



# Corporate Plan 2019–20

# ARTC

Australian  
Rail Track  
Corporation

ABN 75 081 455 754  
11 Sir Donald Bradman Drive  
Keswick Terminal, SA 5035



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

ARTC's Corporate Plan is prepared for paragraph 95(1) of the Public Governance, Performance and Accountability Act 2013. It has been prepared for the 2019–20 financial year and covers the reporting period 2019–20 to 2023–24. 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'S OVERVIEW



Our company, Australian Rail Track Corporation (ARTC) is dedicated to modernising rail in Australia and providing efficient and seamless access to the rail network. We operate and provide customers access to more than 8,500 km of track across five states including the Hunter Valley coal rail network.

Our network is used to move goods between capital cities and regional areas, including agricultural products, coal and minerals, general freight and also passenger services. We are proud to be supporting the industries that underpin the Australian economy.

ARTC is owned by the Australian Government and tasked with increasing the volume of freight carried on our network. Our purpose is to improve Australia's productivity by making rail the mode of choice in the national logistics chain. To meet our country's future freight demands, rail is the clear choice and will greatly improve safety on our nation's roads.

Our Inland Rail Program is at the heart of delivering on our purpose. It will transform the way Australia moves freight around the country by providing a direct freight link between Melbourne and Brisbane. Like other major long-term infrastructure projects, Inland Rail will realise benefits to the economy and community well in excess of the direct financial returns on the Australian Government investment. We are excited by the progress already made towards delivering Inland Rail on time, to budget and to scope.

We understand the enormity of delivering Inland Rail while continuing to strengthen our core business. Therefore we must keep building our organisational capabilities through ensuring strong governance, developing the skills of our employees and attracting more talented people, as well as strengthening our supporting systems.

Meeting freight demands for future generations is a challenge, but it's a responsibility all of us at ARTC are proud and excited to be taking on.

A handwritten signature in black ink, appearing to read 'Warren Truss'. The signature is fluid and cursive, written in a professional style.

**The Hon Warren Truss**  
Chairman

# INTRODUCTION



## ABOUT ARTC

Our company was created as a result of the Commonwealth and mainland State Governments Inter-Governmental Agreement in 1997 for the establishment of a “one-stop shop” for rail operators seeking access to the interstate standard gauge rail network between Brisbane and Perth.

Our purpose is to improve Australia’s productivity by making rail the mode of choice in the national logistics chain.

Our principle business is the control and management of mainline rail networks used by freight and (non-electrified) passenger services.

We are a company incorporated under the Corporations Act and a Government Business Enterprise (GBE) as prescribed under the Public Governance, Performance and Accountability (PGPA) Act. Our shares are owned by the Commonwealth of Australia which is represented by the Minister for Infrastructure, Transport and Regional Development, and the Minister for Finance.

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

## OBJECTS AND POWERS

Our Constitution sets out the objects for which the Company was established, Any activities that expand beyond the existing network or into new functions are to be agreed with our Shareholders in order to comply with the objectives outlined in our Constitution (clause 2.1) and the Commercial Freedoms Framework.

We are precluded from operating freight or passenger services for reward.

## INLAND RAIL

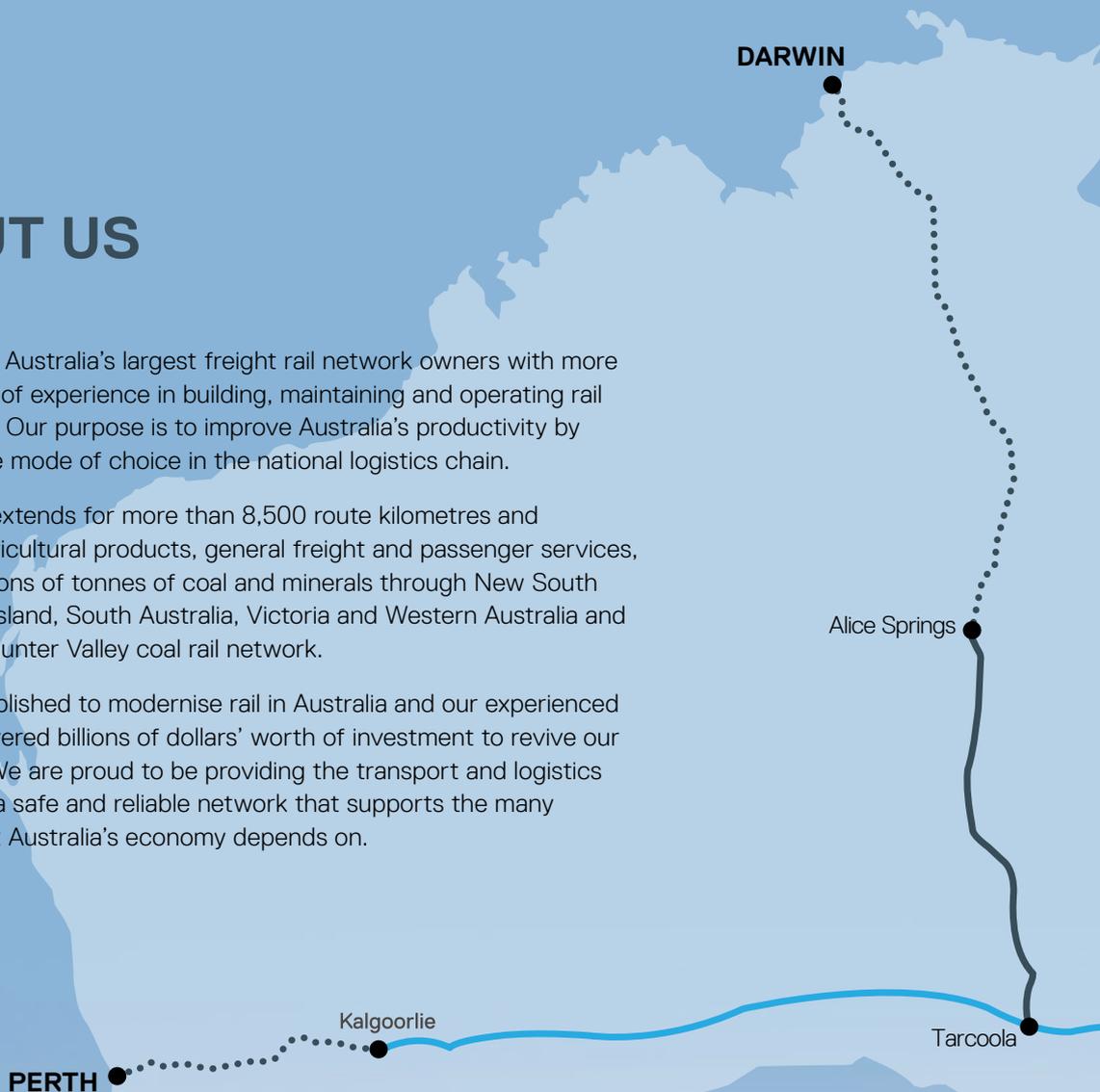
In 2017 we were tasked by the Australian Government to deliver Inland Rail, a more direct freight link between Melbourne and Brisbane. To support delivery we have agreed on a governance structure with our Shareholder departments that outlines expectations of ARTC in relation to project delivery and Shareholder commitments to financing the project.

