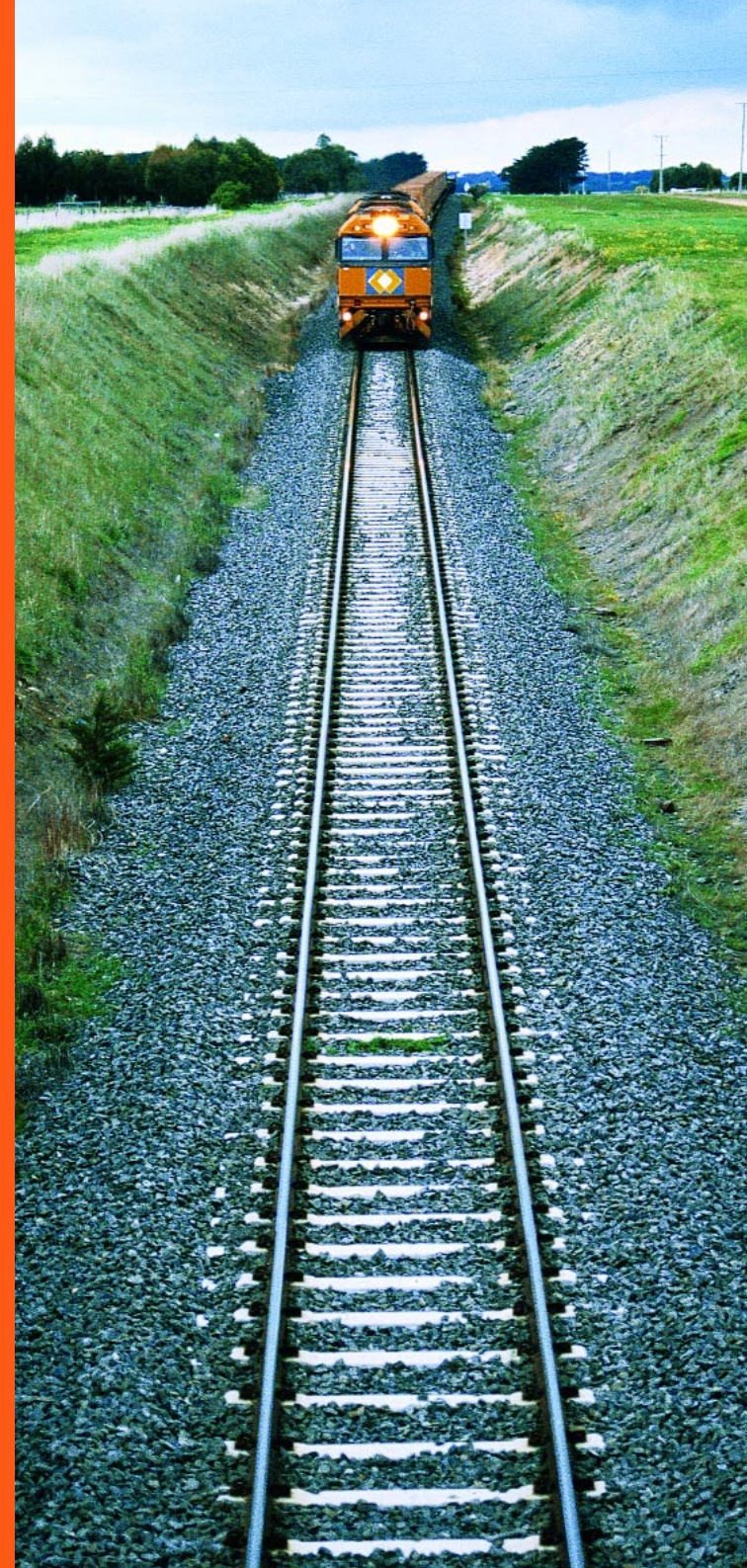


Annual Report 2001



AUSTRALIAN RAIL TRACK CORPORATION LTD



Directors' Report



Left to Right:
David Marchant—Managing Director, Barry Murphy—Chairman,
Geoff Atkinson—Company Secretary, Richard Balderstone—Director,
Ray McCutcheon—Director

The Board of Directors of the Australian Rail Track Corporation Limited (“Australian Rail Track Corporation”) has pleasure in submitting the Directors’ report in respect of the year ended 30 June 2001.

DIRECTORS

The names of the directors in office during the year and at the date of this report, unless otherwise noted, are as follows.

