



STATEMENT OF CORPORATE INTENT

ARTC

Australian Rail Track Corporation
ABN 75 081 455 754
11 Sir Donald Bradman Drive
Keswick Terminal SA 5035



ACKNOWLEDGEMENT OF COUNTRY

ARTC acknowledges the Traditional Custodians of Country throughout Australia and acknowledges their continuing connection to land, waters and community. We pay our respects to the people, the cultures and the Elders past and present.

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CHAIR AND ACTING CEO'S MESSAGE



DR KERRY SCHOTT AO
ACTING CHAIR



WAYNE JOHNSON
ACTING CEO

The 2022–23 year for the Australian Rail Track Corporation has been extraordinarily challenging. The rail network has been impacted by extreme flooding at levels never previously experienced. This impacted availability for our customers, predominantly on the interstate (non-coal) network, and showed the future importance of resilience to freight networks as extreme weather events increase with climate change.

Since 2019, there has been unprecedented significant outages on the interstate network with annual availability on the interstate network falling to 59 per cent over the year (down by 20 per cent), while the Hunter Valley (coal) network had limited impacts and was able to maintain its network availability around 86 per cent. Measures have already commenced to improve resilience on both networks and continuing efforts and requirements are reflected in the Corporate Plan for the next five-year period.

We recognise the impact these events have had on the rail freight customers of ARTC and thank them for their understanding. We can assure our customers that in the years ahead, measures are planned to address the need for more reliable service and the provision of further resilience in the network. We look forward to working together to address these matters.

During 2022–23 a report on the major Inland Rail infrastructure project was commenced and completed for the Australian Government, our shareholder. This report highlighted major problems with this important project and in particular, significant concerns about ARTC's management of the project. The recommendations in the report have been largely adopted by the Government and ARTC is now ensuring that these recommendations are implemented. The impact of these changes is reflected in the Corporate Plan and will be further refined throughout the future period.

These significant matters have led to a very difficult year for most of our employees and the executive in particular and I would like to thank Mark Campbell for his stewardship during this time. Their determination to improve and willingness to meet the demands in front of them has been greatly appreciated by the Board and we all look forward to a more productive five-year period ahead.

ARTC will face more changes in the future. Extreme weather events are expected to continue while at the same time our customers are seeking to decarbonise their operations. The objective to decrease emissions is expected to increase demand for rail freight services, reflecting the fact that its emissions intensity is significantly less than alternative modes of freight transport. Over time this should increase the value of the network and highlight the importance of its resilience.

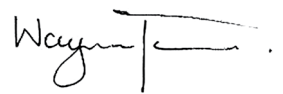
The transport of coal by ARTC in the Hunter Valley is expected to decline as export and domestic customers lower their demand. The effect of this is not expected to be severe over the immediate five-year period. We will work towards seeking alternative customers and note wider industry developments as the Australian and global economies disrupt and change.

This Corporate Plan is the first to reflect many of the matters noted. A subsidiary company to manage Inland Rail will commence; a review of our corporate costs will begin; the valuation of the network in the balance sheet will be re-examined; and following hydrology assessments of flooding, a review of the capital expenditure and maintenance needed for future network reliability to serve our customers will be completed.

Finally, the Board would like to thank all our stakeholders for their perseverance through what has been a difficult year for the Company. We will endeavour to keep you fully informed of our progress and look forward to working together in the future. We note especially the need for the government to be kept well informed, as both our shareholder and a keen supporter of efficient, reliable and secure supply chains.



Kerry Schott AO
Acting Chair



Wayne Johnson
Acting CEO

1. INTRODUCTION

ABOUT ARTC

At ARTC, we exist to keep Australia moving.

Established by the Commonwealth of Australia, we commenced operations in 1998 with a corporate charter to:

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

ARTC is an unlisted public company limited by shares incorporated under the *Corporations Act 2001* and a Commonwealth Company for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

We are wholly owned by the Commonwealth of Australia, represented by our Shareholder Ministers, the Minister for Finance and the Minister for Infrastructure, Transport, Regional Development and Local Government. We are governed by a Board of Directors appointed by our Shareholder Ministers.

STATEMENT OF PREPARATION

This Statement of Corporate Intent has been prepared for the reporting period of 2023–24, and covering the financial years from 2023–24 to 2027–28, as required under subsection 95(1) of the PGPA Act. No other legislation has been identified as being specifically applicable to the preparation of ARTC's Corporate Plan.

2. PURPOSE

ARTC's purpose is to improve Australia's productivity by making rail the mode of choice in the national logistics chain. We play a vital role in the nation's freight transport system – building, maintaining and operating rail lines across the country to help move freight and passengers safely, reliably and efficiently.

More freight on rail eases congestion on our roads, which in turn helps make our communities safer, whilst lowering levels of carbon emissions. Put simply, freight on rail is good for businesses, motorists, the environment and local communities across Australia.

Our people manage the transit of more than 435 freight and passenger trains every day to connect our regions, cities and ports. This makes us one of the largest rail network managers in Australia, with our 8,500 kilometre network spanning five states, 38 worksites and the lands of more than 50 First Nations.

ARTC works towards achieving our purpose in conformance with our Corporate Charter, and consistent with directions provided by our Shareholding Ministers' Interim Statement of Expectations (SoE) received on 22 June 2023.

The Inland Rail project is a priority of the Commonwealth Government and ARTC remains committed to the delivery of this important national infrastructure consistent with the Commonwealth Government's response to the recommendations of the Independent Review of Inland Rail by Dr Kerry Schott AO.

3. DELIVERING INLAND RAIL

Inland Rail is an approximately 1,600 kilometre freight rail network that will connect Melbourne and Brisbane via regional Victoria, New South Wales and Queensland. It will cut rail freight travel time between these regions by almost a third to less than 24 hours, making it competitive with road. Inland Rail's service offering will be from Beveridge in Victoria and Ebenezer in Queensland, supporting double-stacked trains of 1800m length.

Inland Rail will enhance our national freight and supply chain capabilities, connecting existing freight routes through rail, roads and ports, and supporting Australia's growth. By better linking businesses, manufacturers and producers to national and global markets, Inland Rail is generating opportunities for industries and regions during construction and beyond.

RESPONDING TO THE INLAND RAIL REVIEW

A review into *The Delivery of Inland Rail: An Independent Review* (the Review) was announced on 7 October 2022, with Dr Kerry Schott AO appointed as the lead. The focus for the Review included:

- Project governance arrangement, including establishment of a Subsidiary Board.
- The process for selecting the Inland Rail route, including stakeholder consultation.
- An assessment of the Project's scope, schedule and cost.
- The options for the new intermodal terminals connected to Inland Rail to be built in Melbourne at Beveridge and for Brisbane at Ebenezer.

On 6 April 2023, the Review was publicly released alongside the Australian Government's response agreeing with 15 of the 19 recommendations and a further four in-principle. The Review's recommendations include prioritising works from Beveridge to Parkes, with work north of Parkes to be undertaken on a Forward Activity Analysis basis as agreed with Shareholder Ministers.

Forward Activity Analysis will proceed in FY24 and focus on developing the program sections in preparation for delivery. This involves removing common schedule delay areas such as agency approvals to commence work, land acquisition, environmental approvals, site access, camp locations and materials laydown. Focus on works north of Parkes will be to progress to a point, allowing suspension in preparation for future delivery.

A dedicated ARTC and Inland Rail Steering Committee has been established to address the recommendations within scope of ARTC and Inland Rail (Recommendations 3, 6, 12, 13, 14, 15, 16, 17 and 18). A member of the Steering Committee has been assigned with direct accountability to progress the recommendations in support of the Australian Government's response to the Review.

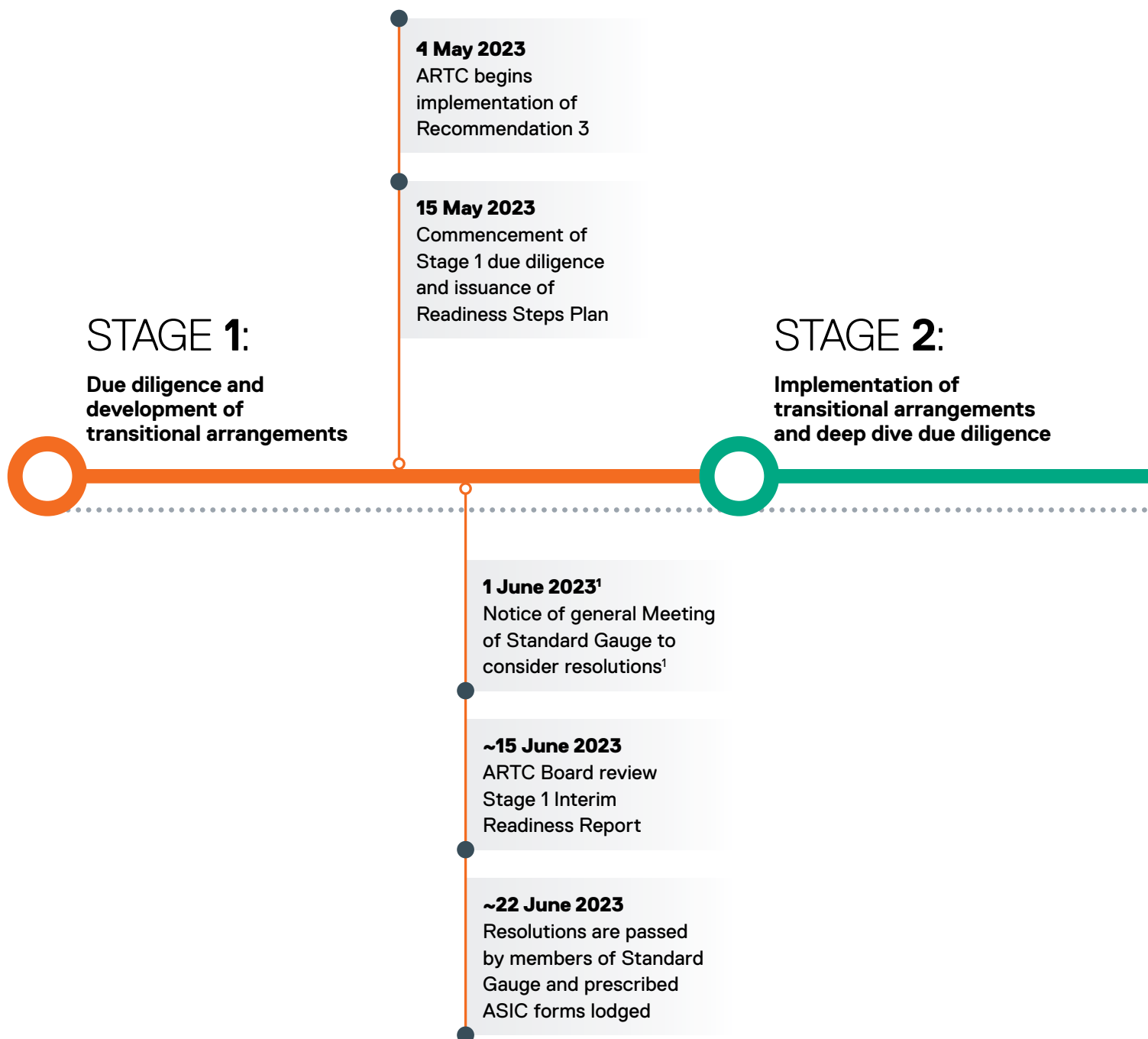
Implementation of the recommendations will be delivered through two phases. Phase One, to be delivered by September 2023, focuses on the rationalisation of the Inland Rail scope and establishment of an Inland Rail subsidiary as a fit-for-purpose delivery organisation. Phase Two involves the detailed implementation of new operating governance and project arrangements, including but not limited to the new interim Statement of Expectations, Project Development Agreement with Shareholders, revised Equity Financing Agreement and Transition Service Level Agreements between the companies. The subsidiary will also ensure alignment with the interim Statement of Expectations issued by the Shareholder Ministers.

