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Annual Report

ARTC

AUSTRALIAN RAIL TRACK CORPORATION LTD

www.artc.com.au

2007

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Front Cover - Picton January 2007

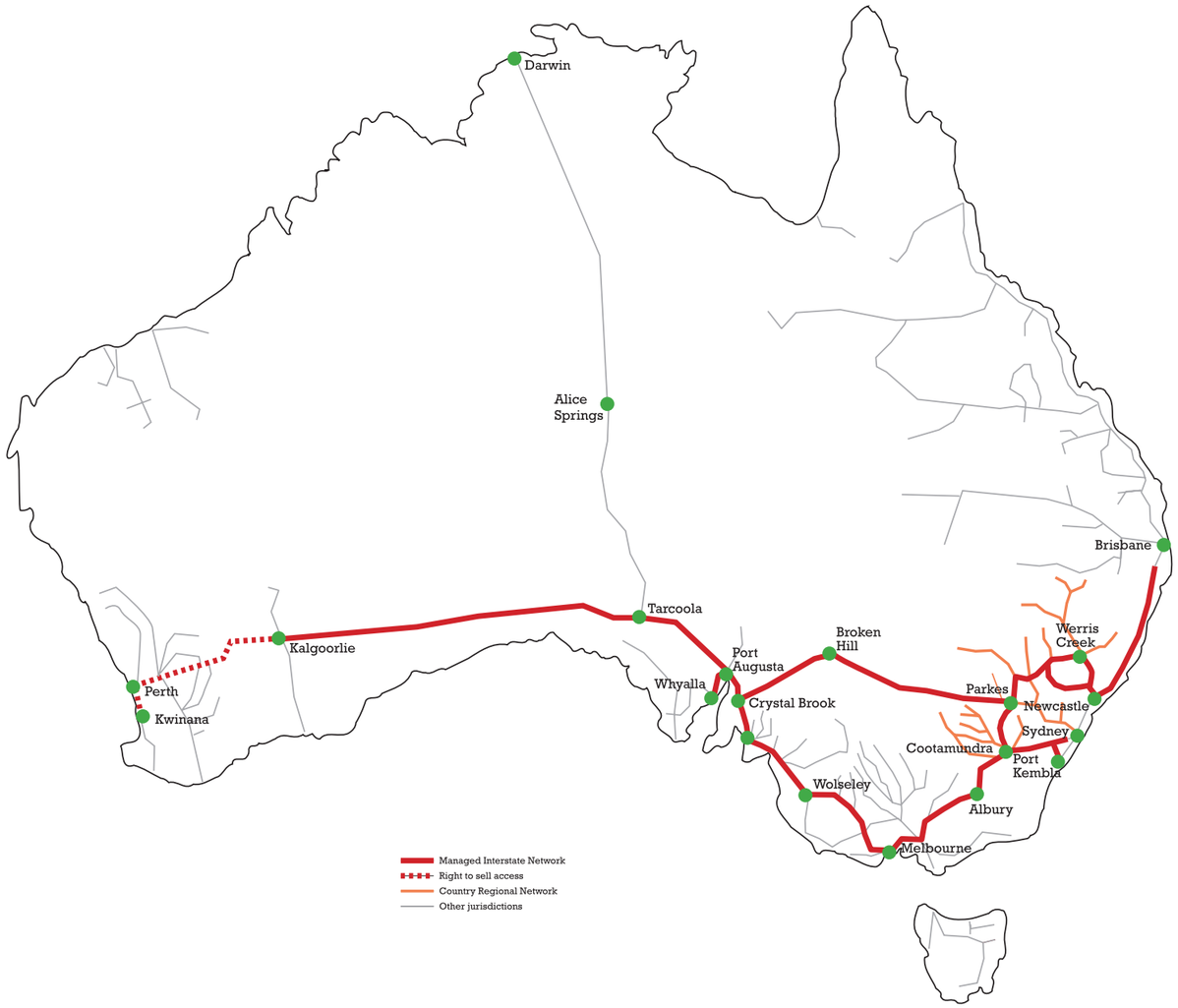
Following the receipt of a special grant from the Australian Government in 2006, a decision was made to replace all existing steel and timber sleepers on ARTC's interstate network between Melbourne and Brisbane with concrete sleepers. A total of 2.6 million concrete sleepers will be installed on the North South corridor and in the Hunter Valley, with the project scheduled for completion during 2009.

Australian Rail Track Corporation Ltd (ARTC) was incorporated in 1998 following an intergovernmental agreement (IGA) between the Australian Government and all mainland States to provide a one stop shop for access to the interstate rail network.

ARTC's shares are wholly owned by the Australian Government and its primary role is to provide access to train operators over that part of the interstate rail network managed by the company. ARTC is responsible for all operations relating to the greater part of the interstate network and the Hunter Valley rail network. This includes the provision of train control functions, the creation and selling of train paths to rail operators and the provision of capital and maintenance works over the network.

ARTC has undertaken the task of improving the interstate rail infrastructure to achieve a number of performance targets relating to reduced transit times, increased network capacity and improved reliability with the underlying aim of increasing the share of interstate freight carried by rail.

Network 2006/07



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Chairman's Report 2006/07

I have pleasure in presenting the 2006/07 Annual Report of the Australian Rail Track Corporation Ltd. Much of the company's activity this year has been taken up in overseeing the implementation of many of the major projects associated with the North South and Hunter Valley Improvement Programs. At the same time ARTC has remained focussed on ensuring that the gains made across the network in past years, through improvements in capacity, performance and reliability, have been maintained.

With major planning and design work dominating ARTC's activities in 2005/06, it is pleasing to see the results of these endeavours coming to fruition. Several major projects that will have a long-term impact in lifting the performance and capacity of the ARTC network were completed during 2006/07.

On the North South corridor, work commenced on the project to install concrete sleepers throughout the ARTC managed sections of the interstate network linking Melbourne and Brisbane. Approximately 250,000 new sleepers were installed during the year, and with the commissioning of an additional production plant in the second half of 2007, some 1.5 million new concrete sleepers will be made available for the network in 2007/08.

On the single track section between Junee and Albury, major civil engineering works commenced on the construction of several seven-kilometre long passing lanes that will provide increased capacity on the network.

The completion of the $17 million Wagga Wagga Bridge across the Murrumbidgee River was a major achievement for all those involved and demonstrated the value of meticulous planning. The former 19th century wrought iron structure was completely removed and the new concrete bridge sections successfully lifted into place during a four-day round-the-clock operation.

Between Newcastle and the Queensland border, a major program of crossing loop extensions and enhancements is underway that will allow for increased capacity and greater operational flexibility for 1500 metre long freight trains.

In the Hunter Valley, several major projects were completed during 2006/07 as part of ARTC's $381 million Hunter Valley Coal Network Capacity Improvement Strategy. The completion of the $80 million Sandgate Grade Separation project in November 2006 had an immediate impact in lifting the rail infrastructure capacity of the export coal supply chain at Sandgate by some 56%. ARTC's Strategy is aimed at ensuring that the capacity of the rail infrastructure component is not a bottleneck to the Hunter Valley export coal supply chain.

In September 2006, the Australian Government released its report on a preferred option for an Inland Rail Route linking Melbourne and Brisbane. Subsequently, the Australian Government provided $15 million for a major scoping study of this option to be conducted by ARTC.

For the financial year 2006/07, ARTC recorded a bottom line loss of $260.4 million, which reflected a net impairment adjustment on the NSW leasehold infrastructure assets (excluding the Hunter Valley) of $322 million for the year. This followed an impairment review of ARTC assets undertaken as at 30 June 2007, in accordance with current accounting standards.

Net profit before tax (excluding impairment) was $61.7 million, which was a strong result, given substantially decreased revenues from the reduced operation of trains serving the grain industry and other agricultural sectors resulting from the extensive nationwide drought in 2006/07.

In implementing the first full year of its historic and extensive works program, ARTC has witnessed the most intense period of activity for the company since its inception in 1998. As we move into the second year, we will start to see the investment program deliver improvements in network performance and reliability, which in turn will lift rail's ability to deliver safe and sustainable transport options for the nation.

My thanks go to my fellow Directors, the management and staff of ARTC, for their diligence and support in laying the foundations for the implementation of this significant works program. My thanks also go to retiring Directors, Mr Dale Budd and Mr Ray McCutcheon for their invaluable contributions and input to the Board over the last few years.

Barry Murphy
Chairman
Australian Rail Track Corporation Ltd

Managing Director's Report 2006/07

During the year, ARTC has continued to roll out major components of the North South investment program and a significant effort has been undertaken to address the maintenance deficit on the New South Wales mainline.

Substantial long-term temporary speed restrictions have been addressed which included the construction of a new bridge at Wagga Wagga and the replacement of Leeville viaduct. Each of these structures on the North South main line has had long-term temporary speed restrictions limiting train speed to 40 km/h or less. These restrictions have now been removed and normal main line track speeds restored.

In New South Wales we have seen the replacement of most manual signal boxes with automated signalling systems linked to the new Network Control Centres. The two Network Control Centres in Newcastle and Junee have been upgraded with staff recruited for direct employment with ARTC.

This program has seen extensive signal upgrading and commissioning throughout New South Wales during 2006/07 and the project is scheduled for completion early in the 2007/08 financial year.

The contracts for the provision of a single communication network for the interstate standard gauge mainline network were executed in 2006/07. The development and construction of the necessary in-cab control equipment (ICE) and the rollout of additional communications towers has commenced. The program will be completed at the end of 2009.

ARTC has submitted its Access Undertaking under Part III A of the Trade Practices Act to the Australian Competition and Consumer Commission (ACCC) for the interstate standard gauge mainline network. The application should be determined by the ACCC by the end of 2007. ARTC will be submitting a separate Access Undertaking for the predominantly coal network in the Hunter Valley in the 2007/08 financial year.

As part of the formulation of the interstate Access Undertaking, ARTC reviewed its pricing strategies. ARTC is seeking to adjust the pricing structure to reflect a more consistent pricing approach across the interstate network. Even under its draft ACCC Access Undertaking, the pricing structure and approach will not provide an economic return to ARTC in the near term and will require a significant increase in volumes over the next 30 years to obtain an economic return. ARTC is continuing to take market risks with operations for the growth of the rail industry.

In 2006/07 ARTC undertook, in accordance with Australian Accounting standards, an impairment test of its assets. This test is required, under the accounting standards, to be undertaken annually. This year the New South Wales assets were determined to be impaired relative to the required economic return on the investment undertaken to the amount of $334 million. Against this, grant revenue of $12 million has been brought forward, resulting in a net write-down to the profit and loss account of $322 million as at 30 June 2007.

This write-down is a result of planned investment of some of the grant monies received by ARTC from the Australian Government (and treated as revenue at the time of receipt) in assets that were not expected to earn a commercial return, particularly in the early years of the overall program. It is anticipated that this will continue in 2007/08 as other grant monies are expended.

ARTC has taken an active role in the development of AusLink Corridor studies by the Australian Department of Transport and Regional Services (DOTARS) and each of the State Departments administering transport policies. These corridor studies have been published by DOTARS as part of their AusLink program. ARTC also submitted a range of projects for consideration under the second round of AusLink funding, AusLink 2.

In 2006/07 ARTC continued a due diligence study, funded by AusLink, for the Advanced Train Management System (ATMS). The due diligence study confirmed the operating, efficiency and safety benefits that could be achieved by progressing the ATMS program.

ARTC has sought to advance a 'proof of concept' design, development and construction program for ATMS. The ARTC Board has approved a $90 million 'proof of concept' program contingent upon a $45 million contribution for this to be developed under AusLink 2.

2007/2008 will see a further ramp up of ARTC's North South Investment program with the completion of the vast majority of works under the program. The concrete re-sleepering and Southern Sydney Freight Line works will continue well into 2008/2009. The timing of the completion of some works in Victoria may be affected by the timing of the conclusion of revised lease terms for the interstate network in Victoria.

During 2007/08, ARTC plans to adjust the company structure and its operation to better reflect the overall market corridors North-South (Melbourne – Sydney – Brisbane); East-West (Melbourne/Sydney – Adelaide – Perth) and Hunter Valley as distinct to the traditional State centred approaches. Operating procedures, programs and processes will be further progressed towards a nationally consistent approach across the interstate standard gauge network.

David Marchant
Managing Director
Australian Rail Track Corporation Ltd

Highlights of the Year 2006/07

July Pilot mentoring programme Evolution 2006, launched in Adelaide on 27 July, 2006 with 21 mentoring partnerships established across the company.

September New $3 million Asset Management Precinct opened at Wagga Wagga, housing for the first time in the same building, the Southern Asset Management Offices and the Provisioning Centre.

October A record 3.3 billion Gross Tonne Kilometres (b GTK) carried during October 2006 following on from record volumes of 3.20 bGTK and 3.27 bGTK in August and September. Between the Eastern States and Perth Rail freight volumes up 9% on comparable period in 2005.

November $80 million Sandgate Grade Separation at Sandgate officially opened, ending existing rail bottleneck for coal trains accessing the Kooragang Island coal terminal across local passenger and freight lines and lifting Hunter Valley coal network capacity over 115 mtpa.

January The new $17 million bridge across the Murrumbidgee River at Wagga Wagga officially opened removing long standing 20 km/h speed restriction across previous 19th century wrought iron bridge and lifting of maximum section speed to 80 km/h.
New monthly record of 7.667 million tonnes of export coal carried over ARTC Hunter Valley network.

February Work starts for completion mid-year on North Coast crossing loops at Nammoona and Braunstone as part of the North Coast Improvement Program. This involves the construction or extension of 16 crossing loops and upgrading of a further 18 existing crossing loops to accommodate 1500 metre long trains.

April ARTC signs $85 million communications upgrade agreement with Telstra to replace nine separate communications systems across 10,000 km of the interstate rail network. The new communications network will replace a range of older technologies providing communications coverage for the entire interstate rail network from Brisbane through to Perth (via both Melbourne and Broken Hill) and in the Hunter Valley.
Tottenham Dynon Capacity Improvement Project launched. The $45 million AusLink funded project will remove major operational bottlenecks impeding efficient rail access to Melbourne's intermodal terminals and to the Port of Melbourne.

June A $10.5 million project completed at Muswellbrook in the Upper Hunter creating major capacity improvements at Muswellbrook through improvements to major junction between the Ulan and Main North lines and the extension of crossing loop to 1800 metres.

Year in Review 2006/07

A total of 56.72 billion gross tonne kilometres (bGTK), excluding Hunter Valley coal, was carried over the ARTC network in 2006/07, a slight increase of 0.6% on the 2005/06 figure of 56.38 bGTK. The lower than expected increase largely reflects the full impact of the drought conditions upon grain traffics and other rural products during the year.

On the East West corridor a total of 38.66 bGTK was carried, representing an increase of 5.9% on the 2005/06 figure. In October 2006, East West freight volumes reached a new record monthly level when 3.44 bGTK were moved across the corridor.

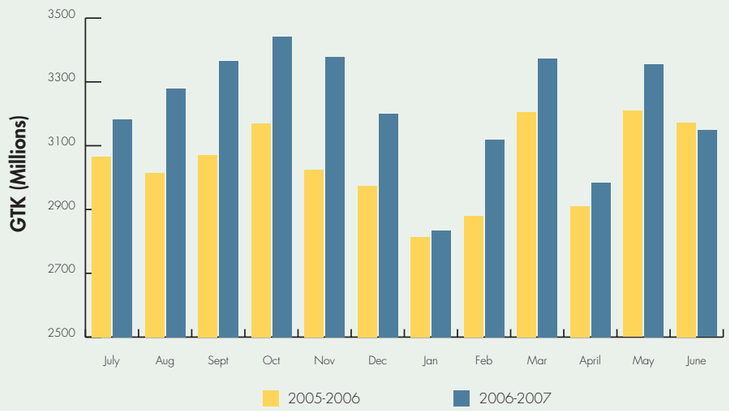
Gross tonne kilometres carried on the North South corridor decreased by 7.08% in 2006/07 to 16.52 bGTK, down from 17.79 bGTK in 2005/06. This was largely attributable to a reduction in the amount of grain and other bulk traffics which dropped to 2.01 bGTK, a decrease of 42.01% on the previous year. North South intermodal volumes showed a modest increase of 1.38% for the year to 13.20 bGTK.

Total coal volumes moved over the ARTC network in the Hunter Valley increased by 1.43% to 86.14 million tonnes (mt). Of this 81.01 mt was for export and a further 5.13 mt for domestic use, the latter a 26.4% increase on the 2005/06 figure of 4.0 mt.

A new monthly record of 7.667 mt of export coal were carried to the Port of Newcastle in January 2007.

OPERATING PERFORMANCE

ARTC's performance is assessed by four key geographic corridors (see summary table below) and is based upon the operational performance of services for the corridor along which they completed the majority of their journey.



Monthly Comparative Network GTKs (East West)

ARTC has recorded a sound overall performance over the past year against the operational targets set out in the 2006/07 Corporate Plan.

For the period ending 30 June 2007, ARTC exceeded its target on all four corridors for the on-time exit of healthy trains.

93.8 % of those services entering the network on time, exited the network on-time, an improvement of 1.9% on the 2005/06 figure.

With the exception of the Sydney to Brisbane corridor, there was a marked improvement in the on-time exit for healthy trains, in particular for services on the Melbourne to Brisbane corridor, with reliability lifting from 82.7% in 2005/06 to 92.8% in 2006/07.