# ABOUT US

We are one of Australia's largest freight rail network owners with more than 20 years of experience in building, maintaining and operating rail infrastructure. Our purpose is to improve Australia's productivity by making rail the mode of choice in the national logistics chain.

Our network extends for more than 8,500 route kilometres and transports agricultural products, general freight and passenger services, as well as millions of tonnes of coal and minerals through New South Wales, Queensland, South Australia, Victoria and Western Australia and includes the Hunter Valley coal rail network.

We were established to modernise rail in Australia and our experienced team has delivered billions of dollars' worth of investment to revive our rail network. We are proud to be providing the transport and logistics industry with a safe and reliable network that supports the many industries that Australia's economy depends on.



INLAND RAIL WILL BE A NEW 1,700KM FREIGHT RAIL LINE THROUGH REGIONAL AUSTRALIA, ENABLING A MELBOURNE – BRISBANE TRANSIT TIME OF LESS THAN 24 HOURS.

**The role of ARTC**

is to provide efficient and seamless access to the rail network by:

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



ARTC Track

Inland Rail Route

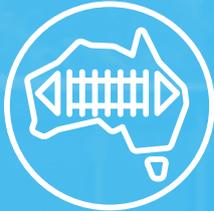
Main Office

Network Control Centre

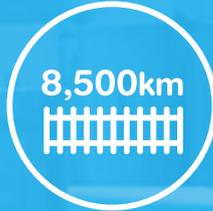
Alice Springs to Tarcoola: owned by ARTC but is on long-term lease arrangements

Interstate Rail Network (other owners)

# FACTS AT A GLANCE



We are one of the largest freight rail network owners in the country



We manage over **8,500km** of standard gauge track



We maintain our network out of **27 Provisioning Centres** based in regional and urban areas



We've invested **over \$4 billion** in the interstate network over the last 10 years and over **\$2.5 billion** in the Hunter Valley



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



Our customers transport over **\$14 billion** worth of goods across our interstate network every year



We employ over  
**1,500 people**



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



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



The Australian  
Government  
is providing up to  
**\$9.3 billion**  
in grant and equity  
contributions to ARTC  
for the delivery of  
Inland Rail



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



Inland Rail is the  
largest freight rail  
project in Australia,  
crossing regional  
communities and  
involving the Australian  
Government, 3 state  
governments, and  
their agencies

# ARTC

## VALUES

We act with integrity and we're committed to the success of our customers, stakeholders and employees.

Our values drive our decisions and guide our behaviour – they are key to achieving our company purpose.



### FUTURE THINKING

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

- ✓ We find solutions
- ✓ We embrace excellence
- ✓ We think bold



### ACTIVE ENGAGEMENT

We act with integrity and we're committed to the success of our customers, stakeholders and employees. We ask questions, listen and respond to needs. We're always on the front foot and actively engaged.

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



KRISTEN  
PROJECT ENGINEER



## NO HARM

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

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



## RESULTS

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

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

# PLAN ON A PAGE



**PURPOSE**



**VALUES**



**STRATEGIC OBJECTIVES**



**KEY INITIATIVES**



**PERFORMANCE  
MEASURES**

# IMPROVE AUSTRALIA'S PRODUCTIVITY BY MAKING RAIL THE MODE OF CHOICE IN THE NATIONAL LOGISTICS CHAIN

## Future thinking

## Active Engagement

## No Harm

## Results

An uncompromising commitment to safety

Exceeding our customers' expectations and promoting greater use of rail

Building Inland Rail on time, to budget and to scope

- ✓ Pathway to Zero Safety Strategy
- ✓ Our People Strategy
- ✓ Building Organisational Capability

- ✓ Delivering Better Customer and Rail Industry Outcomes
- ✓ Delivery of Major Infrastructure
- ✓ Delivery of Digital Strategy and Technology Projects

- ✓ Community and Stakeholder Engagement Program
- ✓ Asset Management Improvement Program
- ✓ Procurement Transformation Project

- ✓ Environment Health and Safety Results
- ✓ Customer Satisfaction
- ✓ Employee Engagement
- ✓ Network Reliability and Timeliness

- ✓ Financial Performance
- ✓ Community Engagement
- ✓ Stakeholder Reputation
- ✓ Inland Rail Delivery
- ✓ Volume Growth

# KEY PERFORMANCE INDICATORS

2018–19 year-end forecast<sup>1</sup>



Access revenue  
**\$720.1 million**

EBITDAI<sup>2</sup>

**\$242.9 million**



Dividend  
**\$68.3 million**



Shareholder Equity  
**\$3,313.9 million**

WE ARE COMMITTED TO THE HEALTH AND SAFETY OF OUR PEOPLE, THE ENVIRONMENT AND LOCAL COMMUNITIES IN WHICH WE OPERATE.

- 1 Final actual results not available at time of publication
- 2 Earnings before Interest, Tax, Depreciation, Amortisation and Impairment
- 3 Lost Time Injury Frequency Rate – number for every million hours worked
- 4 All Injury Frequency Rate – number for every million hours worked

 ELLA  
INFRASTRUCTURE MAINTAINER



2018–19 year-end actual

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LTIFR<sup>3</sup>  
**0.00**

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AIFR<sup>4</sup>  
**11.26**

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Customer satisfaction  
**7.5/10**  
2018 Customer Satisfaction Survey

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Export coal transported  
**174.7** million tonnes

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Non-coal gross tonne kilometres  
(GTKS) (transported on the  
Interstate network)  
**55 billion**

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Employee engagement score  
**7.3/10**  
2018 Employee Engagement Survey

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## **ARTC OPERATES IN A COMPLEX AND DYNAMIC ENVIRONMENT**

To inform our Corporate Plan, we analysed the anticipated conditions and changes in our operating environment over the coming years. This allowed us to identify potential challenges and opportunities for our business across three key areas:

- 1** Growth
- 2** Social and policy factors
- 3** Inland Rail

### **1 Growth**

The interstate intermodal market is heavily dependent on manufacturing activity and the Western Australian economy. In recent years both have been very soft and while there is potential for them to strengthen over the corporate plan period, there remains considerable uncertainty about growth prospects. More generally, the intermodal and steel markets are dependent on general economic growth and Australian and global economic conditions are showing some signs of structural weakness. The intermodal and steel markets also continue to face strong competitive pressure from road and sea.

Increasing optimism about the future of South Australian mining and continued strength in regional commodity exports represent emerging opportunities.