INLAND RAIL AS A SUBSIDIARY OF ARTC

Implementation of the subsidiary will occur in the second half of 2023 with ARTC's non-operating subsidiary *Standard Gauge Company Pty Ltd* re-named to *Inland Rail Pty Ltd* and used as the delivery entity for Inland Rail. A fully operational subsidiary is a significant undertaking and has broad implications for ARTC and the new subsidiary. Various functional matters are being considered prior to implementation, including reporting, financial, governance and operational arrangements.

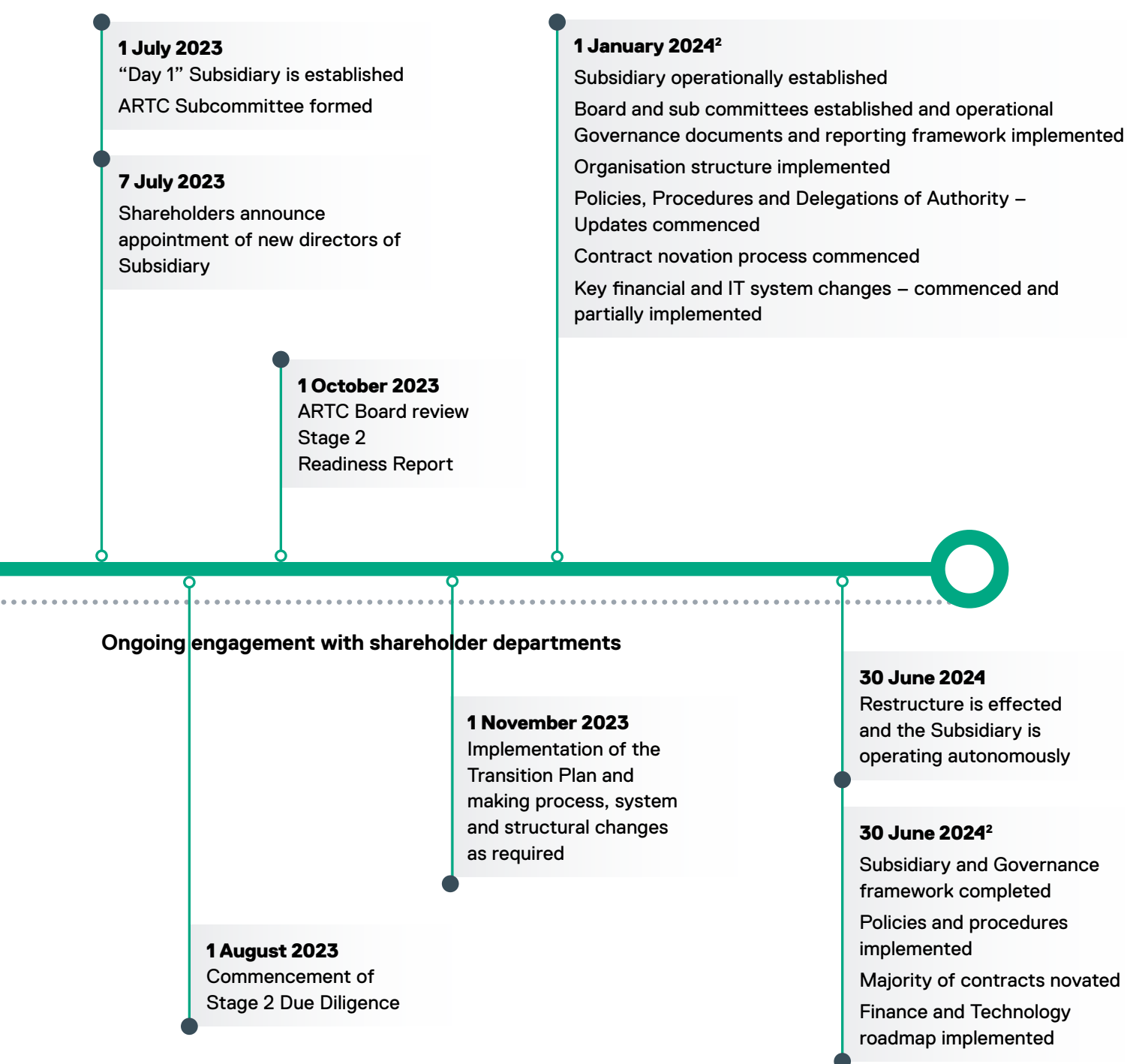
Full operational independence is expected from 1 January 2024, excluding pre-identified areas where ARTC may retain responsibility, as covered under the Transitional Agreement. Following this, updated versions of the Inland Rail enabling agreements, including Statement of Expectations, Project Development Agreement and Equity Finance Agreement are expected to be redrafted and finalised as appropriate. The Inland Rail Pty Ltd was established on 1 July 2023 and a transition process is underway.

INLAND RAIL SUBSIDIARY ESTABLISHMENT



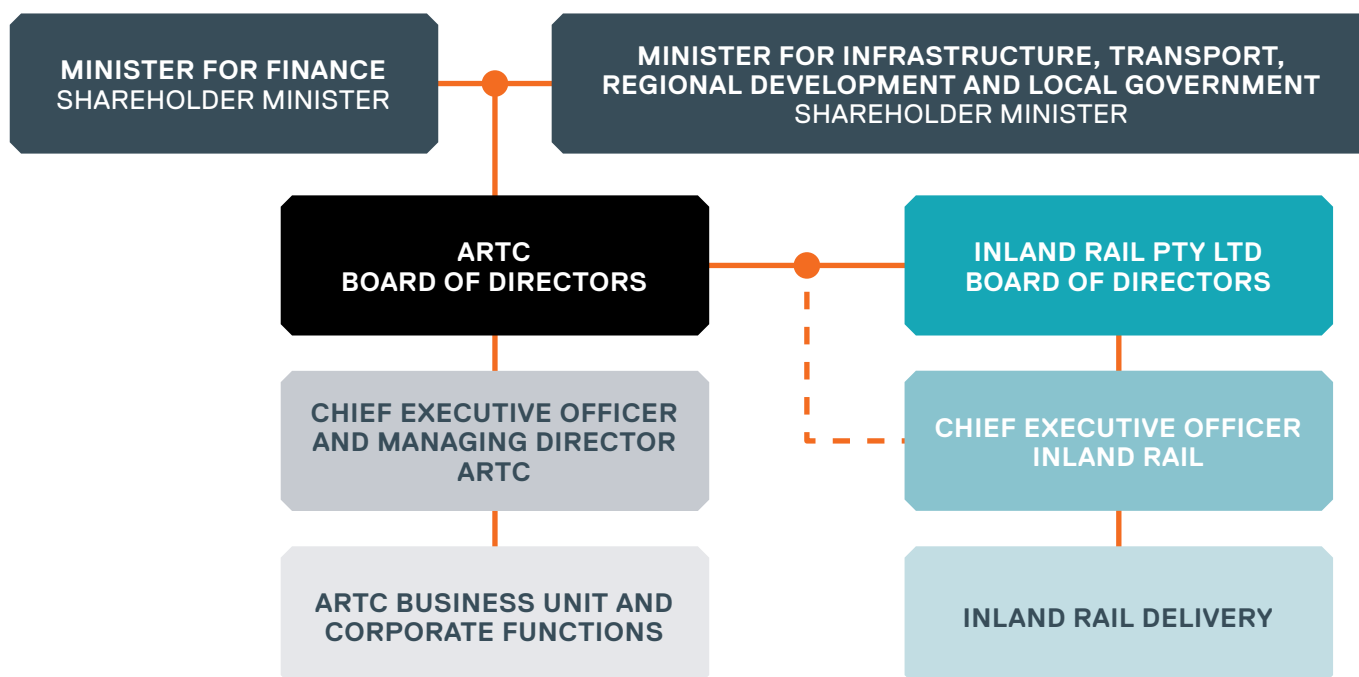
1. This notice of meeting will propose the change of company name, the change of company constitution and the appointment of new directors. This step can be completed earlier, subject to a decision having been made on the new directors of Inland Rail Delivery Pty Ltd. Subject to ARTC preference for these changes to occur on 1 July 2023 for accounting purposes, the resolutions may include an 'Effective Date' of 1 July 2023.

2. Subject to finalisation of relevant agreements between the Commonwealth, ARTC and Inland Rail Pty Ltd.



ARTC Board to continue response and planning to Report an Recommendations

Inland Rail Subsidiary Governance



Based on Figure 3.2 Independent Review of Inland Rail: Proposed ARTC/Inland Rail subsidiary organisation structure from IR Review Report.

ACTIVELY ENGAGING COMMUNITIES

We are committed to working proactively with communities where Inland Rail is being delivered, building relationships with our stakeholders to ensure their views are heard and considered.

Recognising our continued commitment to enhancing our community engagement, in 2023–24 we will:

- continue to undertake community workshops and other events.
- further collaborate with our contractors to demonstrate a united approach.
- undertake further consultations with landowners to resolve their concerns.
- continue the preparation of specific engagement plans to respond to community requests.

Annual Engagement Implementation Plans have been developed for the individual Project segments along the alignment for 2023–24, detailing our approach to engagement and over-arching schedule/activities for the financial year.

RISK MANAGEMENT

Inland Rail leverages ARTC's risk management frameworks and supplements this with practices required for complex delivery programs. The Inland Rail risk management framework is being reviewed in the context of the Review and the interim Statement of Expectations. Likewise, we continue to review and manage risks in close consultation with Shareholder Departments. These will continue to evolve and mature as the program transitions through design finalisation, construction, commissioning and integration with the ARTC interstate network.

Evolving external factors impact on the program's risk profile will be actively monitored, such as the changing political landscape and macro-economic environment, including the availability of materials, services and labour. These represent both risks and opportunities for Inland Rail.

