



RH ALLERT AM  
Chairman

30 November 2000

The Hon Denis G Burke  
Minister for the AustralAsia Railway  
GPO Box 3146  
DARWIN NT 0801

Dear Minister

**RE: AUSTRALASIA RAILWAY CORPORATION ANNUAL REPORT**

I have pleasure in presenting this Annual Report of the AustralAsia Railway Corporation. The report details the activities and operations of the Corporation for the year ending 30 June 2000, in accordance with the provisions of Section 32(2) of the *AustralAsia Railway Corporation Act, 1996*.

There is no additional information attached to the report that is required to be presented under Section 32(1) of the Act, as there were no directions, objections, confirmations or reasons given under Section 19 of the Act during the period to which the report relates.

Yours faithfully

A handwritten signature in black ink, appearing to read "Rh Allert", is written over a light blue horizontal line.

CHAIRMAN

GPO Box 2520  
Darwin  
Northern Territory 0801  
Australia  
Telephone +61 8 8924 7100  
Facsimile +61 8 8924 7078  
Email [rail@nt.gov.au](mailto:rail@nt.gov.au)



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SA Premier John Olsen, Prime Minister John Howard and Chief Minister Denis Burke on the day of the historic railway signing in Adelaide



## Chairman's Overview

I am pleased to present the AustralAsia Railway Corporation's 1999/2000 Annual Report.

The year has seen a number of milestones achieved in negotiations with the preferred bidder, the Asia Pacific Transport Consortium, to build, own, operate and transfer back the AustralAsia Railway.

On 28 October 1999, Prime Minister John Howard announced the Commonwealth would increase its contribution to the Project from \$100 million to \$165 million, matching the increased Northern Territory contribution of \$165 million, and complemented by an increased contribution of \$150 million from South Australia. Of the total Project cost of \$1.23 billion, the governments will provide \$480 million towards construction works and the Consortium will provide \$750 million, as well as accepting all construction and operating risk.

A major milestone during the year was approval by the Federal Treasurer on 21 March 2000 of a third party access regime under National Competition requirements of the *Trade Practices Act 1974*. This arrangement has a 30-year certification period, providing legislative certainty to the Consortium that appropriate returns can be achieved in exchange for its investment in this greenfields project, while conforming to National Competition Policy.

On 20 April 2000, 99-year leases were signed between the Corporation and 13 Aboriginal Land Trusts, completing official processes for the provision of title for the corridor.

On 18 October 2000 at the Islington railway workshops in Adelaide, the Corporation, the Northern Territory and South Australian Governments, and the members of the Asia Pacific Transport Consortium signed an Agreement on the Commercial Terms for the Project. This signing signified that agreement had been reached between the Corporation and the Consortium on the

proposed commercial terms, clearing the way for financial documentation to be finalised between the Consortium and its financiers.

At the same ceremony, Prime Minister John Howard and the Corporation signed the Commonwealth Deed of Grant, finalising arrangements for the payment of the Commonwealth's \$165 million contribution to the Project.

With sustained effort on the part of the Consortium, the Corporation and the governments, negotiations and finance arrangements are expected to be completed in December this year, delivering the Project in a time frame comparable with others of its size.

To reach this stage in a project of this magnitude has required an enormous amount of cooperation and the AustralAsia Railway Corporation is grateful for the support and goodwill of both governments throughout the negotiation period. In particular, I would like to express the appreciation of the Board to the Chief Minister of the Northern Territory, Mr Denis Burke, and to the Premier of South Australia, Mr John Olsen, for their tireless personal input into the successful outcome of this great project.

**RICHARD H ALLERT AM**  
Chairman



Strategic Vision: The AustralAsia Trade Route

## The Project

The AustralAsia Railway is Australia's largest infrastructure project for decades. Prime Minister John Howard has described it as Australia's 'Steel Snowy', which truly reflects the social and economic impact of the railway, not just for the Northern Territory and South Australia, but for the nation.

A new transport corridor will be established across the heart of Australia, providing more competitive freight options and easier access to markets for regions in the Northern Territory and South Australia.