ARTC's aim is for those services that enter the network behind schedule suffer no additional delays while on the ARTC network, and where possible are restored to their original path. In 2006/07, ARTC was able to ensure that, for those trains delayed as a result of operator problems, 85.4% did not lose further time while on the network. This overall result exceeded the corporate target.

Of the total 13,871 services (excluding Hunter Valley coal) that operated during 2006/07, 63.2% entered the ARTC network on-time and 58.6% exited on-time.

2006/2007 Key Performance Indicators - Summary

	East-West	Melbourne Brisbane	Melbourne Sydney	Sydney Brisbane
Healthy Services with On-time Exit				
Actual	98.1%	92.8%	88.1%	91.8%
Target	95.0%	85.0%	85.0%	85.0%
Unhealthy Un-deteriorated Services				
Actual	86.0%	81.8%	83.6%	91.5%
Target	85.0%	80.0%	80.0%	80.0%
Healthy Services *	52.7%	51.2%	76.3%	83.3%
On-time Entry of All Services	56.3%	58.2%	70.3%	77.4%
On-time Exit of All Services	51.7%	47.5%	67.2%	76.5%

* Healthy services include those that exit within 15 minutes of scheduled time or exit with less than 15 minutes of unrecovered delays attributed to above rail causes

In the Hunter Valley, a total of 15,914 trains were timetabled to serve the export coal industry and domestic coal users. Of these, a total of 1,659 services were cancelled, of which only 98, or 0.6% of timetabled services, were attributable to ARTC related issues.

ARTC continues to work closely with customers to identify those issues that impact upon the entry and exit of trains to and from the network and continue to develop solutions to improving overall network performance.

COUNTRY REGIONAL NETWORK

ARTC manages the Country Regional Network (CRN) under the terms of the Country Regional Network Management Agreement with the New South Wales Government.

With network maintenance budget for 2006/2007 of $104 million, ARTC installed over 260,000 sleepers, replaced 80 life-expired timber bridges, resurfaced over 1000 kms of track and laid 90,000 tonnes of ballast. As a consequence a number of long standing speed restrictions were removed.

In addition to normal maintenance activities on the CRN, a number of projects have been undertaken in parallel with the North South Train Control Consolidation strategy. The Signal Box Rationalisation project that commenced in 2005 is scheduled for completion in the third quarter of 2007 and full Train Order Working over the CRN is planned for completion in early 2009.

With the increased production of coal from new mines in the Gunnedah Basin, the existing capacity of the CRN line segment between Werris Creek and Boggabri has the potential to be an impediment to future coal exports from the region.

During 2007, ARTC has been working with Rail Infrastructure Corporation to develop a strategy to increase rail capacity to the forecast required levels.

A number of projects are being considered, including the construction of a new crossing loop at Gunnedah and the extension of a number of other loops. The introduction of Centralised Train Control has also been identified as an essential requirement and detailed planning is underway so that works can be completed by mid-2008.

ARTC SERVICES COMPANY PTY LTD

ARTC Services Company Pty Ltd (ARTCSC) is a wholly owned subsidiary of Australian Rail Track Corporation Ltd. The company provides maintenance and construction services under an alliance framework for signalling and telecommunications on the interstate network in South Australia and on the East West corridor between Parkeston (Kalgoorlie) and Kanandah (Broken Hill). The company also monitors the condition of ARTC owned telecommunications infrastructure on the Tarcoola to Alice Springs line.

The Board of ARTC Services Company Pty Ltd is common with the Board of ARTC and the Chief Executive Officer of ARTC is the Chief

Executive Officer of ARTC Services Company Pty Ltd.

ARTCSC has been involved in a variety of signal and telecommunications major periodic maintenance and capital works projects in 2006/07 including signal cable management, level crossing refurbishment, fault reduction initiatives, track circuit replacement, solar panel replacement, telecommunication solar site battery replacement and replacement of telecommunication fibre optic cards.

ARTCSC has completed the installation and commissioning of the In Cab Activated Point System (ICAPS) west of Pt Augusta, with the exception of Parkeston Yard which is expected to be commissioned by the end of June 2007.

Work has commenced on the installation of the new Train Management System between Birkenhead and Outer Harbor (SA) to be commissioned in late 2007 and coinciding with the track upgrading works on this corridor.

WAYSIDE MONITORING

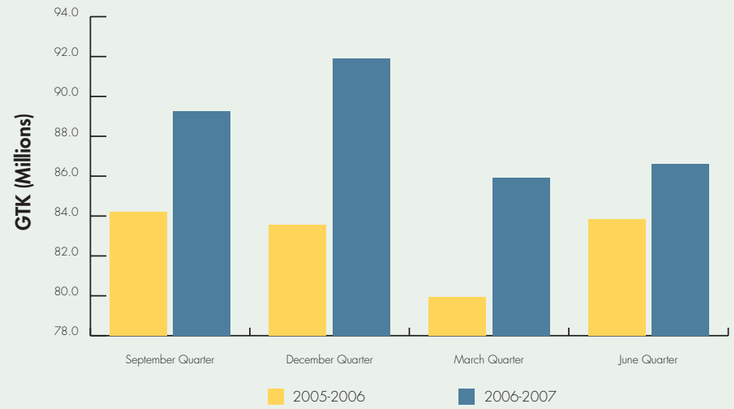
ARTC's Wayside Monitoring Program is a comprehensive suite of monitoring equipment installed at key locations on its network aimed at improving safety through a reduction in the number of derailments and the impact of rolling stock faults on track quality.

ARTC currently has monitoring equipment in place at a number of locations on its interstate network. Wheel Impact Load Detectors (WILD) are located at Lara (Vic), Port Germein (SA), Parkeston (WA), Cockburn (SA) and Metford (NSW).

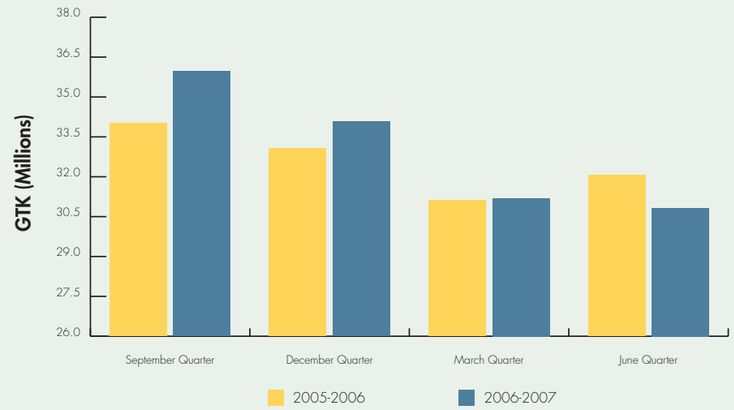
Acoustic bearing monitors (RailBAM) are located at Nectar Brook (SA) and Metford (NSW). Since the installation of these systems, there has been a noticeable reduction in poor wheel condition and impacts. The number of bearing faults has also reduced as operators have the ability to quickly identify and remove faulty rolling stock for attention.

In 2005, ARTC installed a RailSQAD noise detection array at Heathfield, in the Adelaide Hills, enabling train operators to identify and rank squealing and flanging wheels on trains through the Adelaide Hills.

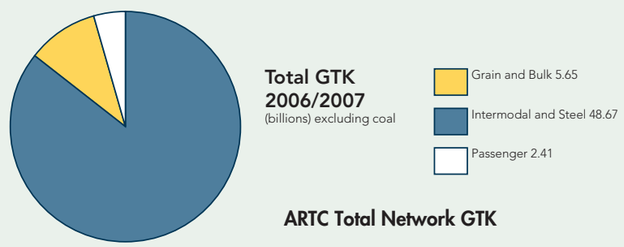
In March 2007 a bogie tracking and hunting detector was installed at Cockburn (SA), near Broken Hill. This is used to monitor wheel alignments, lateral tracking position and hunting aiding in the determination of the impact of these factors upon track quality.



Quarterly Comparative Network GTKs East West



Quarterly Comparative Network GTKs North South



ARTC Total Network GTK

Future Directions 2006/07

ADVANCED TRAIN MANAGEMENT SYSTEM

The scoping, business case and economic evaluation for an Advanced Train Management System (ATMS) was completed during 2006/07. The due diligence study confirmed the operating, efficiency and safety benefits that could be achieved by progressing the ATMS program.

ARTC has sought to advance a 'proof of concept' design, development and construction program for ATMS.

The ARTC Board has approved a $90 million 'proof of concept' program to initiate a working prototype of the ATMS contingent upon a $45 million contribution for this to be developed under AusLink 2.

This Proof of Concept phase will design, develop and construct and test the ATMS prototype on a section of the interstate network in South Australia. ARTC and its system integrator Lockheed Martin will conduct this work and during this phase ARTC will continue its consultation with all train operators and safety regulators.

NATIONAL TRAIN COMMUNICATION SYSTEM

As part of an $85 million communications upgrade, ARTC signed an agreement with Telstra in April 2007 that will see Telstra's Next G™ network used to replace nine separate communications systems across 10,000 km of the interstate rail network.

The new communications network will replace a range of older technologies, such as two-way radios and CDMA devices by providing telecommunications coverage for the entire interstate rail network from Brisbane through to Perth (via both Melbourne and Broken Hill) and in the Hunter Valley.

ARTC will fund the design and construction of 77 new installations (61 regional base stations and 16 sites providing for coverage in tunnels), which ARTC will then lease to Telstra for eight years with an option for further extension. Together with Telstra's existing sites, these will provide total communications coverage for ARTC's entire interstate rail network.

ARTC will fund the supply of 700 new communications units for train operators to install in their locomotives.

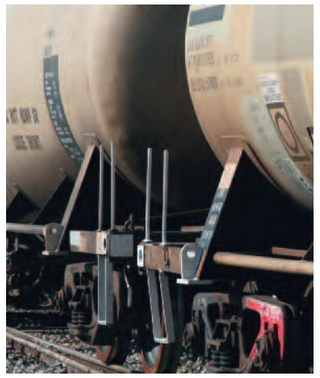
A Services and Support Agreement will run for eight years with Telstra undertaking the management of ARTC's communication system upon completion of the towers. The new system is expected to be fully operational by July 2009.

IMPROVING THE RAIL/PORT INTERFACE

ARTC recognises the importance of efficient rail linkages to major ports. During 2006/07 the company has worked closely with key stakeholders in both Sydney and Melbourne

with the aim of improving the efficiency and coordination of rail movements to and from their respective ports.

In Sydney, ARTC and the major stevedores have formed a joint working group with a view to smoothing rail borne traffic flows from Port Botany to Pacific National's Chullora terminal and destinations further inland.



This initiative will complement ARTC's planned $235 million investment in the Southern Sydney Freight Line (SSFL) that will greatly reduce rail freight bottlenecks through southern Sydney and improve freight transport flows to Port Botany.

In Victoria, a number of ARTC managed rail projects will assist in achieving the government target of 30% freight to and from the Port of Melbourne being transported by rail by 2010.

These projects include the creation of a double bi-directional track between Tottenham to Dynon to allow for the operation of 1,800 metre trains and a new link between Brooklyn and Sunshine.

NORTHERN CORRIDOR STRATEGY

Freight services on the Melbourne, Sydney, Brisbane corridor must currently negotiate the electrified RailCorp passenger network to gain access to and through the Sydney metropolitan area. The SSFL will provide a segregated freight line into Sydney from the south, however, north of Sydney there will remain a 150 km stretch between Sydney and Newcastle where freight services will need to share the passenger lines for the foreseeable future.

'Curfew' restrictions currently prohibit freight train operations in the Sydney to Newcastle corridor during peak hours, and there are limited freight paths in the off-peak, with impacts on freight capacity and reliability.

With major growth expected following completion of upgrading works on the North South corridor, there will be renewed emphasis on the Sydney to Newcastle line segment as a critical link in the North South freight corridor.

ARTC has been working with RailCorp and other NSW Government agencies to define a package of capacity enhancement works to provide robust and reliable freight capacity between Sydney and Newcastle. The proposed works include:

- A grade separated junction at North Strathfield, to separate freight and passenger services at the point where the existing dedicated metropolitan freight lines link to the passenger network
- Track amplification works to provide 3-4 tracks along the heavily used corridor between North Strathfield and Hornsby in Sydney's northern suburbs, which will provide increased freight capacity and greater separation between freight, suburban and long distance passenger services
- A variety of works between Hornsby and Newcastle including overtaking loops and stretches of bi-directional signalling, to improve capacity and opportunities for passenger services to overtake slower freight services.

During 2006/07, AusLink-funded pre-planning studies were undertaken for the North Strathfield grade separation and for the first stage of the track amplification works, from North Strathfield to West Ryde.

Moving forward, ARTC will be working with the NSW agencies to gain relevant planning approvals and undertake design work for the full package of projects over the 2007-2009 period with a view to construction commencing in 2009, subject to funding availability.

LIVERPOOL RANGE NEW ALIGNMENT STUDY

The Liverpool Range presents a short but significant barrier to train operations, particularly coal movements from the north-west of NSW to the port of Newcastle. In the vicinity of Ardglen, trains are faced with 1 in 40 grades that require heavier trains to employ additional locomotives for this short section of the route.

With anticipated growth in coal volumes from the Gunnedah Basin, this constraint on the network will have an even greater impact on track capacity.

During the year, ARTC completed a study to identify a number of options for a new alignment through the Liverpool Range with a maximum grade of 1 in 80 for loaded trains. Discussions are continuing with the coal mining industry to determine the best options and timeframe for funding and construction to meet any increased demand for capacity.

North South Corridor 2006/07

NORTH SOUTH IMPROVEMENT

During 2006/07, work commenced on numerous major projects that will form the backbone of the company's $2.4 billion upgrade of the North South and Hunter Valley rail corridors. The completion of major works at Sandgate (flyover) and Wagga Wagga (bridge replacement) over the last twelve months and the commissioning of most aspects of the Train Control Consolidation project have laid the foundations for initial improvements in reliability and performance over the coming year.

Upon completion of all North South corridor works in 2009, transit times for 1500 metre-long superfreighters will be reduced from 19 hours 30 minutes to 15 hours 30 minutes between Sydney and Brisbane, and from 13 hours 10 minutes to 10 hours 50 minutes between Sydney and Melbourne.

A NEW ERA OF NETWORK CONTROL

As part of its Lease of the New South Wales interstate and Hunter Valley networks, ARTC committed to a significant three year program of Train Control Consolidation (TCC) throughout New South Wales, with the aim of maximising the efficiency and safety of the rail network.

The TCC project comprised an integrated program of change, incorporating replacement of physical infrastructure, signalling and communications improvements, introduction of new train control systems. It also required the complete restructuring of the Network Control function; this included amalgamation of the old signaller and train controller functions into a new position of Network Controller. Together, these changes have reformed train control delivery in NSW and are delivering benefits in safety, efficiency and reliability of the network.

The project involved the replacement and upgrading of all remaining manually-operated signalling systems to automatic operation and the consolidation of all train control functions to two new Network Control Centres located at Broadmeadow and Junee.

The first ARTC Network Control Boards in NSW, covering the corridor between Newcastle and Werris Creek, were established in November 2006, and with subsequent works throughout 2007 signalling functions over this section are now controlled from the newly established Network Control Centre North (NCCN) at Broadmeadow.

ARTC commissioned the first stage of its Main South TCC project in January 2007 with the automation of the signalling systems at Picton and Tahmoor and their operations moved to the Network Control Centre South (NCCS) at Junee. Subsequently, manual signal boxes at Exeter, Bundanoon and Wingello were also incorporated into the NCCS.

Major works over Easter 2007 saw the replacement of manual signals at Stockinbingal with automatic signalling and

significant progress on civil works ahead of signalling upgrades from Harden through to Wallendbeen. June 2007 saw the closure of signal boxes at Islington and Dubbo with works at the major junction at Moss Vale well advanced.

Restructuring of the Network Control Function significantly reduced overall staffing needs. To ensure a smooth transition, ARTC held extensive consultation and focus groups with staff and unions. A Human Factors workload study was undertaken based on the definition of the new role to ensure that the new train control boundaries are aligned with workload demands.

By 30 June 2007, 249 State Rail employees originally seconded to operational duties for the initial implementation of the NSW lease had been de-seconded in accordance with ARTC commitments given in 2004.

Progressive recruitment of the 'direct' ARTC workforce continued throughout 2006/07 resulting in 106 new ARTC Operations staff being employed. An intensive training program, in excess of 16,500 hours, was delivered to Train Transit Managers, Network Controllers, Programmers, Terminal Controllers and Logistics Chain Planning Officers.

CONCRETE RE-SLEEPERING PROGRAM

Following the receipt of a special grant from the Australian Government in 2006, a decision was made to replace all existing steel and timber sleepers on the ARTC interstate network between Melbourne and Brisbane, and in the Hunter Valley, with concrete sleepers.

The concrete sleeper installation is now gaining momentum on the North South Corridor and with production from the new Bowmen plant to commence in August 2007, a total of 30,000 new sleepers will be available for installation each week.

A total of 222,870 concrete sleepers were installed in 2006/07.

In the Hunter Valley the concrete re-sleepering program is scheduled for completion in October 2007.

On the North Coast route between Grafton and Casino approximately 87,000 sleepers were installed from March to June 2007. The total North Coast re-sleepering comprises the installation of approximately 515,000 sleepers and covers a length of 345 km with work scheduled to be completed by November 2008.