B K Murphy	(Chairman)
R T Balderstone	
R I McCutcheon	(Appointed 29th June 2001)
D W Marchant	
J W Walker	(Resigned 11th December 2000)

DIRECTORS' MEETINGS

During the reporting period, the company held eleven meetings of directors. The attendance of the directors at meetings of the Board was:

	Meetings Of The Board of Directors Attendance	
B K Murphy	11	(11)
R T Balderstone	11	(11)
J W Walker	3	(6)
D W Marchant	11	(11)
R I McCutcheon	0	(0)

The figures in brackets () represent the maximum possible number of meetings each director could attend.

Directors' Report

PRINCIPAL ACTIVITIES

The principal activities of the Australian Rail Track Corporation during the year were the provision of rail access and infrastructure management of rail networks either owned or leased by the company.

RESULTS

The profit of the company for the year ended 30 June 2001, after income tax, was \$20,202,089.

DIVIDENDS

The directors have recommended and paid an interim dividend of \$2,000,000 for the year ended 30 June 2001. A dividend of \$2,000,000 in relation to the year ended 30 June 2000 was paid during the current year and a final dividend of \$4,750,000 relating to the prior year was recommended and paid during the year ended 30 June 2001. A final dividend was recommended for the current year of \$4,750,000.

REVIEW OF OPERATIONS

The review of the operations of the Australian Rail Track Corporation is contained in the Managing Director's Report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On the 24th August 2001, it was announced that the Commonwealth and the New South Wales Government had agreed to a comprehensive examination of the access and track management arrangements for interstate track in New South Wales, with a view to reaching an agreement to transfer management responsibility for this track to the Australian Rail Track Corporation.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Likely developments of the Australian Rail Track Corporation are contained in the Managing Director's Report.

ENVIRONMENTAL REGULATION/PERFORMANCE

The Australian Rail Track Corporation holds a licence from the Environmental Protection Authority under Part 6 of the Environmental Protection Act, 1993 to undertake the activity of a "Railway System". The licence will expire on 31 January 2002. To date, the Australian Rail Track Corporation has complied with the requirements of the licence agreement.

DIRECTORS' BENEFITS

During the twelve months under review, no director has received or become entitled to receive a benefit, other than benefits disclosed in the financial statements of the company;

- by reason of a contract made by the company with the director or with a firm of which the director is a member, or
- with a company in which the director has a substantial financial interest.

INDEMNIFICATION OF OFFICERS

During the reporting period, the Company paid insurance premiums (\$32,816) in respect of Directors' and Officers' Liability Insurance. The insurance contract covers wrongful acts to the extent permitted by law.

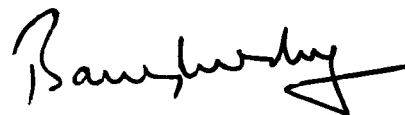
No known liability has arisen under the insurance contract as at the date of this report.

ROUNDING OF AMOUNTS

Amounts in the financial statements and the Directors' report have been rounded to the nearest thousand dollars unless specifically stated otherwise.

Signed in accordance with a resolution of Directors.

On behalf of the Directors.



B K Murphy
Chairman



David Marchant
Managing Director

Signed at Sydney, this 19th day of September 2001

Statement of Financial Position at 30 June 2001

	Note	2001 \$'000	2000 \$'000
CURRENT ASSETS			
Cash	17	31,124	39,136
Receivables	6	16,908	9,697
Inventories	7	2,231	41
Other	8	419	636
Total current assets		50,682	49,510
NON-CURRENT ASSETS			
Property, plant and equipment	9	192,700	204,886
Total non-current assets		192,700	204,886
TOTAL ASSETS		243,382	254,396
CURRENT LIABILITIES			
Payables	10	22,403	24,133
Other provisions	11	11,087	22,326
Total current liabilities		33,490	46,459
NON-CURRENT LIABILITIES			
Other provisions	12	3,190	9,937
Total non-current liabilities		3,190	9,937
TOTAL LIABILITIES		36,680	56,396
NET ASSETS		206,702	198,000
SHAREHOLDERS' EQUITY			
Contributed equity	13	91,751	91,751
Retained profits	15	38,121	29,419
Reserves	14	76,830	76,830
TOTAL SHAREHOLDERS' EQUITY		206,702	198,000

The accompanying notes form an integral part of this Statement of Financial Position.