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. Going forward, Inland Rail will be concentrating on the following key areas to further improve our safety performance:

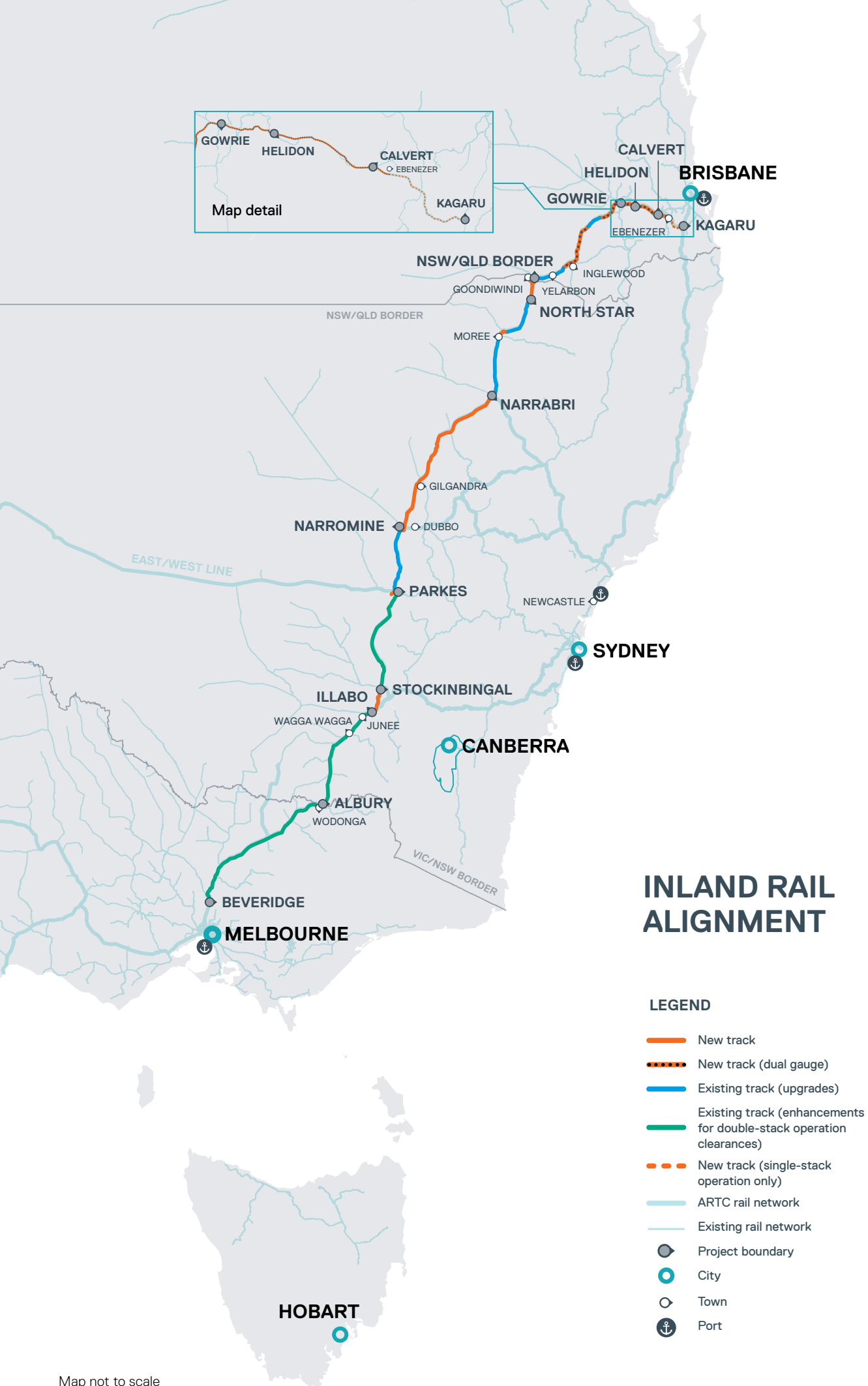
- Focus on skills shortage and investing in education throughout the regions in which we work.
- Collaborate with our contractors to develop a standardised approach to managing fatal risks.
- Reduce the exposure to rail traffic for construction work groups within the rail corridor.
- Invest in a more innovated approach to journey management using technology.
- Implement Safety Leadership training for all our leaders.

DELIVERING RESULTS

Progress continues to be made in the delivery of Inland Rail with construction now underway in two of three states. The latest milestone, on 23 June 2023, was the construction contract for the enhancements on Albury to Illabo (A2I) and Stockinbingal to Parkes (S2P) being awarded to Martinus Rail. Other key milestones achieved are outlined across.

2022–23 Inland Rail Achievements

 Design	B2A Tranche 2 Tender closed for Reference Design	Aug-22
	Narrabri to North Star Phase 2 (N2NS-P2) Package C1 Initial Management Plans Submitted	Mar-23
	B2A EPBC Approval	Sep-22
 Environment	N2N – EIS approved by NSW Minister for Planning	Feb-23
	NS2B – EIS approved by NSW Minister for Planning	Feb-23
	First Biodiversity property for B2G purchased	Oct-22
 Contract	I2S Request for Proposal issued to market	Feb-23
	Central Civil Works Program C2/C3 package offer received	Sep-22
	B2G Northern Civil Works Program N2 Package Request released	Jul-22
 Construction Works	Construction on the first Tranche for B2A commenced	Feb-23
	Construction on N2NS SP1 continued	Jun-23
 Public Private Partnership	Final Proposal received from Preferred Proponent	Aug-22
	Preliminary Early Works Deed executed	Dec-22
	Independent Verifier Contract Supporting the Preliminary Early Works Deed awarded	Mar-23



Map not to scale

Inland Rail Procurement Status

OPERATIONAL

Parkes to Narromine
(complete)

North Star to NSW/QLD Border
(complete)

PROJECTS IN CONSTRUCTION

Beveridge to Albury Tranche 1

Stockinbingal to Parkes

Narrabri to North Star Phase 1

PROJECTS APPROVED/ CONTRACTS AWARDED

Narromine to Narrabri
(awaiting Federal EPBC approval)

North Star to NSW/QLD Border
(awaiting Federal EPBC approval)

PROJECTS IN PROCUREMENT/REGULATORY APPROVALS PHASE

Beveridge to Albury Tranche 2

Illabo to Stockinbingal

Narrabri to North Star Phase 2

NSW/QLD Border to Gowrie

Gowrie to Helidon

Helidon to Calvert

Calvert to Kagaru

4. ARTC OPERATING CONTEXT

OPERATING ENVIRONMENT

THE MODAL VALUE OF RAIL

Rail is a modal choice for the transport of freight and is a function of route and commodity. Key commodities and considerations in ARTC's planning and forecasting are outlined below.

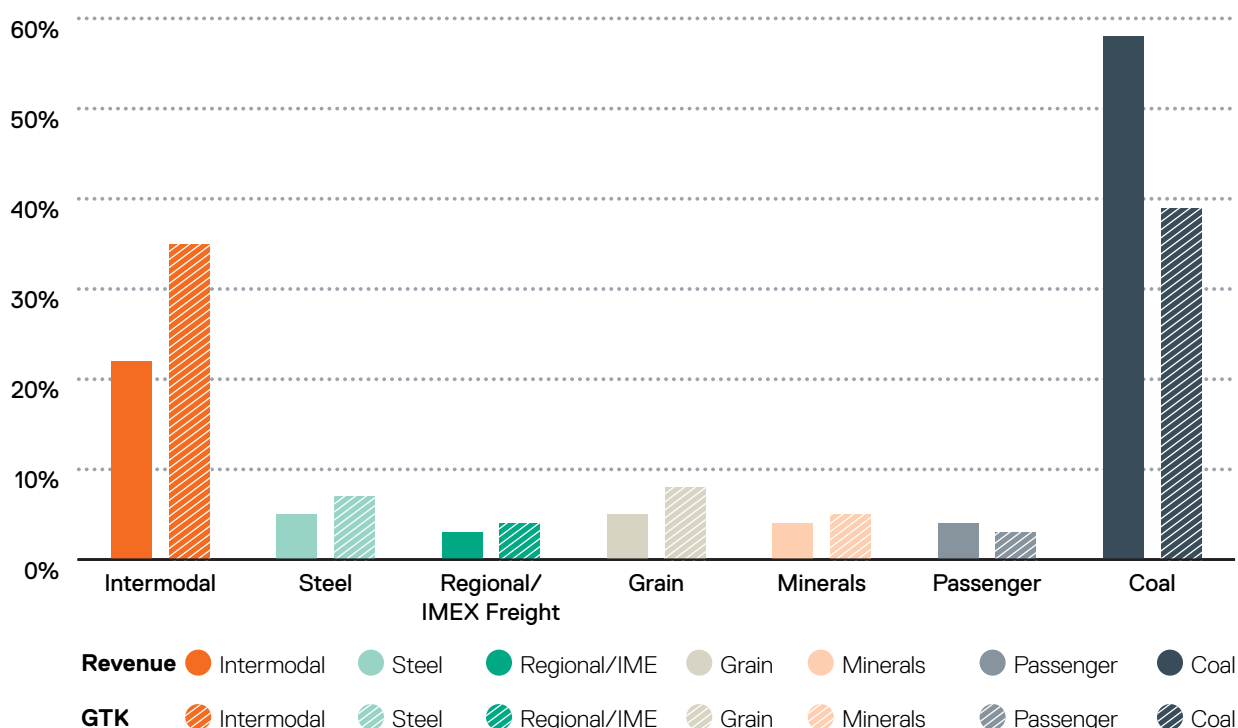
- **Resources (including coal)** – In addition to the macro-economic and environmental factors, demand is influenced by mine specific opportunities. Our modelling on coal volumes is developed based on long-term (10-year) take or pay contracts and detailed customer feedback, which includes extended notice periods on significant volume change. In depth forecasts and the commensurate impact on our network's carrying capacity are published annually in our publicly available *Hunter Valley Corridor Capacity Strategy*.
- **Grain** – Crop yield, production and ultimately the size of the harvest is a function of weather impacting domestic harvest. The tonnes transported to market are also affected by price and the competition from international harvest, including supply impacts from the continuing war in Ukraine. Our forecasts are developed based on a long-term (seven-year) average volumes and is subject to further specific assumptions on known variations such as storage stocks to account for seasonal fluctuation. In recent years, Australia's annual volumes have exceeded the average following several years of high-yield production.

- **Intermodal** container freight and other bulk products – General freight rail demand outside of our resource and grain sectors is impacted by economic conditions and the general demand and availability for goods. From a long-term market perspective, freight demand is forecast to grow consistent with economic output, assessed on a state-by-state basis as measured by Gross State Product (GSP).

The decision announced in the FY24 Federal Budget to increase road user charges by six per cent results in road transportation costs increasing at similar rates to ARTC access charges over the last two years. This will assist in maintaining price relativity between the two modes, recognising road user charge increases have been deferral or minimised since mid-2017. The level and structure of road user charges is a key factor in the modal competitiveness of rail. ARTC will continue to advocate strongly for heavy vehicle road reform (i.e. cost recovery) to deliver a more level competitive field such that the full value of rail's service offering can be achieved.

Rail holds a significant cost and service advantage over road on the east-west corridor that is not present on the north-south corridor due to the quality and alignment of roads (and the under recovery of the capital investment on the road network). This competitive imbalance is reflected in ARTC forecasting higher volume growth on the east-west (2 per cent) than on north-south (1.5 per cent). Our forecast growth estimates are conservative compared with the forecast growth of the overall freight market, which is assumed to grow with Gross Domestic Product (GDP) at above 2.5 per cent.

ARTC Revenue/Gross Tonne Kilometres (GTK) by Contribution FY23



OUR ROLE IN GROWING FREIGHT VOLUMES

As a below rail operator, our focus remains on supporting customers to choose rail as their modal choice in the logistics chain by providing above rail operators with effective and cost competitive solutions within our capacity. We work with rolling stock operators to support parallel investment in locomotive, rolling stock and terminal capacity. This collaboration is essential in striving for modal shift to rail and growing the freight task for our existing and future customers as they focus on achieving their commercial objectives. As part of our approach, we advocate for above and below rail investment and are mindful of these issues when developing commercial structures and policy recommendations.

Our customers are also recognising the importance of investing in reducing the emissions intensity. Further to realising broader societal benefits, reducing emissions and enhanced efficiency reduces overall costs and maintains rail's position as a low-emission alternative in a broader freight industry that is expected to realise long-term improvements in its environmental performance. In meeting this challenge, our customers are setting emissions reduction targets, acquiring fuel and energy efficient rail assets and enhancing Environmental, Social and Governance (ESG) disclosures. As a key member of the industry, we work with our customers to advance these opportunities, promoting rail's benefits in safety, environment and productivity through industry bodies such as the Freight On Rail Group (FORG), Australasian Railway Association (ARA) and the Australian Logistics Council (ALC).

