



Australian Rail Track Corporation Limited
Statement of Expectations
2025

This Statement of Expectations ('this statement') is issued by Shareholder Ministers for the Australian Rail Track Corporation Limited ('ARTC' or 'the Company'). Inland Rail Pty Ltd ('IRPL' or 'the Subsidiary') is a wholly owned subsidiary of ARTC and is responsible for the delivery of the Inland Rail project in line with the *Australian Government response to the independent review of Inland Rail* ('Review'). This statement replaces previous statements issued in respect of ARTC and considers agreed governing arrangements. This statement may be updated by the Shareholder Ministers from time to time, and will apply to IRPL and any other subsidiary of ARTC to the extent relevant.

Objectives

The Government's objectives for ARTC are:

- to provide safe, efficient and effective access to the interstate rail network
- to operate, manage, maintain and improve track infrastructure owned or controlled by ARTC through commercial and public investment
- to pursue a growth strategy for interstate rail and rail's share of the interstate freight market and to foster a commercially viable Australian rail industry
- to support IRPL in delivering the Inland Rail Project, including by making funding contributions to the project as agreed with the Government, and assisting IRPL with incremental integration of completed sections into ARTC's existing track network
- to maintain an appropriate level of oversight of IRPL and any other subsidiary of ARTC.

The Government requires that ARTC pursues these objectives with a focus on achieving efficiency and effectiveness and in accordance with commercially sound principles.

Role and Responsibilities of ARTC and the Board

ARTC is a wholly-owned Commonwealth company, bound by the *Corporations Act 2001* (Cth). The Company operates at arm's length from the Government. ARTC has flexibility and discretion in the management of its business as a Commonwealth company and Government Business Enterprise ('GBE'), within the parameters of the *Public Governance, Performance and Accountability Act 2013* (Cth) ('PGPA Act') and related regulations and guidance materials ('PGPA Requirements'), other legislation applying to the Company and the Government's objectives. In this context, ARTC is expected to meet Government's expectations, objectives, add to shareholder value and to also comply with any applicable Government policy requirements.

The Board of ARTC has ultimate responsibility for the performance of the Company and is accountable to Shareholder Ministers, representing the Commonwealth. ARTC should observe the principles and obligations as set out in the Resource Management Guide 126: Commonwealth Government Business Enterprises – Governance and Oversight Guidelines ('GBE Guidelines'). The Government expects that the Board discharges its duties in a way that recognises the standards expected by the community of directors of a publicly owned company.

Service and Policy Expectations

- Network safety, conditions and performance

ARTC is expected to maintain the track to the standard required to ensure network safety and reliability, and to comply with any relevant track standard that applies to the ARTC network (including those publicly adopted by ARTC or agreed with third parties). ARTC is also expected to develop appropriate measures and targets on track conditions and network performance to promote accountability.

- Interoperability

ARTC is expected to promote operational efficiency and to deploy interoperable operating, technical and safety practices on ARTC's rail network, including contributing to a nationally interoperable signalling solution across the ARTC network.

- Network resilience and security

ARTC is expected to prioritise network resilience to ensure it provides a reliable, sustainable and safe service offering, and to minimise the frequency and duration of network disruptions. ARTC is expected to sustain both a responsive and preventative maintenance program to address network vulnerabilities, support a productive national supply chain and to encourage modal shift from road to rail through a reliable freight rail service offering.

ARTC should develop, regularly maintain and test disaster and crisis management plans in collaboration with governments and its customers, to mitigate the impact of climate change and natural disasters.

ARTC is expected to ensure security, including cybersecurity, and resilience issues are integral parts of its decision making and demonstrate best practice in managing these issues.

- Net Zero emissions

ARTC, including through its subsidiaries, should deliver greenhouse gas emissions reductions consistent with meeting or exceeding the Government's commitment to Net Zero emissions by 2050. ARTC should work with freight rail operators and other stakeholders to support adoption of technologies to reduce carbon emissions.

- First Nations Australians

ARTC, including through its subsidiaries, is expected to set, maintain and deliver an ambitious Reconciliation Action Plan. This should include specific targets for participation in employment and supply chains, in particular for delivery of any Government-funded projects. ARTC, including through its subsidiaries, is expected to contribute, where possible, to the Government's policy objectives to meet the National Agreement on Closing the Gap targets and outcomes.

- Procurement

ARTC, including through its subsidiaries, is expected to implement and maintain high standards of probity and financial controls in connection with its procurements. This includes ensuring procurement processes are transparent, achieve value for money and encourage competition including by testing the market where appropriate, and adopting relevant good practices, such as applying Commonwealth procurement policies to the extent appropriate.

ARTC, including through its subsidiaries, should have due regard to, and consider including conditions in procurement arrangements for: providing reasonable opportunity for participation in

employment opportunities and procurement from Australian, local, regional and First Nations suppliers and ensuring due consideration to gender diversity; optimising recycled content in its projects to support Australia's transition to a circular economy by 2030; and optimising opportunities for trainees and apprentices, including achieving Australian Skills Guarantee targets.

Should ARTC, including through its subsidiaries, receive any information regarding allegations or instances of improper or criminal conduct related to its procurement and construction activities, these should be reported immediately to Shareholder Departments and the relevant regulator.