Of greater significance, however, is the link between busy Asian markets, through the 'Gateway' of Darwin's new East Arm Port, and the closely settled areas of Australia's south-east. There will be time savings of up to 10 days for time sensitive, high quality freight such as chilled meat, wine and car parts travelling between Adelaide and Melbourne, and ports such as Yokohama in Japan, for example.

This will enhance the competitiveness of exports, in accordance with the Federal Government's *Supermarket to Asia* strategy, the South Australian Government's *Food Plan* and the Northern Territory Government's emphasis on developing a modern logistics capability as part of its *Foundations for Our Future* strategy released in 1999.

The railway will boost regional and national employment, industry in South Australia's Upper Spencer Gulf and Territory regional centres, mining and agribusiness, and the Territory's growing oil and gas sector.

The AustralAsia Railway project comprises:

- the construction of a new 1410 kilometre stretch of standard gauge line between Alice Springs and Darwin;
- the leasing, at a nominal rental, of the 830 kilometre Tarcoola to Alice Springs line built in 1980;
- integration with the second stage of Darwin's East Arm Port, which includes a railway embankment and intermodal container terminal.

The project is a BOOT (Build, Own, Operate and Transfer back) scheme, with lease arrangements covering 50 years of operation before the railway is handed back to the Northern Territory and South Australian Governments. This is part of a growing trend towards privatisation of Australia's railway system and transfer of risk for major infrastructure projects to the private sector.

### East Arm Port

The Northern Territory Government opened Stage One of the new East Arm Port in February 2000. This \$100 million project will provide a critical link in the AustralAsia Trade Route. Stage Two, costing a further \$75 million, will include a railway embankment, intermodal container terminal, and a bulk liquids terminal. The port is next to 1700 hectares of vacant land, which is available for complementary development, in contrast with the congestion problems faced by many other major ports.

### The Consortium

The preferred bidder for the project is the Asia Pacific Transport Consortium, selected in June 1999 from a short list of three consortia. The main consortium partners are:

- **Brown & Root**, part of the Halliburton Group and world leaders in project management, engineering and construction.
- **Barclay Mowlem**, an international engineering and construction company which specialises in rail construction and maintenance.







- **John Holland Group**, one of Australia's best known construction and engineering companies.
- **Macmahon Holdings**, a large contract mining and civil engineering group with significant experience in the mining, quarrying and materials handling business.
- **Genesee & Wyoming Australia**, a subsidiary of the 100-year old American company, Genesee & Wyoming, which bought Australian National's freight rail business from the Federal Government in 1997 as part of Australia's first rail privatisation.
- and from October 2000, **PGA (Logistics)**, a company with special expertise in transport logistics.

### Economic Benefits

Access Economics has completed an independent assessment of the economic impact of the AustralAsia Railway Project.

Based on a conservative estimate (with a domestic freight and a low landbridge scenario), Access Economics forecast that as a direct result of the AustralAsia Railway Project:

- **During the three-year construction phase (in 1996/1997 prices)**
  - National Gross Domestic Product (GDP) will increase by \$660 million
  - South Australian Gross State Product (GSP) will increase by \$360 million
  - Territory GSP will increase by \$200 million
  - National employment will increase by at least 7100 jobs

- South Australian employment will increase by at least 2600 jobs
- Northern Territory employment will increase by at least 1300 jobs
- **During the operational phase from 2003/4 to 2024/25 (in 1996/1997 prices)**
  - National GDP will increase by \$4.5 billion
  - South Australian GSP will increase by about \$3 billion
  - Northern Territory GSP will increase by about \$3 billion.

These forecasts highlight a shift in economic activity towards the central regions of Australia from the eastern seaboard. The estimates do not include the multiplier effects likely from the new East Arm Port.

### Benefit/Cost Ratio

During the last year, Booz-Allen & Hamilton reported that the benefit/cost ratio for the AustralAsia Railway was 1.88, confirming its economic viability.