Statement of Financial Performance for the year ended 30 June 2001

	Note	2001 \$'000	2000 \$'000
Sales revenue	4	86,181	87,649
Other revenues	4	5,325	5,176
Employee expenses		8,001	7,640
Depreciation	9	9,631	5,781
Infrastructure maintenance		42,740	47,191
Operating lease expenses		1,242	2,722
Other expenses		9,690	9,231
Profit from ordinary activities before income tax		20,202	20,260
Income tax attributable to operating profit	5	-	-
Profit from ordinary activities after income tax		20,202	20,260
Net profit		20,202	20,260
Increase in Asset Revaluation Reserve		-	76,830
Total revenues, expenses and valuation adjustments attributable to members of ARTC recognised directly in equity		-	76,830
Total changes in equity other than those resulting from transactions with owners as owners		20,202	97,090

The accompanying notes form an integral part of this Statement of Financial Performance.

Statement of Cash Flows

for the year ended 30 June 2001

	Note	2001 \$'000	2000 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		97,948	88,446
Payments to suppliers and employees		(78,608)	(60,176)
GST Paid		(7,179)	-
Interest received		1,789	1,153
Insurance claims received		1,678	2,941
Net cash provided by operating activities	17(b)	15,628	32,364
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(26,980)	(44,811)
Receipts for plant & equipment from the Foundation (a)		12,090	37,330
Net cash used in investing activities		(14,890)	(7,481)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends		(8,750)	(2,000)
Net cash used in financing activities		(8,750)	(2,000)
Net increase in cash held		(8,012)	22,883
Cash at the beginning of the financial year		39,136	16,253
Cash at the end of the financial year	17(a)	31,124	39,136

(a) The Australian Railway Infrastructure Foundation ("the Foundation") was established by the Commonwealth to finance capital projects approved by the Commonwealth Minister for Transport and Regional Services. During the year ended 30 June 2001 the Foundation reimbursed Australian Rail Track Corporation Ltd for funds Australian Rail Track Corporation Ltd expended on approved projects on behalf of the Foundation.

The accompanying notes form an integral part of this Statement of Cash Flows.

Notes to the Financial Statements

Note 1: ESTABLISHMENT OF THE ECONOMIC ENTITY

The Australian Rail Track Corporation Limited was incorporated on 25 February 1998 as part of the corporatisation of the former "Track Access" business unit of the Australian National Railways Commission. The company was established pursuant to the inter-governmental agreement reached on 14 November 1997 between the Commonwealth of Australia and the States of New South Wales, Victoria, Queensland, Western Australia, and South Australia regarding the operation of the mainline interstate rail network. The agreement runs until 30 June 2003 and may be extended by agreement of the parties to it.

The company operates as a rail access provider and a rail infrastructure manager. Its main activities for the year to 30 June 2001 included: (a) provision of access to train operators over the rail network either owned or leased by the company; (b) management of the Commonwealth's former interstate rail infrastructure and related assets; and (c) management, through a lease, of the interstate track and related assets located in Victoria.

The company's main responsibilities include the provision of equitable access arrangements to the rail network it manages, the provision of train pathway planning services for the network, the provision of a train control function for all trains operating on the network, and the management of a capital investment and infrastructure maintenance program.

Pursuant to the Australian National Railways Commission Act 1983, (Sections 67AE, 67AG and 67AF), the Minister of Finance and Administration transferred the interstate corridor rail infrastructure, held by the Commonwealth, other assets, specified liabilities and contractual rights and obligations to the Australian Rail Track Corporation as at 1 July 1998.

Note 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards, the Corporations Act (2001) and Urgent Issues Group Consensus Views. The financial statements have been prepared on an accrual basis and do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets, except for certain assets, which are recorded at valuation.

INCOMETAX

The financial statements apply the principles of tax-effect accounting. The income tax expense represents the tax on the pre-tax accounting profit adjusted for income and expenses not assessed or allowed for taxation purposes. The future income tax benefit and provision for deferred tax accounts represent the tax effect of differences between income and expense items recognised in different years for book and tax purposes, calculated at the tax rates expected to apply when the differences reverse.

LEASED ASSETS

Operating lease assets are not capitalised. Rental payments are charged against operating profit in the period in which they are incurred.

There are no finance leases in existence.

RAIL INFRASTRUCTURE ASSETS

The rail infrastructure assets vested in the Australian Rail Track Corporation at 1 July 1998 covered all interstate mainline track and associated land, trackside and related assets under Commonwealth jurisdiction, and includes rail, sleepers, ballast, designated crossing loops, turnouts, signals and communications equipment, bridges, culverts, tunnels, and specified rolling stock.