CONTINUOUSLY IMPROVING OUR SAFETY PERFORMANCE

ARTC is founded on the core value of No Harm. This reflects an imperative to do everything we can to deliver a safe and reliable network and ensure the safety of people in our workplaces.

We believe a combined focus on safety leadership behaviours and safety systems will deliver improvements in safety outcomes. In FY23, we completed a review of work health and safety risks which included an assessment of critical risks, the critical controls in place and the identification of performance standards to mitigate these risks. This review will, in part, inform an update to our Fatal and Severe Risk program in FY24. This update will be focused on mitigating the risk of a material work health and safety event that could harm our people.

We are also focussed on systematically monitoring the application and effectiveness of safety controls through the development and deployment of an ARTC-wide Assurance Framework. This framework will deliver standardised assurance processes to ensure risks and controls are assured proactively with clear lines of ownership and accountability. This will allow us to assess critical control compliance, enabling an assessment of control effectiveness, awareness of control gaps and the timely implementation of effective remediation strategies.

We also recognise that Australia's legacy of pre-federalisation rail construction has resulted in variations in standards across jurisdictions. This lack of harmonisation is present through the array of parallel safety procedures, rule books and systems that are required to be maintained to facilitate cross-border operations. To improve interoperability and removing inefficiencies, we are simplifying our safety systems. Doing so standardises information and supports safer outcomes for the network.

ATTRACTING SKILLED WORKERS REMAINS PARAMOUNT

Like many industries, rail continues to grapple with the challenge of attracting and growing a diverse, vibrant workforce, well-equipped to provide the skills needed to support services.

With a rail workforce aging at 2.6 times the national rate, an average age of 45 years and forecasts that 20 per cent of the workforce will retire by 2028, key rail occupation shortages are forecast to increase over the next ten years.

These challenges continue to be exacerbated by historically low unemployment rates and intense competition for personnel. It is expected these challenges will impact the rail industry's ability to attract and retain staff.

Additionally, inefficiencies arising from a legacy of disparate rail systems is compounding rail skills shortages. Experienced workers may find themselves isolated to geographic regions and regulatory jurisdictions on the basis of differing standards, rulebooks and technology. These inhibitors to productivity are not present in other modal choices and can detract from the appeal of working in the rail sector.

The ARA has declared the wider rail industry is in the midst of a 'skills crisis' with a skilled workforce gap of 70,000 anticipated by 2023. In response, it has recently launched a Work in Rail website and campaign to promote careers in the rail industry, including a self-assessment tool for potential job seekers, information on roles within the rail industry and profiles of rail industry workers. ARTC is taking part in this initiative to assist in addressing the skills challenge.

We welcome the Commonwealth, State Governments and industry prioritisation of improving national rail interoperability and look forward to supporting efforts to reduce the burden that differing approaches can have on the rail workforce.

PROTECTING CRITICAL INFRASTRUCTURE

Our rail network is a vital component of Australia's critical infrastructure. The efficient operation of rail traffic requires sophisticated systems for train control and planning. As the wider rail industry increasingly pursues integrated, interconnected technical solutions, the potential exposure of systems to disruption grows.

Globally cyber-attacks on critical infrastructure networks are on the rise. For ARTC, the ramifications of an attack may lead to:

- disruption of rail services and consequential costs
- economic loss
- increased costs of operation
- legal and compliance risks including privacy
- loss of sensitive business or government information

Amendments to the *Security of Critical Infrastructure Act 2018* signal the Commonwealth's intent to ensure an organisation's risk management framework operates to secure vital services. We continue to advance our risk-based approach to preparing for and responding to cyber threats (including at a management and Board level) in line with the evolving threat environment. The year ahead will see continued strengthening and assurance of controls as well as exercise of cyber response and business continuity processes.

TURBULENCE CONTINUES IN THE GLOBAL ECONOMIC CLIMATE

The Commonwealth Treasury expects that inflation is unlikely to return to the Reserve Bank of Australia's target band quickly. The high inflationary environment continues to impact our key expenditure items, including labour and corridor maintenance, placing pressure on our cost base. Through our ongoing enterprise bargaining processes, we anticipate that like many sectors, emphasis will be on addressing cost of living pressures for our people. Likewise, the cost of inventories, most notably steel, has significantly increased, reducing our capacity to secure vital supplies to execute maintenance.

The supply of skills and goods is expected to continue to be constrained over the Corporate Plan period. Infrastructure Australia estimates the five-year pipeline of major public infrastructure at \$237 billion, an increase of \$15 billion in 2022. With the greatest levels of increase in this pipeline in the transport sector.

Our capacity to offset our increased expenditure is limited by constraints into raising access charges (which are determined under Access Undertakings). In 2023 we passed through price increases cognisant of rail's competitive position with alternative modes of transport.

Concerns over energy security in the aftermath of the Russian invasion of Ukraine and global supply reductions, including weather related inhibitors on domestic coal production, has seen the price for thermal coal reach record levels in 2022 before moderating, but it remains historically high. Australian coal producers are capitalising on short-term pricing and demand for high quality coal, evidenced in record profit results for producers. In this environment, coal volumes on our networks are expected to remain relatively stable over the Corporate Plan period. Market consensus, which is echoed by many of our customers, is that countries, especially in the Asia Pacific, will continue to rely on coal for energy security in the absence of economically viable substitute base load energy sources in the short to medium-term.

SECURING INSURANCE

Since 2018, global insurance markets have been characterised as in a "hardening" phase due to the growing impacts of climate change. The Insurance Council of Australia reports that since the Black Summer of 2019–20, there have been 12 declared insurance catastrophes because of climate change impacts, resulting in over \$13 billion in claims. Australian and London-based insurers have increased premiums and deductibles as they assess insurance risks and the basis of coverage. This is resulting in greater incidence of non-insurance and under-insurance across the industry, which can significantly impact recovery after disaster incidents.

In response, we have focussed on providing clarity and confidence through our underwriting information and undertaken extensive engagement with Australian-based and international insurers. In this way, we have ensured premium increases are kept to a minimum.

Beyond understanding of ARTC and our network, the insurance market continues to maintain interest in our ESG commitments, anticipated future coal exposure, risk management and resilience works. Our continued engagement has been met with a positive response as insurers acknowledge that we have addressed the impact of the supply chain and labour market cost escalation on insured values and, as a result, the cost of future claims.

ENVIRONMENTAL FACTORS

Our network traverses cities, towns, deserts, rainforests and coastal areas, exposing the network to a wide range of climate related risks, including:

- An increase in the risk of natural disasters from extreme weather, including where multiple extreme events occur together or in sequence.
- More intense short-duration heavy rainfall events, even in regions where the average rainfall decreases or stays the same.
- Continued warming, with more extremely hot days and fewer extremely cool days.
- Higher likelihood of higher annual average temperature.

Analysis suggests that worsening climatic conditions may:

- Double the frequency of intense rain event alerts within our corridor.
- Dramatically increase the likelihood of a one-in-100-year event impacting our network.
- Heighten the risk of flooding for sections of track significantly by late 2030s.

We are already experiencing the extent to which coincident and cumulative weather events can cause disruption on our network. In FY23, events resulted in 151 days (126 days weather related) of interruption, on our network and more than \$70 million in incident costs.

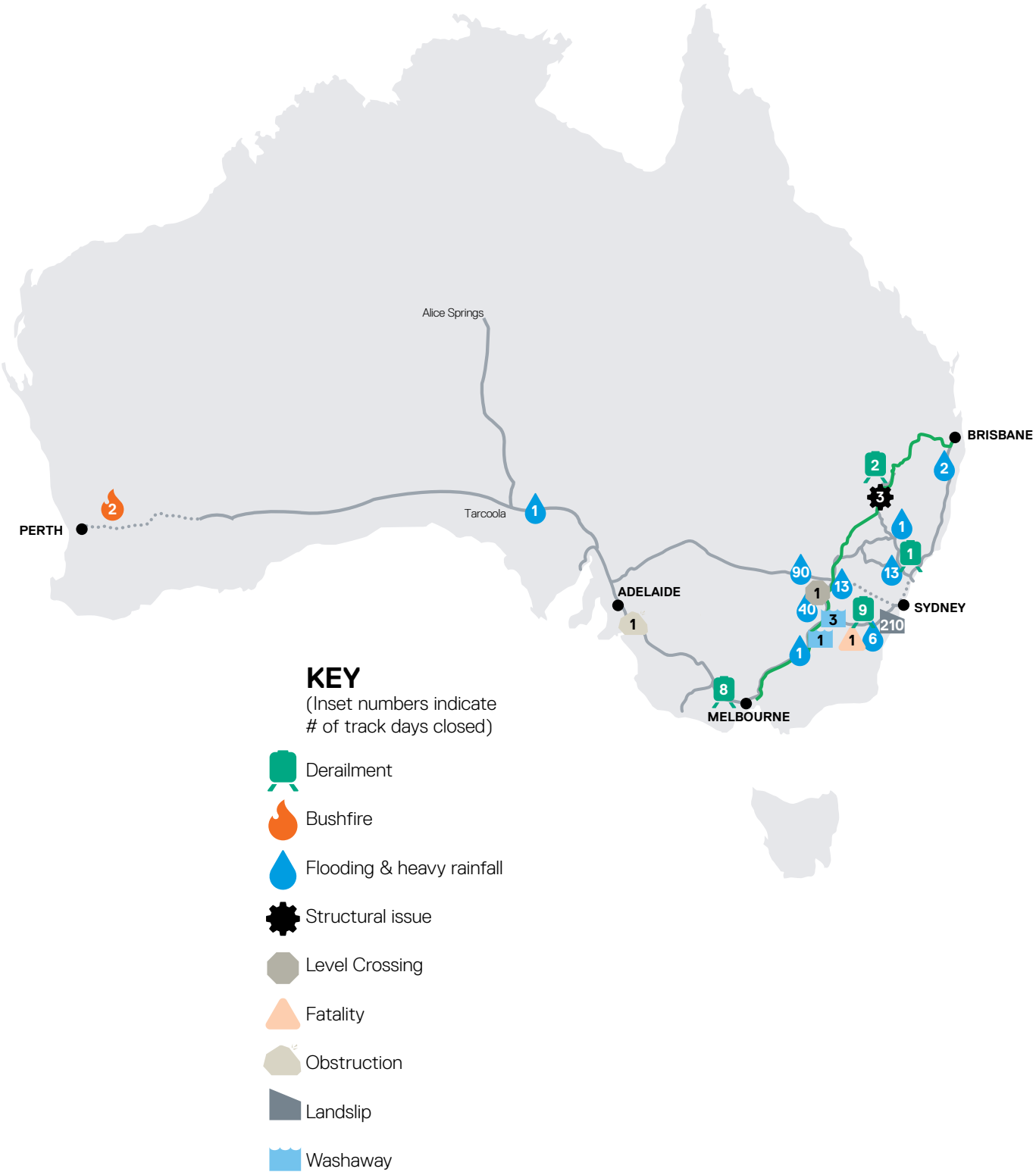
To improve preparedness across a number of risk vectors, we continue to maintain and test disaster and crisis management plans in collaboration with governments and our customers. The emergence of frequent natural disasters affecting our network has led to related disaster and crisis management activities becoming an even more embedded part of our business as usual activities.