A second tender for the supply of 1.25 million concrete sleepers was awarded to Austrak Pty Ltd in September 2006 bringing the total number of sleepers on order to 2.6 million, allowing for the complete concrete re-sleepering of the North South corridor.

NORTHERN IMPROVEMENT WORKS

Leeville Viaduct Replacement

The replacement of the Leeville Viaduct was completed in June 2007. The upgrading of the 80 year old viaduct to a precast structure allowed the removal of a 40 km/h speed restriction which had been in place since 1997. The mainline has now been reinstated to full line speeds of 115 km/h for freight and 120 km/h for passenger services. The innovative design and construction methodologies allowed the entire construction to be completed between trains, avoiding any interruption to normal rail operations.

Sheep Creek Arch Stabilisation

The stabilisation of the multi-plate arch structure at Sheep Creek, 30 km north of Grafton, was completed in December 2006. Stabilisation of the failing structure allowed the removal of a long standing 40 km/h speed restriction and the reinstatement of maximum track speeds for freight and passenger services.

Crossing Loop Extensions

The objective of the Crossing Loop Extension Program is to increase the capacity of the corridor through the provision of sufficient crossing capacity between Newcastle and Brisbane to allow for the full operation of maximum length 1500 metre long freight trains.

Detail design work for the majority of the 14 crossing loops has been completed. New loops are being constructed at Namoona, Tamrookum, Craven, Dungog and Nana Glen, while the loops at Mindaribba, Kilbride, Mt George, Kerewong, Braunstone, Kyarran, Loadstone and Greenbank will be extended to accommodate 1500 metre long trains. Improvement will be undertaken at Telarah to provide an effective crossing facility.

Physical work at Namoona, Braunstone, Tamrookum and Greenbank commenced in the first half of 2007 with site works for a further seven loops scheduled to start prior to December 2007. Completion of all 14 loops is scheduled for November 2008 with the first loop at Namoona being commissioned in July 2007.

Loop Upgrades

New high-speed turnouts and improved signalling at a further 18 crossing loops already capable of accommodating 1500 metre long trains will reduce the amount of time required for deceleration and acceleration when entering and exiting a crossing loop. This will provide for a significant reduction in overall transit times for the corridor.

A concept validation process confirmed that seven of the 18 loops required no track or civil work to allow train operations to be raised from 25 km/h to 50 km/h in the loop with only signalling enhancements required at these locations.

Works were scheduled to commence in July

2007 with all track and civil works completed by May 2008 and signalling scheduled for completion by October 2008.

HUNTER VALLEY AND NORTH COAST SIGNALLING ALLIANCE

The Hunter Valley and North Coast Signalling Alliance (HVNCSA) was established in October 2005, between ARTC and Ansaldo STS Pty Ltd (Formerly Union Switch and Signal Pty Ltd).

Works undertaken in 2006/07 have included the closure of manned signal boxes at Maitland, Islington and Casino with operations transferred to the modern, computer based train control system from the Network Control Centre North (NCCN) at Broadmeadow.

Signalling for the yards at Kooragang and Port Waratah was also relocated to the NCCN. Closure of the signal box at Werris Creek is scheduled for the second half of 2007.

As part of the overall train control consolidation strategy, the outdated 'electric train staff' method of safe working between Casino and Acacia Ridge on the North Coast line will be replaced with Centralised Traffic Control (CTC). This project will eliminate the need for trains to stop at each crossing loop to obtain authority to proceed regardless of whether or not there is an opposing movement. The removal of this requirement will improve transit times between Sydney and Brisbane by 30 minutes per train.

A similar project will be undertaken between Muswellbrook and Gulgong in the Hunter Valley to lift the capacity of the Ulan line for coal trains.

Both projects are scheduled for commissioning in November 2007.

In the Hunter Valley signalling works have been completed as part of several infrastructure projects aimed at reducing capacity constraints on the network. These include works at Muswellbrook, loop extensions at Togar and Murulla and signalling alterations to allow 80km/h running for loaded coal trains on the approaches to Minimbah and Nundah banks.

A major achievement for 2006/07 has been the development of a secure radio-based system that removes the need to use copper cable or optical fibre for the transmission of safety critical signalling data. This will allow significant reduction in the need for trenching and running of signalling cables along the railway corridor.

OTHER WORKS NEWCASTLE TO BRISBANE

Maintenance works have been staged and implemented to maximise the benefit and efficiency of the concrete re-sleepering project currently underway on the North Coast Line.

Extensive vegetation control and drainage works have been carried out preceding the concrete re-sleepering teams. This ensures track formation is free draining and complements the concrete re-sleepering process through the prevention of mud holes and increase in track stability.

Several small steel span structures have been replaced with concrete ballast top structures reducing future maintenance requirements at these locations.

Rail condition has been targeted as a priority with extensive re-railing, rail grinding and dip weld removal programs performed during 2006/07. A re-railing program has continued backed up by a comprehensive rail grinding program to improve the wheel/rail interface and achieve above and below rail cost savings. The dip weld removal program addressed dipped and peaked welds in track reducing the impact of dynamic loads by removing short wave rail geometrical irregularities.

SOUTHERN IMPROVEMENT WORKS

During 2006/07 the South Improvement Alliance (SIA) comprising Alliance Partners John Holland Rail, MVM Rail, O'Donnell Griffin with sub Alliance Partners CW-DC and KBR, moved into a project delivery phase across a 900 km long works corridor while being mindful of safety and maintaining reliable track access to ARTCs customers.

Key projects and achievements during 2006/07 include:

Murrumbidgee Bridge - Wagga Wagga

A new $17 million bridge across the Murrumbidgee River at Wagga Wagga was officially opened in January 2006. The new 200-metre long rail bridge is one of the biggest single projects forming part of the Southern Improvement Works being undertaken as part of the North South corridor upgrading.

The final construction stage of the new rail bridge took place during a four-day shut down over the Christmas holiday period, thereby minimising disruption to regular train operations.

Construction crews worked around the clock for this four-day period, dismantling and removing the old 19th century wrought iron structure and lifting into place the concrete sections to form the new bridge.

The removal of the long standing 20 km/h speed restriction across the bridge has allowed a maximum speed of 80 km/h to be maintained over the entire eight kilometre section from Wagga Wagga to Bomen.

Tottenham Dynon corridor

Site works have commenced on the $45 million AusLink funded Tottenham Dynon project, following extensive work during the year finalising detailed designs and project cost estimates and obtaining the necessary planning authority.

The project will remove the major operational

bottlenecks that currently impede efficient rail access to Melbourne's intermodal terminals and to the Port of Melbourne. The project will provide for double track with bi-directional signalling along this six kilometre corridor, which will deliver transit time, reliability and capacity benefits for trains traversing the Melbourne Metropolitan area.

Works undertaken during 2006/07 included concrete re-sleepering, signalling design and construction of track and civil works between Tottenham and West Footscray. Significant community consultation has been undertaken with assistance from local government and the project is scheduled for completion early in 2008.

With a view to site works commencing in 2008, work has progressed on obtaining the necessary planning and environmental approvals for construction of a strategic link between Sunshine and Brooklyn, which will allow interstate freight services to move directly between the North South and East West corridors, eliminating the current need to reverse at Tottenham Yard.

Passing Lanes

A key element of ARTC's North South strategy is the construction of 17 passing lanes along the 460 km single track section between Tottenham and Junee. Each passing lane consists of the construction of approximately seven kilometres of track with associated civil works, turnouts and signalling to enable the passing and crossing of train moves along the single line corridor.

Having refined the project scope and estimates in mid-2006, construction including major earthworks, services and drainage has commenced on five sites – Bomen, Culcairn, Gerogery, Uranquinty and Yerong Creek - in southern NSW. Track works are well advanced at these locations with completion anticipated early in 2008.

Passing Lanes in Victoria have also progressed through a necessary process of planning and environmental investigations, consultation and reviews with state and local government bodies. This process is nearing completion and works on site are planned to commence late in 2007.

Wodonga Rail Bypass

This project, part funded by the Victorian Government and AusLink will see the delivery of a five kilometre long rail by-pass to the north of Wodonga, saving transit time and improving corridor reliability. ARTC along with the SIA has been working in collaboration with the Victorian State Department of Infrastructure to complete a major assessment of scope, costs, delivery method and construction program towards the delivery of this project.

South Sydney Freight Line

The proposed dedicated Southern Sydney Freight Line will provide a freight track independent of the Sydney commuter lines between Macarthur and Sefton. This will remove the current 'curfew' on freight trains operating in the metropolitan area during the morning and afternoon commuter train peak periods which currently places a number of capacity constraints on the North South corridor and for access to and from Port Botany.

Following an extensive environmental assessment and consultation process project approval was granted by the New South Wales Government Minister for Planning in December 2006. Scoping and design work has continued throughout the year with final planning being undertaken in preparation for formal tenders being invited in September 2007.

OTHER WORKS

In advance of the concrete re-sleeper works ARTC completed a program of track refurbishment on the Main South Corridor in NSW. This work includes rail replacement, bridge upgrading, spot timber replacement works and dip weld removal.

On the North East line between Melbourne and Albury there has been a continued focus on eliminating 'rough ride' reports resulting in a reduction of reported events.

Major formation repairs were conducted at Sunshine while concrete re-sleepering of the dual gauge track between West Footscray and the Bunbury Street Tunnel was undertaken during a major shut down at New Year.

Hunter Valley Corridor 2006/07

A number of major projects have been completed as part of ARTC's $381 million Hunter Valley Coal Network Capacity Improvement Strategy.

The aim of the Strategy is to ensure that in close consultation with the coal mining industry and other key stakeholders, the capacity of the rail component of the export coal supply chain is maintained ahead of demand.

The completion of the Sandgate flyover combined with infrastructure improvements at Muswellbrook and the raising of approach speeds to 80 km/h on Minimbah and Nundah banks significantly lifted the capacity of rail component of the Lower Hunter coal supply chain during the year. Network capacity between Mount Thorley Junction (Whittingham) and Sandgate was lifted to approximately 115 million tonnes per annum (mtpa), well ahead of current demand.

In addition capacity on the Main Northern Line was increased during the year from 2.6 mtpa to 5.3 mtpa.

In June 2007 as part of the Train Control Consolidation project, ARTC also took up direct control of the Port Waratah and Kooragang terminals thereby providing seamless integrated network management to the coal industry.

Throughout the year ARTC has demonstrated its commitment to servicing the coal chain through its participation in the Hunter Valley Coal Chain Logistics Team (HVCCLT). In May 2007 ARTC, represented by the General Manager, Operations and Customer Service, took up the position of Chair of the HVCCLT Steering Committee, which provides oversight, guidance and direction to the Logistics team.

SANDGATE FLYOVER

The $80 million Sandgate Grade Separation was officially opened in November 2006, immediately removing in excess of 100 conflicts per day for trains entering and departing the Kooragang Coal Terminal.

A new rail flyover has removed the previous bottleneck which could result in coal trains regularly having to wait for 30 minutes or more for other services to pass before gaining access to Kooragang Island with flow on delays for other elements of the supply chain.

Mainline passenger and general freight trains now pass over the Hunter coal roads at Sandgate, permitting export coal trains uninterrupted access to Kooragang Island.

MUSWELLBROOK YARD REMODELLING

Approximately 15 mtpa of coal presently pass through Muswellbrook and significant growth is expected as new mines on the Ulan line and in the Gunnedah Basin commence production.

In order to ensure that track capacity remains ahead of demand, a $10.5 million project was completed in June 2007 creating major capacity improvements at Muswellbrook.

The project delivered improvements to the junction between the Ulan and Main North lines and the extension of the crossing loop to 1800 metres. Works involved installation of new signalling infrastructure, new track work and improvements to the existing goods siding.

The new infrastructure has eliminated a major constraint in the network by removing delays of an hour or more for the longer coal trains on the Ulan line which previously had been unable to cross other trains at Muswellbrook.

MUSWELLBROOK TO ANTIENE DUPLICATION

Two single line sections between Muswellbrook and Antiene currently carry up to 15 mtpa, which is estimated to grow to 90 mtpa by 2015.

This growth will come as Lower and Middle Hunter coal reserves reduce with future coal production and consequent growth in rail haulage originating from Upper Hunter mines, and new mines in the Muswellbrook, Scone and Ulan areas.

There exists limited flexibility to sequence trains in this section of the corridor as passenger trains travel at a much higher speed than freight and effectively block freight movements for a further 3 hours a day in each direction (between Antiene and Muswellbrook).

Design work is well advanced on duplication on this section of track with commissioning of the first stage (Antiene to Grasstree) expected in late 2008 and stage two (Grasstree to Muswellbrook) in the first half of 2009.

MINIMBAH, ALLANDALE AND NUNDAH BANKS

Stage one of the program was completed in January 2007 with an increase in approach speeds to Minimbah and Nundah banks from 60 km/h to 80 km/h for loaded trains (on the Up line), reducing the time that it takes a coal train to climb the grade. In association with the bi-directional signalling project, Stage 2 will provide an increase in approach speeds to Minimbah bank from 60 km/h to 80 km/h for loaded trains travelling on the Down line.

Further investment will be targeted at the construction of a third track on Minimbah and Nundah banks and resignalling of Allandale bank further reducing train headways to 8 minutes.

BI-DIRECTIONAL SIGNALLING

The project will allow trains to travel in either direction on either track on double track sections, reducing the capacity impact of track maintenance, train failures and other incidents. Design work is progressing on this technically challenging project with the first stage (Maitland to Braxton) anticipated for completion in the first half of 2009.

CROSSING LOOP IMPROVEMENTS

New Loops and Loop Extensions on both the Ulan Line and North West Lines will facilitate the expansion of the network to cater for longer and more frequent trains. As part of the Hunter Valley Strategy the loop extension at Togar was commissioned during November 2006 while Murulla was completed in April 2007.

BALLAST CLEANING

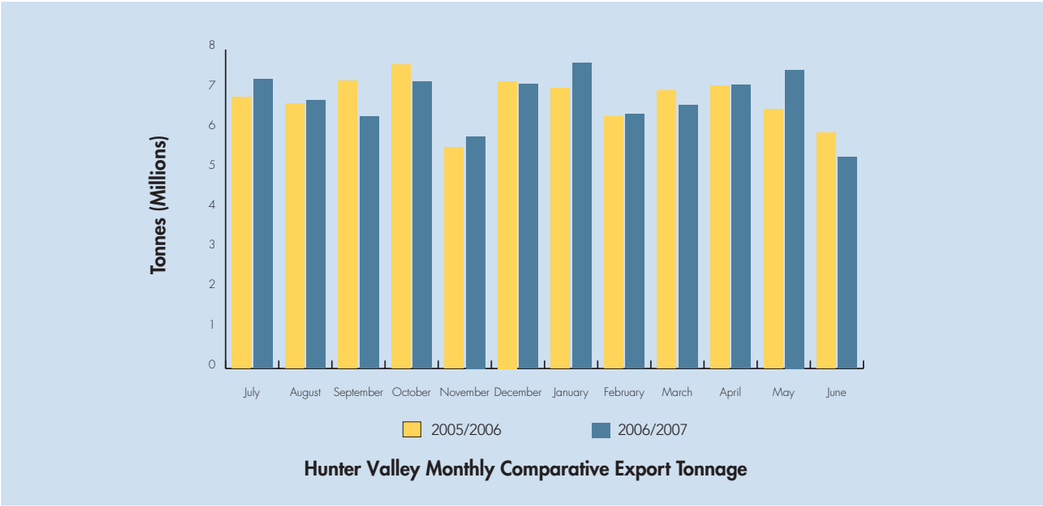
An $8.9 million, five-year planned maintenance and ballast cleaning program consistent with worldwide heavy haulage practice will be undertaken over the Hunter Valley network, which has not received any significant ballast maintenance or upgrade since the early 1980s.

This establishment of a long term Ballast Cleaning Plan will provide customer benefits through improved reliability, significant reductions in unplanned maintenance, a reduced rate of resurfacing and track restrictions.

HUNTER VALLEY FLOODS

Train services over ARTC's Hunter Valley rail network were severely disrupted as a result of the severe storms that hit the region over the June 2007 Long Weekend. Major problems occurred in the section between Singleton and Whittingham where both tracks were heavily undermined by flood-waters. At Minimbah and Belford the structural integrity of the embankments was affected; the flood protection gates at Maitland forced the closure of the track; and at Sandgate the points and switches were affected by flood-waters.

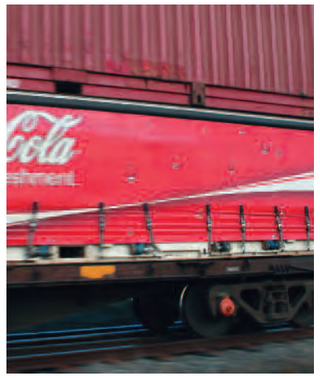
ARTC crews worked tirelessly around the clock to reopen the Hunter Valley trackage affected by the storms. Rail services were able to begin operating in just eight days, while full pre-storm track capacity was restored within two weeks.



East West Corridor 2006/07

LEFEVRE PENINSULA (ADELAIDE)

Train operators accessing the container berths and new deep water Grain Terminal at Adelaide's Outer Harbor will benefit from a State and Federal Government funded $24m upgrade of the ARTC-managed freight-only rail corridor linking Dry Creek and Outer Harbor which is scheduled for completion in November 2007.



The upgrade of the LeFevre Peninsula rail corridor includes improved signalling, level crossing rationalisation and track duplication.