The Hunter Valley coal industry is expected to experience demand growth primarily through a shift in supply from the central Hunter Valley area to the Ulan and Gunnedah Basin mining areas which drives increased gross tonne kilometres even where export tonnage remains stable.

Economic growth in East and Southeast Asia is expected to remain strong and countries such as China, Japan, Taiwan and South Korea are expected to continue to have a strong demand for higher quality coal even in an environment of declining worldwide coal demand. This is supporting demand on our Hunter Valley network.

### **2 Social and policy factors**

A range of social, policy and regulatory developments continues to influence our ability to increase rail's share of the national freight market in and beyond the reporting period:

**The Australian Government is developing a national freight and supply chain strategy.** We strongly support this initiative. As cities develop and grow, it's critical that the movement of freight is a factor in planning decisions. We encourage all levels of government to better integrate freight and urban planning to ensure land is set aside for the required facilities.

**State governments, particularly in NSW and Victoria, are encouraging greater use of rail to move containerised freight to and from ports.** Currently, most of this freight is transported by road, leading to major congestion in and around the ports. With the number of port container movements forecast to grow significantly over the coming decades, rail has the potential to play a bigger role in this market.

**Community expectations are increasing.** We are committed to being a good corporate citizen, to work closely with communities who live and work close to our network. We understand the community's increasing expectations of all companies to be transparent, to listen and to respond to their needs. With the construction of Inland Rail, the number of communities affected by our operations will substantially increase and our focus has been on engaging with community members and landholders. We will continue our community engagement planning and actions in the Hunter Valley.



ATTRACTING AND  
RETAINING THE SKILLS  
WE NEED TO SUCCEED  
IS A HIGH PRIORITY.

ARTC

TONYA  
FINANCE OFFICER

**BUSINESS  
ENVIRONMENT**



STEVE  
ICT OPERATIONS MANAGER

**Passenger expectations are increasing.**

Two state-owned train operators provide passenger services on our interstate network (NSW Trains and V/Line). We work closely with them to improve the timeliness, reliability and ride quality for the benefit of passengers. In Victoria we are already working to upgrade the North East Rail Line to a higher-level passenger standard. Funded by the Australian Government, this work should be completed within the plan period.

**3 Inland Rail**

The Government has entrusted us to deliver Inland Rail. Over the next few years there will be a significant increase in transport infrastructure spending across Australia that will change the dynamics of the infrastructure market. We're working on a number of initiatives to attract and retain the right talent in what is an increasingly competitive market place.

Our Inland Rail Program will also vastly increase our buying power when sourcing the services and materials we need for constructing, maintaining and improving the network. This will potentially help offset any availability issues that come from the changing infrastructure market. The program is also creating an opportunity for us to update our procurement systems and processes as well as expanding our scope to support regional economies and communities through our employment and purchasing policies.



## STRATEGIC OBJECTIVES

### WE WILL PURSUE THREE STRATEGIC OBJECTIVES ACROSS THE BUSINESS

Over the coming five years, we will achieve our purpose by staying focused on three strategic objectives:

- 1 An uncompromising commitment to safety
- 2 Exceeding our customers' expectations and promoting greater use of rail
- 3 Building Inland Rail on time, to budget and to scope.



**1 An uncompromising commitment to safety**

We are absolutely committed to achieving our goal that no one is harmed at work or on our network.

This goal is important to the wellbeing of our people, their families, and the communities we interact with. We know a safer network is a fundamental requirement of making rail the mode of choice in the national logistics chain.

Over the past five years, we have put a great deal of effort into developing our safety culture and improving our safety performance. This focus is consistently producing positive results. We have significantly lifted the level of awareness and engagement around safety issues across all levels of our organisation.

As a result, we have seen substantial improvements across some key indicators, including a milestone achievement of zero Lost Time Injuries in 2018–19 and a material reduction in the severity of safety incidents.

These changes are encouraging, and we remain committed to continually improving our safety performance. We continue to integrate our initiatives across the business. In the coming five years, we aim to move from a calculative to a proactive safety culture which will position us well against comparative organisations.

We have already laid the groundwork for this shift in our multi-year Pathway to Zero safety strategy, which we launched in November 2017. We are pleased to note that our “safety pulse checks”, introduced at the start of 2018, are already showing significant improvements against the 2016 baseline.

In the coming years, we will continue to focus on the strategy’s four themes:

- **Organisation**
- **Systems**
- **Leaders**
- **People**

Specific key focus areas for the coming year include addressing motor vehicle risk, further technology support for track workers, continuing to embed the Just & Fair culture principles, moving forward with the new health and safety initiatives, and introducing the Safe Working Interactions (SWI) program. SWI create opportunities for leaders to engage in a conversation with workers in the field around the risks associated with the activities being undertaken, the way those risks are managed, and clearly demonstrates to workers that their leaders are concerned about their safety and wellbeing. Also approved this year was our Level Crossing Strategy designed to reduce the risk of a train to vehicle collision. Implementation is commencing in 2019.

**WE HAVE AN UNWAVERING FOCUS ON CONTINUALLY IMPROVING OUR SAFETY PERFORMANCE.**

**2 Exceeding our customers’ expectations and promoting greater use of rail**

Consistently delivering on our commitments to our customers is fundamental to making rail the mode of choice in Australia’s national logistics chain. To do this, we need to be constantly improving our service offering and delivering outcomes that improve the rail industry’s long-term supply chain competitiveness.

Whether they’re coal producers, passenger service operators, or freight rail operators, our customers’ expectations are largely the same. They expect and need our track to be available when they want it, at the standard they need to deliver reliable and timely services and at a competitive price. They need us to provide this consistently and reliably over time.

