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## **8.6 GTE performance reports**

Rail Infrastructure Corporation (NSW)

Rail Corporation NSW

V/Line Passenger Corporation (Victoria)

Victorian Rail Track

Queensland Rail

Australian Rail Track Corporation (Australian Government)

Rail Infrastructure Corporation (RIC) operates under the *Transport Administration Act 1988* and the *State Owned Corporations Act 1989*. The NSW rail network was restructured beginning in 2003. RIC's role is to manage five core agreements concerning rail network management, funding and employment. RIC also operates Career Transition Services to assist staff displaced by the rail network restructure, and assists with worker's compensation and injury management.

Rail Infrastructure Corporation manages three agreements between the NSW Government and the Australian Rail Track Corporation (ARTC) — the Country Regional Network Management Agreement, the Lease Agreement for the Interstate and Hunter Valley Networks, and the Labour Services Agreement.<sup>1</sup> It also manages the Country Regional Network Funding Agreement between itself and the Ministry of Transport, and the Enterprise Agreement covering RIC staff seconded to ARTC.

Rail Infrastructure Corporation recorded a loss before tax of \$105 million in 2006-07, compared with a profit of \$8.9 million in 2005-06. Total income also decreased by \$286 million (59.9 per cent), mainly because of a \$212 million reduction in government grants. This followed from a \$90 million contribution in 2005-06 for debt reduction and working capital. There was also a 73.2 per cent fall in revenue from services rendered to external agencies. Expenses decreased by 25.0 per cent because of lower employment and external maintenance costs, and because finance costs were reduced to zero in 2006-07.

There was a slight reduction in both assets and liabilities in 2006-07 (1.6 per cent and 1.2 per cent respectively). The current ratio decreased by 27.9 percentage points to 57.8 per cent, mainly reflecting a \$56.2 million reduction in cash holdings. RIC had no debt at the end of 2005-06 and 2006-07.

According to its annual report, RIC received an ongoing exemption from income tax-equivalent payments from the NSW Treasury commencing in 2005-06. RIC does not make dividend payments.

Community service obligation funding of \$130 million was received in 2006-07, to underwrite losses on non-commercial rail lines.

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<sup>1</sup> Rail Infrastructure Corporation retains ownership of the Country Regional Network and ARTC is the infrastructure manager.

## RAIL INFRASTRUCTURE CORPORATION (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a,b</sup>		AIFRS <sup>a</sup>	
		2004-05 <sup>c</sup>	2004-05 <sup>c</sup>	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	2 379	2 380	2 342	2 303
Total income	\$m	546	526	477	192
<i>Profitability</i>					
Profit before tax	\$'000	-145 790	-123 555	8 945	-105 474
Operating profit margin	%	-46.7	-41.5	-136.8	-113.8
Cost recovery	%	68.2	70.7	42.2	46.8
Return on assets	%	-6.0	-5.0	0.6	-4.5
Return on total equity	%	-10.4	-9.4	-12.6	-9.0
Return on operating equity <sup>d</sup>	%	-10.4	-9.4	-12.6	-9.0
<i>Financial management</i>					
Debt to equity	%	1.6	1.6	–	–
Debt to assets	%	1.4	1.4	–	–
Total liabilities to equity	%	13.0	14.7	14.4	14.5
Operating liabilities to equity <sup>e</sup>	%	12.9	14.7	14.4	14.5
Interest cover	times	..	..	2.6	..
Current ratio	%	41.8	32.5	85.8	57.8
Leverage ratio	%	112.9	114.7	114.4	114.5
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	–	–	–	–
Grants revenue ratio	%	14.3	14.4	58.4	25.2
CSO funding	\$'000	133 000	133 000	121 500	130 000

<sup>a</sup> Rail Infrastructure Corporation (RIC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for RIC.

<sup>b</sup> Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. <sup>c</sup> On 5 September 2004, RIC leased the NSW Interstate and Hunter Valley rail corridors, and dedicated metropolitan freight lines to the Sydney ports, to the Australian Rail Track Corporation, for 60 years. <sup>d</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>e</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. .. Not applicable. – Zero or rounded to zero.

Rail Corporation NSW (RailCorp) was established on 1 January 2004 under the *Transport Administration Amendment (Rail Agencies) Act 2003*. RailCorp absorbed the functions of the State Rail Authority NSW and the metropolitan operations of the Rail Infrastructure Corporation. RailCorp is responsible for the control and operation of CityRail and CountryLink in providing passenger rail transport. Additionally, RailCorp controls the metropolitan rail network and provides access to freight operators.