The project will see the closure of 11 of the existing 18 rail level crossings through the industrial area between Birkenhead and Pelican Point (Outer Harbor) and the upgrading of the remaining seven rail level crossings to current active safety standards.

Seven kilometres of rail track have been rehabilitated and parts of the line duplicated through the reinstatement of the second parallel track. On the single track section between Dry Creek and Port Adelaide, a new 1500 metre long crossing loop will be constructed at Wingfield to cater for anticipated increases in rail traffic.

Train operators and industry will benefit from an increase in track speeds from 25 km/h to 60 km/h, increased track capacity and improvements in operational reliability. Currently around 10 trains a day use the rail corridor, but this is expected to at least double once the new grain and bulk loading facility is commissioned.

As part of its Port River Expressway Project, the South Australian Government is constructing a new rail bridge over Port River that will link into the LeFevre Peninsula upgrade and remove freight trains from the existing TransAdelaide suburban tracks through the Port Adelaide CBD.

DOUBLE STACKING

A $4.8 million project announced for completion in late 2007 will remove the final impediments to full double-stacking of containers on the East West corridor between Parkes (NSW) and Crystal Brook (SA). Trains between Sydney and Perth can presently be double-stacked west of Parkes, but a number of height restrictions mean that this can only be applied to half-height or smaller containers.

The major component of the project will be the removal and replacement of the Dowd's Hill tunnel, near Peterborough (SA). Clearances at five other locations will be improved through lowering of the track beneath existing road overpasses at Cockburn, Broken Hill (2), Condobolin and Ootha.

Rail competitiveness will be improved through increased corridor and train capacity and better utilisation of wagons and train paths.

WESTERN VICTORIA

On the Western Line (Gheringhap to Serviceton) major works undertaken in 2006/07 included tamping, rail grinding and re-sleepering to maintain the sustainability of that part of the network.

BROKEN HILL LINE

Major works continued on the Broken Hill Line to improve rail surface condition and thus ride quality. Approximately 50% of the corridor has now been rail ground and dip welds removed resulting in a noticeable improvement in the track quality index and ride quality. The rail upgrade is planned to continue through to the end of 2007/08.

30,000 timber sleepers were installed on the line with a further 50,000 planned for 07/08. A major program of fastening maintenance was also undertaken to prolong the life of existing sleepers. The works undertaken have allowed maintenance KPIs to be achieved.

Speed restrictions and time loss associated with infrastructure delays were all within KPI targets for the year.

Responsible Management 2006/07

CORPORATE GOVERNANCE

Corporate governance is an essential element of ARTC's day to day business operations. The process encompasses authority, accountability, stewardship, direction and control within the company.

ARTC's adherence to best practice corporate governance influences the setting of company objectives, appropriate monitoring and assessment of risk and the creation of company value through innovation and development. It also provides for the adoption of accountability and control systems commensurate with the risks involved.

Throughout 2006/07 ARTC held monthly Board meetings along with regular meetings of the Board Committees. The committee structure includes the Audit & Compliance Committee, the People & Workplace Policy Committee, the Environment, Health & Safety Committee, and the Committee of the Whole Board for Risk.

ARTC's system of corporate governance reflects the ten principles enunciated in the ASX Corporate Governance Council 'Principles of good corporate governance and best practice recommendations' (2003):

Lay solid foundations for management and oversight. ARTC recognises the respective roles and responsibilities of the Board and Management through publication of formal delegations and a schedule of matters reserved to the Board. This enables the Board to provide strategic guidance for the company and effective oversight of Management, clarifies the respective roles and responsibilities of Board members and senior executives in order to facilitate Board and Management accountability to both the company and its shareholders, and ensures a balance of authority so that no single individual has unfettered powers.

Structure the Board to add value. The Board has an effective composition, size and commitment to adequately discharge its responsibilities and duties, and possesses a balance of skills, experience and independence appropriate to the nature and extent of company operations. Details of the Board Committees and special responsibilities of each director are included in the Directors' Report on page 45.

Promote ethical and responsible decision-making. All those in a position to influence the company's strategy and financial performance are subject to a written Code of Conduct which requires them to do so with integrity and responsibility.

Safeguard integrity in financial reporting. Independent verification is provided by internal and external audit under the scrutiny of the Audit and Compliance Committee of the Board.

Make timely and balanced disclosure ARTC is a wholly-owned

Commonwealth company and complies with the governance requirements for Government Business Enterprises, including publication of an annual Corporate Plan and regular shareholder liaison.

Respect the rights of share-holders. ARTC recognises, upholds and facilitates the effective exercise of the rights of the single shareholder, the Commonwealth of Australia. In this regard, the company is subject to the Commonwealth Authorities and Companies legislation in addition to the Corporations Act.

Recognise and manage risk. ARTC has established a sound system of risk management, recognising that every business decision has an element of uncertainty and carries a risk that can be managed through effective oversight and internal control.

Encourage enhanced performance. Both the Board and Management conduct regular performance review processes using formal mechanisms that fairly review and actively encourage enhanced Board and Management effectiveness. In addition the Board, through its People and Workplace Policy Committee, continues to closely monitor the integration of the expanded workforce since commencement of the New South Wales lease, through a process of culture surveys, focus groups, management training and mentoring.

Remunerate fairly and responsibly. The Board, through the People and Workplace Policy Committee, ensures that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

Recognise the legitimate interests of stakeholders. The company recognises its legal and other obligations to all legitimate stakeholders.

RISK MANAGEMENT

Risk management principles are applied across the company in all areas including routine daily tasks, managing the existing asset and project delivery.

Risks are regularly reviewed and reassessed to ensure that appropriate management and mitigation strategies are applied.

Further development of the risk management process has been undertaken, consistent with recommended best practice as defined in Australian Standard AS/NZS 4360.

The area of Risk Management is subject to review, both internally and also by recognised external specialist resource providers, which further ensures a robust and sustainable process is being applied.

RAIL SAFETY

The safety and efficiency of a rail network is a major consideration for the network owner / manager, rail operators and the wider community.

ARTC has established and is continually refining an effective safety management system by creating an environment where:

- Safety and risk management are accepted as core values in all business activities:
- Safety is communicated in a clear, concise and consistent manner;
- Technology and equipment necessary to manage, monitor and support the system are in place;
- It is recognised that safety is a key responsibility for individuals and the company.

Ongoing review of the safety management system is a key part of ensuring that the applied process meets the needs of the Australian rail industry and the requirements of applicable rail safety legislation.

ARTC's investment in training, technology and network improvements is directed towards creating a safer, more sustainable business environment.

Rail Safety Accreditation has been retained in all jurisdictions in which the company operates. ARTC collaborates actively with other sections of the industry on matters of mutual concern, and works consultatively with Regulators through the Rail Safety Regulators' Consultative Forum.

ARTC has engaged actively with the National Transport Commission and rail policy and regulatory representatives from the State Transport Departments in the development of new model rail safety legislation, regulations and associated guidelines. The new legislation should provide a framework for much improved consistency in national rail safety regulation across the industry. This work has largely concluded, and awaits passage of the legislation through the respective Parliaments. ARTC is working on revising its Safety Management System with a view to achieving a transition to anticipated requirements by July 2008.

Development and implementation of industry wide Codes of Practice has continued with ARTC engaging in the Rail Industry Safety and Standards Board's process to document, develop and standardise industry practices for implementation on a national basis. ARTC has played a leading role in development of nationally applicable safeworking rules.

To ensure its preparedness in the case of a major incident, ARTC has continued to develop its relationship with emergency service organisations through regular meetings and participation in desktop and mock emergency exercises.

ENVIRONMENT

ARTC's environmental program complies with the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act).

In its strategic planning, ARTC sets out the company's decision–making processes which integrate both long-term and short-term economic, environmental, social and equitable considerations. ARTC's published corporate objectives articulate the company's strategy to realise our vision to ensure rail is an integral, sustainable element of the nation's transport logistics network.

To achieve this vision ARTC needs to build, operate and maintain appropriate network infrastructure to support the needs of the transport industry. ARTC processes identify 'Areas of Environmental Significance' before undertaking activity in these areas or accessing certain parts of land.

ARTC's environmental management activities incorporate the consideration of pollution and contamination issues, heritage impacts, indigenous matters and conservation and biodiversity principles through an environmental impact assessment process applied during the planning stages of development activities.

ARTC's Code of Practice for Environmental Impact Assessment of Development Proposals in NSW became operational in May 2006 and has been implemented throughout 2006/07. The Code, published on ARTC's website, has been applied extensively on major projects including: the Northern and Southern Alliance contracts as part of the North - South Strategy to construct additional passing loops; in the Hunter and North West to construct additional passing loops as part of the Hunter Valley Corridor Strategy; the new rail underbridge at Wagga Wagga; and two major concrete re-sleepering programs in the North and South. The Environmental impact Assessment for all other Projects are being conducted with reference to the Code.

The Generic Task-Based Assessments developed in accordance with the Code are continuing to be modified to facilitate compliance, and therefore the relevant environmental legislation, by Asset Management groups engaged in Routine and Periodic Maintenance. They currently reside on the ARTC Intranet for easy access and usage.

In NSW, ARTC continues to monitor rail-related noise as a requirement of its Environmental Protection Licence.

In South Australia, ARTC monitors wheel squeal in the Adelaide Hills using its RailSQAD site at Heathfield. Data from this installation is forwarded to individual train operators to identify 'rogue bogies' that may be a contributing factor in creating wheel squeal and other track impacts.

New licence conditions incorporating a requirement for ARTC to prepare an Environmental Improvement Program (EIP) to mitigate 'wheel squeal' in the Adelaide Hills, came into effect in February 2007 with a draft plan being submitted to the State Environment Protection Authority for endorsement in May 2007.

Summary of ARTC managed heritage assets at 30 June 2007

	ARTC responsibility	Managed as part of CRN for NSW rail authorities
Total number of heritage items on s.170 Register	265	356
Assets listed on the State Heritage Register	122	229
Condition of items on s.170 Heritage Register		
Satisfactory	206	258
Fair, requiring some maintenance attention	55	87
Poor condition	4	11

There were no notifiable incidents on ARTC's network during 2006/07.

RAIL HERITAGE MANAGEMENT IN NEW SOUTH WALES

In accordance with obligations in NSW under the NSW Heritage Act 1977, a Heritage and Conservation Register listing all heritage assets under ARTC's control was maintained during the year.

At the end of the year, the Register listed 265 heritage assets for which ARTC was directly responsible, and a further 356 assets which ARTC manages as part of the Country Regional Network Management Agreement.

Field inspections were undertaken by heritage management personnel during the year to both validate and update the data in the Section170 Register, and assess the condition of individual assets to assist in scheduling of maintenance works.

HUMAN RESOURCES - PEOPLE

Significant progress was made over the past twelve months towards a nationally consistent collective agreement structure and approach. Following lodgement in May 2006 of the ARTC (NSW) Enterprise Agreement 2006 covering direct employees based in New South Wales, negotiation for the collective agreement for direct employees based elsewhere in Australia was completed. Lodged in November 2006, the ARTC Workplace Agreement 2006 forms part of the national collective agreement framework.

With the secondment arrangements for seconded employees in Asset Management due to end on or before 30 June 2008, negotiations are currently taking place for a collective agreement. Focus groups were conducted in late 2006 to identify employee issues and preference on employment options with ARTC, and information sessions have commenced for all infrastructure maintenance employees.

During the year, members of the ARTC Executive and senior managers visited various parts of New South Wales to conduct orientation sessions. The sessions are part of ARTC's programme to communicate the intent of the company and provide focus on business outcomes. The meetings provide employees from all levels of ARTC with an opportunity to discuss matters within their area and on local achievements.

ARTC surveys both direct and seconded employees annually to improve awareness and responsiveness to cultural and attitudinal issues with the latest survey taking place in March 2007. The survey measures employee opinions of customer and business focus, communication, team work and the current climate, with the March 2007 survey yielding positive results. ARTC continues to maintain healthy workplace relations and ARTC achieved zero lost days due to industrial action in 2006/07.

Performance, Training and Development

ARTC's performance management system was refined to enhance the focus of employee achievement towards corporate goals and positive workplace behaviours. Individual performance agreements are used to align individual effort directly to business objectives. Following the development of an individual performance agreement, personal development plans are utilised to provide training and development opportunities where required to achieve business outcomes. Long term skill and capability requirements are identified through the personal development plans.

Evolution 2006, the pilot mentoring program of Australian Rail Track Corporation was launched in Adelaide on 27 July, 2006. Twenty one mentoring partnerships were established with participants coming from across the company, while a significant number of mentors from external industries took part in the program. The pilot program concluded on 30 June 2007 and a formal review of the outcomes has commenced.

Occupational Health and Safety

The ARTC Occupational Health & Safety Management System (OHSMS) provides the framework for ARTC's management of occupational health and safety (OHS). The OHSMS affirms our commitment to safe work practices, and outlines strategies for the implementation of this commitment. The OHSMS is formally reviewed annually and on an ongoing basis throughout the year. OHSMS reviews are conducted to improve management systems and identify key strategies and focus areas for improving OHS performance.

Annual corporate plans incorporate OHS targets to ensure the progressive improvement of OHS performance. For the period July 2006 to June 2007, ARTC met its primary objective by reducing the rolling twelve month lost time injury frequency rate from eleven to nine.

Workplace Injuries

Lost time injury (LTI)* numbers and lost time injury frequency rates (LTIFR)* for the period 1 July 2006 to 30 June 2007 were as follows:

	LTIs	LTIFR
ARTC Workforce	26	9
Alliance Partners	4	2

* A lost time injury (LTI) is an injury sustained at work by an employee which results in time lost from work of one complete shift or more. The lost time injury frequency rate measures the number of injuries resulting in the loss of one complete shift or more (lost time injuries) per one million working hours. The frequency rate is calculated by dividing the number of lost time injuries by the number of hours worked during the period and multiplying by one million.

Directors' Report 2006/07

DIRECTORS' REPORT

The Board of Directors of the Australian Rail Track Corporation Ltd ("ARTC") has pleasure in submitting the Directors' report in respect of the year ended 30 June 2007.

Directors

The following persons were Directors of ARTC during the whole of the financial year and up to the date of this report unless otherwise stated:

B K Murphy	
A H D Budd	(Mr Budd retired from the company on 30 June 2007 on expiry of his second term)
R I McCutcheon	(Mr McCutcheon retired from the company on 30 June 2007 on expiry of his second term)
G D Walters	
D W Marchant	
A J P Staines	(Ms Staines joined the company on 4 December 2006)
L Di Bartolomeo	(Mr Di Bartolomeo joined the company on 30 June 2007)
O M Johnstone-Donnet	(Mr Johnstone-Donnet joined the company on 30 June 2007)

Qualifications, experience and special responsibilities

Barry Kevin Murphy B.Sc.App., B.E.(Chem), CSci, MBA, PgDip.Env.Stud., PgDip.En.Stud., FIChemE, FAICD
(non executive Chairman)
B K Murphy joined ARTC in 1999 as non executive Chairman and continues in that role, also serving as Chairman of the People & Workplace Policy Committee.

Graham Douglas Walters AM, FCA
(non executive Director)
G D Walters joined the Board in 2004. Mr Walters is a professional Director and a Fellow of the Institute of Chartered Accountants, and also serves as Chairman of the Audit & Compliance Committee.

David William Marchant
D W Marchant was appointed Chief Executive Officer and Managing Director in June 1998. Prior to this appointment, David held a range of positions in utility groups and government agencies.

Andrea Joy Powys Staines B. Econs, MBA, GAICD
(non executive Director)
A J P Staines joined the Board in December 2006. Ms Staines is a professional Director and currently is a non Executive Director on the Central Queensland Port Authority and the Royal Children's Hospital Foundation. Prior to this she was CEO of Australian Airlines, a Qantas subsidiary. She serves on the People and Workplace Committee.

Lucio Di Bartolomeo B.E. (civil), M Eng Sc, FAIM, FCILTA, MIEA
(non executive Director)
L Di Bartolomeo joined the Board in June 2007. Mr. Di Bartolomeo is a professional Director and currently is Chairman of Parklands Foundation Ltd and a non Executive Director in Downer EDI, Reliance Rail, Macquarie Generation and Civic Nexus. Prior to this he was Managing Director of ADI Limited and FreightCorp. Mr. Di Bartolomeo has extensive experience, having worked many years in the Rail Industry both locally and overseas. . He was also recently appointed as a member of the Environment Health & Safety Committee.

Owen Main Johnstone-Donnet BA (Hons)
(non executive Director)
O M Johnstone-Donnet joined the Board in June 2007. He is the Deputy Managing Director of TTF Australia. Prior to this he advised State and Federal Cabinet Ministers, and held senior positions in the NSW State Rail Authority. He was recently appointed as a member of the Audit & Compliance Committee.

Alfred Hamilton Dale Budd OBE, B.E., FAICD, FCILT
(non executive Vice Chairman, retired)
From 2001 when he joined the company, Mr Budd combined his public and private sector consultancy work with his role as a non executive Director. He was appointed Vice Chairman in 2004, also serving on the Audit & Compliance Committee, and had special responsibility for engineering and asset sustainability.

Raymond Ian McCutcheon BE, GAICD
(non executive Director, retired)
From 2001 when he joined the company, Mr McCutcheon combined his export advisory work with his role as a non executive Director, also serving since 2004 as Chair of the Environment, Health & Safety Committee. Prior to joining the company, he was Chief Executive of a large engineering firm. At ARTC he had special responsibility for advanced technology and major project oversight.