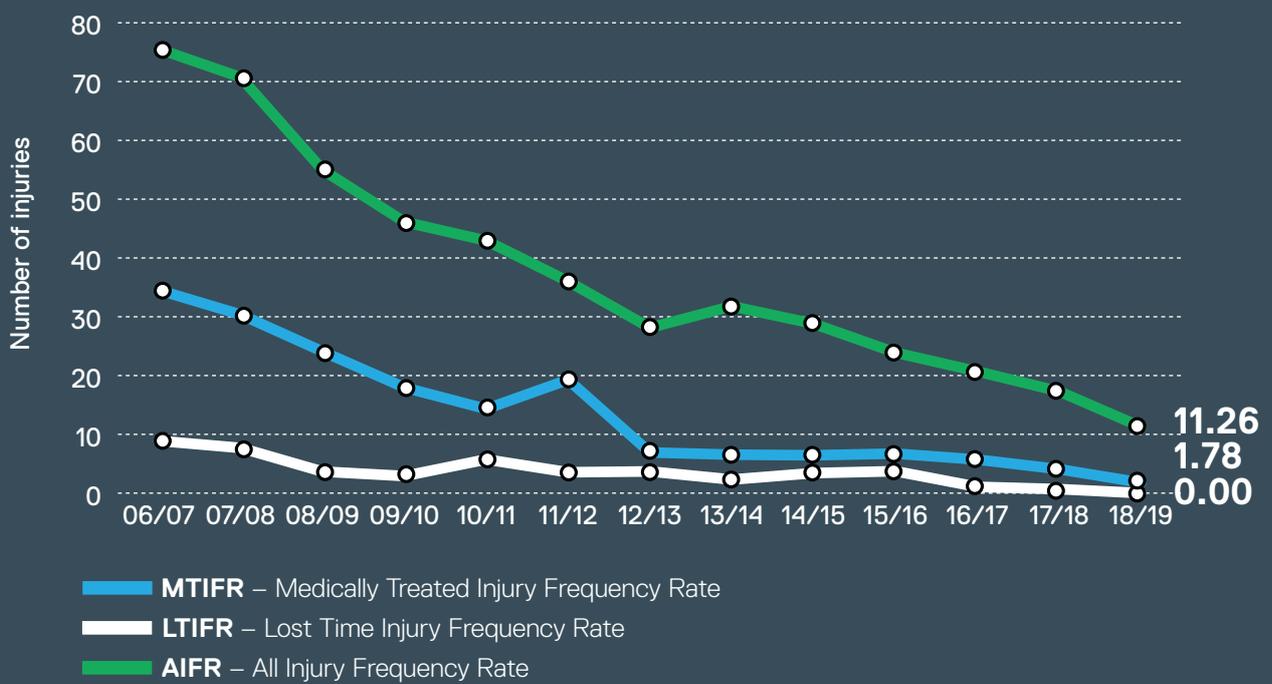
In the coming years, we will continue to build on our focus of improving our service offering and delivering value for money to customers.



KAREN  
ASSET DATA ADMINISTRATOR

## COMPANY SAFETY PERFORMANCE

### —INJURY FREQUENCY RATES Rolling 12 months to Date\*



\* Number of injuries for every million hours worked (ARTC employees)



PAUL  
INFRASTRUCTURE MAINTAINER

**Our investment strategy is to continue to upgrade our assets to better meet, or exceed customer needs** where commercially viable for us and our customers. Investments also support government to meet policy goals. Our investment program has been funded by a combination of grants, Shareholder equity and commercial borrowings. Our current and recently completed projects include:

- A 600km network upgrade between Adelaide and Tarcoola. This project will enable our customers to run heavier, higher axle load trains on this section of the interstate network.
- The Port Botany Rail Line duplication and Cabramatta Loop. These projects will improve access between Port Botany and the future Moorebank Intermodal Terminal and develop options for enhancing capacity on the connecting freight networks.
- Continuing to expand the capacity of the Hunter Valley network to enable our customers to achieve their growth objectives.
- Upgrading the Victorian North East Rail Line to support improved quality of ride for passengers and the introduction of new passenger trains.

We are also:

- Optimising the performance of our assets to maximise availability, reliability and integrity through our Strategic Asset Management Plan. We're moving to a risk and condition-based approach that will allow us to prioritise our maintenance efforts to the areas that need it the most. Our Asset Management Improvement Program (AMIP) will greatly assist us by enabling more accurate data on our assets to be captured through in-field technology and allow us to better understand our asset condition into the future. Other initiatives include:
  - Installation of wayside technology, train-based instrumentation providing real-time asset data
  - Removing defective squatted rail between Goulburn and Sydney
  - Under the North East Rail Line (NERL) upgrade, replacing aerial cables with underground cabling to improve signalling reliability, in particular, for passenger services.

- Lifting the efficiency of our operations by adopting advanced network and train control technologies and systems. For example, we will continue to develop our Advanced Train Management System. This system will vastly improve operations by increasing capacity, operational flexibility, safety and system reliability. Similarly, through the use of innovative network control digital tools, the ARTC Network Control Optimisation initiative will make more efficient use of available track and train assets, reduce transit time and allow customers to increase their contracted tonnage. This is progressing, with the first stage having gone live in May 2019 in the Gunnedah Basin.
- Continuing to develop our service-focused culture and business capability to enhance customer experience and add value to the service we provide. For example, we will focus on making innovative use of the data collected by our wayside technologies to generate information and insights that help our customers realise efficiency benefits.

## Improving the rail industry's competitiveness

In line with our mandate and purpose, we are adopting a leadership role in advocating for policies and reforms that improve rail freight's competitiveness in the national logistics and supply chain industry.

Our priority is to promote outcomes that drive improved competitiveness by:

- Improving the end-to-end service offering for customers
- Raising recognition of the relative benefits of rail
- Lowering the unit cost of rail
- Improving competition and lowering barriers to entry.

We are working with the ACCC and customers to develop revised arrangements for access to our interstate network which improve the rail industry's competitiveness while ensuring the long term commercial operability of the network.

We are committed to implementing operating and infrastructure strategies that maximise the efficient movement of coal through the supply chain.

Our Interstate and Hunter Valley business units are maintaining a business development strategy by engaging end-users and freight owners in long haul and regional freight supply chains. Our objective is to strengthen our industry relationships, understand the critical supply chain factors and present beneficial rail-based solutions. We are continuing our focus on the NSW Riverina and north western regions, with particular regard to cotton and other agri-products. This will allow us to identify how a rail-based logistics solution can deliver further cost efficiencies in this market. We will work closely with producers, operators and other stakeholders as we strive to grow the rail market share for port shuttle business in each state.

Inland Rail is a critical initiative that will improve rail's competitiveness and we are developing plans for the progressive integration of Inland Rail into existing networks as it is constructed.

We are also providing advice to the Australian Government to support development of its terminals' strategy. Ensuring intermodal terminals are developed in key regional and metropolitan centres is critical to enabling growth of rail on the Interstate network and regional connections to ports.

**WE ARE ADOPTING A LEADERSHIP ROLE IN ADVOCATING FOR POLICIES AND REFORMS THAT IMPROVE RAIL FREIGHT'S COMPETITIVENESS.**



**BRISBANE**

Toowoomba

Moree

Parkes

Newcastle

**SYDNEY**

← **PERTH**

Albury

**MELBOURNE**

 *Inland Rail Route*



**ABOUT INLAND RAIL**

Inland Rail is a once-in-a-generation project that will enhance supply chains and complete the backbone of the national freight network by providing for a transit time of 24 hours or less for freight trains between Melbourne and Brisbane via regional Victoria, New South Wales and Queensland. It is the largest freight rail infrastructure project in Australia.