Other economic benefits include:

- facilitation of trade between South Australia, the Northern Territory and Asia;
- cheaper freight for regional centres in the Northern Territory and South Australia;
- competitive options between road and rail freight, with seamless transshipment between road, rail, and sea transport as part of a modern supply chain approach to freight forwarding;

- the development of industry along the rail corridor, with a boost to regional economies, employment and training;
- a boost to agribusiness, for example in the Northern Territory's Douglas/Daly region, by providing easier access to markets;
- the development of new east-west road transport routes linking areas such as the Carpentaria/Mt Isa mineral province and Ord River Irrigation Area to the railway, and with production and consumption centres hubbing through Adelaide;
- a lower cut-off grade for mining in areas such as Tanami/Tennant Creek and the South Australian Steel Energy Project near Coober Pedy, with trains ideally suited to long haul, high bulk transport;
- increased defence capabilities in the North, with the ability to move troops and equipment faster and more efficiently (not only will this enhance training, but it would have been invaluable when Darwin became the base for the international aid and peace-keeping response to the East Timor crisis);
- links with the growing oil and gas industry in the Timor Sea;
- increased tourism, through an extension of the *Ghan* passenger service which currently runs from Sydney to Adelaide and Alice Springs, making it one of the great train journeys of the world;
- major environmental benefits, with reductions in road maintenance costs, fuel consumption and greenhouse gas emissions through the shift from road to rail.





## Chief Executive Officer's Review

I am pleased to report that the past financial year has seen significant progress towards finalising a contract between the AustralAsia Railway Corporation, representing the Governments of South Australia and the Northern Territory, and the Asia Pacific Transport Consortium, the preferred bidder to build, own, operate and transfer back the AustralAsia Railway.

At the time of this report, negotiations had culminated in the signing of an Agreement on the Commercial Terms for the AustralAsia Railway Project signed by the Northern Territory and South Australian Governments, the Corporation and the Consortium. This document signified the conclusion of negotiations between the Corporation and the Consortium with finalisation of financial documentation between the Consortium and its financiers remaining before financial close.

The process to achieve financial close is particularly complex due to the number of parties involved, the detailed contractual arrangements, the 'greenfields' nature of the project, and the need for legislative certainty covering a 50-year lease period.

Since the announcement of the preferred bidder in June 1999, a team of technical and legal advisers has been finalising over 90 detailed documents covering both construction and operations of the AustralAsia Railway. These documents include:

- the 50-year Concession Deed covering all major contractual and risk issues. Detailed risk allocation is required to protect the commercial interests of the Consortium and ensure the security of the government contributions;
- the 50-year head lease of the existing Tarcoola to Alice Springs railway between the Australian Rail Track Corporation and the AustralAsia Railway Corporation;
- 99-year head leases and 50-year sub leases for the new railway between Alice Springs and Darwin, which include 13 Aboriginal land trust leases;
- facilitation of the 50-year lease and operating agreement for the Consortium's use of the East Arm Port, between the Consortium and the Darwin Port Corporation;

- the Government Works Deed covering the arrangements for the construction works to be funded by the three Governments; and
- the Consortium's Local Industry and Aboriginal Participation Plan under which the Consortium has undertaken to spend 70 per cent of construction expenditure in the Northern Territory and South Australia.

The Consortium commenced investigations and design activities, including the awarding of the first contracts for survey work, during this financial year. Several senior staff were appointed by the Consortium, including a project director and procurement officer, and a design and construction office was opened in Adelaide.

Cooperation with the Northern Territory's Railway Executive Group and the South Australian Rail Task Force has been an important factor in resolving many technical, commercial and legislative issues, and the support of both parties for the Project is acknowledged.

The complexity and demands of the task have necessitated an enormous amount of goodwill and cooperation between all parties. The sustained effort and professionalism of the officers and advisers of the Corporation, and the members and officers of the Northern Territory and South Australian Governments has been important in the achievements to date. I am pleased to report that, as of the end of the financial year, the process was almost complete, with construction of the AustralAsia Railway due to start by the end of 2000.