Charges for RailCorp's CityRail services are regulated by the NSW Independent Pricing and Regulatory Tribunal (IPART). In June 2006, IPART authorised fare increases for most standard ticket fares of 2.9 per cent. In addition, the discount on off-peak fares was reduced to an average of 30 per cent (previously 39 per cent). Charges for CountryLink services are determined by the Minister for Transport after a recommendation from the RailCorp Board.

Profit before tax was \$369 million for 2006-07, an increase of \$225 million (156 per cent) from 2005-06. RailCorp's income rose 11.5 per cent to over \$2.9 billion, mainly attributable to a \$166 million increase in community service obligation (CSO) payments. Government grants were \$81.4 million (17.2 per cent) higher, which is reflected in an increase in the grants revenue ratio to 19.5 per cent. There was also a \$41.8 million increase in passenger service revenue. Higher payroll and other employee benefits contributed to a 3.1 per cent increase in expenses.

Total assets increased by \$766 million (6.1 per cent) to \$13.3 billion in 2006-07 because of capital works, trackwork and infrastructure additions. Higher capital works accruals and provisions caused liabilities to increase by \$122 million (14.8 per cent).

No dividend payment was made in 2006-07. According to its annual reports, RailCorp is exempt from making income tax-equivalent payments to the NSW Government.

Rail Corporation received CSO payments of \$1.5 billion, relating to the provision of certain services and concessions. Passenger revenue is insufficient to cover the cost of these activities so the revenue shortfall is met by government contributions. These payments represented 50.3 per cent of total revenue in 2006-07.

## RAIL CORPORATION (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a,b</sup>		AIFRS <sup>a</sup>	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	12 188	12 125	12 547	13 313
Total income	\$m	2 339	2 281	2 642	2 946
<i>Profitability</i>					
Profit before tax	\$'000	92 581	80 658	144 163	368 976
Operating profit margin	%	-30.2	-18.8	-17.5	-9.7
Cost recovery	%	76.8	84.2	85.1	91.1
Return on assets	%	0.8	0.7	1.2	2.9
Return on total equity	%	-4.5	-3.2	-3.1	-1.8
Return on operating equity <sup>c</sup>	%	-4.5	-3.2	-3.1	-1.8
<i>Financial management</i>					
Debt to equity	%	–	–	0.1	0.1
Debt to assets	%	–	–	0.1	0.1
Total liabilities to equity	%	6.4	7.3	7.1	7.7
Operating liabilities to equity <sup>d</sup>	%	6.2	7.3	7.1	7.7
Interest cover	times	..	322.3	63.0	102.6
Current ratio	%	83.1	71.7	66.2	66.4
Leverage ratio	%	106.2	107.3	107.1	107.7
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	–	–	–	–
Grants revenue ratio	%	25.6	18.1	18.6	19.5
CSO funding	\$m	1 042	1 216	1 315	1 481

<sup>a</sup> Rail Corporation NSW (RailCorp) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for RailCorp. <sup>b</sup> Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. <sup>c</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>d</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. .. Not applicable. – Zero or rounded to zero.

V/Line Passenger Corporation (VLPC) was established on 15 July 2003 as a statutory rail corporation under the *Rail Corporations Act 1996*. VLPC provides public coach and rail passenger services to regional Victoria. It is also responsible for maintaining regional train stations and providing a network of V/Line ticket and service agents. On 4 May 2007, VLPC assumed responsibility for Victoria's regional rail network. This led to the establishment of a Regional Network and Access branch to provide rail access to regional freight operators in addition to passenger services.

The VLPC Board and the Government consider VLPC to be a not-for-profit business entity:

... since the primary obligation of the company is the delivery of subsidised public transportation services to regional Victoria. ... Neither the mission nor corporate strategy of the company reflects achieving profit. As such, the entity has been deemed to have a not-for-profit status. (VLPC 2007, p. 56)

Consequently it reports on a 'not-for-profit' basis under AIFRS.

A loss before tax of \$23.4 million was recorded for 2006-07 (\$19.3 million greater than that recorded for the previous financial year) because expenses increased by more than income. Total income increased by \$72.2 million, the largest component of which was a \$64.2 million increase in government grants. Fare box revenue increased by \$3.6 million (7.3 per cent). Expenses increased by \$91.6 million (36.5 per cent), largely because of higher operational expenses, including labour costs, fleet maintenance and access charges. The loss resulted in a return on assets and a return on equity of -12.7 per cent and -256 per cent respectively.

Total assets decreased by 1.2 per cent to \$183 million in 2006-07, while total liabilities increased by 33.1 per cent to \$85.3 million. Higher provisions for employee benefits accounted for most of the increase in liabilities. No debt is recorded for the three-year period reported.

