

**Annual Report** 2014/2015



## LETTER TO THE MINISTER FOR TRANSPORT

The Hon Peter Glen Chandler MLA  
Minister for Transport  
GPO Box 3146  
Darwin NT 0801

Dear Minister Chandler

RE: AUSTRALASIA RAILWAY CORPORATION ANNUAL REPORT

I have pleasure in presenting the 2014/2015 Annual Report of the AustralAsia Railway Corporation.

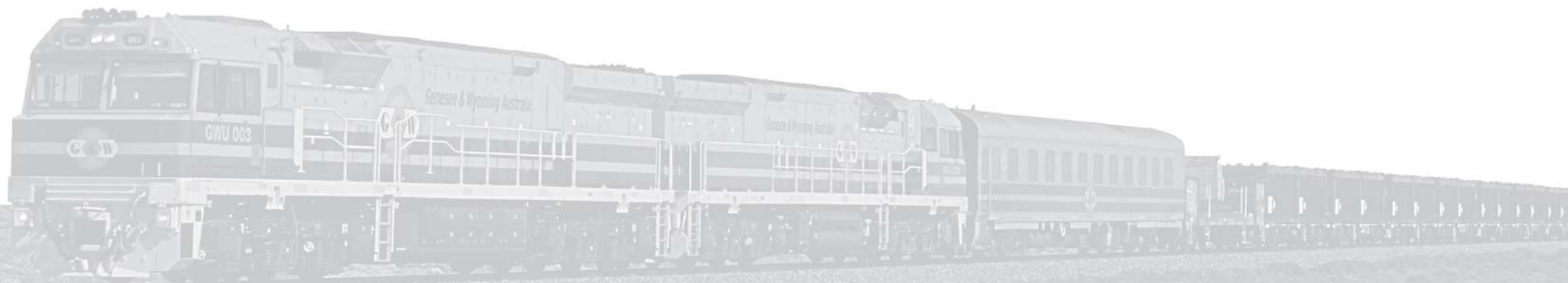
The report details the activities and operations of the Corporation for the year ending 30 June 2015, in accordance with the provisions of section 32(2) of the AustralAsia Railway Corporation Act.

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



Alastair Shields  
Chairman  
17 November 2015







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## CHAIRMAN'S OVERVIEW



As noted by Peter Caldwell in his Chairman's Overview in the 2013-14 Annual Report, I was appointed Chairman with effect from 2 September 2014. I am delighted to report that at my first meeting as Chairman, the AARC Board unanimously passed a resolution recognising Peter's outstanding commitment and contribution to the AustralAsia Railway Project and AARC over an extended period of time. Peter's contribution is missed, however we wish him well in his retirement.

I have been very ably supported in my new role as Chairman by my fellow Board members, and by the staff of AARC. In particular, Brendan Lawson, Chief Executive Officer, and David Gomez, Chief Financial Officer, have provided me with unflinching support.

Bert Easthope, Director, Strategic Development with Genesee Wyoming Australia Pty Limited announced his departure during the year. The Corporation has enjoyed a good working relationship with Bert over a number of years, and, the strong working relationship that the Corporation enjoys with Genesee Wyoming Australia Pty. Limited and GWA (North) Pty Ltd ("GWA(N)") is in no small part due to the knowledge, commitment and depth of experience of Bert, combined with his approach to engagement with the Corporation and stakeholders in general. The Corporation wishes Bert well in his future endeavours.

I turn now to consider the operating environment for the AustralAsia Railway over the last financial year:

Lower commodity prices in the global market continued to prevail throughout the year with all iron ore mining activity ceasing within the central corridor including from the Arium mine at Peculiar Knob in SA. Bulk minerals traffic was reduced to seven services per week concentrates being transported from its mine site near Coober Pedy in South Australia to both Port of Adelaide and some trial shipments to Tennant Creek for transfer by road to the smelter at Mt Isa. A combined total of over 2.61 million tonnes of freight was transported in 2015 representing a 29% decrease over the previous financial year.

The measure of on-time freight availability continued to meet or exceed target levels with the move towards in-house maintenance of locomotives and rolling stock contributing to reduced delays attributable to equipment failure. The pursuit of efficiencies through innovation including in-line fuelling and fuel optimisation equipment is delivering benefits to the GWA(N) bottom line.