**\$9.3 billion**

in grant and equity funding has been committed by the Commonwealth to support ARTC to build it



**65%**

of Inland Rail will use existing rail infrastructure of **1,100km**



One of the tunnels to be built will be a

**6.38km tunnel**

through the Toowoomba Range, making it the longest diesel freight tunnel in the Southern Hemisphere



Made up of

**13 separate**

projects



First train is expected to run in

**2024–25**



**262,000**

tonnes of steel and

**745,000**

cubic metres of concrete to build it

## MILESTONE KPIs

Project	Milestone	Date (FY2019/20)
Tottenham to Albury	Complete 100% Reference Design	Q1 FY2019/20 ■ ■ ■ ■ ■
Albury to Illabo	Complete 100% Reference Design	Q1 FY2019/20 ■ ■ ■ ■ ■
Illabo to Stockinbingal	Complete 100% Reference Design	Q1 FY2019/20 ■ ■ ■ ■ ■
Border to Gowrie	Complete 100% Reference Design	Q1 FY2019/20 ■ ■ ■ ■ ■
Calvert to Kagaru	Submit EIS documentation to the Queensland Coordinator General	Q1 FY2019/20 ■ ■ ■ ■ ■
Narrabri to North Star	100% Detailed Design – SP1 & SP3	Q1 FY2019/20 ■ ■ ■ ■ ■
Helidon to Calvert	Submit EIS* documentation to the Queensland Coordinator General	Q2 FY2019/20 ■ ■ ■ ■ ■
Gowrie to Helidon	Submit EIS documentation to the Queensland Coordinator General	Q2 FY2019/20 ■ ■ ■ ■ ■
Narromine to Narrabri	Complete 100% Reference Design	Q2 FY2019/20 ■ ■ ■ ■ ■
Stockinbingal to Parkes	Tender and Award for Detailed Design – SP1 & SP2	Q2 FY2019/20 ■ ■ ■ ■ ■
	Completion of 100% Detailed Design for Forbes to Parkes (SP1)	Q4 FY2019/20 ■ ■ ■ ■ ■
Parkes to Narromine	Completion of 100% Detailed Design for Stockinbingal to Forbes (SP2)	Q4 FY2019/20 ■ ■ ■ ■ ■
	Complete 75% Construction	Q4 FY2019/20 ■ ■ ■ ■ ■
Kagaru to Acacia Ridge/Bromelton	Complete 70% Reference Design	Q4 FY2019/20 ■ ■ ■ ■ ■
North Star to Border	Tender & Award Detailed Design Contract – SP1	Q4 FY2019/20 ■ ■ ■ ■ ■
	Reference Design Refinement Pre D&C – SP2	Q4 FY2019/20 ■ ■ ■ ■ ■

\* Environmental Impact Statement



## KEY BENEFITS OF INLAND RAIL



### Connecting our major cities

via regional NSW, QLD and VIC



### Faster and more reliable

transit time Melbourne to Brisbane at lower costs



### Economic stimulator



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**Reduced road  
congestion  
and expenditure**

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**Improved access**  
to and from regional markets

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**Reduced costs**  
for rail operators and their customers

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## KEY ACTIVITIES FOR 2019–20

- Obtain landowner and community input that shapes design solutions, minimises impacts and expands benefits
- Continue construction on the Parkes to Narromine (P2N) section, and work towards achieving the approvals and commencement of construction in the Narrabri to North Star (N2NS) section later in 2019
- Complete field investigations towards Reference Designs and the EIS across all remaining brownfield and greenfield corridors between 2019–2021, noting that the Reference Design will be completed for all projects excluding Kagaru to Acacia Ridge and Bromelton (K2ARB) by the end of 2019
- Update the overall program cost estimates based on the result of these field investigations, Reference Designs and the anticipated stipulated EIS conditions
- Complete the EOI and Request for Proposal (RFP) for the Gowrie to Kagaru (G2K) Public Private Partnership
- Continue work towards achieving planning approvals for the remaining sections while accelerating as many activities as we can so as to expedite obtaining economic benefits across the entire alignment.

**3 Building Inland Rail on time, to budget and to scope**

In 2015, in association with PwC, we prepared for the Australian Government the Inland Rail 2015 Program Business Case. The business case found that an investment in Inland Rail had positive net economic benefits, recognising the long-term horizon for program delivery and inter-generational benefits realised over the life of the asset.

Economy-wide modelling indicated that Inland Rail will increase gross domestic product (GDP) by \$16 billion over the 10-year delivery period and first 50 years of operation. The project is also expected to deliver 16,000 additional jobs at the peak of construction, and an average of 700 additional jobs per annum over the entire period. An economic benefit-cost ratio of 2.62 at a four per cent discount rate has been estimated for the project.

The business case was subsequently evaluated by Infrastructure Australia and in May 2016 they published their positive assessment of the project concluding that the proposed solution would provide net positive benefits to the Australian economy. Following this endorsement Inland Rail was listed as a Priority Project by the Infrastructure Australia Board.

In late 2016 the Australian Government commissioned a market testing process to consider funding and procurement options for the delivery of Inland Rail and in May 2017 announced that ARTC would be commissioned to deliver the project in partnership with the private sector and that the Australian Government would provide up to \$9.3 billion in equity and grant funding support towards construction. The Australian Government has issued a public Statement of Expectations of ARTC outlining the framework for our delivery of Inland Rail.

We have already made significant progress on Inland Rail's construction program:

- Construction commenced in February 2019 following all planning approvals and construction licences being received. This year we brought close to 300 people onto our Inland Rail team.
- In March 2019, Expressions of Interest (EOI) were opened to design, build, finance and maintain the Gowrie to Kagaru segment through a Public Private Partnership (PPP), marking the commencement of the formal procurement process for the PPP. Responses to the EOI were received in May 2019.
- The Inland Rail team has been actively engaging and listening to landowners and other stakeholders. A total of ten Community Consultation Committees (CCCs) and sub-committees have now been established along the route as part of our commitment to addressing local community and environmental concerns.

We have a clear strategy for completing Inland Rail on time, on budget and to scope in accordance with the Statement of Expectations. In the coming years, we will focus on five themes:

- A** Active engagement
- B** The right capabilities
- C** Value for money
- D** Customer focus
- E** Effective oversight and assurance

## A Active engagement

About 65 percent of the Inland Rail route uses existing rail corridors. Around 600 km of new corridor in regional New South Wales and Queensland is required to complete the alignment.

To obtain this land, negotiations with private landholders on access agreements must take place. We also know our program and method of construction will affect neighbouring landholders and communities, raising substantial concerns.

We are working cohesively with local communities and stakeholders to set realistic expectations about our construction program. We are also committed to minimising the impact on them and their surrounding environments. In recognition of the importance of this

work, we have created a dedicated community and stakeholder engagement team, which reports directly to the CEO of Inland Rail. An intensive program of briefings and information sessions saw 2,126 separate face-to-face consultations, 328 of which were community information and town hall meetings.

We have also established five social media channels enabling more responsive engagement with the community. We've initiated several targeted social media campaigns to address misconceptions about the program and promote specific project-related work and in the coming year we'll be expanding our proactive content to promote progress and the benefits of Inland Rail.

Another key focus is to generate opportunities for regional communities through employment, Indigenous participation, social performance and local procurement.