We maintain a detailed crisis management framework that ensures we can manage critical incidents on our network, through our major projects and in the operational environment. The framework is built in collaboration with critical stakeholders and with an understanding of the critical importance our network plays to communities and the supply chain.

While encompassing more than just environmental factors, the increasing focus on ESG is expected to intensify focus on climate change and market responses. This may impact our operations on several fronts:

- Increased scrutiny by financial markets and political stakeholders could challenge access to capital where the business supports large carbon-emitters (as we do). This pressure is likely to be exacerbated as large financial institutions and governments accelerate action on their own carbon output pledges.
- Rising pressure from freight owners and customers may be felt by companies that supply or service large carbon-emitters. In such an environment, demand for carbon-intensive or carbon-enabling goods and services may decline.
- Increased disclosure requirements on climate related financial risks and opportunities, consistent with the Australian Government's commitment to increasing transparency among Corporate Australia.

Operational Network Disruptions 2022–23



* Inclusive of the Moss Vale to Unanderra line closure between March and October 2022

THE GOVERNMENT'S PRIORITIES WILL SHAPE THE RAIL INDUSTRY

The Australian Government has signalled changes in a number of areas impacting our operations and areas where we can play a substantial role in delivering on those objectives:

- The adoption of emissions reduction targets sets a clear mandate for industry and business to tackle their emissions. This is further cemented with the 2023 reforms to the Safeguard Mechanism, capping the emissions of the largest contributors. We fully support the Australian Government's commitment to Net Zero through our Greenhouse Gas (GHG) Reduction Plan, and we will work with governments and industry to increase rail's freight task as a fast and efficient way to decarbonise the national logistics supply chain.
- Progressing agreement between the Commonwealth, States and rail industry to make rail more competitive and interoperable. As one of National Cabinet's five priorities for collective action, we are focussed on improving national rail interoperability and working with governments and industry in contributing to the development and harmonisation of processes and systems to increase productivity and safety in the sector. In keeping with this commitment, we have recently signed the Memorandum of Cooperation in support of national rail system interoperability for future major rail investments.
- A 90-day independent review of the Infrastructure Investment Program. The Australian Government's \$120 billion infrastructure pipeline review, supported by state and territory governments, will consider direction on key project investments that have a lasting benefit for Australia, enhancing economic and social productivity and prosperity. In turn, this may support ARTC in our engagement with government jurisdictions in prioritising and planning for future project investments.
- A review of the National Freight and Supply Chain Strategy. The Australian Government's recognition of ongoing and compounding disruptions to supply chains in recent past has led to consideration of the Strategy remaining relevant and fit for purpose, including on matters such as decarbonisation and supply chain resilience. Future direction on the Strategy will inform ARTC's ongoing planning on such matters so that we continue to be a strong link in Australia's supply chain.
- Enhancing Infrastructure Australia's role as a national advisor on a targeted infrastructure priority list. We welcome the Australian Government seeking national consistency and rigour in infrastructure investment assessment. To build and maintain a resilient rail network that is effectively integrated into the national supply chain, we will further engage with Infrastructure Australia on future potential significant investment opportunities.
- Delivery of the Inland Rail program consistent with the Australian Government's response and agreement to 15, and further in-principle agreement to four of the Inland Rail Review's recommendations. With the support of our Shareholders, significant efforts are being made to stand-up the subsidiary company that will manage the Inland Rail program, along with shaping the governance, scope, funding and subsequent delivery of the revised program.

CAPABILITY

OUR WORKFORCE

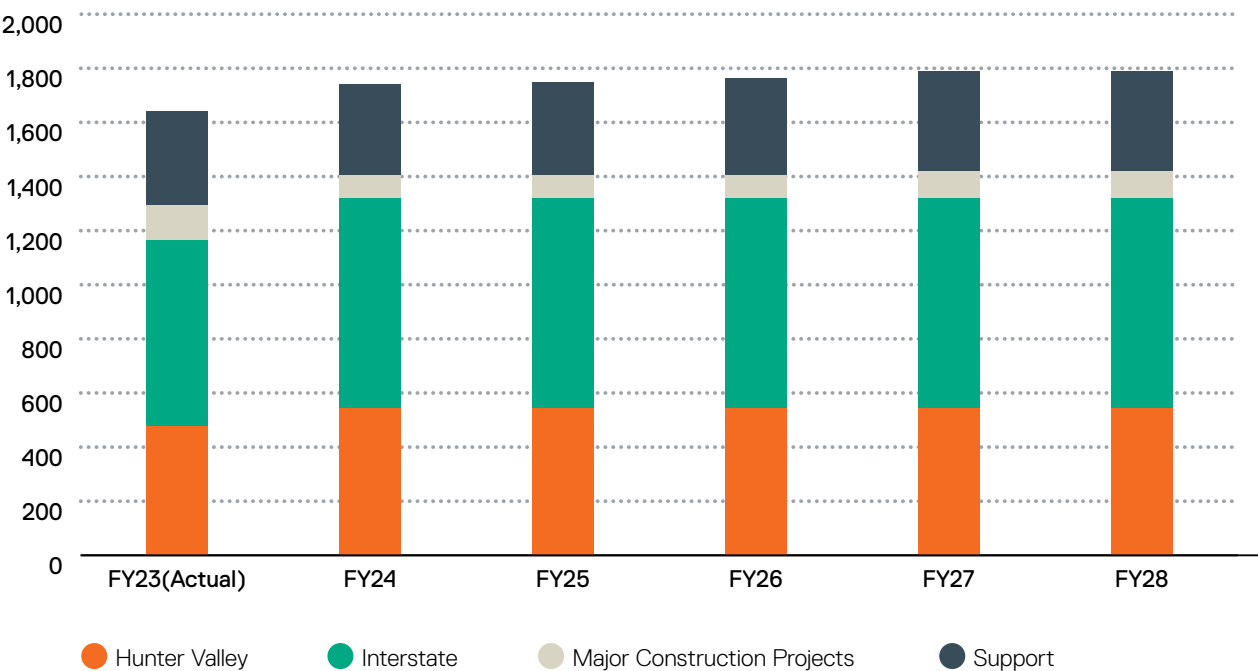
We maintain a diverse workforce across mainland Australia, with 2,187 employees (1,672 for ARTC and 515 for Inland Rail) engaged at July 2023. Our capacity to deliver our strategy and major projects relies on attracting and retaining a skilled and professional workforce. With this in mind, we are navigating anticipated trends impacting the rail industry workforce over the next five-years including:

- Rail Infrastructure Investment – a record \$155 billion investment pipeline across the Australian rail industry over the next 15 years will raise demand for skilled workers who can operate in a specialised heavy industrial sector.

- 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 has and will continue to change ways of working for many employees.

Over the Corporate Plan period we will continue to identify where we need to acquire or develop business critical capabilities to manage the impacts on our workforce.

Budgeted FTE FY23 to FY28 (excluding Inland Rail)



OUR INFRASTRUCTURE

Critical to the safe and uninterrupted functioning of the network is an understanding of the age and health of our assets across their useful operational life.

In many locations, our network is over 100 years old. Sections of our network were constructed in the 1850s, and with radically different engineering specifications to those of modern railways. In the Hunter Valley for example, the network has seen its principle traffic change from light axle freight and passenger transport to significant heavy haul.

While we have invested nearly \$10.5 billion on the network since inception, in many cases the network is still dependant on the original track superstructure, most notably across the Nullabor and in the Hunter Valley.

With this in mind, we are further investing in improving the reliability and resilience of our infrastructure. The most prominent work currently underway is the building of the Inland Rail which aims to provide a level of reliability to customers using the current north-south corridor (that traverses through the Sydney rail network) while opening up regional markets on the east coast.

Our investment over the Corporate Plan period considers network reliability, performance and resilience within our budgetary boundaries and follows established asset management planning processes. Consistent with this, two integrated planning approaches are used:

- Sustaining Capital and Major Periodic Maintenance forecasts – utilising condition data, internationally accepted planning guidelines and the judgement of our front-line and engineering subject matter experts.
- Routine Corrective Reactive Maintenance – top-down estimates prepared on the most recent years' actuals and changing operational conditions.

The outcomes of these processes is a ten-year forecast for expenditure and a detailed Annual Works Program that outlines the scope and budget for specific investments across the network. Over the Corporate Plan period we will continue our work to sustain, maintain and improve assets under our care to ensure a safe and reliable network.

OUR SYSTEMS

Our technology capability continues to evolve as advances in train control, works management and safety systems arise. When we were established in 1998, in many instances train movements were controlled by pencil and paper. Since then we have embedded sophisticated technologies that govern every aspect of train movements, and over the Corporate Plan period, we anticipate taking the next step in train working systems in consultation with the Australian Government and customers.

Our focus is shaped by implementing technology solutions that improve safety and productivity or provide an improved interface to our customers and supply chain. This includes initiatives to:

- Improve our cyber security posture and disaster recovery capabilities for critical business functions.
- Use new technology and app based solutions to remove sources of human error and use of paper forms in operational roles.
- Capture data and use advanced analytics to guide both operations and maintenance decision making.
- Upgrade the National Train Communications network to provide improved voice and data coverage across our network.

Recognising ARTC's role in the national rail network, we are committed to ensuring the introduction of technology solutions are both interoperable and provide the catalyst for harmonisation across Australia. During the Corporate Plan period we will continue our focus on realising the envisaged benefits of ATMS and the subsequent evolution to this technology.

RISK

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 Ministers' expectations. Effective risk management is critical to delivering on our purpose and in anticipating and responding to a dynamic operating environment.

Through our risk framework, our Board sets ARTC's risk appetite and delegates responsibility for regular oversight and monitoring of the suitability and effectiveness of policy and management of new and escalating risks to the Board's Risk Committee. The Board is supported through its Sub-Committees that consider specific risks in the context of their work plans, including safety, environment, climate, people and performance, operations, program delivery, financial and assurance/audit, and reputation. ARTC has comprehensive risk management policies, practices and systems in place, and the expertise to manage the risks faced by the organisation. 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.

Further to the Australian Government's response to the Inland Rail Review and the subsequent issue of the Interim SoE, a further review of risk management practices will be undertaken in FY24 to ensure systems align with industry standards and that clearly defined triggers and metrics for escalation and reporting of key risks are in place.

GOVERNANCE GROUP

RESPONSIBLE FOR



Owns risk appetite statement and is responsible for delegating oversight of risk management activity



- Overseeing ongoing suitability of our Risk Management Policy
- Reviewing the effectiveness of the Risk Management Framework, including the review and assessment of internal processes for determining, monitoring and assessing key risk areas



- Reviewing lead and lag indicators, and other relevant data related to our risk profile
- Monitoring the adequacy, integrity and effectiveness of the corporation's control systems

Environment, Health & Safety Committee

- Rail Safety
- Workplace Safety
- Public Safety
- Environment

Audit & Compliance Committee

- Assets
- Financial
- Regulatory
- Reputation

COOPERATION

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, manage our network, 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) among others, to promote rail and transport industry issues and bring awareness to opportunities or matters of joint interest. We also work closely with regulators and government entities, including the National Transport Commission (NTC) and Bureau of Infrastructure and Transport Research Economics (BITRE), as well as departments and government rail and logistics bodies across state and Commonwealth jurisdictions on areas of shared interest in promoting operational safety, improving the effectiveness of the network and on network resiliency.