VALUATION OF ASSETS

The company's assets were re-valued as at 30 June 2000, and follow the first valuation in June 1998. The company's assets were valued at their fair value, as determined by financial advisers and thereafter adopted by the Board. The fair value was calculated by discounting estimated future net cash flows using the estimated long term weighted average cost of capital. The same methodology, using the discounted cash flows, was used in the initial valuation.

CAPITALISATION

Expenditure on the acquisition of new infrastructure assets is capitalised when these new assets increase the net present value of future cash flows.

Infrastructure assets in the course of construction are classified as capital works in progress. Capital works in progress are recorded at cost, and are not depreciated until they have been completed and the assets are ready for economic use.

Notes to the Financial Statements

Note 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DEPRECIATION

All infrastructure assets are depreciated on a straight line basis over the estimated economic useful life of the assets as follows.

	Maximum Economic Useful Life*
Bridges	40 years
Culverts	100 years
Signals & Communications	10 years
Tunnels	50 years
Turnouts	12 years
IT & Other Equipment	4 years
Ballast	60 years
Rail	109 years
Sleepers	50 years
Motor Vehicles	5 years

*Depending on the age and location of particular assets, the economic life may vary.

MAJOR PERIODIC MAINTENANCE

Maintenance of infrastructure assets is classified as major periodic maintenance if it is part of a systematic planned program of works, occurs on a cyclical basis and is significant in monetary values. Major periodic maintenance may include major corrective works, component replacement programs, and similar activities.

CAPITAL WORK IN PROGRESS

Work in progress comprises expenditure on incomplete capital works.

ASSESSMENT OF RECOVERABLE AMOUNTS

The value of the business will be reviewed on a periodic basis to determine whether the carrying amount of assets requires adjustment to their recoverable amount. Recoverable amount is determined using future net cash flows discounted to present values.

Capital gains tax has not been taken into account in determining the carrying amounts of these assets as they are integral to the company's operations and it has no intention to sell these assets.

PROVISION FOR EMPLOYEE ENTITLEMENTS

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave.

Applicable on-costs, including payroll tax, workers compensation and superannuation, are included in the determination of provisions. Annual leave and long service leave are measured at their nominal amounts. Long service leave is accrued from the time of employment.

OTHER PROVISIONS

Included in the amounts of other provisions are liabilities to make payments for track restoration, for survey and subdivision of defined railway land, and part costs for the running of a plan room.

REVENUE RECOGNITION

Access revenue recorded in the Statement of Financial Performance comprises amounts received and receivable by the company granting operators access to the rail network during the year.

FINANCIAL INSTRUMENTS INCLUDED IN EQUITY

Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

FINANCIAL INSTRUMENTS INCLUDED IN ASSETS

Cash, money market deposits, and commercial bills held by the company are recorded at cost. Interest revenue is recorded on an effective yield basis.

All trade debtors are recorded at the amount due, based on a pricing regime agreed with train operators. The amounts are reviewed on an ongoing basis and any amounts considered uncollectable are provided for as doubtful debts.

INVENTORY

Inventories are valued at lower of cost and net realisable value. Cost is assigned on a first-in first-out basis.

RECOVERIES AND EXPENSES ASSOCIATED WITH RAIL ACCESS RELATED INCIDENTS

Income attributable to insurance recoveries arising from rail access related incidents is not recognised until certain. Costs of rectification are recognised when incurred.

Notes to the Financial Statements

Note 3: EMPLOYEE NUMBERS

	2001	2000
Average number of employees	85	83

Note 4: PROFIT AND LOSS ITEMS

	2001	2000
	\$'000	\$'000

Profit from ordinary activities is after crediting the following revenues:

SALES REVENUE:

Access fees	86,181	87,649
-------------	--------	--------

Total Sales Revenue	86,181	87,649
----------------------------	---------------	---------------

OTHER REVENUES:

Unrelated parties

Interest	1,850	1,108
License & fees	867	531
Insurance recovery	1,678	2,941
Other	930	596

Total Other Revenue	5,325	5,176
----------------------------	--------------	--------------

Total Operating Revenue	91,506	92,825
--------------------------------	---------------	---------------

Profit from ordinary activities is after charging the following expenses:

DEPRECIATION:

Building improvements	223	223
Plant and equipment	9,408	5,558

Total Depreciation	9,631	5,781
---------------------------	--------------	--------------

Reversal of provision for doubtful debts	(26)	0
--	------	---

BORROWING COSTS:

Interest paid or payable – unrelated party	–	–
--	---	---

OTHER EXPENSE ITEMS:

Employee expenses	8,001	7,640
Infrastructure maintenance	42,740	47,191
Operating lease expenses (a)	1,242	2,722
Other expenses from ordinary activities	9,716	9,231

Total Other Expenses Items	61,673	66,784
-----------------------------------	---------------	---------------

Specific disclosure items

(a) Comprises:

Lease payments – Victorian lease	1,102	2,600
Lease payments – equipment	28	28
Lease payments – motor vehicles	112	94
	1,242	2,722

Notes to the Financial Statements

Note 5: INCOME TAX

The passing of Division 58, with Royal Assent on 16 July 1999, has entitled the company to value assets, for taxation purposes, using the pre-existing audited book values. This effectively means the value of rail infrastructure and related assets for taxation purposes is as recorded in the accounts of the Australian National Railways Commission before they were transferred to the company. This results in a significant permanent difference which will ensure the company is not liable for tax during the current reporting period and gives rise to likely significant income tax benefits in the current and future years. However, as the tax losses arising from this permanent difference are not considered virtually certain of recovery, under the applicable tax effect accounting standard, the income tax benefits have not been recognised in the current year financial statements.

Further, due to differences in the depreciation rates used to depreciate the track infrastructure and related assets for tax and accounting purposes, a provision for deferred income tax arises. However, due to the magnitude of the tax losses arising from the passing of Division 58, the resultant tax benefit more than offsets any deferred tax liability in the current year.

Note 6: RECEIVABLES (CURRENT)

	2001 \$'000	2000 \$'000
Trade debtors	10,812	9,723
less provision for doubtful debts	-	(26)
Trade debtors , net	10,812	9,697
Non trade amounts owing by :		
Unrelated parties - (a)	6,096	-
Total receivables (Current)	16,908	9,697

(a) includes net GST receivable

Note 7: INVENTORIES (CURRENT)

	2001 \$'000	2000 \$'000
Inventory - at cost	2,231	41
Total inventories (Current)	2,231	41

Note 8: OTHER ASSETS (CURRENT)

	2001 \$'000	2000 \$'000
Prepayments	419	636
Other assets (Current)	419	636

Notes to the Financial Statements

Note 9: PROPERTY, PLANT AND EQUIPMENT

	2001	2000
	\$'000	\$'000

BUILDING IMPROVEMENTS

Cost

Opening Balance	950	950
Additions	-	-

Closing Balance	950	950
------------------------	------------	------------

Accumulated depreciation

Opening Balance	279	56
Depreciation for the year	223	223

Closing Balance	502	279
------------------------	------------	------------

Net Book Value	448	671
-----------------------	------------	------------

PLANT & EQUIPMENT

Cost

Opening Balance	11,696	123,979
Additions	10,338	3,754
Transfer on revaluation	-	(116,037)
Disposals (a)	(11,349)	-

Closing Balance	10,685	11,696
------------------------	---------------	---------------

At 2000 valuation

Opening Balance	181,989	-
Increase resulting from revaluation	-	65,952
Transfer on revaluation	-	116,037

Closing Balance	181,989	181,989
------------------------	----------------	----------------

Accumulated depreciation

Opening Balance	98	5,418
Depreciation for the year	9,408	5,558
Reversal on revaluation	-	(10,878)

Closing Balance	9,506	98
------------------------	--------------	-----------

Net Book Value	183,168	193,587
-----------------------	----------------	----------------

Plant and equipment in the course of Construction

9,084	10,628
-------	--------

Total Property, Plant and Equipment, net	192,700	204,886
---	----------------	----------------

VALUATION OF ASSETS

Plant and equipment represents the fair value of assets based on an independent valuation as at 30 June 2000. The valuation was performed by Equity & Advisory Pty Ltd. The fair value of the assets was calculated by discounting estimated future net cash flows using the estimated long term weighted average cost of capital.