**B The right capabilities**

Over the past 15 years, ARTC has successfully delivered \$6.5 billion of large-scale construction projects on our Interstate and Hunter Valley networks. This has been achieved in partnership with private sector design and construction companies, bringing together the right mix of skills for each project. We are leveraging our established project management skills, experience and relationships to ensure we apply the right capabilities to each project component.

Where necessary, we are strengthening our internal capabilities by recruiting new people from the public and private sectors. In addition, there have been a number of structural changes to the operations of Inland Rail over the past year, including the establishment of a Program Management Office (PMO), and the reconfiguration of Program Delivery and bolstering our community engagement expertise and capacity to allow for a more community-facing approach.

**C Value for money**

We are very conscious of the scale of public investment in Inland Rail, and the need for robust procurement processes and financial controls. This will ensure the goods and services purchased for the project represent value for money while also stimulating regional economic activity. A procurement transformation program is already underway to guarantee a more integrated and sophisticated risk and value-driven framework for ARTC's procuring and contracting requirements.

We have also developed approaches to maximise our purchasing power. For example, where it is practical, and delivers better value for money, we will purchase all sleepers, rails and culverts for Inland Rail centrally through ARTC. This is instead of purchasing through our construction partners for the 13 individual Inland Rail projects. In addition, we are mindful of presenting opportunities for local and regional suppliers and Indigenous organisations. We will leverage these economies of scale wherever possible across the company to ultimately benefit our customers.



## D Customer focus

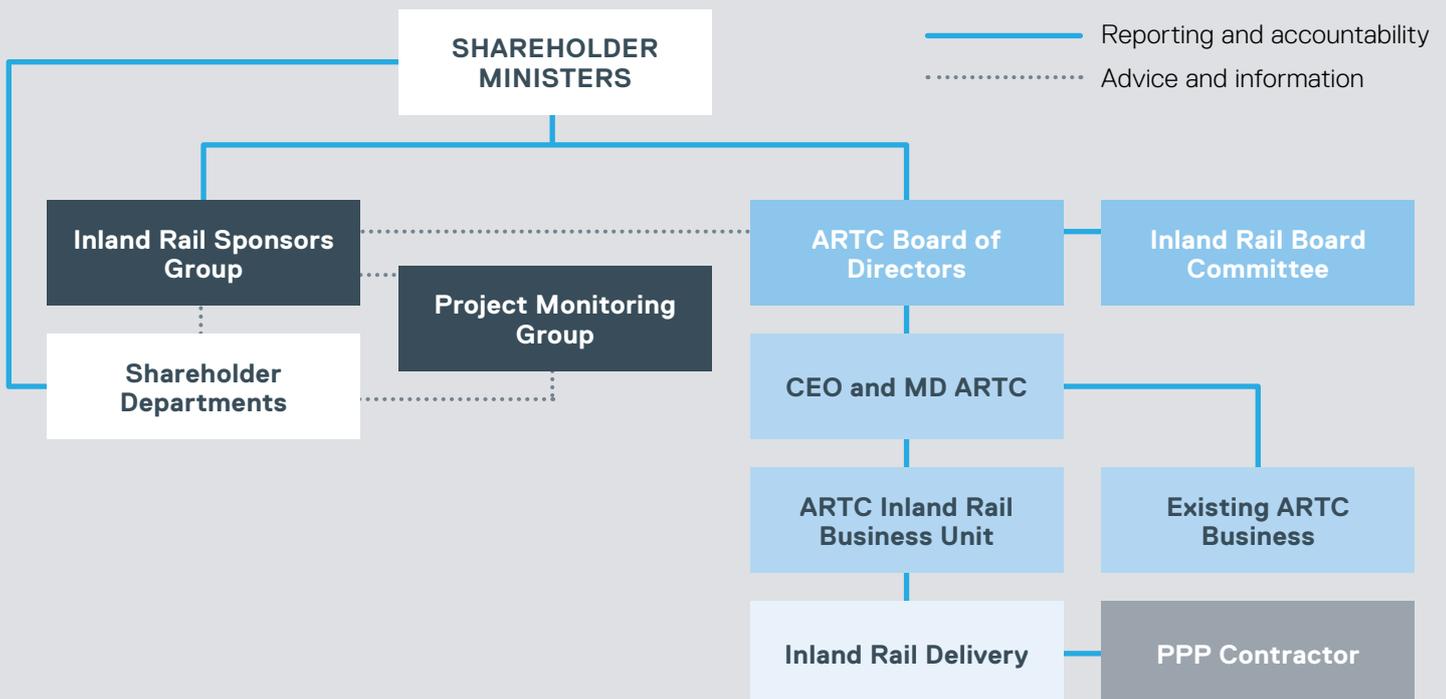
Inland Rail needs to deliver on the needs and priorities of freight customers now and for future generations. We defined this value proposition in consultation with all of Australia's major rail freight customers, freight owners and other key stakeholders. By doing so we are ensuring it reflects the performance outcomes customers want and are prepared to pay for. The value proposition drives Inland Rail's technical specifications and capabilities, guaranteeing the project is cost efficient and is value for money.

TO DELIVER ITS FULL BENEFITS, INLAND RAIL MUST MATCH THE NEEDS AND PRIORITIES OF FREIGHT CUSTOMERS BOTH NOW AND INTO THE FUTURE.

## E Effective oversight and assurance

Due to the magnitude and complexity of Inland Rail, we recognise the need for effective internal and external governance arrangements to deliver strong oversight and assurance. We have strengthened our Board and Executive membership to ensure we have the appropriate skill set. We have also established governance arrangements that accord with public sector best-practice guidelines. We are confident we have the right internal leadership, accountability and skills to govern delivery.

The Australian Government is actively supporting ARTC in its delivery objectives. Governance arrangements have been established to reflect the importance of the project to the community. These arrangements are shown in the figure below.





OUR INLAND RAIL MONTHLY EXPENDITURE WILL SIGNIFICANTLY RAMP UP TO MORE THAN \$200 MILLION PER MONTH DURING THE PEAK CONSTRUCTION PERIOD.

CHRIS  
INFRASTRUCTURE MAINTAINER

## WE WILL CONTINUE TO DEVELOP OUR PEOPLE AND ENSURE WE HAVE THE RIGHT CAPABILITIES AND SYSTEMS TO ENABLE OUR STRATEGY

The size and complexity of our business will increase substantially over the coming five years as we scale up to deliver Inland Rail.

For example, over the Corporate Plan period:

- Our Inland Rail monthly expenditure will significantly ramp up to more than \$200 million per month during the peak construction period
- Our number of full-time employees will grow by almost 40 percent
- Around 5,000 contracting staff will be engaged on construction activities.

We have recognised that we need to further strengthen our organisational capabilities to ensure our success and achieve our strategic objectives. This includes appointing ARTC people into key technical roles as well as bringing in new people to further build our talented project team.