Company Secretary - **Simon Royston Gray** LL.B., GAICD
S R Gray was appointed company secretary in 2004. He joined the company in 1998 and is also the corporate legal counsel.

Meetings of Directors

The number of meetings of the company's Board of Directors and of each Board Committee held during the year ended 30 June 2007, and the numbers of meetings attended by each Director were:

	Full meetings of Directors		Meetings of Committees: Audit & Compliance Committee		Meetings of Committees: Environment Health & Safety Committee		Meetings of Committees: People & Workplace Committee	
	A	B	A	B	A	B	A	B
B K Murphy	11	11	1	1	-	-	3	3
A H D Budd (retired 30 June 2007)	11	11	4	5	4	4	-	-
R I McCutcheon (retired 30 June 2007)	11	11	-	-	4	4	-	-
G D Walters	10	11	5	5	-	-	-	-
D W Marchant	10	11	4	5	4	4	3	3
A J P Staines	6	6	-	-	-	-	2	2
L Di Bartolomeo (appointed 30 June 2007)	-	-	-	-	-	-	-	-
O M Johnstone-Donnet (appointed 30 June 2007)	-	-	-	-	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Members acting on the Committees of the Board during the year were:

Audit & Compliance
G D Walters *
A H D Budd

People & Workplace Policy
B K Murphy *
A J P Staines

Environment Health & Safety
R I McCutcheon*
A H D Budd

(* denotes chairman)

D W Marchant attended these meetings as an invitee

Principal activities

The principal activities of the ARTC during the year were the provision of rail access and infrastructure management of rail networks, either owned or leased by the company.

Review of operations

The review of operations of the ARTC is contained in the Managing Director's Report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

An impairment review of ARTC assets was undertaken as at 30 June 2007. As a result of this review the Group recognised an impairment loss on the NSW leasehold infrastructure assets excluding the Hunter Valley of $334m. This was offset in part by recognition of deferred grant revenue of $11.8m, resulting in a net loss of $322.2m (further details in note 1 (n) (i) and note 15 of the financial statements).

Likely developments and expected results of operations

Likely developments and the expected results of operations of the ARTC are contained in the Managing Director's Report.

Environmental regulation

ARTC holds licences from both the Environmental Protection Authority of South Australia and the Environmental Protection Authority of NSW. In South Australia, the licence is held under Part 6 of the Environmental Protection Act, 1993 to undertake the activity of a "Railway System". The licence is due to expire on 31 January 2008 and an application for renewal will be lodged at that time. In New South Wales, the licence is held under Section 55 of the Protection of the Environment Operations Act 1997 to undertake "Railway Activities". The licence expires on 5 September 2007 and an application for renewal will be lodged prior to expiration. To date, ARTC has complied with the requirements of both licence agreements. Other than in South Australia and New South Wales, ARTC is not required to be licensed.

Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars unless specifically stated otherwise under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Indemnification of Officers

During the reporting period, the ARTC had in place insurance cover in respect of liabilities arising from the performance of the Directors and Officers of the company.

The disclosure of the premium paid under section 300(8) (b) of the Corporations Act is not required as the insurance contract between the ARTC and the insurer prohibits the ARTC from disclosing such information.

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

Auditor Independence

The Directors received the following declaration from the Company's auditor:

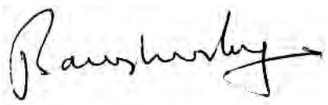
Auditors Independence Declaration to the Directors of Australian Rail Track Corporation Ltd.

In relation to our audit of the financial report of Australian Rail Track Corporation Ltd for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Australian National Audit Office

John McCullough
Acting Executive Director
Delegate of the Auditor General
Signed in Canberra on the 29th day of August 2007

Signed in accordance with the resolution of the Directors



B K Murphy
Director
Signed in Adelaide on the 29th day August 2007

D W Marchant
Director
Signed in Adelaide on the 29th day of August 2007

INCOME STATEMENT
For the year ended 30 June 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Revenue from continuing operations	5	**452,689**	**437,278**	**452,689**	**437,278**
Other income from continuing operations	5	81,585	59,304	81,502	59,258
Total Revenue and Other income from continuing operations	5	**534,274**	**496,582**	**534,191**	**496,536**
Employee benefits expense	7	(146,169)	(148,873)	(143,233)	(146,196)
Depreciation and amortisation expense	7	(29,274)	(20,542)	(29,196)	(20,495)
Recognition of impairment loss	1(n)(i),15(c)	(334,004)	-	(334,004)	-
Incident costs		(18,562)	(10,919)	(18,562)	(10,919)
Infrastructure maintenance		(195,219)	(185,325)	(199,890)	(189,651)
Insurance		(8,043)	(8,363)	(8,041)	(8,361)
Legal fees		(916)	(1,118)	(916)	(1,118)
Motor vehicle expenses		(11,798)	(10,158)	(11,136)	(9,460)
Operating lease expense		(5,502)	(5,002)	(5,497)	(4,994)
Project and development expenses		(4,226)	(6,816)	(4,186)	(6,721)
Service agreements		(14)	(238)	(14)	(238)
Train control communications		(3,268)	(2,252)	(3,268)	(2,252)
Communications expenses		(7,638)	(7,496)	(7,576)	(7,443)
Other expenses		(30,118)	(30,316)	(29,525)	(29,823)
Expenses		**(794,751)**	**(437,418)**	**(795,044)**	**(437,671)**
(Loss)/profit before income tax		**(260,477)**	**59,164**	**(260,853)**	**58,865**
Income tax (expense)/benefit	8	50,303	19,427	50,403	19,427
(Loss)/profit from continuing operations		(210,174)	78,591	(210,450)	78,292
Special Government Grant	6	-	270,000	-	270,000
(Loss)/profit is attributable to: Equity holders of Australian Rail Track Corporation Ltd		**(210,174)**	**348,591**	**(210,450)**	**348,292**

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET
30 June 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	363,364	730,381	361,371	729,420
Held to maturity investments	10	350,000	270,000	350,000	270,000
Inventories	12	31,542	27,621	31,542	27,621
Trade and other receivables	11	70,743	79,369	71,979	80,079
Other current assets	13	18,207	5,297	18,207	5,297
Total current assets		**833,856**	**1,112,668**	**833,099**	**1,112,417**
Non current assets					
Property, plant and equipment	15	531,195	482,406	530,889	482,071
Intangible assets	17	3,013	589	3,013	589
Deferred tax assets	16	70,489	19,427	70,489	19,427
Other receivables	14	-	574	-	574
Investment in Subsidiary		-	-	123	123
Defined benefits asset	26	3,124	631	3,124	631
Total non current assets		**607,821**	**503,627**	**607,638**	**503,415**
Total assets		**1,441,677**	**1,616,295**	**1,440,737**	**1,615,832**
LIABILITIES					
Current liabilities					
Deferred income - government grant	20	900	1,170	900	1,170
Provisions	19	73,107	69,917	72,959	69,801
Current tax liabilities		759	-	659	-
Trade and other payables	18	94,951	67,438	95,798	68,321
Other current liabilities	21	6,331	9,295	6,331	9,295
Finance lease liability	22	91	-	91	-
Total current liabilities		**176,139**	**147,820**	**176,738**	**148,587**
Non current liabilities					
Deferred income - government grant	23	29,084	25,837	29,084	25,837
Provisions	25	7,645	6,925	7,459	6,772
Finance lease liability	24	777	-	777	-
Total non current liabilities		**37,506**	**32,762**	**37,320**	**32,609**
Total liabilities		**213,645**	**180,582**	**214,058**	**181,196**
Net assets		**1,228,032**	**1,435,713**	**1,226,679**	**1,434,636**
EQUITY					
Contributed equity	27	235,126	235,126	235,126	235,126
Reserves	28(a)	123,123	123,123	123,123	123,123
Retained earnings	28(b)	869,783	1,077,464	868,430	1,076,387
Total equity		**1,228,032**	**1,435,713**	**1,226,679**	**1,434,636**

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the year ended 30 June 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Actuarial gains on defined benefit plans recognised directly in retained earnings	26(f),28	2,493	2,286	2,493	2,493
Net income recognised directly in equity		**2,493**	**2,286**	**2,493**	**2,493**
(Loss)/Profit for the year		**(210,174)**	**348,591**	**(210,550)**	**348,292**
Total recognised income and expense for the year		**(207,681)**	**350,877**	**(208,057)**	**350,785**

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT
For the year ended 30 June 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		474,066	447,889	476,883	447,987
Payments to suppliers and employees (inclusive of goods and services tax)		(416,237)	(409,580)	(419,446)	(409,453)
		57,829	**38,309**	**57,437**	**38,534**
Interest received		54,285	37,200	54,211	37,156
Net cash inflow from operating activities	35	**112,114**	**75,509**	**111,648**	**75,690**
Cash flows from investing activities					
Payments for property, plant and equipment		(410,647)	(187,194)	(410,598)	(187,052)
Payments for investments – commercial papers & bank bills		(80,000)	(262,148)	(80,000)	(262,148)
Payments for intangibles – computer software		(2,968)	(430)	(2,968)	(430)
Net cash (outflow) from investing activities		**(493,615)**	**(449,772)**	**(493,566)**	**(449,630)**
Cash flows from financing activities					
Special Government Grant		-	270,000	-	270,000
Government Grant other		14,484	12,001	14,484	12,001
Repayment of loans to subsidiary		-	-	(615)	(745)
Net cash inflow from financing activities		**14,484**	**282,001**	**13,869**	**281,256**
Net (decrease) in cash and cash equivalents		**(367,017)**	**(92,262)**	**(368,049)**	**(92,684)**
Cash and cash equivalents at the beginning of the financial year		730,381	822,643	729,420	822,104
Cash and cash equivalents at end of year	9	**363,364**	**730,381**	**361,371**	**729,420**

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for ARTC as an individual entity and the consolidated entity consisting of ARTC and its subsidiaries.

ARTC (the parent) is a company limited by shares incorporated in Australia. The ultimate controlling entity of the Group is the Commonwealth Government.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class order 98/0100. The Company is an entity to which the class order applies.

The financial report is prepared on a historical cost basis except for property, plant and equipment, intangibles and held to maturity investments that are measured at fair value.

Early adoption of standards

The Group has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2006:

- revised AASB 101 Presentation of Financial Statements (issued October 2006)

This includes applying the pronouncement to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. No adjustments to any of the financial statements were required for the above pronouncement, but certain disclosures are no longer required and have therefore been omitted.

Significant accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

Except for the amendments to AASB 101 Presentation of Financial Statements, which the Group has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2007. These are outlined below.

(i) AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114 & AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 2005-10 is applicable to annual reporting periods beginning on or after 1 January 2007. The amendment arises from the release in August 2005 of AASB 7 Financial Instruments: disclosures. AASB7 is a disclosure standard so it will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.

(ii) AASB 7 Financial Instruments: Disclosures

AASB 7 is a new standard replacing disclosure requirements of AASB 132. Refer to note above for impact on financial statements.

(iii) AASB 2007-1 Amendments to Australian Accounting Standards [AASB 2)

Amendment standard issued as a consequence of AASB Interpretation 11 Interim Financial Reporting and Impairment. Applicable date for the Group is 1 July 2007. As the Group currently has no share based payments, this amendment will have no impact on the Group.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) AASB 2007-2 Amendments to Australian Accounting standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]

Amending standard issued as a consequence of AASB Interpretation 12 Service Concession Arrangements. As the Group currently has no service concession arrangements or public private partnerships (PPP), it is expected that this Interpretation will have no impact on its financial report.

(v) AASB 2007-3 Amendments to Australian Accounting standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134 & AASB 136, AASB 1023 & AASB 1038]

Amending standard issued as a consequence of AASB 8 Operating Segments. AASB 8 is a disclosure standard so it will have no direct impact on the amounts included in the Group's financial statements.

(vi) AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1,2,3,4,5,6,7,102,107,108,110,112,114,116,117,118,119,120,121,127,128,129, 130,131,132,133,134,136,137,138,139,141,1023 & 1038]

This standard is applicable to annual reporting periods beginning on or after 1 July 2007, the Group does not anticipate any significant impact on its financial position on adoption of the standard.

(vii) AASB 2007-6 Amendments to Australian Accounting Standards Arising from AASB 123[AASB 1, AASB 101, AASB 107, AASB 111, AASB 116, AASB 138, Interpretation 1 & Interpretation 12]

Amending standard that arises from the issuance in June 2007 of a revised standard AASB 123 Borrowing Costs, that principally removes references to expensing borrowing costs on qualifying assets, as AASB 123 was revised to require such borrowing costs to be capitalised. This standard is applicable to annual reporting periods beginning on or after 1 January 2009. As the Group currently has no borrowing costs this amendment will have no impact on the Group.

(viii) AASB-Interpretation 10 Interim Financial Reporting and Impairment

AASB-Interpretation 10 is applicable to reporting periods commencing on or after 1 November 2006. The Group has not recognised an impairment loss in relation to goodwill, investments in equity instruments or financial assets carried at cost in an interim reporting period but subsequently reversed the impairment loss in the annual report. Application of the interpretation will therefore have no impact on the Group's financial statements.

(ix) AASB 8 Operating Segments

This new statement will replace AASB 114 Segments. This standard is applicable from 1 July 2009. For impact on the Group, refer to AASB 2007-3 above.

(x) AASB-Interpretation 11 Group and Treasury Share Transactions

This Interpretation specifies that a share-based payment transaction in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity-settled. The Interpretation is applicable from 1 July 2007. For impact on the Group, refer to AASB 2007-1 above.

(xi) AASB-Interpretation 12 Service Concession Arrangements

This Interpretation clarifies how operators recognise infrastructure as a financial asset and/or an intangible asset not as property, plant and equipment. The Interpretation is applicable from 1 July 2007. For impact on the Group, refer to AASB 2007-2 above.

(xii) AASB-Interpretation 14 AASB 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

AASB-Interpretation 14 is applicable for reporting periods beginning on or after 1 January 2008. The interpretation provides general guidance on how to assess the limit in AASB 119 Employee benefits paragraph 58 on the amount of the surplus that can be recognised as an asset by an employer sponsor. It also explains how the defined benefit surplus (asset) or deficiency (liability) recognised by an employer sponsor may be affected when there is a statutory or contractual minimum funding requirement.

(c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Australian Rail Track Corporation Ltd (''company'' or ''parent entity'') as at 30 June 2007 and the results of the controlled entities for the year then ended. Australian Rail Track Corporation Ltd and its controlled entities are referred to in this financial report as the "consolidated entity" or "the Group". The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated Income Statement from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable the economic benefit will flow to the Group and the revenue can be reliable measured. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

(i) Access revenue

Access revenue recorded in the Income Statement comprises amounts received and receivable by the consolidated entity granting operators access to the rail network during the year.

(ii) Interest

Interest revenue is recorded on an effective yield basis.

(iii) Country Regional Network revenue

Country Regional Network revenue recorded in the Income Statement comprises amounts received and receivable by the consolidated entity for the recovery on expenditure by the consolidated entity on the Country Regional Network as per the CRN management agreement with the NSW government.

(e) Recoveries and expenses associated with rail access related incidents

Income attributable to insurance or other recoveries arising from rail access related incidents is only recognised where a contractual agreement is in place and receipt of amounts outstanding is virtually certain. Costs of rectification are recognised when incurred.

Where the Group has suffered damage to its rail network due to other parties, the recourse of commercial negotiation and, if not successful, legal proceedings are initiated, as appropriate.

Contingent liabilities and assets are reviewed through out the year and finalised at balance sheet date for inclusion in the financial statement. Inclusion of liabilities or assets relating to rail access related incidents occurs where the Group is reasonably certain of costs or recoveries.

Change in accounting policy

The policy to recognise income attributable from insurance or other recoveries arising from rail related incidents where a contractual agreement is in place and receipts of amounts is virtually certain was adopted for the first time in the current financial year. In previous financial years income attributable to insurance or other recoveries arising from rail access related incidents was not recognised until received.

The change in policy was decided by management based on an assessment of the virtual certainty of the receipt of funds as a result of the contractual agreement that was in place at the end of the financial year.

The impact of the new policy on the current financial year was to increase profit by $ 6.3m. There was no material impact on prior years as there were no similar contractual arrangements in place.

(f) Government grants

Grants received from the government by the Group fall into two distinct categories and the treatment for each is described below:

(i) Where the Grants have attached conditions and/or are project specific, they are recognised at their fair value and initially credited to Deferred Income upon receipt, then recognised in the Income Statement over the period necessary to match them with the costs that they are intended to compensate.

Where those grants relate to expenditure that is to be capitalised, they are credited to the Income Statement on a straight line basis over the expected lives of the related assets from the date of commissioning. Grants that are related to expenditures that are not to be capitalised, are credited to the Income Statement as the relevant expense is incurred; or

(ii) Where the Grants are special government grants that are one off type grants, have no attached conditions and are not related to a specific project, they are recognised at fair value immediately as revenue when the grant monies are received.

(g) Income tax

The financial statements apply the principles of tax effect accounting. The income tax expense represents the tax on pre-tax accounting profit adjusted for income and expenses not assessable or allowable as deductions for taxation purposes.