(a) Write back of assets for the Tarcoola – Alice Springs line against the provision (refer note 11)

Notes to the Financial Statements

Note 10: PAYABLES (CURRENT)

	2001 \$'000	2000 \$'000
Unsecured:		
Trade creditors	22,403	24,133
Total payables (Current)	22,403	24,133

Note 11: Other Provisions (Current)

	2001 \$'000	2000 \$'000
Dividends	4,750	2,000
Employee entitlements (a)	2,206	955
Track restoration (b)	2,014	2,855
Survey & subdivision (c)	433	995
Rail grinding (d)	568	1,674
Loss of Tarcoola to Alice Springs line segment (e)	-	11,349
Bridges (f)	130	1,207
Environmental	673	818
Other	313	473
Total other provisions (Current)	11,087	22,326

- a) Employee entitlements include provisions for both annual leave and the current portion of long service leave entitlements.
- b) The track restoration provision represents the balance of funds made available for the rectification of incident damaged sites by the Australian National Railways Commission on transfer of track assets to the company.
- c) The survey and subdivision provision represents the balance of funds made available by the Commonwealth to enable re-titling of land associated with rail infrastructure assets transferred to the company.
- d) The provision for rail grinding comprises estimated costs associated with corrective grinding and related works required to reinstate the track to a suitable standard.

- e) Loss of the Tarcoola to Alice Springs line segment is the result of the obligation to lease this line to the successful Alice Springs to Darwin rail line consortium at nominal cost. As this line segment was transferred in the current year the provision has been written off against the assets transferred (Note 9(a)).
- f) The provision for bridges comprises estimated costs associated with the maintenance of the identified bridges to meet performance requirements.

Note 12: OTHER PROVISIONS (NON-CURRENT)

	2001 \$'000	2000 \$'000
Employee entitlements (a)	246	4,092
Survey & subdivision (b)	217	498
Rail grinding (c)	-	1,674
Track restoration (d)	2,014	2,855
Environmental	673	818
Other	40	-
Total other provisions (Non-current)	3,190	9,937

- a) Employee entitlements include the non-current portion of long service leave entitlements.
- b) The survey and subdivision provision represents the balance of funds made available by the Commonwealth to survey and title the interstate mainline land transferred by Ministerial Declaration to the company.
- c) The provision for rail grinding covers estimated costs associated with corrective grinding and associated works required to reinstate the track to a suitable standard.
- d) The track restoration provision represents the balance of funds made available for the rectification of incident damaged sites by the Australian National Railways Commission on transfer of track assets to the company.

Notes to the Financial Statements

Note 13: CONTRIBUTED EQUITY

	2001 \$'000	2000 \$'000
Paid up capital 100 Ordinary shares (2000: 100 ordinary shares)		
Contributed equity	91,751	91,751

Note 14: RESERVES

	2001 \$'000	2000 \$'000
Asset Revaluation Reserve		
Opening Balance:	76,830	-
Asset revaluation (a)	-	76,830
Closing balance	76,830	76,830

(a) For details on the revaluation of assets refer to note 9.

Note 15: RETAINED PROFITS AND DIVIDENDS

	2001 \$'000	2000 \$'000
Retained profits at the beginning of the financial year	29,419	11,159
Dividends provided for or paid	(11,500)	(2,000)
Net profit for the year	20,202	20,260
Retained profits at the end of the financial year.	38,121	29,419

EQUITY

Total equity at the beginning of the financial year	198,000	102,910
Total changes in equity recognized in the Statement of Financial Performance	20,202	20,260
Total changes in equity recognized in the Statement of Financial Position (a)	-	76,830
Dividends	(11,500)	(2,000)
Total equity at the reporting date	206,702	198,000

RETAINED PROFITS

Retained profits that can be distributed as dividends	38,121	29,419
--	--------	--------

DIVIDEND FRANKING

At balance date no franking credits were available.

(a) Increase arising from the independent asset valuation in June 2000.

Note 16: CONTINGENT LIABILITIES/ASSETS

The company accounts for costs associated with rectifying rail access related incidents following their occurrence. Income from subsequent insurance and other recoveries is only recognised when certain. As a result, certain potential insurance recoveries have not been recognised at year end, as their ultimate collection is not considered certain.

Notes to the Financial Statements

Note 17: NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the Statement of Financial Position as follows:

	2001 \$'000	2000 \$'000
Cash on hand	2,684	452
Call deposits with banks	9,487	7,841
Commercial paper	18,953	30,843
	31,124	39,136

(b) Reconciliation of net profit after income tax to net cash provided by operating activities.