In the coming years, we will focus on:

- 1 Providing a great place to work
- 2 Leadership and strong governance
- 3 Our procurement function
- 4 Our risk management system
- 5 Business resilience and security
- 6 An integrated pathway for systems

### 1 Providing a great place to work

More than any other asset, system or resource in the company, our people influence how effectively we fulfil our purpose and meet our strategic objectives. We take pride in a work culture that supports and promotes our people's performance and ability to contribute, but recognise that there are opportunities to go further in realising our people's potential.

Over the past year we've invested considerable effort in developing a comprehensive People Strategy with six focus areas:

- Create an engaged and diverse culture
- Grow our people
- Have capable and connected leaders
- Plan our talent and succession
- Enable high contribution
- Have in place efficient people processes.

The Strategy is supported by a 36 month implementation roadmap and we're well into the implementation phase with our People team having been restructured to provide the appropriate organisational architecture to deliver on the Strategy.

In line with this implementation, we need to know that we're making progress in our staff engagement and satisfaction and we regularly measure our progress on this journey.

## 2 Leadership and strong governance

We are maintaining strong governance from the Board down to be well-positioned to deliver Inland Rail as well as other shareholder priorities. It is critical to ensure the right skill mix to support the future needs of our business and support our strategic objectives.

### Accountability and Reporting

We are committed to the highest standards of professionalism and diligence in the management and operation of the company.

The ARTC Board has responsibility for the performance of the company and is fully accountable to the Shareholders. We provide comprehensive ongoing information, including the following required reports:

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

The diagram opposite shows the structure of the Board and its sub-committees.

## Capital Management

Our capital structure has been developed with consideration for the capital investment program funding options and with ongoing consultation with our Shareholder.

In support of past investment, we have issued \$A bonds on the Australian Domestic Market and established Syndicated Debt Facilities. Looking forward we will receive significant injections of additional equity in support of a number of projects, most notably Inland Rail. We'll also be undertaking further debt raising and establishing a PPP to support our forward capital program and the Inland Rail project.

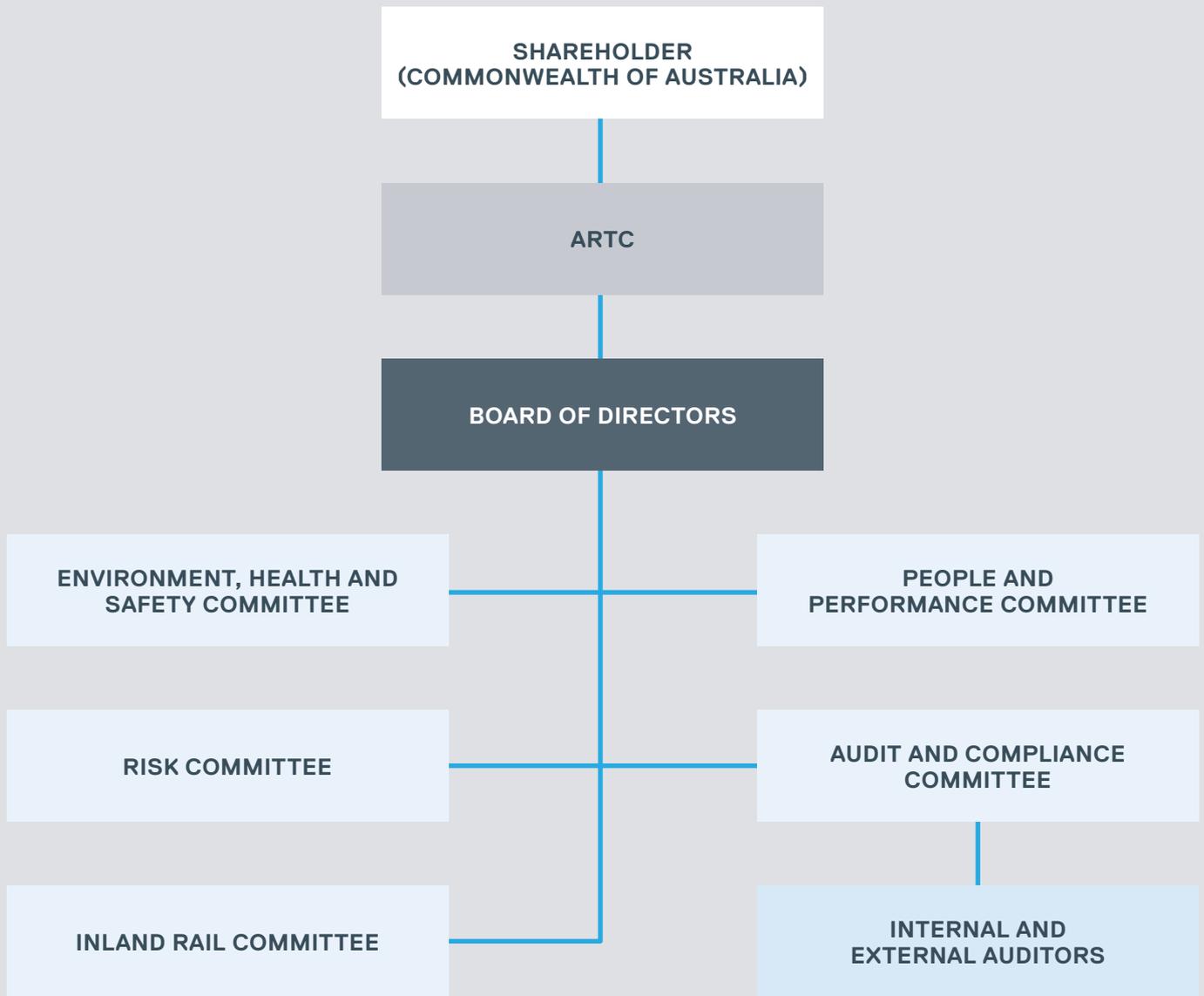
## 3 Our procurement function

With the construction of Inland Rail, the size, complexity and importance of this function is escalating. A top priority is to further transform our procurement function for the entire business to:

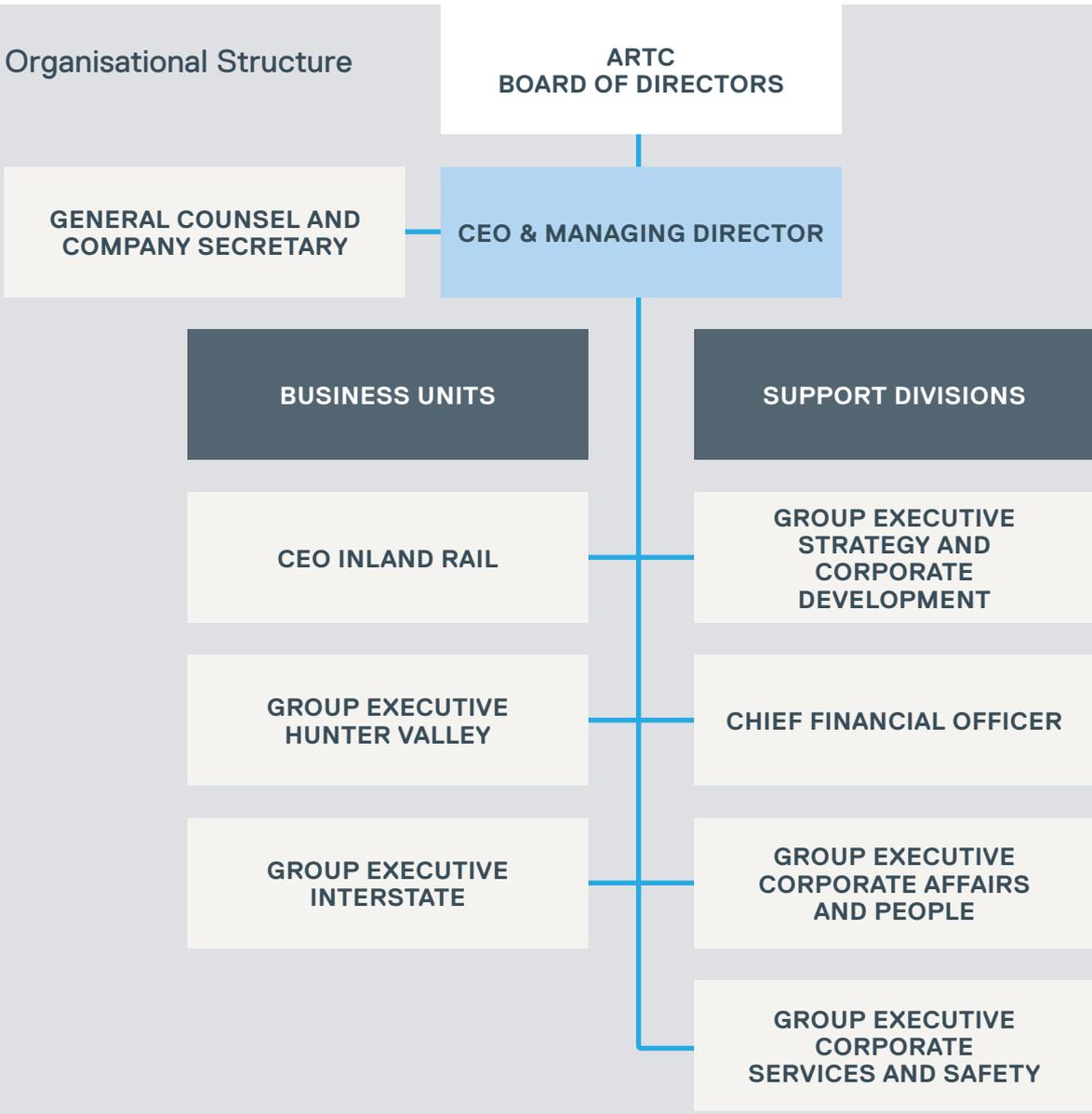
- Ensure the governance and probity of our procurement and contract management processes are consistently robust
- Improve the cost efficiency of our services by achieving better value for money from our expenditure on third party services and equipment
- Satisfy regulatory requirements to demonstrate the prudence and efficiency of this expenditure.

We have already initiated a three-year procurement transformation program that is developing and embedding a more integrated and sophisticated risk and value-driven framework for all procuring and contracting.

Board Governance



# ORGANISATIONAL CAPABILITY



## 4 Our risk management system

Risk management remains an important element of our ongoing operations, providing a near- and longer-term view of challenges that might be impacting operational and strategic progress. In line with our Risk Management Policy endorsed by the CEO, our goals for risk management have not changed and are that:

- We will manage risk to enhance safety at work and to support efficient business operations and achievement of our strategic goals
- We aim to reduce or eliminate where possible, the risks that impact the safety of our fellow employees, contractors, customers and members of the public, so far as is reasonably practicable
- We will manage financial and business risks to ensure the commercial performance of the Company progresses toward corporate goals and continues to foster positive and productive relationships with stakeholders and Shareholders.

As ARTC's business requirements evolve, we recognise the need for our risk management system to keep changing with it. We have implemented a Risk Management Improvement Plan to achieve this goal. The plan has six key deliverables:

- Enhance ARTC's risk management framework
- Clarify accountabilities and responsibilities for risk management
- Implement and use appropriate systems to drive active risk management
- Provide additional tools, techniques and guidance material
- Further develop organisational competencies and capabilities in risk management
- Enhance mechanisms for governance and assurance of risk matters.

Our risk management approach aligns with best practice principles and is consistent with the International Risk Management Standard ISO:31000 2009.



## ORGANISATIONAL CAPABILITY

We have been recognised by industry with awards for our commitment to increasing the diversity of our workforce. In the past five years, we have increased our proportion of female employees from **17%** to **26%**.



TAMARA  
SENIOR RISK ADVISOR

### 5 Resilience and business security

Our business is heavily dependent on IT systems, with a number of highly specialised rail operations systems being critical to our ability to conduct day to day operations.

Recognising this, we are moving ahead with a broad project to increase our business resilience, continuity and disaster recovery as well as a specific cyber security strategic plan to ensure the safety, security and integrity of our systems and data across the business. Cyber threats are becoming increasingly pervasive and sophisticated and we're maintaining a proactive approach to tackling the constantly evolving cyber security threat landscape.

Our cyber security strategic plan sets out our high-level strategies including:

- 1. Understanding our business and technology environment**
- 2. Fostering a culture of proactive cyber risk awareness**
- 3. Implementing an effective cyber security management program, including embedding within our systems and operations the ability to:**
  - Manage cyber security throughout system lifecycle and the supply chain
  - Take a risk-based approach to cyber security.
- 4. Improving our ability to:**
  - Manage identities and access credentials
  - Protect our environment against cyber threats
  - Prepare for, respond to and recover from cyber incidents.

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Employee engagement

**7.3/10**

2018 Employee Engagement Survey

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Percentage of female employees

**26%**

Percentage of indigenous employees

**2.4%**

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2018–19 actual results



DEREK  
INFRASTRUCTURE MAINTAINER

## 6 An integrated pathway for systems

We've identified more than 100 systems across the organisation that are important to the functioning of our business. To improve our capability and efficiency it is increasingly desirable for these systems to be better integrated and for there to be a clear pathway for their future development.

We've therefore initiated the development of a Digital Strategy with a view to maximising our investment in technology to remove unnecessary manual processing, to generate and use data at faster delivery speeds, and innovate in target areas. Specific implementation initiatives will then move ahead on the basis of their contribution to achieving our strategic objectives.

WE'RE INTEGRATING OUR SYSTEMS TO IMPROVE OUR CAPABILITY AND EFFICIENCY.