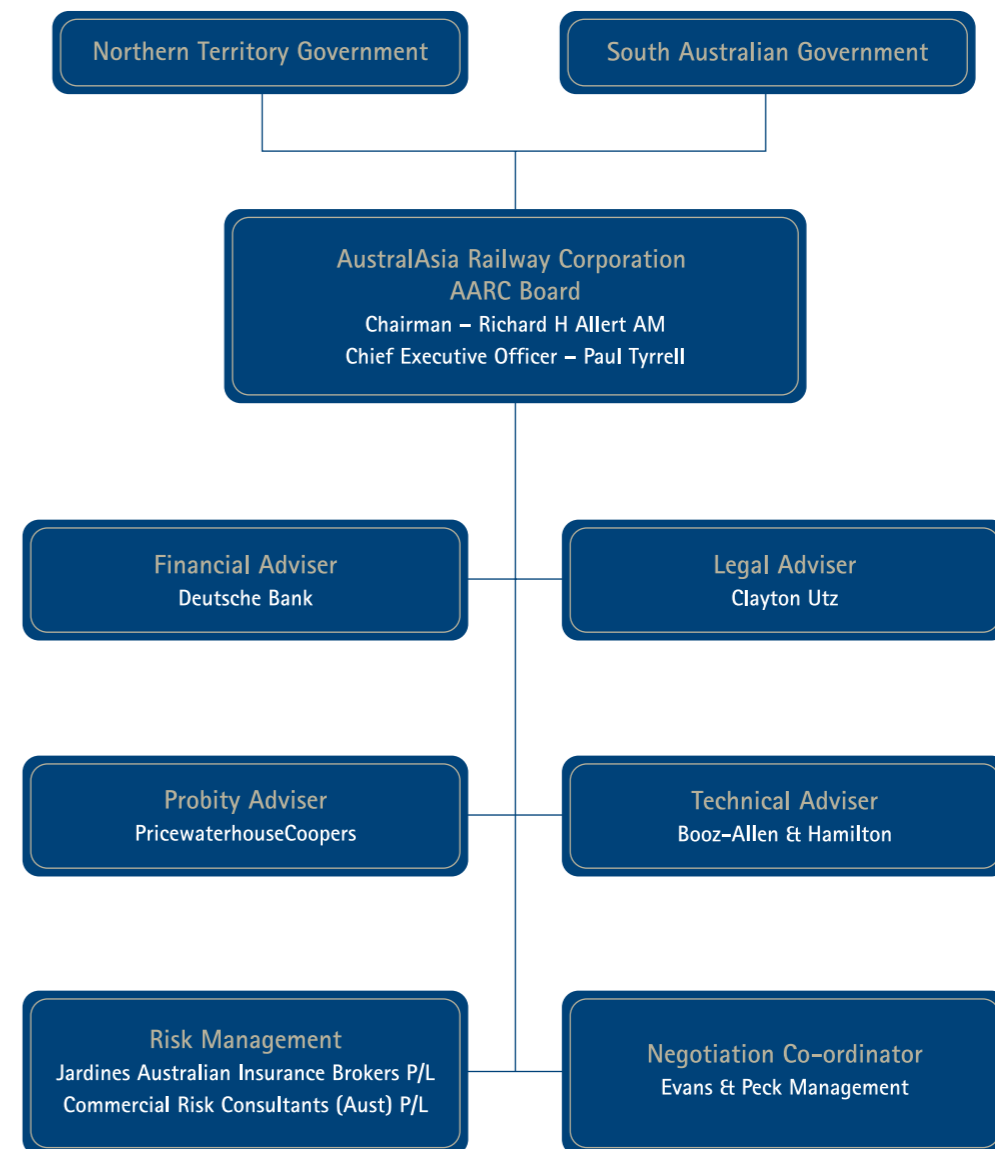
**PAUL C W TYRRELL**

Chief Executive Officer

# Organisational Structure

## AustralAsia Railway Corporation

as at 30 June 2000







## Legislation

The AustralAsia Railway Corporation was established by the *AustralAsia Railway Corporation Act 1996 (NT)* which was assented to on 7 January 1997, and commenced on 25 August 1997. The legislation is supported by the complementary enactment of the *Alice Springs – Darwin Railway Act 1997 (SA)* by South Australia.

The AustralAsia Railway Corporation Act has been amended by:

- *AustralAsia Railway Amendment Act 1998*
- *AustralAsia Railway Amendment Act 2000*
- *AustralAsia Railway Amendment Act No. 2 2000*

The Northern Territory and South Australian Governments have also passed additional supporting legislation that ensures an efficient interface between various pieces of South Australian and Northern Territory legislation and the processes involved in constructing and operating the AustralAsia Railway.