A key outcome stemming from our engagement is the recent signing of a Memorandum of Cooperation for Interoperability with the Commonwealth and State Governments, the ARA and senior leaders in the rail industry to support rail to be more competitive and interoperable across Australia. The agreement recognises there is a need for more formal coordination and adoption of a national view, and implementation of measures that will drive greater interoperability to advance safety and productivity across rail networks. The Memorandum of Cooperation supports governments and industry to work together to ensure the Australian rail network operates smoothly across state borders, using compatible technologies and systems.

- Reviewing and overseeing the risk profiles as developed by Management
- Monitoring escalating risks and changes in our risk profile
- Reviewing internal control systems and procedures for reporting unusual or high risk issues
- Identifying emerging risks and changes in our risk profile

People & Performance Committee

- Human resources efficiency, effectiveness and capacity

5. KEY ACTIVITIES

INTERSTATE NETWORK

MAINTAINING THE NETWORK

The Interstate network plays a crucial role in both passenger and freight transportation, with a significant portion of its revenue, approximately 65 per cent, from domestic intercapital and steel freight haulage.

With some sections of the network over a century old, many assets are nearing the end of their lifespan. While asset life extensions have been successfully implemented through maintenance programs over the past decade, major capital replacement programs will be required to increase the network's resilience within the next decade. The majority of the annual asset management spend is directed towards sustaining services, ensuring track operations, enabling train movement, and rectifying defects to comply with standards. The remaining investment aims to improve the network and often requires substantial resources. During the Corporate Plan period, we will further engage with the Australian Government to explore resiliency investment opportunities, as it is unlikely that ARTC will be able to fully fund this investment program on its own.

To achieve greater coordination and alignment of planned maintenance activities across the Interstate Network, we have implemented a formal process involving engagement with customers and other key external stakeholders. This collaborative approach aims to ensure reliability, enhance workflows through digitisation and leverage data to gain a broader understanding of network risk characteristics. Over the last 12 months, this has supported smarter and targeted infrastructure investments in key high-risk areas.

Several hydrology studies covering the entire Interstate Network are underway and will be completed in 2023. These studies will inform future investments and be incorporated into our Asset Management Plan (AMP). High-risk areas have been identified, supporting our decision to make resilience investments in those locations. Our Shareholders will be provided with the findings, analysis and a Resilience Plan as we collaborate on this project.

While delivering our AMP, we remain mindful of our service and safety performance obligations. These obligations include accreditation under the Rail Safety National Law (RSNL) granted by the Office of the National Rail Safety Regulator (ONRSR), compliance with our Safety Management System, meeting lease requirements in New South Wales and Victoria, and fulfilling service level requirements defined by our performance targets and Codes of Practice.

Significant investments are also being made in engineering services to enhance our capacity for design oversight, compliance assurance, and delivery coordination. By standardising our planning processes, we generate efficiencies and expand our capacity to deliver capital and maintenance projects more effectively. These measures ensure that we are well-equipped to meet the increasing demands on our network and infrastructure.

TECHNOLOGY SUPPORTING THE NETWORK

Leveraging new technology is a key aspect of our strategy. We are increasing the utilisation of our digital twin network, incorporating advanced tools such as Geographic Information System (GIS) spatial mapping, ground penetrating radar, and LiDAR technology. These technologies enhance the efficiency of inspection, design, and planning processes by providing superior data and reducing the need for on-site inspection. Stakeholders will have greater visibility into our works program, defect remediation, and the value generated by our asset management activities as we integrate these technologies into our day-to-day operations.

Additionally, we are implementing our Decision Support Platform (DSP) which will cover the entire geographic scope of the Interstate Network by the second half of 2023, streamlining planning for major activities such as tamping, grinding, and rerailling, improving our productivity. The DSP's data analysis capabilities enhance the quality of information available to decision-makers and ensures consistent plans over time.

ENHANCING RESILIENCE

As Australia's freight task grows, resilient and reliable networks become more essential. The increasing frequency of natural disasters from 2020 to 2022 demonstrated the evolving threat that extreme weather events pose to our assets. Twice in 2022 we experienced one-in-200 year track wash-aways events following intense rainfall disrupting east-west traffic and cutting Perth off from receiving vital goods by rail.

Recognising the need for immediate action, we are boosting resilience investment in the network. In the short term, capital expenditure over three years will focus on extending our planned works across critical asset classes such as rail, structures, signals, and turnouts. Several hydrology studies covering the Network are currently underway and will be completed in 2023. Through this work, high-risk areas have been identified, supporting our resilience investments in those locations, including culvert upgrades and single-track improvements.

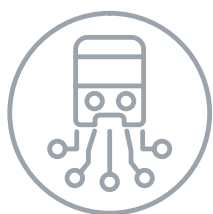
We are actively collaborating with the Commonwealth's National Emergency Management Agency to ensure coordinated, efficient and considered responses to potential emergencies and hazards that may impact the national rail network.

We are also further identifying threats to the reliability of the network through our first Network Recovery and Resilience Strategy. This strategy aims to support ARTC and the Australian Government in identifying key actions and capital investments that, if implemented, will enable us to better anticipate, manage, prevent, and mitigate threats to the network. All actions and investments are founded on the 'four R' framework.

Estimate of Asset Expenditure by Type

Outcomes	Basic Compliance	Sustaining Function	Maintaining Performance	Upgrading Assets
Estimate of AMP (per cent)	25	60	10	5
Examples of Activity	<ul style="list-style-type: none"> – Track operation open – Defect responses and inspections – Safety & risk acceptable limits 	<ul style="list-style-type: none"> – Replacing assets that have reached defined limits – Replacing assets that cannot perform operational function – Maintain assets to maximise life 	<ul style="list-style-type: none"> – Maintaining ride quality – Minimising temporary speed restrictions – Lower failure rates 	<ul style="list-style-type: none"> – Upgrades to the functional capability or performance of assets

Our Resilience Principles



REDUNDANCY

Spare capacity or alternate routes to provide continued track availability in the event of failures on impacted assets or corridors.

RESISTANCE

Physical robustness of network in catastrophic events to prevent impacts to track safety.

RELIABILITY

Providing assets that can operate to a defined standard during adverse conditions to reduce disruption.

RECOVERY

The preparedness to respond and recover from disruptions and minimising track closures.

We will develop a supporting Resilience Plan, outlining how the strategy is to be implemented, which we anticipate will be completed in FY24. The comprehensive Resilience Plan incorporating these principles will be developed alongside efforts to prioritise investments that enhance the network's resilience and require external funding support.

Alongside the resilience of our physical infrastructure, it is vital that we secure the resilience of our business systems and operations functions. We are enhancing our disaster recovery capability for operational train control systems in the event of a service disruption. Our target is to resume train control operations within 14 hours in the event of a total loss of a network control centre or primary data centre. Such disruptions may occur following a catastrophic infrastructure failure around our primary control sites, or as a result of malicious cyber activity.

PURSUING VOLUME GROWTH

The importance of rail's role in Australia's supply chains is only set to grow. The National Freight and Supply Chain Strategy forecasts that the annual freight task will grow to over 1,000 billion tonne kilometres by 2040, supporting a population base in excess of 30 million. Rail also offers a safer, greener modal choice. The Australasian Railways Association estimates that society benefits by \$72 million every year for every one per cent of modal shift to rail.

Our investments require us to maintain existing volumes through our network, while growing the freight task for rail. Accordingly, we are supporting growth in our network through:

- Delivery of the Interstate Performance Improvement Framework and working in partnership with customers on solutions that deliver on the value proposition of rail.
 - Regularly engaging at senior-levels with our customers on the opportunities to support and drive volume growth across our commodity markets. The establishment of facilities such as rail intermodal terminals and private sidings are key enablers to sustained volume growth.
 - Contributing to the development of feasibility studies with Commonwealth, State and local councils, providing insight into the network attributes of regional logistics hubs and special activation precincts.
- Making additional capital investment to drive rail's commercial proposition, including the delivery of Inland Rail, delivery of the Port Botany rail line duplication and Cabramatta loop to increase capacity and reliability to and from Port Botany. Further projects in delivery of double-track passing lanes on the Southern Highlands line will improve reliability and travel times.
 - Developing and publishing in FY24 an Interstate Network Development Strategy that will periodically assess the commodity markets that underpin utilisation of our network and the service offerings required, the growth scenarios reflected in that assessment and the network investments required to build value. The Interstate Network Development Strategy will form a key part in our forward planning and engagement on opportunities to grow rail.
 - Advocating and promoting the many benefits of rail through various transport and logistics industry forums.

MANAGING NETWORK ACCESS

Interstate Access Undertaking

The Interstate Access Undertaking (IAU) is a commitment from ARTC to the Australian Competition and Consumer Commission (ACCC) in respect of how we will negotiate with Access Seekers who want to contract for capacity on the Interstate Network.

The IAU defines the process and data provision requirements, which those Access Seekers must follow, while framing the conditions on which we will provide that access. We have agreed with the ACCC to extend the current IAU until 30 June 2024, following which there will be an extensive consultation process with customers and other stakeholders in respect of the proposed changes to the regulatory framework. We expect to lodge the updated 2024 IAU for ACCC consideration by November 2023.

HUNTER VALLEY NETWORK

PREPARING FOR A DIFFERENT HUNTER VALLEY

The short to medium-term forecasts for coal demand remain mostly 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.

WORKING WITH CUSTOMERS

We are seeing our customers place a greater emphasis on access to coal export nodes and correspondingly in the maintenance of the network. Efficient, flexible and reliable delivery of the rail network has been the main focus of communications with customers. Our ability to pivot and balance the needs of customers with network maintenance requirements is a key service offering, with planning and investment activities detailed through our annual Hunter Valley Corridor Capacity Strategy.

In 2022–23, more than 160 million tonnes of coal was transported on our network, with this forecast to reduce to under 150 million tonnes by the end of the Corporate Plan period.

ASSET MANAGEMENT

Our network in the Hunter Valley is comprised of 50-to-80-year-old infrastructure with components added for capacity growth in the vicinity of 10 to 20 years of age. This asset strategy achieved increases in network capacity through sustainable capital and operating costs while maintaining high services levels demanded of high intensity, heavy haul coal.

Through our 10-year asset management plan, we have established a long-term view towards the needs of our customers and operational performance requirements. The plan is reviewed and updated annually with input from a range of stakeholders, including customers.

Estimate of annual expenditure across the Annual Work Program

Outcomes	Routine Maintenance	Periodic Maintenance	Sustaining Capital
Estimate of AMP (per cent)	20	40	40
Description and Examples	<ul style="list-style-type: none"> – Scheduled maintenance activities to inspect and service asset condition. – Corrective and reactive maintenance tasks including mudhole removal, rail defect removal, spot tamping and rail break repair. – Maintenance program to ensure the network remains operational and safe. – Meet statutory requirement under SMS/Accreditation. 	<ul style="list-style-type: none"> – Planned or cyclical activities that maintain the operating performance and asset life of operational infrastructure. – Maintenance programs including Rail Grinding, Ballast Cleaning, Resurfacing, Undercutting and Drainage. 	<ul style="list-style-type: none"> – Replacing assets that have reached end of service life or can no longer perform their operational function. – Programs include Underbridge Renewals, Rerailing, Track Upgrades, Signal System Upgrades and Culvert Renewals.

RESILIENCE

To a lesser extent than the Interstate Network, the Hunter Valley network has experienced a number of significant weather events impacting the network over the past two years. We have continued to maintain high network performance, achieving more than 85 per cent availability between 2021 and 2023.