Operating profit after income tax	20,202	20,260
-----------------------------------	--------	--------

Adjustments for non-cash income and expense items:

Depreciation	9,631	5,781
--------------	-------	-------

Movement in provision for:

Doubtful debts	(26)	12
----------------	------	----

Other provisions	(6,792)	588
------------------	---------	-----

Sub-total	2,813	6,381
------------------	--------------	--------------

Changes in assets and liabilities:

(Increase)/decrease in assets:

Accounts receivable	(1,089)	(647)
---------------------	---------	-------

Inventories	(2,190)	-
-------------	---------	---

Prepaid insurance	217	193
-------------------	-----	-----

Increase/(decrease) in liabilities:

Trade creditors	(1,730)	6,747
-----------------	---------	-------

Provision for employee entitlements	(2,595)	(570)
-------------------------------------	---------	-------

Sub-total	(7,387)	5,723
------------------	----------------	--------------

Net cash from operating activities	15,628	32,364
---	---------------	---------------

Note 18: REMUNERATION OF OFFICERS

REMUNERATION OF DIRECTORS

The number of directors of the company who were paid, or were due to be paid, remuneration (including brokerage, commissions, bonuses, and salaries, but excluding any payments in connection with their retirement), directly or indirectly, from the company, as shown in the following bands, was:

	2001	2000
\$ 0 – 9,999	2	1
\$ 20,000 – 29,999	1	2
\$ 50,000 – 59,999	1	1
\$ 230,000 – 239,999	-	1
\$ 250,000 – 259,999	1	-

The aggregate remuneration of the directors referred to in the above bands was	\$335,616	\$332,886
--	-----------	-----------

The total of all remuneration paid, or due and payable, directly or indirectly, from the company to directors was \$368,432. This amount includes the value of insurance premiums and indemnity payments made for the benefit of directors.

REMUNERATION OF EXECUTIVES

The number of executive officers whose total income for the reporting period falls within the following bands, was:

	2001	2000
\$140,000 – 149,999	-	2
\$150,000 – 159,999	-	2
\$160,000 – 169,999	4	-
\$230,000 – 239,999	-	1
\$250,000 – 259,999	1	-

The aggregate remuneration of the executive referred to in the above bands was	\$912,056	\$826,024
--	-----------	-----------

Income of executives comprises amounts paid or payable to executive officers domiciled in Australia, directly or indirectly, by the company (but excluding “retirement benefits”) in connection with the management of the affairs of the company, whether as executive officers or otherwise.

Notes to the Financial Statements

Note 19: REMUNERATION OF AUDITORS

The following total remuneration was received, or is due and receivable, by the Australian National Audit Office in respect of:

	2001 \$'000	2000 \$'000
Auditing the financial statements	75	67
	75	67

Note 20: RELATED PARTY DISCLOSURES

Loans to directors, transactions with directors and director related entities concerning shares, units, options and other equity instruments and any other transactions with directors and director related entities:

Nil transactions for the year ended 30 June 2001.

Other related parties including shareholders

Other than payment of a dividend to the shareholders of \$8,750,000, there were no other related party transactions for the year ended 30 June 2001.

Note 21: SEGMENT INFORMATION

The company operates predominantly in one industry segment, the rail industry, and in one geographical segment, Australia.

Note 22: ECONOMIC DEPENDENCY

A significant level of the Australian Rail Track Corporation's track access revenue relates to a single rail operator. If not for this revenue, the company would find it difficult to maintain the current level of revenue and profit.

Note 23: INTEREST RATE RISK EXPOSURES

The company had no borrowings at balance date. Trade debtors and creditors were not subject to interest providing payment was within agreed terms. The average interest rate for cash at bank for the year was 5.71% and for commercial papers maturing over a 30-35 day period the average interest for the year was 6.17%.

Note 24: COMMITMENTS

Operating leases are entered into as a means of acquiring access to manage the interstate network in Victoria.

	2001 \$'000	2000 \$'000
(a) Operating lease expenditure contracted for is payable as follows :		
Not later than one year	2,062	2,000
Later than one year but not later than five years	8,248	8,000
Later than five years	16,496	18,000
	26,806	28,000

Note 25: EMPLOYEE ENTITLEMENTS

	2001 \$'000	2000 \$'000
Employee entitlement liabilities		
Provision for employee entitlements		
Current (note 11)	2,206	955
Non-current (note 12)	246	4,092
Aggregate employee entitlement liability	2,452	5,047

Directors' Declaration

The Directors declare that:

- (a) the financial statements and associated notes comply with the accounting standards and Urgent Issues Group Consensus Views;
- (b) the financial statements and notes give a true and fair view of the financial position as at 30 June 2001 and performance of the company for the year ended 30 June 2001;
- (c) in the Directors' opinion;
 - (i) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
 - (ii) the financial statements and notes are in accordance with the Corporations Act (2001), including sections 296 and 297.

Signed in accordance with a resolution of Directors.

On behalf of the Directors.