In the Northern Territory, the legislation includes:

- *AustralAsia Railway (Special Provisions) Act 1999;*
- *AustralAsia Railway (Special Provisions) Amendment Act 2000;*
- *AustralAsia Railway (Special Provisions) Amendment Act (No.2) 2000.*

In South Australia, the legislation includes:

- *Alice Springs to Darwin Railway (Financial Commitment) Amendment Act 1999;*
- *Alice Springs to Darwin Railway (Miscellaneous) Amendment Act 2000.*



# AustralAsia Railway Corporation Board

## Chairman

**Mr Richard H Allert AM**  
**Appointed 4 September 1997**

Richard Allert is Chairman of Southcorp Limited, Ayers Rock Resort Management Pty Ltd Advisory Board, the National Wine Centre, and AXA Asia Pacific Holdings Limited.

He is a Director of Coles Myer Limited, FH Faulding & Co Limited, Members Equity Pty Limited and other companies.

## Member and Chief Executive Officer

**Mr Paul Tyrrell**  
**Appointed 4 September 1997**

Paul Tyrrell is Chief Executive Officer of the Northern Territory Department of the Chief Minister and Chairman of the Northern Territory Government's Railway Executive Group. He has previously headed a number of Government departments, including the Department of Transport and Works.

## Member

**Mr John Crosby**  
**Appointed 4 December 1997**

John Crosby is the Managing Director of Brencorp Properties Pty Ltd, a Director of various subsidiary boards of the Fosters Brewing Group (Lansworth Finance Group) and a Director of SA Water Corporation. He is former Director of the South Australian Urban Planning Authority and past Chairman of the Australian Finance Conference (SA Division).



## Member

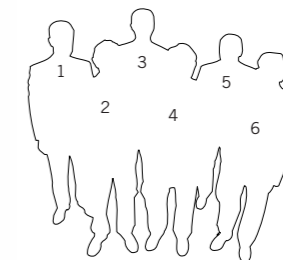
**Mr Otto Alder**  
**Appointed 21 July 1998**

Otto Alder served in various executive capacities for the Northern Territory Government for 20 years until his retirement in 1994, at which time he was the head of the Department of Industries and Development. During that period he held a range of statutory appointments. He was the Chairman and then Chief Executive of the Yulara Group of companies through the documentation, construction and commissioning phase of the Ayers Rock Tourist Resort.

## Member

**Mr Jim Hallion**  
**Appointed 6 October 1998**

Jim Hallion is Deputy Chief Executive Officer in the South Australian Department of Industry and Trade and Head of the South Australian Adelaide-Darwin Rail Task Force. Before joining the Department in 1994, Mr Hallion held the position of Director of Corporate Services with the Australian National Railways Commission. Prior to that position, he worked in the transport sector in engineering positions involving planning, design and construction.



1. Mr Larry Bannister  
(Secretary to the Board)
2. Mr Paul Tyrrell
3. Mr Jim Hallion
4. Mr Richard H Allert AM
5. Mr John Crosby
6. Mr Otto Alder

# Board Members' Report

The Board members present their report on the accounts for the period ended 30 June 2000.

## Members

The following persons held office as members of the AUSTRALASIA RAILWAY CORPORATION at 30 June 2000:

- Richard H Allert AM – Chairman
- Paul Tyrrell – Chief Executive Officer
- John D Crosby
- Otto Alder
- Jim Hallion

## Principal Activities

The functions of the Corporation as specified in the *AustralAsia Railway Corporation Act 1996 (NT)* are to:

- obtain and hold secure title to the corridor;
- develop and manage the project brief inviting submissions from consortia to undertake the Project;
- advise and assist South Australia and the Territory on the implementation of the Commonwealth's contribution to the Project;
- nominate the successful consortium to undertake the Project;
- receive and distribute dividends to South Australia and the Territory enabling them to share in any profits in the Project;
- provide, by way of lease, sublease, licence, concession or other arrangements, secure rights of access to the corridor to enable the successful consortium to undertake the Project;
- coordinate and supervise the making of government grants to the successful consortium;
- evaluate submissions received on the Project and to make recommendations to South Australia and the Territory in respect of the submissions;
- approach government agencies to define the concessions and basis for agreement between South Australia, the Northern Territory and the Commonwealth and the successful consortium;
- undertake all necessary environmental and planning processes, including all heritage and Aboriginal conservation clearances, as may be required for the Project to commence;
- facilitate rail access principles to the Railway for the successful consortium and to liaise in respect to access regimes for the national rail network;
- facilitate the determination of the terms of access to the Port of Darwin;
- assist and determine the conditions of access to the Project through service roads and to assist in determining rights for extraction of construction materials and the royalty arrangements involved;
- monitor construction and operation of the Project to ensure it complies with minimum requirements, including heritage, Aboriginal and environmental issues;
- exercise residual powers that may be detailed in any lease, licence or concession agreement between the Corporation and the successful consortium during the ongoing operation of the Railway, including powers to order emergency access and to supervise reversionary arrangements at the end of the Project;



- (p) facilitate opportunities for businesses in South Australia and the Northern Territory to provide goods and services required for the Project;
- (q) give effect to the *AustralAsia Railway Corporation Act* and any agreement between South Australia and the Northern Territory relating to the Project, including winding up and dissolution of the Corporation and the distribution of assets;
- (qa) enter into agreements for the carrying out of works in relation to the corridor (added: *AustralAsia Railway Corporation Amendment Act No. 2 2000*).

### Ministerial Directions

No ministerial directions were received by the Corporation, under Section 19 of the *AustralAsia Railway Corporation Act*, for the period ending 30 June 2000.

### Rounding of Amounts to Nearest Dollar

Amounts have been rounded off in the members' report and financial statements to the nearest dollar.

### Meetings of Members

The numbers of meetings of the Corporation's members (including meetings of committees of members) held during the period ended 30 June 2000, and the numbers of meetings attended by each member follows.

### Full Meetings of Board Members

There were 10 meetings for the 1999/2000 financial year. Numbers of meetings attended by:

Member	Number of Meetings eligible to attend	Number of Meetings Attended
Richard H Allert	10	10
Paul Tyrrell	10	9
John Crosby	10	9
Otto Alder	10	10
Jim Hallion	10	10

### Retirement, Election and Continuation in Office of Board Members

The date of appointment of members:-

Member	Date of Appointment
Richard H Allert	4 September 1997
Paul Tyrrell	4 September 1997
John Crosby	4 December 1997
Otto Alder	21 July 1998
Jim Hallion	6 October 1998

### Matters subsequent to the End of the Financial Period

At the date of this report there is no matter or circumstance which has arisen since 30 June 2000, that has significantly affected or may significantly affect:

- the operations, in financial periods subsequent to 30 June 2000, of the economic entity constituted by AUSTRALASIA RAILWAY CORPORATION, or
- the results of those operations, or
- the state of affairs, in financial periods subsequent to 30 June 2000, of that economic entity.

On 18 October 2000 the Corporation was a party to the Agreement on Commercial Terms for the AustralAsia Railway Project ("the Agreement"), which was signed under common seal in conjunction with the Northern Territory Government, South Australian Government and the member companies of the Asia Pacific Transport Consortium.

The Agreement does not affect the operations or state of affairs of the AustralAsia Railway Corporation, but does record that the Project is in its final phase prior to Financial Close and that the Concession Deed and other Project documents reflect the current negotiated position of the parties. The final phase involves obtaining unconditional commitment of debt and equity funding and the settling of all requisite Project documentation.

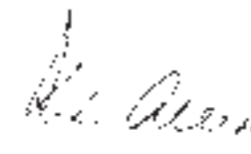
### Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the economic entity and the expected results of operations have not been included in this report because the members believe it would be likely to result in unreasonable prejudice to the Corporation.

### Auditor

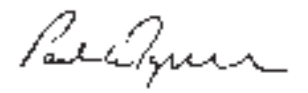
The independent Audit Firm of KPMG was appointed as auditor in accordance with section 27 of the *AustralAsia Railway Corporation Act* and section 327 of the Corporations Law.