Of particular risk on our network is Sandgate in Newcastle. This is a critical location for trains travelling to the coal terminals and main lines to enter the Sydney trains network. Sandgate is susceptible to flooding due to the low elevation and proximity to waterways.

Engineering solutions to reduce or mitigate flooding impacts have been developed and range from channel clearing and widening through to installation of culverts or lifting the track. All solutions are expected to have environmental impacts and will require detailed engagement and approvals with different levels of government and community. Recognising the important role the location plays to coal and non-coal customers, enhancing the resilience of this section of the network is anticipated to be included in opportunities for Government-supported works.

HUNTER VALLEY ACCESS UNDERTAKING

The Hunter Valley Access Undertaking (HVAU) covers the negotiation of access to the Hunter Valley Coal Network and defines the parameters which set the pricing and maximum allowable revenue for the term of the HVAU. The current iteration of the HVAU expires on 31 December 2026 and we will commence engagement on the HVAU terms to apply post 2026 in the second half of 2024.

COMMERCIAL SUSTAINABILITY

Responding to the dynamics of the two different networks over the Corporate Plan period and beyond requires careful consideration and engagement with our customers and stakeholders to enhance our capability, productivity, infrastructure responsiveness and our ability to grow our revenue base.

The Australian Government's response to the independent review of Inland Rail has also reasserted our Shareholders' commitment to our operations and the importance of this investment in the national logistics supply chain. In complementing the current north-south corridor, rail operators and their customers will have more confidence in our service offering through the reliability that Inland Rail provides the supply chain, further strengthening our commercial and revenue position.

Investment in the resiliency of our network will be critical to realising the financial, economic and ESG benefits of moving freight to rail. Since 2008, we have invested in programs targeted at maximising the volume of freight that can be moved by each train. Additional capital investment is forecast over the next decade as more projects are delivered, including Inland Rail, the Port Botany rail line duplication and Cabramatta loop. Further projects in delivery of double-track passing lanes on the Southern Highlands line will improve reliability and travel times with benefits also to be realised through progressive roll-out of ANCO and other telecommunications and signalling improvements.

In planning for our future beyond the short term, we are embarking on developing a future service offering that defines the opportunities we will pursue, our risks appetite and potential investments required. We will undertake this exercise in consultation with our customers and Shareholders over the next two years. This framework will be key to defining commercially sustainable growth scenarios that support our goal to increase our revenue diversification through valued service offerings, while increasing the commercial viability of the business.

As part of this broader exercise, our focus will also be on understanding opportunities to encourage contestable freight, explore options to challenge for freight tasks that have been historically uncontestable, and to examine our role in enhancing the up and down stream links in the rail supply chain.

In support of engaging our customers on long-term planning, we will develop and publish an Interstate Network Development Strategy. The strategy will include a periodic assessment of the commodity markets to inform understanding of network utilisation and our service offering. The growth scenarios developed in that assessment will inform our stakeholders understanding of proposed targeted network investments.

While this work is ongoing, we must consider optimal ways of operating. In FY24 we will undertake a review of our business to provide confidence in the delivery of our core services and to improve the productivity of our asset management and train control systems. This work will encapsulate reviewing our processes and systems and investigating improvements to our cost structures to realise additional profitability.

MAJOR CONSTRUCTION PROJECTS

In improving the efficiency and competitiveness of rail and further to our delivery of Inland Rail consistent with our Shareholders directions, we continue to undertake a number of major construction projects across our network. In 2023–24, we plan to deliver more than \$126 million in works through our major Construction Business Unit projects across three states. A summary of key projects with forecast spend in FY24 and forecast completion date is below.

Project	2023–24 Forecast Spend	Forecast Completion Date
Botany Rail Duplication	\$46 million	Q2 2024
Cabramatta Loop	\$31 million	Q1 2024
Narrabri to Turravan Track Upgrade	\$24 million	Q1 2024
Southern Highlands Overtaking Opportunity	\$25 million	Q4 2024
Torrens Rail Junction Upgrade and Vulcanised Indian Rubber Cable Replacement	\$5 million	Q1 2024
Wallan Signalling Upgrade	\$6 million	Q2 2024

WORKING SAFELY AND SUSTAINABLY

Our success as an organisation is founded on our core value of No Harm. This reflects an imperative to do everything we can to deliver safe and sustainable workplaces for ourselves, for our contractors and for the communities in which we live, work and visit.

We also recognise the global challenges that climate change is presenting and our role in reducing emissions and minimising harm to the environment. Building on our successes to date and our current plans, we need to be ambitious and establish both medium and long-term goals that focus on achieving the Australian Government's plan of net zero emissions by 2050. Our focus over the Corporate Plan period is to mature on both fronts as we pursue continuous improvement.

REDUCING OUR RISK EXPOSURE

Realising our safety performance ambitions requires that our people not only display leadership behaviours, but that they are supported by intuitive and user-centred safety systems.

One key element of our simplification journey is the implementation of Horizon 360 (H360) as a cloud-based, uniform Health Safety and Environment (HSE) information system. Going live in early FY24, H360 integrates core reporting and event management processes across ARTC, enabling direct interaction with the system for our users, streamlined processes, and enhanced reporting capability.

CONTINUOUSLY IMPROVING OUR SAFETY PERFORMANCE

In FY23, we completed a review of work health and safety risks. The review included an assessment of critical risks, critical controls in place and agreement of performance standards to mitigate these risks. This review will feed into a refresh of the Fatal and Severe Risk program in FY24 which will be focussed on mitigating the risk of a material work health and safety event that could harm our people.

We are also focussed on systematically monitoring the application and effectiveness of safety controls through the development and deployment of an ARTC-wide Assurance Framework. This framework will deliver standardised assurance processes that will ensure risks and controls are assured proactively with clear lines of ownership and accountability. This will allow us to assess critical control compliance across ARTC, enabling an assessment of control effectiveness, awareness of control gaps and the timely implementation of effective remediation strategies as required.

PROTECTING OUR ENVIRONMENT

Our ESG Strategy outlines our ambition to support Australia's sustainable future through modal shift to rail, and is fundamental to our success is achieving our initial GHG reduction target. To direct our actions, we have developed our first GHG Reduction Plan focussed on energy efficiency opportunities in our property portfolio, and vehicle and plant fleet.

The GHG Reduction Plan will identify initial actions to reduce energy use and emissions in accordance with the ten per cent reduction target in the ESG Strategy. We have already had success in reducing elements of our emissions profile with initiatives like migrating parts of our light vehicle fleet to hybrid vehicles, undertaking solar installations, and pursuing Infrastructure Sustainability ratings on significant construction projects, including Cabramatta Rail Loop and Botany Rail Duplication.

While our activities help position ARTC for future success while contributing to short-term emissions reductions, we are committed to achieving further emissions reductions. In support of achieving reductions beyond our current 10 per cent GHG Reduction Plan target, we are working on defining our next emissions reduction goal, building a pathway to pursue opportunities to align ARTC with the 2050 net zero target. Our pathway will consider contemporary industry practice, standards, and national policy settings for emissions reduction. As part of this net zero pathway, we will establish intermediate targets, including a 2030 emissions reduction target that provides ARTC with an ambitious near-term goal to focus our efforts. In parallel, we will update our ESG Strategy in FY24 so it remains contemporary and influential in positioning ARTC to deal with the challenges of climate change.

We know emissions reduction is an important focus for our customers too. As new technologies emerge for the Australian rail industry, particularly in the area of locomotive energy sources, we must ensure our actions and our infrastructure enable our customers emissions reduction activities. As an industry we can support a sustainable future through modal shift to rail. Engagement with our customers, to support their emissions reduction journey, will be key.

Beyond our emissions reductions, we are also progressing an initiative to assist in the management of lands secured for biodiversity offsets. Many of these land parcels contain areas of residual land that are not required for offsetting purposes. Options to use this residual land for outcomes aligned with our ESG Strategy is an area that will be explored.

ENABLING OUR OPERATIONS

The success of our business relies on a passionate, informed and empowered workforce. In service of this ambition, we will review our committee structures that form the decision-making process across all areas of the business. As we adapt to changes in the operating environment and the functional separation of the Inland Rail business unit, we will redesign our organisational framework and embed a new operating model, including levels of stratum, supporting structures for collaboration and decision making, and operating principles for the Executive and Business Unit.

CHAMPIONING DIVERSITY

We recognise a diverse range of perspectives, approaches and ideas to deliver on our strategic objectives. The organisations approach to Diversity, Equity and Inclusion (DEI) aligns to our focus of building leadership capability and enhancing talent and succession processes to lever ESG and First Nations reconciliation activities.

Following release of our inaugural Reflect RAP in 2022 with the next stage of our journey the Innovate RAP. The Innovate RAP will propel positive Reconciliation outcomes across our business and will focus on four key initiatives, all of which provide an opportunity for sustainable transformation.

- Procurement advancement for First Nations businesses. We will expand our efforts to support and engage with First Nations businesses, strengthen economic opportunities and nurture sustainable growth in these communities.
- Employee Engagement Strategy implementation. Targeted initiatives will foster commitment, diversity and inclusivity, and empower our workforce to actively contribute to reconciliation efforts.
- First Nations network establishment. The network will facilitate and support knowledge-sharing, mentorship and collaboration of First Nations peoples across ARTC, creating a more supportive workplace.
- RAP Champion engagement. Driving reconciliation at a grassroots level will inspire and encourage others to actively participate in the reconciliation journey.

SUSTAINING CRITICAL CAPABILITIES

With the current level of volatility across the Australian talent market, we recognise the increasing challenge in attracting and retaining talent, particularly in critical skills areas, to deliver on our objectives. With this in mind, we have considered alternative strategic sourcing strategies to prepare for sharp changes to the availability of talent. In light of the reopening of international borders and short supply of talent in Australia across a number of our critical skills, we are prepared to target and accept international applications to support project and operating business requirements.

In an evolving and competitive market, organisations with a strong employee value proposition generally experience a higher retention rate, and are more attractive to the best external talent. As part of the commitment to our people, we are refreshing our employee value proposition to ensure it maintains an employee centred design, encompassing pillars that appeal to the workforce and expanding beyond only reward.

In support of our people, to enhance our work environment and reduce our risk exposure to critical roles that are difficult to fill, we are committed to changes in the following key areas:

- Working with industry to ensure future in-cab signalling technologies are interoperable between each jurisdiction and achieve safety benefits.
- Leveraging contemporary field-based devices and technology to gain a better understanding of issues affecting the network combined with advanced analytics to improve asset management and operations decision making.
- Using data to optimise the movement of trains and providing improved data to customers and partners for better supply chain co-ordination.

STAKEHOLDER ENGAGEMENT

Building trust and support with our stakeholders is a fundamental enabler to our success. Through our stakeholder engagement our core objectives are to:

- Improve our relationship with stakeholders and communities by understanding who they are and how we can work together for mutually beneficial outcomes.
- Develop and embed clear accountability and a consistent approach to managing our relationships.
- Maximise the value of our engagement with stakeholders to enable our strategic priorities.

These objectives will be supported through the introduction in mid-2023 of our internal Stakeholder Engagement Strategy that will deliver fit-for-purpose approaches to engaging with our community, industry and government stakeholders.

With 40,000 neighbours across our 8,500 kilometre rail corridor, the communities in which we operate are a crucial stakeholder. To improve our interactions, we have implemented a Community Engagement Framework that guides the way we work with communities. This Framework helps us to engage positively and productively and is supported by five community engagement principles.