The passing of Division 58 of the Income Tax Assessment Act 1997 ('Division 58"), with Royal Assent on 16 July 1999, has entitled the consolidated entity to value assets, for taxation purposes, using pre existing audited book values or the notional written down values of the assets as appropriate. This effectively means the tax depreciable value of these rail infrastructure and related assets significantly exceeds the carrying value, which is equal to the nominal transfer value. Accordingly, Division 58 results in significant book to tax differences which will ensure the consolidated entity continues to benefit from significant income tax deductions in future years.

As at 1 July 2007, ARTC had $51.3m of carried forward losses. As a result of the $143.4m capital injection received in June 2004, the Available Fraction Rule was activated.

The available fraction rule does not result in ARTC foregoing pre consolidation losses. It does however impact the rate at which pre consolidation losses may be utilised. $10.1m of pre consolidation losses were utilised in the year ended 30 June 2007.

The net Deferred Tax Asset (DTA) calculated by reference to the difference between the carrying values and the tax bases of depreciable assets has been recognised to the extent probable of being recouped against future taxable income and reversals of temporary differences

Since taxes to be levied relate to the same tax authority and deferred taxes relate to the same taxable entity, the DTA and DTL have been offset in the balance sheet.

Tax consolidation legislation

Australian Rail Track Corporation Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

Effective 1 July 2003, for the purposes of income taxation, ARTC and its 100% owned subsidiaries decided to form a tax consolidated group. Members of the Group are subject to a tax funding arrangement in order to allocate income tax expense to the wholly owned subsidiaries. In addition, a tax sharing agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is the ARTC.

(h) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases (note 15). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 32). Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

(i) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Held to maturity investments

Held to maturity investments is comprised of highly liquid investments with original maturities of greater than 90 days and not more than 182 days that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Trade and other receivables

All trade receivables are recorded at the amount due based on a pricing regime agreed with train operators, generally have 7-30 day terms and are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(m) Inventories

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

(n) Property, plant and equipment

Plant and equipment is shown at fair value less accumulated depreciation and any accumulated impairment losses recognised after the date of the revaluation, based on periodic, but at least triennial valuations by external independent valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation, and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Maximum Economic Useful Life *	
Ballast	60 years
Bridges	40 years
Buildings	50 years
Culverts	100 years
IT & Other Equipment	4 years
Other Equipment	40 years
Motor Vehicles	5 years
Rail	110 years
Sleepers	70 years
Signals & Communications	30 years
Turnouts	15 years
Tunnels	50 years

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

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash generating unit to which the asset belongs, unless the asset's fair value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount.

As a result of the impairment of assets that related to government grants the Group recognised $11.8m of deferred government grant revenue as income in the reporting period.

At 30 June 2007 the Group recognised an impairment loss applicable to non Hunter Valley New South Wales infrastructure assets of $334m (refer also note 15).

(ii) Revaluations

Revaluations of the Group's South Australian and Western Australian owned assets are made with sufficient regularity to ensure that the carrying amount of each piece of land, building and plant and equipment does not differ materially from its fair value at the reporting date.

The Group's South Australian and Western Australian owned assets were re-valued as at 30 June 2005, and follow the previous revaluation in June 2000. The South Australian and Western Australian assets were revalued using a discounted cash flow approach to provide an estimate of the fair value of the SA/WA assets. The cash flow forecasts associated with the Group's SA/WA assets relate only to the revenues and expenses incurred from the continuing use of the existing assets. Accordingly, the cash flows do not include cash inflows or outflows relating to improvements or enhancements to the respective assets. The valuation was determined by the external financial advisors and thereafter approved by the Board.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss (net of tax).

(iii) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the expected lease term or the estimated useful life of the improvement to the Group, whichever is the shorter.

(o) Capital work in progress and capitalisation

Work in progress comprises expenditure on incomplete capital works. 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 work 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.

(p) Intangible assets

Computer software

Computer software has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of computer software over its estimated useful life of two years.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid and are measured at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(s) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is accumulated from the date of commencement. Consideration is given to expected future wage and salary levels with allowance for expected future increases over the next 12 month period.

(t) 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 significant corrective works, component replacement programs, and similar activities and these costs are expensed in the consolidated entity's accounts.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) Rail infrastructure assets

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

(w) Defined Benefit fund

ARTC is a member of the following superannuation schemes: State Authorities Superannuation Scheme (SASS), State Authorities Non-Contributory Superannuation Scheme (SANCS) and the State Superannuation Scheme (SSS).

The schemes are all defined benefit schemes at least a component of the final benefit is derived from a multiple of the member's salary and years of membership.

All the schemes are closed to new members.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, outside profit or loss directly in the statement of recognised income and expense.

State Authorities Superannuation Scheme (SASS)

SASS is a split benefit scheme, which means it is made up of an accumulation style contributor-financed benefit and a defined benefit style employer-finance benefit.

Employees can elect to contribute between 1% and 9% of their salary to SASS and can vary their contribution rate each year. Generally, each percentage of salary that a member contributes each year buys the member one benefit point which is used in the calculation of the employer-financed benefit.

State Authorities Non-Contributory Superannuation Scheme (SANCS)

SANCS is a productivity-type superannuation benefit accrued by SASS members in addition to their contributory scheme benefits. Calculated at 3% of final average salary or final salary, depending on the mode of exit, for each year of service from 1 April 1988. It is fully employer-financed.

State Superannuation Scheme (SSS)

SSS is a defined benefit scheme subsidised by the employer.

Contributions to the defined contribution fund are recognised as an expense as they become payable.

(x) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 2 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and cash equivalent assets and held to maturity investments. These instruments include deposits at call and commercial papers and bank bills that have terms less than 90 days from original maturity in cash and cash equivalents to a maximum of 182 days in held to maturity investments.

The main purpose of these financial instruments is to use the funds for the purpose of meeting the Group's corporate goals. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group as at balance date has no borrowings and the risks arising from the Group's financial instruments are related to fair value interest rate risk and credit risk, both considered at a very low level and managed by the implementation of agreed policies as approved by the Board and are summarised below.

(a) Cash flow and fair value interest rate risk

The Group has a significant amount of interest bearing assets and therefore the Group's income and cash flows have some exposure to changes in market interest rates. Group policy to minimise the exposure to movements in market rates is to implement a policy of only investing in major Australian Banking institutions and across a spread of short term commercial papers (less than 90 days) and long term commercial papers and bank bills (greater than 90 days but not more than 182 days) in accordance with Board approved treasury investment policy. Greater than 50% of investments in commercial papers and bank bills are in papers rated A1 and above, no commercial papers are to be rated below A2 as rated by Standard and Poor's and no investment in commercial papers to exceed $50m with any one particular organisation. This policy has been complied with throughout the year.

(b) Credit Risk

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group does have a significant concentration of credit risk associated with the Group's major source of access revenue relating to one rail operator.

NOTE 3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Significant accounting estimates and assumptions

In applying the Group's accounting policies, management continually makes judgements, estimates and assumptions including expectations concerning the future. Although reasonable based on the current information available to management, the actual results will by definition, seldom equal the accounting estimates. The judgements, estimates and assumptions that are considered significant in preparation of these financial statements are discussed below.

(i) Defined benefit plans

Various actuarial assumptions are required when determining the Group's defined benefit obligations. These assumptions and the related carrying amounts are discussed in note 26.

(ii) Timing of project completion

The Group is undertaking an extensive investment program in the coming years with the continued delivery which is reliant on the availability of requisite material, project resources and applicable regulatory approvals.

(iii) Dividend policy

In accordance with agreements relating to the take up of the NSW lease, it has been agreed that ARTC will reinvest any profits in the period to June 2009 rather than making any dividend payments to its shareholders.

(iv) Impairment

In order to comply with the relevant accounting standards, ARTC undertook impairment testing of the NSW lease infrastructure assets (excluding the Hunter Valley), which resulted in ARTC taking up an impairment loss of $334m against the carrying value of those assets as it could not be supported by the forecast net cash flows to be derived in relation to those assets.

(v) Deferred tax recognition

The recognition of the deferred tax asset of $70.5m is considered appropriate following an assessment of the overall forecast profit and taxation position of the Group over the next 5 years.

(vi) Incident recognition

The provision for incidents of $18.8m recognises the Group's estimated liability with respect to costs associated with damage caused by incidents such as derailments, including the potential for third party and/or insurance recoveries.

NOTE 4 SEGMENT INFORMATION

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

NOTE 5 REVENUE

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
From continuing operations				
Sales revenue				
Access revenue	302,612	282,802	302,612	282,802
CRN Revenue	150,077	154,476	150,077	154,476
	452,689	**437,278**	**452,689**	**437,278**
Other income				
Govt grants - other	12,383	-	12,383	-
Insurance recovery	7,087	7,668	7,087	7,668
Interest	54,615	44,476	54,541	44,432
Other income	7,500	7,160	7,491	7,158
	81,585	**59,304**	**81,502**	**59,258**
	534,274	**496,582**	**534,191**	**496,536**

NOTE 6 SPECIAL GOVERNMENT GRANT

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Income from Special Government Grant	-	270,000	-	270,000
	-	**270,000**	**-**	**270,000**

(a) Special government grant

On 27 June 2006, the ARTC received a $270m Special Government Grant (as per note (10)) from the Commonwealth that will enable it to develop and implement a program to improve the rail network in Australia. Due to the nature of the grant, it has been treated as non assessable for taxation purposes.

NOTE 7 EXPENSES

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Depreciation				
Buildings	287	224	287	224
Plant and equipment	28,475	19,820	28,397	19,773
Total depreciation	**28,762**	**20,044**	**28,684**	**19,997**
Amortisation				
Computer software	512	498	512	498
Total amortisation	**512**	**498**	**512**	**498**
Employee benefit expense				
Wages and Salaries	144,266	143,355	141,353	140,716
Workers compensation	1,004	4,764	981	4,726
Defined benefit super	899	754	899	754
Employee benefit expense	**146,169**	**148,873**	**143,233**	**146,196**

NOTE 8 INCOME TAX EXPENSE/ (BENEFIT)

		Consolidated		Parent	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
(a) Income tax expense/(benefit)					
Current tax		759	-	659	-
Deferred tax		(51,062)	(19,427)	(51,062)	(19,427)
		(50,303)	**(19,427)**	**(50,403)**	**(19,427)**
Deferred income tax (revenue)/expense included in income tax expense comprises:					
Increase in deferred tax assets	(note 16)	(51,062)	(19,427)	(51,062)	(19,427)
		(51,062)	**(19,427)**	**(51,062)**	**(19,427)**

NOTE 8 INCOME TAX EXPENSE/ (BENEFIT) (continued)

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable				
(Loss)/profit from continuing operations before income tax expense	**(260,477)**	**59,164**	**(260,853)**	**58,865**
Tax at the Group's Statutory Tax Rate of 30%	(78,143)	17,749	(78,256)	17,660
Adjustments in respect of current income tax:				
Non deductible expenses				
Trade Debtors	702	476	518	476
Prepayments	31	-	31	-
Provisions	607	251	639	251
Depreciation & Impairment	108,984	6,569	108,960	6,528
Other	6	469	6	467
Deferred grant revenue taxable in advance	893	3,566	893	3,566
Deductible expenses				
Depreciation	(20,664)	(29,318)	(20,625)	(29,288)
Other	(1,007)	(1,859)	(857)	(1,814)
Previously unrecognised tax losses now recouped to reduce current tax expense	(10,650)	-	(10,650)	-
Current year loss	-	2,097	-	2,154
Income tax expense - current	**759**	**-**	**659**	**-**
Adjustment in respect of deferred income tax:				
Movement attributable to temporary differences				
Tax losses (increase)/decrease	4,964	(19,427)	4,964	(19,427)
Other (increase)/decrease	2,202	(4,099)	2,202	(4,099)
	7,166	**(23,526)**	**7,166**	**(23,526)**
Movement set off deferred tax liabilities increase/(decrease)	**(58,228)**	**4,099**	**(58,228)**	**4,099**
Tax expense /(benefit) deferred total	**(51,062)**	**(19,427)**	**(51,062)**	**(19,427)**
Total income tax expense/(benefit)	**(50,303)**	**(19,427)**	**(50,403)**	**(19,427)**

(c) Unrecognised temporary differences

At 30 June 2007, the Group has unrecognised temporary differences in relation to deferred tax assets of $315m [2006: $209m) associated with the Group's ability to claim tax deprecation on NSW lease assets as a result of the Group being able to use Division 58 of the Income Tax Assessment Act 1997 and also due to the impairment of the non Hunter Valley NSW assets.

(d) Tax consolidation legislation

Australian Rail Track Corporation Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(g).

NOTE 9 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

		Consolidated		Parent	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cash at bank and in hand	note (a)	25,574	27,233	23,581	26,272
Deposits at call	note (b)	129,609	417,303	129,609	417,303
ANZ Cash Plus Fund	note (c)	208,181	285,845	208,181	285,845
		363,364	**730,381**	**361,371**	**729,420**

The weighted average interest for the year ended 30 June 2007 for cash and cash equivalents was 6.23% (2006: 5.83%)

(a) Cash at bank and in hand

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

(b) Deposits at call

The "deposits at call" at balance date reflects funds available to the Group that have been placed on deposit with major Australian banking institutions and across a spread of short term commercial papers in accordance with Board approved treasury investment policy.

(c) ANZ Cash Plus Fund

As at 30 June 2007, the Group held a balance of 203,438,646 units in the ANZ Cash Plus Fund, with a market value of $208,180,800.

(d) Fair value

The carrying amount of cash and cash equivalents equals the fair value.

NOTE 10 CURRENT ASSETS - HELD TO MATURITY INVESTMENTS

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Held to maturity investments	350,000	270,000	350,000	270,000
	350,000	**270,000**	**350,000**	**270,000**

The "held to maturity investments" at balance date reflects the receipt of the Special Government Grant of $270m (refer note 6) on 27 June 2006 and an additional $80m invested from ARTC cash reserves. Due to the pending investment in rail infrastructure upgrades and related activities, these funds have been placed on deposit with major Australian banking institutions and across a spread of commercial papers and bank bills greater than 90 days, but not more than 182 days in accordance with Board approved treasury investment policy.

The weighted average interest for the year ended 30 June 2007 for held to maturity investments was 6.68% (2006: 6.13%)

NOTE 11 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

		Consolidated		Parent	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
Net trade receivables					
Trade receivables		33,084	38,600	32,895	38,564
Other receivables	note (a)	37,670	40,791	37,624	40,681
Provision for doubtful receivables		(11)	(22)	(11)	(22)
		70,743	**79,369**	**70,508**	**79,223**
Amounts due from subsidiary					
Amounts due from subsidiary		-	-	1,471	856
		-	**-**	**1,471**	**856**
		70,743	**79,369**	**71,979**	**80,079**

(a) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. Other receivables includes a balance of $21.9m relating to salary maintenance and annual and long service leave transferred across for employees under a labour services agreement with the New South Wales government. These employees are seconded to the Group for both the New South Wales leased network and the New South Wales Country Regional network from the Rail Infrastructure Corporation, such that when the leave is taken by the seconded employee, the Group is entitled to recover certain costs back from the Rail Infrastructure Corporation that had accrued prior to secondment to the Group.