V/Line Passenger Corporation has made neither dividend nor income tax-equivalent payments since commencing operation.

No community service obligation payments were received in 2006-07. However, 80.2 per cent of revenue was derived from government contributions.

## V/LINE PASSENGER CORPORATION (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a,b</sup>			AIFRS <sup>a</sup>
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	183	183	185	183
Total income	\$m	215	215	247	319
<i>Profitability</i>					
Profit before tax	\$'000	-650	- 650	-4 061	-23 373
Operating profit margin	%	-321.6	-321.6	-361.5	-447.9
Cost recovery	%	23.7	23.7	21.7	18.3
Return on assets	%	-0.4	-0.4	-2.2	-12.7
Return on total equity	%	-131.0	-131.0	-159.3	-255.9
Return on operating equity <sup>c</sup>	%	-131.0	-131.0	-159.3	-255.9
<i>Financial management</i>					
Debt to equity	%	–	–	–	–
Debt to assets	%	–	–	–	–
Total liabilities to equity	%	46.2	46.2	52.9	87.3
Operating liabilities to equity <sup>d</sup>	%	46.2	46.2	52.9	87.3
Interest cover	times	..	..	..	..
Current ratio	%	36.2	20.0	24.0	21.8
Leverage ratio	%	146.2	146.2	152.9	187.3
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	–	–	–	–
Grants revenue ratio	%	72.4	72.4	77.7	80.2
CSO funding	\$'000	–	–	–	–

<sup>a</sup> V/Line Passenger (VLPC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for VLPC. <sup>b</sup> Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. <sup>c</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>d</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. .. Not applicable. – Zero or rounded to zero.

Victorian Rail Track (VicTrack) was established on 1 April 1997 as a statutory corporation under the *Rail Corporations Act 1996*.<sup>1</sup> VicTrack is responsible for Victoria's rail assets, which it leases to the Director of Public Transport. These assets comprise track, rolling stock, land, overhead wiring, power substations, signals, buildings and structures, communications networks and base stations. It also operates commercially in telecommunications, property leasing and licensing, outdoor advertising and commercial property development.

The Essential Services Commission must approve an access arrangement to establish conditions for third-party access to VicTrack's rail infrastructure and network. The arrangement covers pricing, access and dispute resolution conditions. However, it does not apply to those parts of the rail network leased to other parties, such as the Director of Public Transport.

VicTrack reported a profit before tax of \$51.3 million for 2006-07, after a loss of \$3.3 million the previous year. Total income increased by 13.7 per cent to over \$1.2 billion. Expenses increased by 8.7 per cent to just under \$1.2 billion. Part of both these increases was due to capital assets charges (recorded as both revenue and expense) growing by \$65.0 million. There was a \$63.5 million rise in government contributions. Correspondingly, the grants revenue ratio increased 3.3 percentage points to 18.2 per cent. Expenses increased across most cost items.

Total assets increased by 4.9 per cent to almost \$7.2 billion in 2006-07, while total liabilities fell 2.0 per cent to just over \$1.4 billion. The increase in assets primarily comprised additions to infrastructure, particularly track. Reduced debt contributed to lower total liabilities. Increased total equity and assets combined with lower debt was reflected in improved debt to equity and debt to assets, which fell by 2.4 and 1.6 percentage points respectively.

An income tax-equivalent expense of \$18.6 million was recorded for 2006-07, a substantial increase on 2005-06. No dividend was paid or provided for in 2006-07 as no determination was received from the Treasurer.

No community service obligation payments were made to VicTrack in 2006-07.

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1 VicTrack was declared a Government Business Corporation, effective from 24 July 2007.

## VICTORIAN RAIL TRACK (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a</sup>			AIFRS <sup>a</sup>
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	6 315	6 583	6 834	7 170
Total income	\$m	861	856	1 095	1 244
<i>Profitability</i>					
Profit before tax	\$'000	-39 198	-37 094	-3 293	51 344
Operating profit margin	%	-31.6	-27.1	-20.0	-19.6
Cost recovery	%	76.0	78.7	83.3	83.6
Return on assets	%	0.5	0.9	1.5	2.2
Return on total equity	%	-3.7	-3.2	-3.2	-3.5
Return on operating equity <sup>b</sup>	%	-3.8	-3.1	-3.1	-3.5
<i>Financial management</i>					
Debt to equity	%	18.7	24.3	22.6	20.2
Debt to assets	%	15.7	19.5	18.7	17.1
Total liabilities to equity	%	18.9	28.7	26.8	24.6
Operating liabilities to equity <sup>c</sup>	%	19.1	24.7	23.0	20.7
Interest cover	times	0.5	0.6	1.0	1.5
Current ratio	%	342.4	229.6	83.5	63.6
Leverage ratio	%	119.1	124.7	123.0	120.7
<i>Payments to and from government</i>					
Dividends	\$'000	5 000	5 000	5 000	–
Dividend to equity ratio	%	0.1	0.1	0.1	–
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	–	-8 053	2 761	18 601
Grants revenue ratio	%	16.9	16.4	14.9	18.2
CSO funding	\$'000	–	–	–	–

