,000 credits available. Parkes to Narromine, the first of Inland Rail’s projects to complete construction is due to retire 4,606 offset credits in early July 2022.

INLAND RAIL PROCUREMENT STATUS





COMPLETE



PROJECTS
IN DELIVERY



PROJECTS IN
PROCUREMENT



PROJECTS
YET TO BE
PROCURED

P2N Parkes to Narromine
N2NS Narrabri to North Star
T2A Tottenham to Albury
A2I Albury to Illabo

I2S Illabo to Stockinbingal
S2P Stockinbingal to Parkes
PPP Public Private Partnership
K2ARB Kagaru to Acacia Ridge and Bromelton

Figure 19: Inland Rail FY22 Achievements