- **Delivery of Inland Rail by IRPL**

Inland Rail refers to the proposed direct rail route between the intermodal terminal at Beveridge in Victoria and Kagaru in Queensland supporting double stacked operations between the terminal in Beveridge and the proposed terminal at Ebenezer in Queensland with single stacked operations between Ebenezer and Kagaru.

ARTC is expected, through its subsidiary IRPL, to deliver the Inland Rail project consistent with governance and delivery arrangements agreed with the Government, including such that:

- IRPL is responsible for the day-to-day delivery of the Inland Rail project
- the Inland Rail project is delivered in an efficient, effective, economical and ethical manner to achieve value for money for public resources invested
- the Inland Rail project is delivered in a manner that promotes the confidence of stakeholders in the probity and integrity of IRPL's procurement and other processes
- delivery of the Inland Rail project is in accordance with the agreed scope, schedule and project expenditure as outlined in relevant agreements
- approval processes are handled effectively, including so that future primary environmental approval processes can be delivered in a timely manner and to an acceptable standard as required by the relevant regulators.

In addition, ARTC will ensure that IRPL continues monitoring the cost estimates of the entire Inland Rail project and works cooperatively with the Shareholder Departments to implement the Government's responses to Review recommendations, including to provide more certainty that the Inland Rail project can be delivered to an agreed budget and timeframe.

Unless otherwise notified by Shareholder Ministers, Shareholder Ministers expect that ARTC will ensure that IRPL obtain Shareholder Ministers' consent prior to entering into any contract relating to Inland Rail with a potential exposure greater than \$25 million.

Operating commercially

ARTC is a commercial entity and is expected to operate on a commercial basis, with flexibility and discretion in its operational and commercial decisions within the bounds of the legislative and governance framework, including the GBE Guidelines. ARTC needs to be commercially sustainable to support efficient investment in ARTC's rail network, servicing and repaying its debt obligations and providing an appropriate return to the Government as shareholder.

Working with stakeholders

ARTC, including through its subsidiaries will engage productively and collaboratively with its stakeholders, including rail operators, other track owners, track operators, communities and all levels of government. The Company is expected to:

- maintain an up-to-date stakeholder engagement strategy, with meaningful measures to ensure transparency and accountability

- maintain high standards in working with landowners and communities
- engage constructively with government agencies, regulators, industry groups and communities, including with state governments and relevant stakeholders in relation to network investment and interoperability, consistent with a shared interest in a safe and high performing rail network.

Transparency, Governance and Accountability

The Government expects the Board of ARTC to meet the highest standards of transparency, governance and accountability for corporate and government-owned entities. ARTC should adopt, as far as practicable, the prevailing version of the *'ASX Corporate Governance Principles and Recommendations'*.

The ARTC Board is fully accountable to Shareholder Ministers for:

- The performance of ARTC (including its subsidiaries), including (but not limited to) promoting: (1) the proper use and management of the economic resources for which the Board is responsible; (2) the achievement of the objects and/or purposes of the Company; and (3) financial sustainability;
- internal governance of ARTC, including (but not limited to) establishing and maintaining: (1) an appropriate system of risk oversight and management including in respect of cyber security risks; and (2) an appropriate system of internal controls;
- setting strategic direction, organisational leadership and establishing and maintaining a culture that meets the high standards expected by the public in relation to (but not limited to): (1) efficient, effective, economical and ethical expenditure of money; (2) proactive and open disclosure of information that is reasonably in the public interest; (3) following best practice principles and guidelines that go beyond strict legal obligations (e.g. probity and value for money); (4) creates an engaged results-orientated staff culture that minimises unplanned turnover; and (5) setting a transparent remuneration structure that ensures executive remuneration is appropriately aligned to key performance indicators, with fit for purpose targets that incentivise high performance beyond business as usual outcomes but are restrained and justifiable to the Parliament and the Australian public, is not inconsistent with relevant industry benchmarks, is consistent with the relevant principles of the Performance Bonus Guidance issued by the Australian Public Service Commission and balances reasonable reward for meeting clearly defined objectives where achievement is genuinely 'at risk' with public expectations for compensation;
- monitoring ongoing compliance with external governance frameworks, including (but not limited to): (1) any governance documents that operate between the Government, as sole shareholder, and ARTC; (2) the GBE Guidelines; and (3) the PGPA Requirements, including Corporate Planning and associated Key Performance Indicators; and
- timely, accurate and transparent provision of information, including (but not limited to): (1) the obligation to keep Shareholder Ministers informed; and (2) advance notice of, and the opportunity to review, public statements and media releases.

The Government expects that ARTC representatives, and those of its subsidiaries, appearing before the Parliament have a detailed understanding of their duties per the *Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters* ('Parliamentary Witness Guide').

Where ARTC including through its subsidiaries engages a third-party (e.g. a contractor), it must consider the risks associated with that approach and impose on them obligations in relation to the efficient, effective, economical and ethical expenditure of public money.

Where the ARTC Board delegates its power (or authorises an employee or third-party to exercise its power) it must be clearly documented and recorded.

The ARTC Board should have access to a company secretary, who reports to the Board (through the Chair) and is independent of company management and with whom Board members can raise matters confidentially and seek advice from as a governance expert.

Senator the Hon Katy Gallagher

Minister for Finance

The Hon Catherine King MP

Minister for Infrastructure, Transport, Regional
Development and Local Government