NOTE 12 CURRENT ASSETS - INVENTORIES

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Inventory Raw Materials				
at cost	31,542	27,621	31,542	27,621
	31,542	**27,621**	**31,542**	**27,621**

NOTE 13 CURRENT ASSETS - OTHER CURRENT ASSETS

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Prepayments - Corridor improvement programme	14,920	2,100	14,920	2,100
Prepayments - other	2,973	3,127	2,973	3,127
Other current assets	314	70	314	70
	18,207	**5,297**	**18,207**	**5,297**

NOTE 14 NON CURRENT ASSETS - OTHER RECEIVABLES

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Other receivables	-	574	-	574
	-	**574**	**-**	**574**

NOTE 15 NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Consolidated	Construction in progress $'000	Freehold Land $'000	Freehold buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Leased plant and equipment $'000	Total $'000
At 1 July 2005								
Cost or fair value	29,334	10	6,689	188	294	24,177	-	60,692
Valuation	-	-	-	-	261,157	-	-	261,157
Accumulated depreciation	-	-	(952)	(7)	(54)	(5,580)	-	(6,593)
Net book amount	**29,334**	**10**	**5,737**	**181**	**261,397**	**18,597**	**-**	**315,256**
Year ended 30 June 2006								
Opening net book amount	29,334	10	5,737	181	261,397	18,597	-	315,256
Reclassify assets from leasehold improvements to plant & equipment	-	-	-	-	1,066	(1,066)	-	-
Additions into asset register from capital work in progress	-	-	-	1,200	10,571	18,170	-	29,941
Additions into capital work in progress	187,194	-	-	-	-	-	-	187,194
Depreciation charge	-	-	(149)	(75)	(15,976)	(3,844)	-	(20,044)
Transfers out of capital work in progress	(29,941)	-	-	-	-	-	-	(29,941)
Closing net book amount	**186,587**	**10**	**5,588**	**1,306**	**257,058**	**31,857**	**-**	**482,406**
At 30 June 2006								
Cost or fair value	186,587	10	6,689	1,388	10,866	40,512	-	246,052
Valuation	-	-	-	-	262,223	-	-	262,223
Accumulated depreciation	-	-	(1,101)	(82)	(16,031)	(8,655)	-	(25,869)
Net book amount	**186,587**	**10**	**5,588**	**1,306**	**257,058**	**31,857**	**-**	**482,406**

NOTE 15 NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (continued)

Consolidated	Construction in progress $'000	Freehold Land $'000	Freehold buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Leased plant and equipment $'000	Total $'000
Year ended 30 June 2007								
Opening net book amount	186,587	10	5,588	1,306	257,058	31,857	-	482,406
Reclassify assets from buildings to capital work in progress	44	-	1	1	7	(53)	-	-
Additions into asset register from capital work in progress	-	-	1,757	1,528	18,956	137,312	880	160,433
Additions into capital work in progress	410,647	-	-	-	-	-	-	410,647
Additions into cwip government grant non cash	876	-	-	-	-	-	-	876
Impairment charge recognised in income statement	(288,216)	-	-	-	(48)	(45,708)	-	(333,972)
Depreciation charge	-	-	(191)	(96)	(20,768)	(7,704)	(3)	(28,762)
Transfers out of capital work in progress	(160,433)	-	-	-	-	-	-	(160,433)
Closing net book amount	**149,505**	**10**	**7,155**	**2,739**	**255,205**	**115,704**	**877**	**531,195**
At 30 June 2007								
Cost or fair value	149,505	10	8,447	2,917	19,343	130,534	880	311,636
Valuation note (b)	-	-	-	-	272,645	-	-	272,645
Accumulated depreciation	-	-	(1,292)	(178)	(36,783)	(14,830)	(3)	(53,086)
Net book amount	**149,505**	**10**	**7,155**	**2,739**	**255,205**	**115,704**	**877**	**531,195**

NOTE 15 NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (continued)

Parent	Construction in progress $'000	Freehold Land $'000	Freehold buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Leased plant and equipment $'000	Total $'000
At 1 July 2005								
Cost or fair value	29,334	10	6,689	188	-	24,177	-	60,398
Valuation	-	-	-	-	261,157	-	-	261,157
Accumulated depreciation	-	-	(952)	(7)	-	(5,580)	-	(6,539)
Net book amount	**29,334**	**10**	**5,737**	**181**	**261,157**	**18,597**	**-**	**315,016**
Year ended Friday, 30 June 2006								
Opening net book amount	29,334	10	5,737	181	261,157	18,597	-	315,016
Reclassify assets from leasehold improvements to plant & equipment	-	-	-	-	1,066	(1,066)	-	-
Additions into asset register from capital work in progress	-	-	-	1,200	10,439	18,170	-	29,809
Additions into capital work in progress	187,052	-	-	-	-	-	-	187,052
Depreciation charge	-	-	(149)	(75)	(15,929)	(3,844)	-	(19,997)
Transfers out of capital work in progress	(29,809)	-	-	-	-	-	-	(29,809)
Closing net book amount	**186,577**	**10**	**5,588**	**1,306**	**256,733**	**31,857**	**-**	**482,071**
At 30 June 2006								
Cost or fair value	186,577	10	6,689	1,388	10,439	40,512	-	245,615
Valuation note(b)	-	-	-	-	262,223	-	-	262,223
Accumulated depreciation	-	-	(1,101)	(82)	(15,929)	(8,655)	-	(25,767)
Net book amount	**186,577**	**10**	**5,588**	**1,306**	**256,733**	**31,857**	**-**	**482,071**

NOTE 15 NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (continued)

Parent	Construction in progress $'000	Freehold Land $'000	Freehold buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Leased plant and equipment $'000	Total $'000
Year ended 30 June 2007								
Opening net book amount	186,577	10	5,588	1,306	256,733	31,857	-	482,071
Reclassify assets opening balance adjustments	45	-	1	-	7	(53)	-	-
Additions into asset register from capital workin progress	-	-	1,757	1,529	18,897	137,312	880	160,375
Additions into capital work in progress	410,598	-	-	-	-	-	-	410,598
Additions into cwip government grant non cash	876	-	-	-	-	-	-	876
Impairment charge recognised in income statement	(288,216)	-	-	-	(48)	(45,708)	-	(333,972)
Depreciation charge	-	-	(191)	(96)	(20,690)	(7,704)	(3)	(28,684)
Transfers out of capital work in progress	(160,375)	-	-	-	-	-	-	(160,375)
Closing net book amount	**149,505**	**10**	**7,155**	**2,739**	**254,899**	**115,704**	**877**	**530,889**
At 30 June 2007								
Cost or fair value	149,505	10	8,447	2,917	18,858	130,534	880	311,151
Valuation note(b)	-	-	-	-	272,645	-	-	272,645
Accumulated depreciation	-	-	(1,292)	(178)	(36,604)	(14,830)	(3)	(52,907)
Net book amount	**149,505**	**10**	**7,155**	**2,739**	**254,899**	**115,704**	**877**	**530,889**

(a) Leased assets

Plant and equipment includes the following amounts where the Group is a lessee under a finance lease:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Leased equipment				
Cost	880	-	880	-
Accumulated depreciation	(3)	-	(3)	-
Net book amount	**877**	**-**	**877**	**-**

(b) Basis of valuation 2005

Plant and equipment represents the fair value of the Group's South Australian and Western Australian owned assets, based on an independent valuation as at 30 June 2005 adopted by the Board of ARTC. The valuation was performed by Equity & Advisory Pty Ltd. Equity & Advisory used a discounted cash flow approach to provide an estimate of the fair value of the ARTC SA/WA assets for both AGAAP and AIFRS. (note 28).

NOTE 15 NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Impairment of plant and equipment

Prior to the inception of the NSW lease in September 2004, ARTC identified that not all of the major capital programme to rectify and upgrade the network would yield a commercial return, particularly in the short term.

At the end of the current financial year, the Group undertook impairment testing of the Group's infrastructure assets in accordance with the requirements of the accounting standard AASB 136 Impairment of assets. The recoverable amount estimation was based on the fair value of the assets with an analysis of the projected cashflows and profits over a 20 year forecast period used to determine the value in use of the assets. This was determined at the relevant cash generating unit level, being the NSW assets excluding the Hunter Valley.

The result of the analysis confirmed that the carrying value of the non-Hunter Valley NSW infrastructure assets could not be supported by the forecast net cash flows to be derived in relation to those assets.

The ARTC's Board decision was therefore to write down the current carrying amount in relation to those assets to zero, resulting in an impairment loss of $334m that included $0.032m relating to intangible assets (refer note 17). This has been recognised in the income statement in the line item as "Recognition of impairment loss".

NOTE 16 NON CURRENT ASSETS - DEFERRED TAX ASSETS

		Consolidated		Parent	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
The balance comprises temporary differences attributable to:					
Tax losses		15,390	20,354	15,390	20,354
Other		62,170	64,372	62,170	64,372
Total deferred tax assets		**77,560**	**84,726**	**77,560**	**84,726**
Set off of deferred tax liabilities pursuant to set off provisions		(7,071)	(65,299)	(7,071)	(65,299)
Net deferred tax assets		**70,489**	**19,427**	**70,489**	**19,427**
Movements:					
Opening balance at 1 July		19,427	-	19,427	-
Credited/(charged) to the income statement	(note 8)	51,062	19,427	51,062	19,427
Credited/(charged) to equity		-	-	-	-
Closing balance at 30 June		**70,489**	**19,427**	**70,489**	**19,427**
Deferred tax assets to be recovered within 12 months		28,192	6,128	28,192	6,128
Deferred tax assets to be recovered after more than 12 months		42,297	13,299	42,297	13,299
		70,489	**19,427**	**70,489**	**19,427**

NOTE 17 NON CURRENT ASSETS - INTANGIBLE ASSETS

Consolidated	**Computer software** $'000	**Total** $'000
Year ended 30 June 2006		
Opening net book amount	657	657
Additions	430	430
Amortisation charge	(498)	(498)
Closing net book amount	**589**	**589**
At 30 June 2006		
Cost	1,087	1,087
Accumulated amortisation and impairment	(498)	(498)
Net book amount	**589**	**589**

Consolidated	**Computer software** $'000	**Total** $'000
Year ended 30 June 2007		
Opening net book amount	589	589
Additions	2,968	2,968
Impairment charge (refer to note 15 (c))	(32)	(32)
Amortisation charge	(512)	(512)
Closing net book amount	**3,013**	**3,013**
At 30 June 2007		
Cost	4,023	4,023
Accumulated amortisation and impairment	(1,010)	(1,010)
Net book amount	**3,013**	**3,013**

NOTE 17 NON CURRENT ASSETS - INTANGIBLE ASSETS (continued)

Parent	Computer software	Total
	$'000	$'000
Year ended 30 June 2006		
Opening net book amount	657	657
Development costs recognised as an asset	-	-
Additions	430	430
Amortisation charge	(498)	(498)
Closing net book amount	**589**	**589**
At 30 June 2006		
Cost	1,087	1,087
Valuation	-	-
Accumulated amortisation and impairment	(498)	(498)
Net book amount	**589**	**589**

Parent	Computer software	Total
	$'000	$'000
Year ended 30 June 2007		
Opening net book amount	589	589
Additions	2,968	2,968
Impairment charge (refer to note 15 (c))	(32)	(32)
Amortisation charge	(512)	(512)
Closing net book amount	**3,013**	**3,013**
At 30 June 2007		
Cost	4,023	4,023
Valuation	-	-
Accumulated amortisation and impairment	(1,010)	(1,010)
Net book amount	**3,013**	**3,013**

NOTE 18 CURRENT LIABILITIES - PAYABLES

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade payables	94,194	66,159	95,041	67,042
Other payables	757	1,279	757	1,279
	94,951	**67,438**	**95,798**	**68,321**

NOTE 19 CURRENT LIABILITIES - PROVISIONS

		Consolidated		Parent	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
Employee benefits		43,875	48,169	43,727	48,053
Coal provision	note (a)	7,727	5,657	7,727	5,657
Incident provision	note (b)	18,783	10,757	18,783	10,757
Other provisions	note (c)	2,722	5,334	2,722	5,334
		73,107	**69,917**	**72,959**	**69,801**

(a) Coal provision

This provision relates to the Hunter Valley coal revenue, where the Group has provided for regulatory uncertainty and for the possible transfer of funds to train operators upon final completion and negotiations of the coal 'Unders and Overs' calculation under the regulatory pricing regime.

(b) Incident provision

The incident provision recognises the Group's estimate of the liability with respect to costs associated with damage caused with incidents such as derailments, which occurred whilst using the Group's rail infrastructure.

(c) Other Provisions

Comprises:

Provision is primarily comprised of access fee revenue provision related to items in dispute.

(d) Movement in provisions

Movements in each class of provision during the financial year, are set out below:

	Employee benefits $'000	Coal provision $'000	Incident provision $'000
Consolidated 2007			
Current			
Carrying amount at start of year	48,169	5,657	10,757
additional provisions recognised	17,427	3,840	27,988
amounts transferred between balance sheet accounts	(6,400)	-	-
payments/other sacrifices of economic benefits	(15,321)	(1,770)	(19,962)
Carrying amount at end of year	**43,875**	**7,727**	**18,783**

	Other provisions $'000	Total $'000
Consolidated 2007		
Current		
Carrying amount at start of year	5,334	69,917
additional provisions recognised	2,829	52,084
amounts transferred between balance sheet accounts	-	(6,400)
payments/other sacrifices of economic benefits	(5,441)	(42,494)
Carrying amount at end of year	**2,722**	**73,107**

NOTE 19 CURRENT LIABILITIES - PROVISIONS (continued)

	Employee benefits $'000	Coal provision $'000	Incident provision $'000
Parent 2007			
Current			
Carrying amount at start of year	48,053	5,657	10,757
additional provisions recognised	17,326	3,840	27,988
Transfer between balance sheet accounts	(6,400)	-	-
Payments/other sacrifices of economic benefits	(15,252)	(1,770)	(19,962)
Carrying amount at end of year	**43,727**	**7,727**	**18,783**

	Other provisions $'000	Total $'000
Parent 2007		
Current		
Carrying amount at start of year	5,334	69,801
additional provisions recognised	2,829	51,983
Transfer between balance sheet accounts	-	(6,400)
Payments/other sacrifices of economic benefit	(5,441)	(42,425)
Carrying amount at end of year	**2,722**	**72,959**

NOTE 20 CURRENT LIABILITIES - DEFERRED INCOME GOVERNMENT GRANTS

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Government grants	900	1,170	900	1,170
	900	**1,170**	**900**	**1,170**

The Government grants received by the Group to 30 June 2007 and classified as current are $0.9m and are only recognised as income when projects are completed and then over the useful lives of the assets funded. (refer to note 1(f) for the Group's accounting policy in relation to government grants).

NOTE 21 CURRENT LIABILITIES - OTHER CURRENT LIABILITIES

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Unearned interest	6,331	9,295	6,331	9,295
	6,331	**9,295**	**6,331**	**9,295**

NOTE 22 CURRENT LIABILITIES - FINANCE LEASE

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Finance lease liability	91	-	91	-
	91	**-**	**91**	**-**

NOTE 23 NON CURRENT LIABILITIES - DEFERRED INCOME GOVERNMENT GRANTS

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Government grants	29,084	25,837	29,084	25,837
	29,084	**25,837**	**29,084**	**25,837**

The Government grants received by the Group to 30 June 2007 and classified as non current are $29.1m and are only recognised as income when projects are completed and then over the useful lives of the assets funded. (refer to note 1(f) for the Group's accounting policy in relation to government grants).

Grants applicable to assets that are subject to impairment refer to note 1 (n) (i).

NOTE 24 NON CURRENT LIABILITIES - FINANCE LEASE

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Finance lease liability	777	-	777	-
	777	**-**	**777**	**-**

NOTE 25 NON CURRENT LIABILITIES - PROVISIONS

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Employee benefits	7,645	6,925	7,459	6,772
	7,645	**6,925**	**7,459**	**6,772**

NOTE 26 DEFINED BENEFIT PLANS

(a) Superannuation plan

On commencement on 5 September 2004 of the 60 year lease with the NSW Government to operate the NSW interstate main lines, the Hunter Valley rail corridor and dedicated metropolitan freight lines to the Sydney ports, employees previously employed by RIC/SRA and now currently employed by ARTC are members of the following defined benefit funds:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

State Authorities Non contributory Superannuation Scheme (SANCS)

All the Schemes are closed to new members.

The following sets out details in respect of the defined benefit section.

(b) Balance sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Present value of the defined benefit obligation	23,547	19,946	23,547	19,946
Fair value of defined benefit plan assets	(26,671)	(20,577)	(26,671)	(20,577)
Net (asset)/liability in the balance sheet	**(3,124)**	**(631)**	**(3,124)**	**(631)**

NOTE 26 DEFINED BENEFIT PLANS (continued)

(c) Categories of plan assets

The major categories of plan assets are as follows:

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cash	2,600	1,029	2,600	1,029
Equity instruments	16,043	13,437	16,043	13,437
Fixed interest securities	3,534	3,436	3,534	3,436
Property	2,683	1,770	2,683	1,770
Other assets	1,811	905	1,811	905
	26,671	**20,577**	**26,671**	**20,577**

All fund assets are invested by the SASS Trustee Corporation (STC) at arm's length through independent fund managers.

(d) Reconciliations

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded:				
Balance at the beginning of the year	19,946	18,461	19,946	18,461
Current service cost	519	597	519	597
Interest cost	1,161	1,054	1,161	1,054
Contributions by plan participants	249	224	249	224
Actuarial (gains) and losses (*)	384	(318)	384	(318)
Benefits paid	1,288	(72)	1,288	(72)
Balance at the end of the year	**23,547**	**19,946**	**23,547**	**19,946**

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Reconciliation of the fair value of plan assets:				
Balance at the beginning of the year	20,577	16,806	20,577	16,806
Expected return on plan assets	1,093	1,022	1,093	1,022
Actuarial gains and (losses) (*)	2,877	1,968	2,877	1,968
Employer contributions	587	629	587	629
Contributions by fund participants	249	224	249	224
Benefits paid	1,288	(72)	1,288	(72)
Balance at the end of the year	**26,671**	**20,577**	**26,671**	**20,577**

NOTE 26 DEFINED BENEFIT PLANS (continued)

(e) Amounts recognised in income statement

The amounts recognised in the income statement are as follows:

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Current service cost	519	597	519	597
Interest cost	1,161	1,054	1,161	1,054
Net actuarial losses (gains) recognised in year	(1,093)	(1,022)	(1,093)	(1,022)
Total included in employee benefits expense	**587**	**629**	**587**	**629**
Actual (returns) on plan assets	**(3,093)**	**(2,651)**	**(3,093)**	**(2,651)**

(f) Amounts recognised against retained earnings

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Net actuarial loss/(gain) recognised against retained earnings in the year (refer to (*) above)	**(2,493)**	**(2,286)**	**(2,493)**	**(2,286)**

(g) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	Consolidated		Parent	
	2007	2006	2007	2006
Discount rate	6.4%	5.9%	6.4%	5.9%
Expected return on plan assets	7.6%	7.6%	7.6%	7.6%
Future salary increases	2.5%	4.0%	2.5%	4.0%

The expected rate of return on assets assumption is determined by weighing the expected long term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

(h) Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary.

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

Total employer contributions expected to be paid by Group companies for the year ending 30 June 2007 are $554,608 (parent entity: $554,608).

The economic assumptions used by the actuary to make the funding recommendations were an expected rate of return on Fund assets of 7.6% pa, a salary increase rate of 4% pa and an inflation rate of 2.5% pa.