B K Murphy
Chairman



David Marchant
Managing Director

Signed at Sydney, this 19th day of September 2001

Independent Auditor's Report



INDEPENDENT AUDIT REPORT

To the members of the Australian Rail Track Corporation Limited

Scope

I have audited the financial report of the Australian Rail Track Corporation Limited for the financial year ended 30 June 2001 as set out on pages 26 to 37.

The Corporation's directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Corporation.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance whether the financial report is free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with my understanding of the corporation's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Australian Rail Track Corporation is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the Corporation's financial position as at 30 June 2001 and of its performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Australian National Audit Office

Edward M. Hay
Group Executive Director

Delegate of the Auditor-General
Canberra
27 September 2001



Performance Indicators 2000/01

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Annual	
Total Number of Services	2,971		2,865		2,793		2,852		11,481	
Total Healthy Services	1,818	61.21%	1,545	53.92%	1,408	50.42%	1,518	53.23%	6,289	54.78%
Total Unhealthy Services	1,141	38.41%	1,293	45.13%	1,351	48.37%	1,307	45.84%	5,092	44.35%
Total Services Affected by Force Majeure	12	0.39%	27	0.94%	34	1.21%	27	0.94%	100	0.86%
On Time Exit of Healthy Services	1,768	97.25%	1,478	95.69%	1,353	96.09%	1,457	96.01%	6,056	96.31%
On Time Exit of Unhealthy Services	442	38.72%	461	35.64%	469	34.75%	405	31.01%	1,777	34.90%
Undeteriorated Unhealthy Services	1,104	96.73%	1,246	96.38%	1,303	96.50%	1,268	97.04%	4,921	96.66%
Services Entered within Tolerance	2,135	71.86%	1,822	63.61%	1,694	60.66%	1,872	65.64%	7,522	65.53%
Services Exited within Tolerance	2,210	74.40%	1,939	67.69%	1,822	65.26%	1,863	65.32%	7,833	68.24%
Services Exited within One Hour	2,605	87.71%	2,426	84.71%	2,374	85.04%	2,465	86.45%	9,871	86.00%
Total Delays (Minutes)	139,775		203,345		149,735		130,687		623,542	
Below Rail Delays (Minutes)	7,621	5.5%	7,880	3.9%	6,978	4.7%	7,733	5.9%	30,212	4.9%
Track	1,424	18.69%	1,881	23.87%	2,615	37.47%	1,859	24.04%	7,779	25.75%
Signals and Communications	4,175	54.79%	4,538	57.59%	3,704	53.07%	4,295	55.54%	16,712	55.32%
Train Management	292	3.83%	599	7.60%	290	4.15%	617	7.98%	1,797	5.95%
Other	1,730	22.70%	862	10.94%	370	5.30%	962	12.44%	3,924	12.99%
Above Rail Delays (Minutes)	115,856	82.9%	140,675	69.2%	134,090	89.6%	113,851	87.1%	504,469	80.9%
Late Arrival	75,140	53.8%	87,907	62.49%	92,246	68.79%	76,300	67.02%	331,592	65.73%
Yard	2,198	1.6%	2,175	1.55%	1,984	1.48%	2,283	2.00%	8,639	1.71%
Personnel	492	0.4%	2,423	1.72%	1,744	1.30%	1,047	0.92%	5,706	1.13%
Locomotives	3,788	2.7%	8,283	5.89%	4,409	3.29%	3,718	3.27%	20,198	4.00%
Rollingstock	2,199	1.6%	4,463	3.17%	1,584	1.18%	1,876	1.65%	10,122	2.01%
Other	32,039	22.9%	35,424	25.18%	32,123	23.96%	28,627	25.14%	128,212	25.42%
Force Majeure Delays (Minutes)	16,298	11.7%	54,791	26.9%	8,668	5.8%	9,104	7.0%	88,860	14.3%
Kilometres of Track	4,497.1		4,497.1		4,497.1		3,947.7		4,359.7	
Track under Speed Restriction (km)	56.46	1.26%	37.01	0.82%	36.55	0.81%	23.52	0.60%	38.39	0.88%
Track Quality Index ARTC Owned Network	22.75		23.70		24.0		23.6		23.51	
Track Quality Index ARTC Leased (Victorian) Network	32.35		33.75		33.4		33.1		33.15	

Australian Rail Track Corporation Limited

ABN 75 081 455 754

www.artc.com.au

Passenger Rail Terminal Road Off Sir Donald Bradman Drive Mile End South Australia 5031