This report is made in accordance with a resolution of the Board members.



**RICHARD H ALLERT AM**  
Chairman

30 November 2000



**PAUL C W TYRRELL**  
Board Member

30 November 2000

## Board Members' Statement

In the opinion of the Board members:

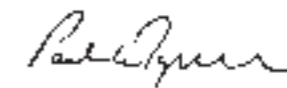
- (a) the financial statements set out on pages 25 to 31 are drawn up in accordance with Divisions 4, 4a and 4b of Part 3.6 of the Corporations Law and so as to give a true and fair view of:
  - (i) the state of affairs as at 30 June 2000 and the deficit, for the financial period ended on that date, of the Corporation; and
  - (ii) the other matters with which they deal;
- (b) at the date of this statement there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due; and
- (c) the financial statements are drawn up in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

This statement is made in accordance with a resolution of the Board members.



**RICHARD H ALLERT AM**  
Chairman

30 November 2000



**PAUL C W TYRRELL**  
Board Member

30 November 2000



# Financial Statements

## Balance Sheet

as at 30 June 2000

	Note	30 June 2000 \$	30 June 1999 \$
<b>Current Assets</b>			
Cash at Bank	2	1,296,461	1,030,446
<b>Total current assets</b>		1,296,461	1,030,446
<b>Total assets</b>			
		<b>1,296,461</b>	<b>1,030,446</b>
<b>Current Liabilities</b>			
Creditors	3	1,127,358	541,078
<b>Total Current Liabilities</b>		1,127,358	541,078
<b>Total Liabilities</b>			
		<b>1,127,358</b>	<b>541,078</b>
<b>NET ASSETS</b>			
		<b>169,103</b>	<b>489,369</b>
<b>Accumulated Funds</b>			
Accumulated Surplus at the beginning of the financial year		489,369	266,612
(Deficit)/surplus for the current year	8	(320,266)	222,757
<b>TOTAL ACCUMULATED FUNDS</b>		<b>169,103</b>	<b>489,369</b>

The Balance Sheet should be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 28 to 31.

## Income and Expenditure Statement

For Financial Year ended 30 June 2000

	Note	2000 \$	1999 \$
<b>Operating Income</b>			
Income	4	4,836,218	4,000,589
<b>Total Income</b>		<b>4,836,218</b>	<b>4,000,589</b>
<b>Operating Expenditure</b>			
Expenditure		5,156,484	3,777,832
<b>Total Expenditure</b>		<b>5,156,484</b>	<b>3,777,832</b>
<b>OPERATING (DEFICIT)/SURPLUS BEFORE AND AFTER TAX</b>	10	<b>(320,266)</b>	<b>222,757</b>
<b>Net (Deficit)/profit Attributable To Shareholders</b>		<b>(320,266)</b>	<b>222,757</b>
Retained profits at the beginning of the financial period		489,369	266,612
<b>RETAINED PROFITS AT THE END OF THE FINANCIAL PERIOD</b>	8	<b>169,103</b>	<b>489,369</b>

The Income and Expenditure Statement should be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 28 to 31.

## Statement of Cashflows

for Financial Year ended 30 June 2000

	Note	2000 \$	1999 \$
<b>Cash Flows From Operating Activities</b>			
<b>Receipts</b>			
Government Contributions	11	4,740,000	4,404,000
Interest		96,218	589
<b>Sub Total</b>		<b>4,836,218</b>	<b>4,404,589</b>
<b>Payments</b>			
Suppliers of Services		4,570,203	3,390,845
<b>Net cash from operations</b>	10	<b>266,015</b>	<b>1,013,744</b>
Net increase in cash held	10	266,015	1,013,744
Cash at beginning of reporting period		1,030,446	16,703
<b>CASH AT END OF REPORTING PERIOD</b>		<b>1,296,461</b>	<b>1,030,446</b>

The Statement of Cash Flows should be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 28 to 31.