<sup>a</sup> Victorian Rail Track (VicTrack) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for VicTrack. <sup>b</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>c</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. .. Not applicable. – Zero or rounded to zero.

Queensland Rail (QR) is subject to the *Transport Infrastructure Act 1994* and the *Government Owned Corporations Act 1993*.<sup>1</sup> QR manages Queensland's rail infrastructure, provides freight services in regional Queensland, and provides passenger rail services in the Brisbane metropolitan area and between key regional centres. It is also involved in freight transport in NSW, Victoria, WA and SA.

Queensland Rail is obliged to allow third-party operators to access its rail network. An access undertaking was adopted on 30 June 2006 and applies until 30 June 2009. Service charges are set by QR's Network Access Unit subject to floor and ceiling prices determined by the Queensland Competition Authority. The Network Access Unit is independent of QR's other business units.

Profit before tax was \$262 million in 2006-07, an improvement of \$172 million from 2005-06. Income increased by 24.7 per cent to over \$3.2 billion, largely because of a \$644 million increase in service revenue, which included an additional \$136 million in community service obligation (CSO) funding. Expenses also increased by 18.7 per cent, because of higher consumables and employee benefit costs. Higher profitability increased QR's return on assets and return on total equity to 6.2 per cent and 13.5 per cent respectively in 2006-07.

Assets increased by \$697 million (7.5 per cent) in 2006-07, to total almost \$10.0 billion, while total liabilities increased by \$362 million (5.5 per cent). The increase in assets was due to additions to assets under construction. Debt increased by \$62.8 million, however higher equity and assets led to a fall in debt to equity and debt to assets.

Provision was made for a dividend payment of \$151 million in 2006-07, considerably higher than in 2005-06. QR recorded an income tax-equivalent expense of \$78.8 million.

Queensland Rail received CSO payments totalling \$964 million in 2006-07. Of this, \$929 million was for the provision of infrastructure, urban and intercity passenger services, low volume freight services, and concession fares. QR also received \$35.1 million of 'shareholder agreement revenue' in 2006-07.<sup>2</sup> Together these CSO payments accounted for 30.0 per cent of total income.

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<sup>1</sup> Queensland Rail operated as a statutory Government Owned Corporation in 2006-07. It became a company Government Owned Corporation on 1 July 2007 and was renamed QR Limited.

<sup>2</sup> Under the shareholder agreement QR receives funding for costs incurred as a result of the Queensland Government's (shareholder) request to carry out activities or adopt policies that QR would not do on a commercial basis.

## QUEENSLAND RAIL (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a,b</sup>		AIFRS <sup>a</sup>	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	8 557	8 299	9 302	9 999
Total income	\$m	2 489	2 549	2 576	3 213
<i>Profitability</i>					
Profit before tax	\$'000	287 358	247 991	89 739	262 054
Operating profit margin	%	22.1	17.9	10.4	15.2
Cost recovery	%	128.4	121.8	111.7	117.9
Return on assets	%	6.7	6.5	4.4	6.2
Return on total equity	%	16.8	14.3	9.4	13.5
Return on operating equity <sup>c</sup>	%	14.5	12.0	8.0	11.6
<i>Financial management</i>					
Debt to equity	%	112.9	123.7	142.4	125.0
Debt to assets	%	46.4	48.4	54.0	49.6
Total liabilities to equity	%	193.9	221.0	238.7	224.5
Operating liabilities to equity <sup>d</sup>	%	143.6	155.3	178.3	162.8
Interest cover	times	2.1	1.9	1.3	1.9
Current ratio	%	64.1	66.9	65.4	57.1
Leverage ratio	%	243.6	255.3	278.3	262.8
<i>Payments to and from government</i>					
Dividends	\$'000	193 100	193 100	68 530	151 493
Dividend to equity ratio	%	5.7	6.3	2.2	4.4
Dividend payout ratio	%	39.4	52.2	27.4	38.4
Income tax expense	\$'000	60 238	74 721	7 535	78 830
Grants revenue ratio	%	–	2.3	2.6	2.8
CSO funding	\$'000	853 614	853 600	828 100	963 700

<sup>a</sup> Queensland Rail (QR) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for QR. <sup>b</sup> Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. <sup>c</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>d</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. – Zero or rounded to zero.