NOTE 26 DEFINED BENEFIT PLANS (continued)

(i) Historic summary

	2007 $'000	2006 $'000	2005 $'000	2004 $'000	2003 $'000
Defined benefit plan obligation	(23,547)	(19,946)	(18,461)	-	-
Plan assets	26,671	20,577	16,806	-	-
Surplus / (deficit)	**3,124**	**631**	**(1,655)**	**-**	**-**
Experience adjustments arising on plan liabilities	384	(318)	7,550	-	-
Experience adjustments arising on plan assets	(2,406)	(1,708)	(5,501)	-	-

ARTC entered the fund in 2005. Information for years prior to 2005 are therefore not applicable.

NOTE 27 CONTRIBUTED EQUITY

	Parent entity		Parent entity	
	2007 Shares	2006 Shares	2007 $'000	2006 $'000
(a) Share capital				
Fully paid	143,375,100	143,375,100	235,126	235,126
Total contributed equity	**143,375,100**	**143,375,100**	**235,126**	**235,126**

(b) Movements in ordinary share capital:

Date		Number of shares	$'000
1 July 2006	Opening balance	143,375,100	235,126
30 June 2007	Balance	143,375,100	235,126

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The shares have no par value.

NOTE 28 RESERVES AND RETAINED EARNINGS

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
(a) Reserves				
Asset revaluation reserve	123,123	123,123	123,123	123,123
	123,123	**123,123**	**123,123**	**123,123**

(b) Retained earnings

Movements in retained earnings were as follows:

		Consolidated		Parent	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
Retained earnings		1,077,464	726,587	1,076,387	725,809
(Loss)/profit for the year		(210,174)	348,591	(210,450)	348,292
Actuarial gains(losses) on defined benefit plans recognised directly in retained earnings	(note 26(f))	2,493	2,286	2,493	2,286
Balance 30 June		**869,783**	**1,077,464**	**868,430**	**1,076,387**

(c) Nature and purpose of reserves

(i) Asset revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non current assets.

The nature of the reserve is to offset any future changes in the carrying value of non current assets due to the periodic revaluation of those assets.

NOTE 29 DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were Directors of ARTC during the financial year:

(i) Chairman non executive
B K Murphy

(ii) Executive Director
D W Marchant (Chief Executive Officer)

(iii) Non executive Directors
A H D Budd
R I McCutcheon
G D Walters
A J P Staines
L Di Bartolomeo
O M Johnstone-Donnet

(b) Key Management Personnel

The following persons were Key Management Personnel of ARTC during the financial year:

Chief Operating Officer	G W James
Chief Financial Officer	A J Bishop
Chief Development and Information Officer	L J Welsby
General Manager Asset Management	T F Ryan
General Manager Corporate Services	G Atkinson
General Manager Country Regional Network	A D Mackenzie
General Manager Operations and Customer Service	D McMillan-Hall
General Manager Risk and Safety	A W Kitto
Company Secretary	S R Gray

(c) Remuneration of Directors and Key Management Personnel

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Short term employee benefits	2,340,439	2,241,827	2,340,439	2,241,827
Post employment benefits	595,467	371,181	595,467	371,181
	2,935,906	**2,613,008**	**2,935,906**	**2,613,008**

Remuneration of Directors and Key Management Personnel

The list of Directors and Key Management personnel of the Group 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 Group are show above. The total of all remuneration paid, or due and payable, directly or indirectly, from the Group to the Directors and key management Personnel was $2,935,906 (2006: $2,613,008)

NOTE 30 REMUNERATION OF AUDITORS

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
(a) Assurance services				
Audit services				
The following total remuneration was received or is due and receivable, by the Australian National Audit Office in respect of its services, including those performed by its contractors Ernst & Young:				
Auditing the financial report of the entity in the consolidated group;	186,000	180,400	186,000	180,400
Total remuneration for audit services	**186,000**	**180,400**	**186,000**	**180,400**
(b) Other assurance services				
The following total remuneration was received or is due and receivable, by the Australian National Audit Office in respect of its services, including those performed by its contractors Ernst & Young:				
Assistance with the transition to AIFRS	-	12,300	-	12,300
Fees for Auslink Grant Audit	7,577	-	7,577	-
Total	**7,577**	**12,300**	**7,577**	**12,300**

(c) Taxation services

Preparation and completion of income tax returns, including advice in preparation of Division 58 claim in relation to leased NSW assets and general taxation advice as provided by Ernst & Young.

NOTE 31 CONTINGENCIES

(a) Contingent liabilities and contingent assets

The consolidated entity accounts for costs associated with rectifying rail access related incidents following their occurrence. Income from subsequent insurance and other recoveries is only recognised when there is a contractual arrangement in place and the income is virtually certain of being received. As a result, certain potential insurance and or other recoveries have not been recognised at year end, as their ultimate collection is not considered certain.

NOTE 32 COMMITMENTS

(a) Capital commitments

At 30 June 2007, the Group has commitments in the order of $1,013m relating to the substantial investment program that the Group will be undertaking in the North-South interstate corridor in the coming years.

The scope of the work is over a range of projects along the corridor, with the focus on repairing, renovating and rebuilding the rail infrastructure assets to address rail's performance on the corridor.

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Property, plant and equipment				
Payable:				
Within one year	631,612	475,169	631,612	475,169
Later than one year but not later than five years	381,515	468,943	381,515	468,943
Later than five years	-	-	-	-
	1,013,127	**944,112**	**1,013,127**	**944,112**

(b) Lease commitments : Group company as lessee

The Group leases various offices and warehouses under operating leases expiring within one to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group also leases motor vehicles under operating leases.

The Group also has a 15 year lease with VicTrack for the lease of the interstate rail network in Victoria.

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	6,550	5,746	6,126	5,652
Later than one year but not later than five years	16,759	20,509	16,407	20,509
Later than five years	6,259	9,474	6,259	9,474
	29,568	**35,729**	**28,792**	**35,635**

NOTE 32 COMMITMENTS (continued)

(i) Finance leases

The Group leases various plant and equipment with a carrying amount of $880,000 (2006: $0) under finance leases expiring within seven years. Under the terms of the leases, the Group has the option to acquire the leased assets for the agreed residual value on expiry of the leases.

		Consolidated		Parent	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
Commitments in relation to finance leases are payable as follows:					
Within one year		148	-	148	-
Later than one year but not later than five years		594	-	594	-
Later than five years		373	-	373	-
Minimum lease payments		**1,115**	**-**	**1,115**	**-**
Future finance charges		(247)	-	(247)	-
Recognised as a liability		**868**	**-**	**868**	**-**
Representing lease liabilities:					
Current	note 22	91	-	91	-
Non current	note 24	777	-	777	-
		868	**-**	**868**	**-**

The weighted average interest rate implicit in the leases is 6.98%.

(c) Lease commitments : where the Group is the lessor

The Group has entered into various property leases with terms of the lease ranging from 1 year to indefinite. The future minimum lease payments receivable under operating leases are as follows:

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Within one year	3,016	2,483	3,016	2,483
Later than one year and not later than five years	12,525	8,425	12,525	8,425
Later than five years	8,102	9,520	8,102	9,520
	23,643	**20,428**	**23,643**	**20,428**

NOTE 33 RELATED PARTY DISCLOSURES

(a) Ultimate controlling entity

ARTC is the ultimate Australian parent entity within the Group and the ultimate controlling entity of the Group is the Commonwealth Government.

(b) Directors' related transactions

A Director related entity includes any legal, administrative or fiduciary arrangement, organisational structure or other party, including a person, having the capacity to deploy equity instruments in order to achieve objectives.

The entity must be under joint or overall control or significant influence of a Director or his/her related parties.

Other than as noted below, there were no transactions with Directors, or Directors' related entities during the year.

ARTC Director, Mr. L Di Bartolomeo is a Director of Downer EDI Limited, a firm with whom the Group has a commercial relationship. As a Director he has no direct involvement in the specific bidding process of its operating division. The Group deals with Downer EDI and its operating divisions under normal commercial terms and conditions.

ARTC Director, Mr. A H D Budd, has a representational role with Mercer Human Resource Consulting, a firm with whom the Group has a commercial relationship. This representational role does not relate to matters associated with the Group. The Group deals with Mercer Human Resource Consulting under normal commercial terms and conditions.

ARTC Director, Mr. O M Johnstone-Donnet is a Director of TTF Australia, the Board responsible for Infrastructure Partnerships Australia. ARTC is a member of Infrastructure Partnerships Australia.

ARTC Chairman, Mr B K Murphy has an Advisory Services Agreement with Babcock & Brown Australia Pty Ltd to provide research and advice on general energy and environmental matters only. Mr Murphy does not provide any advice on rail matters. He is a Director of Babcock & Brown Environmental Investments Ltd, which is managed by a related entity of Babcock & Brown Australia Pty Ltd. ARTC has an Agreement with Westnet Rail Pty Ltd, a company in which Babcock & Brown Australia Pty Ltd has an interest, to sell access to Westnet Rail Pty Ltd's standard gauge rail track in Western Australia. The Group deals with Westnet Rail Pty Ltd under normal commercial terms and conditions

ARTC Director, Mr. R I McCutcheon, undertakes occasional consultancy work for Westinghouse signals Australia (a division of Invensys Rail Systems Australia Limited), a firm with whom the Group has a commercial relationship. This consultancy work does not relate to matters associated with the Group. The Group deals with Westinghouse Signals Australia under normal commercial terms and conditions.

There were no loans to Directors at year end (2006:$nil).

(c) Other related parties transactions including shareholders

There were no other related party transactions.

NOTE 34 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c):

ARTC Services Company Pty Ltd	Australia	100	100
Standard Gauge Company Pty Ltd	Australia	100	100

NOTE 35 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Profit/(loss) for the year (before special government grant)	(210,174)	78,591	(210,450)	78,292
Depreciation and amortisation	29,274	20,542	29,196	20,495
Doubtful debts	(11)	22	(11)	22
Movement in provisions	4,778	8,068	4,714	8,217
Non-cash grant revenue	(624)	-	(624)	-
Non-cash impairment loss recognise deferred income	(11,760)	-	(11,760)	-
Recognition of impairment loss	334,004	-	334,004	-
Decrease (Increase) in trade debtors and other receivables	9,213	(11,492)	9,300	(11,392)
(Increase) in inventories	(3,921)	(19,911)	(3,921)	(19,911)
(Increase) in other current assets	(12,909)	(2,479)	(12,909)	(2,479)
(Increase) in deferred tax assets	(51,062)	(19,427)	(51,062)	(19,427)
Increase in trade creditors	27,512	22,173	27,477	22,450
(Decrease) in other operating liabilities	(2,965)	(578)	(2,965)	(577)
Increase in provision for income taxes payable	759	-	659	-
Net cash inflow from operating activities	**112,114**	**75,509**	**111,648**	**75,690**

DIRECTORS' DECLARATION 30 JUNE 2007

In the Directors' opinion:

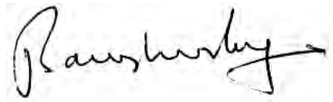
(a) the financial statements and notes set out on pages 50 to 90 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and

(b) 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

This declaration is made in accordance with a resolution of the Directors.



B K Murphy
Director
Signed in Adelaide
On the 29th of August 2007

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the members of Australian Rail Track Corporation Ltd

Scope

I have audited the accompanying financial report of the Australian Rail Track Corporation Ltd and the consolidated entity, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Australian Rail Track Corporation Ltd and the entities it controlled at the year's end or from time to time during the financial year.

The Directors' Responsibility for the Financial Report

The directors of the Australian Rail Track Corporation Ltd and the consolidated entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(b), the directors also state that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Rail Track Corporation Ltd on 29 August 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In my opinion:

(a) the financial report of the Australian Rail Track Corporation Ltd and the consolidated entity is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Australian Rail Track Corporation Ltd's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

Australian National Audit Office

John McCullough
Acting Executive Director

Delegate of the Auditor-General

Canberra
30 August 2007

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

KEY PERFORMANCE INDICATORS 2006/07 EAST WEST CORRIDOR

Period Ending	SEP Qtr	DEC Qtr	MAR Qtr	JUN Qtr	TOTAL
All Services					
Number of Services	1,665	1,648	1,630	1,673	6,616
Number of Force Majeure Services	4	55	9	12	80
Number of Services On Time Entry	875	808	953	1,042	3,678
% All Services Entering on Time	52.7 %	50.7 %	58.9 %	62.7%	56.3%
% All Services Exiting on Time	48.1 %	44.2 %	53.3 %	60.9%	51.7%
Number of Healthy Services	819	718	882	1,024	3,443
Healthy Services					
% Services that are Healthy	49.3 %	45.1 %	54.4 %	61.7%	52.7%
On Time Exit Healthy Services	799	704	865	1,011	3,379
% Healthy Trains Exiting on Time	97.6 %	98.0 %	98.1 %	98.7%	98.1%
Number of Unhealthy Services	842	875	739	637	3,093
Unhealthy Services					
% Services that are Unhealthy	50.7 %	54.9 %	45.6 %	38.3%	47.3%
Number of Late Entry	517	548	403	343	1,811
% Services That Enter Late	31.1 %	34.4 %	24.8 %	20.7%	27.7%
Number of Unhealthy Enroute	325	327	336	294	1,282
Number of Services Deteriorated	78	119	129	107	433
% Unhealthy Services Undeteriorated	90.7 %	86.4 %	82.4 %	83.2%	86.0%
Train Management	4,133	3,970	5,823	6,702	20,628
ARTC Delays					
ARTC Communications	105	321	252	349	1,027
ARTC Signalling	7,362	9,115	8,435	8,285	33,197
ARTC Track Fault	8,564	16,537	18,457	13,882	57,440
Total:	**20,164**	**29,943**	**32,967**	**29,218**	**112,292**
Operator Delays					
Late entry	55,258	75,553	57,059	48,750	236,620
Crew/Personnel	13,018	21,810	19,791	14,210	68,829
Terminal	27,706	28,135	28,538	24,756	109,135
Operator Run	141,297	170,587	144,548	133,277	589,709
Slow Run	35,783	34,756	29,286	28,410	128,235
Operator Preference	9,003	8,965	10,033	7,819	35,820
Rolling Stock Failure	19,918	23,402	18,732	18,467	80,519
Total:	**301,983**	**363,208**	**307,987**	**275,689**	**1,248,867**
Neither Delays					
3rd Party Delay	12,156	8,870	14,035	28,870	63,931
Force Majeure	1,782	95,521	19,891	39,545	156,739
Total:	**13,938**	**104,391**	**33,926**	**68,415**	**220,670**
Total Delays	**336,085**	**497,542**	**374,880**	**373,322**	**1,581,829**
Delays Per Service - All	606	902	691	669	2,869

KEY PERFORMANCE INDICATORS 2006/07 NORTH SOUTH CORRIDOR

Period Ending	SEP Qtr	DEC Qtr	MAR Qtr	JUN Qtr	TOTAL
All Services					
Number of Services	1,845	1,863	1,776	1,771	7,255
Number of Force Majeure Services	17	33	32	11	93
Number of Services On Time Entry	1,357	1,182	1,204	1,235	4,978
% All Services Entering on Time	74.2 %	64.6%	69.1 %	70.0%	69.5 %
% All Services Exiting on Time	70.9 %	61.8%	66.0 %	60.9%	65.0 %
Number of Healthy Services	1,400	1,224	1,254	1,243	5,121
Healthy Services					
% Services that are Healthy	76.6 %	66.9%	71.8 %	70.5%	71.5 %
On Time Exit Healthy Services	1,296	1,131	1,152	1,074	4,653
% Healthy Trains Exiting on Time	92.6 %	92.3%	91.9 %	86.2%	90.9 %
Number of Unhealthy Services	428	606	490	517	2,041
Unhealthy Sevices					
% Services that are Unhealthy	23.4 %	33.1%	28.2 %	29.5%	28.5 %
Number of Late Entry	225	349	254	250	1,078
% Services That Enter Late	12.3 %	19.1%	14.6 %	14.3%	15.1 %
Number of Unhealthy Enroute	203	257	236	267	963
Number of Services Deteriorated	41	78	87	109	315
% Unhealthy Services Undeteriorated	90.4 %	87.1%	82.2 %	79.3%	84.6 %
ARTC Delays					
Train Management	4,007	4,062	7,061	6,584	21,714
ARTC Communications	25	66	47	285	423
ARTC Signalling	3,606	5,152	9,111	5,736	23,605
ARTC Track Fault	6,906	14,513	11,553	14,475	47,447
Total:	**14,544**	**23,793**	**27,772**	**27,080**	**93,189**
Operator Delays					
Late entry	32,814	57,805	41,428	40,793	172,840
Crew/Personnel	9,668	13,531	9,793	10,850	43,842
Terminal	18,715	25,449	26,276	35,591	106,031
Operator Run	49,982	71,835	48,243	28,203	198,263
Slow Run	13,288	17,023	12,255	13,433	55,999
Operator Preference	3,037	3,950	6,163	4,066	17,216
Rolling Stock Failure	4,769	8,816	9,222	8,124	30,931
Total:	**132,273**	**198,409**	**153,380**	**141,060**	**625,122**
Neither Delays					
3rd Party Delay	18,983	17,675	15,509	41,962	94,129
Force Majeure	1,803	2,894	13,420	1,088	19,205
Total:	**20,786**	**20,569**	**28,929**	**43,050**	**113,334**
Total Delays	**167,603**	**242,771**	**210,081**	**211,190**	**831,645**
Delays Per Service - All	273	391	357	359	1,380

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