## Notes to and forming part of the Financial Statements

For the Financial Year ended 30 June 2000

### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of the financial statements are:

#### a) Basis of accounting:

This financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *AustralAsia Railway Corporations Act 1996*, the *Financial Management Act* and Treasurers Directions and applicable Accounting Standards. Other mandatory professional reporting requirements, including Urgent Issues Group Consensus Views, have also been complied with.

The *AustralAsia Railway Corporation Act 1996* states that the accounting and reporting obligations imposed and standards required by the Corporations Law of or in relation to a public corporation incorporated under the Corporations Law apply to and in relation to the Corporation as if the Corporation were a public corporation so incorporated, and the Territory were the shareholders of the Corporation, and the Corporations Law, with the necessary changes, applied to the extent necessary to enforce those standards.

#### b) Going Concern Assumption:

The ongoing operation of the Corporation is reliant on the continued funding by the Northern Territory and South Australian Governments.

#### c) Cash:

For the purpose of the statement of cash flows, cash includes cash on hand and cash held in the AustralAsia Railway Corporation Operating Account. The Operating Account generates interest at a rate of 5% (1999: 4.2%)

#### d) Revenue Recognition:

Appropriations

Appropriations are recognised as they are received.

Interest Income

Interest income is recognised as it accrues.

#### e) Creditors:

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Corporation. Trade creditors are normally settled within 30 days.

#### f) Financial Assets and Liabilities:

Financial assets and liabilities are measured at cost and recognised when it is probable that the economic benefits embodied in the asset or the future sacrifice of economic benefits required of the liability will eventuate.

#### g) Superannuation:

The Superannuation Guarantee Levy is paid on Members' Fees.

#### h) Taxation:

The *Income Tax Assessment Act 1936* exempts income received by the AustralAsia Railway Corporation from income tax.

#### i) Comparatives:

The accounting policies have been consistently applied with previous years.

	2000 \$	1999 \$
<b>NOTE 2 CASH</b>		
Operating Account	1,296,461	1,030,446
<b>Total Cash</b>	<b>1,296,461</b>	<b>1,030,446</b>
<b>NOTE 3 CREDITORS</b>		
<b>Current</b>		
Creditors	1,127,358	541,078
<b>Total Creditors</b>	<b>1,127,358</b>	<b>541,078</b>
Consisting of:		
Northern Territory Government Agencies	14,017	9,661
External Bodies	1,113,341	531,417
	<b>1,127,358</b>	<b>541,078</b>
<b>NOTE 4 REVENUE</b>		
<b>Revenue from operating activities</b>		
Appropriations	4,740,000	4,000,000
Interest	96,218	589
	<b>4,836,218</b>	<b>4,000,589</b>
<b>NOTE 5 AUDITOR'S REMUNERATION</b>		
Audit Services:		
Auditors of the Corporation	<b>3,550</b>	<b>3,000</b>





Chartered Accountants

GPO Box 1616  
Darwin NT 0801  
Australia

18 Smith Street  
Darwin NT 0800  
Australia

ABN 30 692 878 009  
Telephone +61 8 8982 9000  
Facsimile +61 8 8941 0238

**Independent Auditors' Report to the Members of  
AustralAsia Railway Corporation**

**Scope**

We have audited the financial statements of AustralAsia Railway Corporation for the financial period ended 30 June 2000, consisting of the board members' statement, balance sheet, income and expenditure statement, statement of cash flows and the accompanying notes, set out on pages 23 to 31. The Corporation's members are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Corporation.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatements. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the Corporation's financial position, the results of its operations and its cashflows.

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

**Audit Opinion**

In our opinion, the financial statements of AustralAsia Railway Corporation are properly drawn up:

- (a) so as to give a true and fair view of:
  - i) the state of affairs of the Corporation at 30 June 2000, and the results and cash flows of the Corporation for the financial period ended on that date; and
  - ii) the other matters required by divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law and the AustralAsia Railway Corporation Act;  
and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements

Date: 30 November 2000

KPMG  
Chartered Accountants

Devendra N Patel  
Partner



Member of  
Klynveld Peat Marwick Goerdeler

Resident Partners: PR Chilman  
RD Chin  
PA Dewsbury  
GD Finch  
DN Patel  
D.Stedman  
MS Wilson