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## AUSTRALIAN RAIL TRACK CORPORATION      Australian Government

Australian Rail Track Corporation Ltd (ARTC) was established on 28 February 1998 and is bound by the *Corporations Act 2001*. It operates as an access provider and infrastructure manager. ARTC owns track, principally in WA and SA, and manages interstate track in NSW and Victoria under long-term lease arrangements. ARTC also manages the NSW Country Regional Network under a management agreement with the Rail Infrastructure Corporation.

Rail access prices are set by the ARTC Board. Price guidelines are contained in the Rail Access Undertaking, a binding agreement between the Australian Competition and Consumer Commission (ACCC) and the ARTC.<sup>1</sup> These guidelines specify floor and ceiling access prices based on ARTC's costs and risk profile.

A loss before tax of \$262 million was recorded for 2006-07, compared with a profit of \$328 million in 2005-06. Total income decreased by \$232 million (30.3 per cent) in 2006-07, despite a \$15.4 million increase in sales revenue. The grants revenue ratio decreased, largely because of the absence of a \$270 million once-off special government grant received in 2005-06. Expenses increased by 81.5 per cent (\$357 million) due to an impairment loss of \$334 million. Decreased profitability was reflected in a return on assets of -17.6 per cent in 2006-07, down from 23.3 per cent in 2005-06.

Assets decreased by \$175 million (10.8 per cent) to around \$1.4 billion in 2006-07, largely because of reduced cash holdings. The impairment loss was offset by capital work in progress. Liabilities increased by \$33.1 million (18.3 per cent) due to a rise in trade payables. Both total liabilities to equity and operating liabilities to equity increased. ARTC has no debt.

No dividend payment was made in the reporting period. ARTC recorded an income tax-equivalent benefit of \$50.3 million in 2006-07.<sup>2</sup>

No community service obligation funding was received in 2006-07.

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<sup>1</sup> A voluntary access undertaking, approved by the ACCC in May 2002, bound the ARTC for five years effective from 1 June 2002. A new access undertaking was submitted to the ACCC for approval on 8 June 2007. However, this was subsequently withdrawn and a revised access undertaking was submitted on 20 December 2007. The ACCC released a draft decision on the revised access undertaking on 29 April 2008, and a final decision is expected in July 2008.

<sup>2</sup> Division 58 of the Income Tax Assessment Act 1997 entitles ARTC to value its assets for tax purposes at the book value recorded in the accounts of its precursor, the Australian National Railways Corporation. This is a higher value than that used by ARTC for accounting purposes and generates higher depreciation for taxation purposes, leading to significant tax benefits.

## AUSTRALIAN RAIL TRACK CORPORATION (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a,b</sup>			AIFRS <sup>a</sup>
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	1 216	1 218	1 616	1 442
Total income	\$m	490	486	768	535
<i>Profitability</i>					
Profit before tax	\$'000	147 850	144 314	328 142	-261 570
Operating profit margin	%	-3.3	-3.0	3.0	-70.3
Cost recovery	%	96.8	97.1	103.1	58.7
Return on assets	%	12.2	11.9	23.3	-17.6
Return on total equity	%	-1.0	1.8	2.6	-20.9
Return on operating equity <sup>c</sup>	%	-1.0	1.8	2.6	-21.6
<i>Financial management</i>					
Debt to equity	%	–	–	–	–
Debt to assets	%	–	–	–	–
Total liabilities to equity	%	11.5	12.2	12.6	17.4
Operating liabilities to equity <sup>d</sup>	%	11.5	12.2	12.8	18.4
Interest cover	times	..	..	..	..
Current ratio	%	734.2	797.3	752.7	475.5
Leverage ratio	%	111.5	112.2	112.8	118.4
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	..	–	–	..
Income tax expense <sup>e</sup>	\$'000	–	-29 718	-19 427	-50 303
Grants revenue ratio	%	24.6	24.1	35.2	2.3
CSO funding	\$'000	–	–	–	–

<sup>a</sup> Australian Rail Track Corporation (ARTC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for ARTC. <sup>b</sup> Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. <sup>c</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>d</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. <sup>e</sup> ARTC incurred an income tax-equivalent benefit because of deferred tax assets. It reported a current income tax-equivalent expense of zero in 2004-05 and 2005-06, and \$729 000 in 2006-07. .. Not applicable. – Zero or rounded to zero.