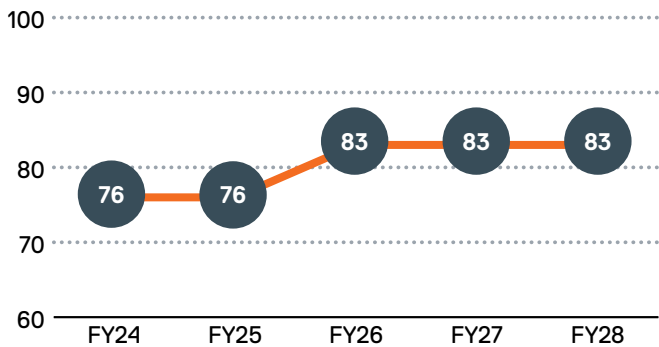
6. PERFORMANCE

We maintain robust performance metrics to assess our performance and to ensure we are continuing to deliver on our Charter. This includes financial, operating and capital program delivery targets. Performance against target are regularly reported to the ARTC Board and support end-of-year performance processes.

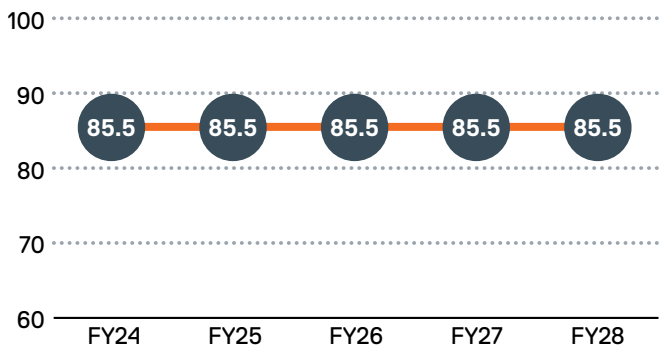
ARTC METRICS



Interstate Network Availability (%)

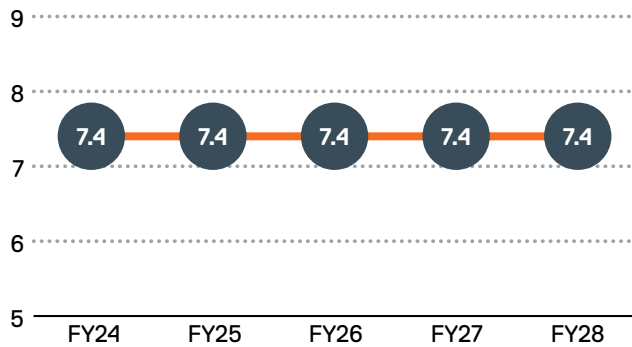


Hunter Valley Network Availability (%)

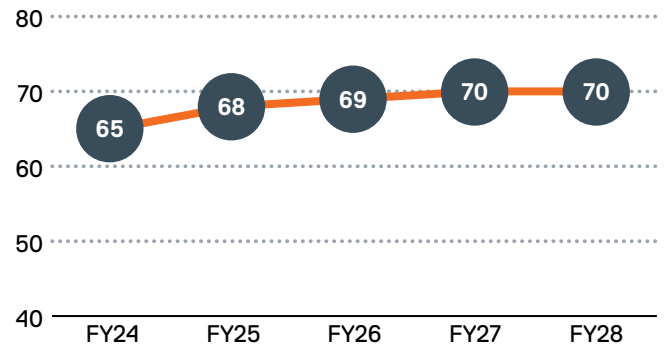




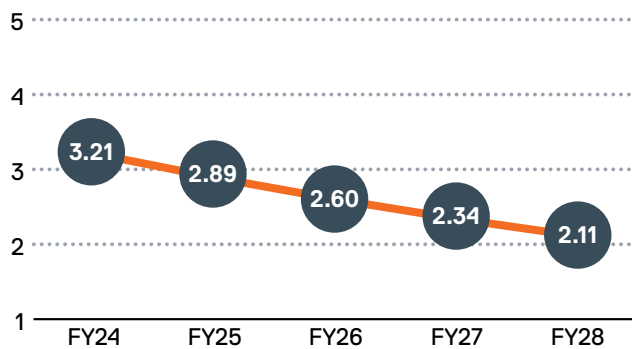
Customer Satisfaction



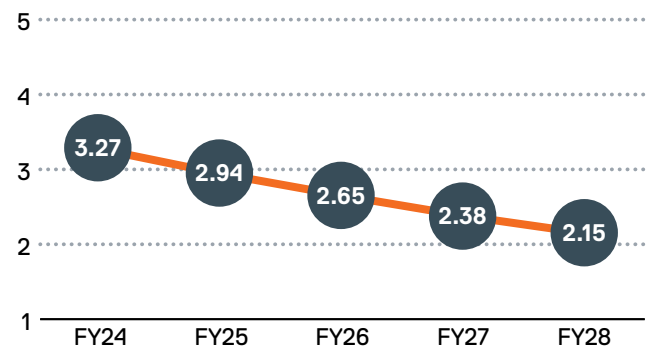
Employee Engagement (%)



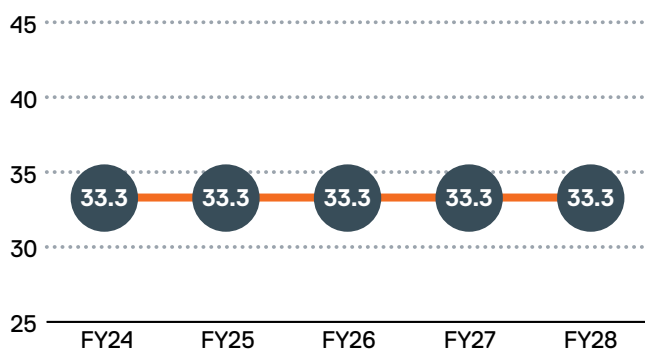
TRIFR – Staff



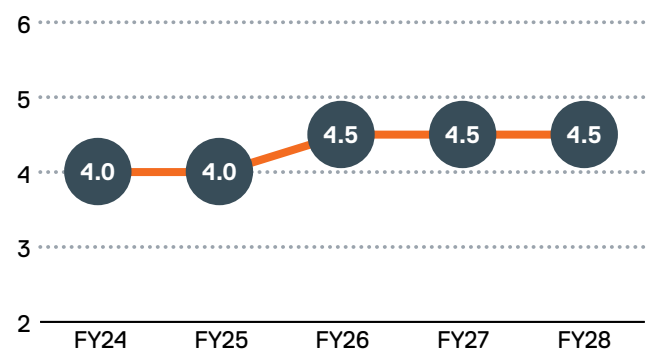
TRIFR – Contractor



Female Participation (%)



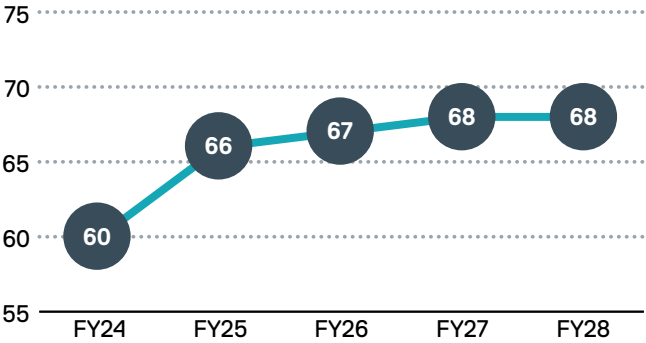
Indigenous Participation (%)



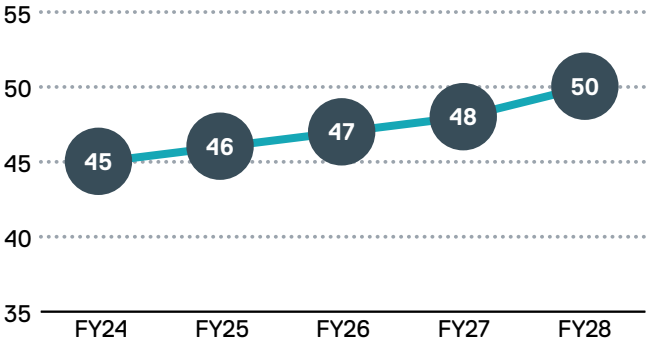
INLAND RAIL METRICS



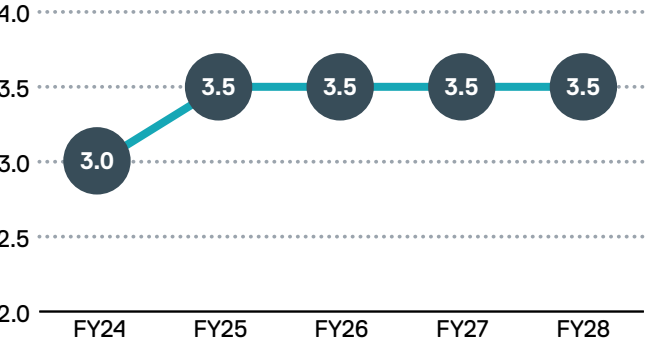
Employee Engagement (%)



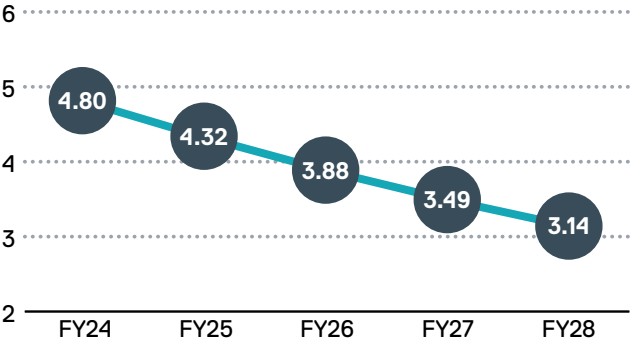
Female Participation (%)



Indigenous Participation (%)

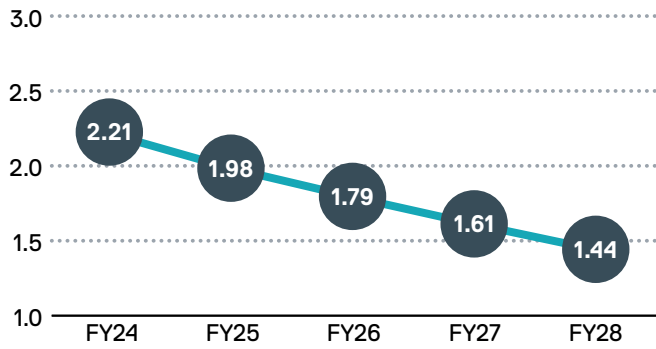


TRIFR – Contractor

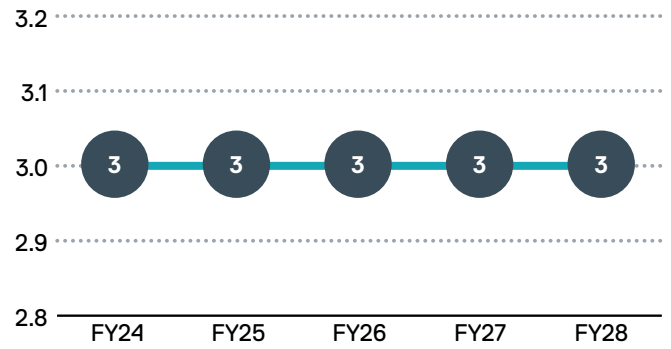




TRIFR – Staff



Spend with Indigenous businesses (%)



Spend with local businesses (%)