The AustralAsia Railway is subject to a third party access regime established under the AustralAsia Railway (Third Party) Access Act under complementary

legislation in the Northern Territory and South Australia. The regime is intended to provide access to railway infrastructure services is available on reasonable commercial terms.

The access regime includes a mechanism to assess the regime after it had been in operation for ten years, and then every five years after that. The first review of the regime covered the period 15 January 2004 to 30 June 2013, and the draft report, which was released for public comment in May 2015, found that excessive access revenues have not been earned in respect of non-competitive infrastructure services provided on the Tarcoola to Darwin Railway for the period under review.

A major focus for the Corporation in the coming year will be ensuring that maintenance and upgrades of the railway infrastructure are sufficient to ensure the long term servicability of the railway.

### **Bulk Minerals**

Bulk minerals traffic again declined and any investment in additional passing loops to manage the expected extra train paths for new mine developments would now appear not to be required until there is some certainty of projects proceeding.

### **General Freight**

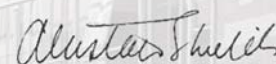
The growth in the Northern Territory economy on the back of the Ichthys LNG Project continues to positively impact domestic freight volumes and is expected to continue until the end of the onshore construction phase in 2016. The emergence of Darwin as an offshore supply base for the region provides further stimulus for the local economy.

### **AustralAsia Trade Route**

The proposal by the Northern Territory Government to consider granting a long term lease of the Port of Darwin to a private sector operator provides a renewed opportunity to attract the regular international shipping services between Darwin to ports in north and south east Asia that are required to provide competitive freight import/export opportunities to service resource developments and evolving opportunities in agriculture/horticulture.

### **Corridor**

The Corporation has been actively involved in management of matters impacting the railway corridor over the past year including granting of services and access easements to facilitate new projects, and protection against the unauthorised use of parts of the railway corridor and the resultant risks to public safety and the operation of the railway, to retain the integrity of landholder entitlements to use the land for the purpose of operating the railway both now and into the future.



Alastair Shields  
Chairman  
14 September 2015

## Role of the AustralAsia Railway Corporation

The AustralAsia Railway Corporation (“the Corporation”) is a statutory body established under the *AustralAsia Railway Corporation Act (NT)* and is supported by South Australia through complementary legislation.

The Corporation was established in 1997 by the Northern Territory and South Australian Governments to manage the awarding of a Build, Own, Operate and Transfer back (BOOT) concession and to enter into contractual arrangements with the successful consortium, its successors and assignees, throughout the life of the Concession.

The Corporation’s obligations under the project documents are guaranteed by the two Governments. The rights and obligations of the two Governments are set out in the Inter-Governmental Agreement.

The current owner GWA (North) Pty Ltd and the Corporation are parties to a Concession Deed which details rights and obligations, including project risks. The Deed seeks to mitigate those risks by apportioning appropriate responsibility for them. The Corporation holds security over the works in the event that the Concession is terminated.

With the commencement of operations in 2004, the Corporation’s role changed substantially. The Corporation continues to ensure delivery of all its obligations under the Concession Deed and ensures other parties deliver on their obligations throughout the Concession Period.

Since the sale of the concession to GWA(N) in December 2010, the Corporation is less able to rely on the financial scrutiny applied to the operation of the business by the financiers under the previous ownership arrangements.



Consequently the Corporation applies increased resources to monitoring the business and its financial performance under the terms of the amended Concession Deed.

An important responsibility of the Corporation is to ensure the rail infrastructure is maintained in a fit for purpose state. The Corporation ensures that annual inspections are conducted and maintenance reports are routinely scrutinised to ensure compliance with Concession obligations.

The Corporation also provides advice to the Northern Territory and South Australian Governments on matters impacting the railway as required.



## Business Overview

As a result of the downturn in mine production due to falling commodity the combined total of 2.61 million tonnes of freight transported on the AustralAsia Railway in 2015 represents a 29% decrease over the previous financial year figure of 3.65 million tonnes.

Business performance categorised as Intermodal, Bulk Products and Passenger Train Access was as follows:

### Intermodal

Twelve trains per week operating between Adelaide and Darwin captured more than 90% of all contestable intermodal freight carrying a total 860,000 tonnes comprising containerised general freight, automotive and specialised products. This represents a decrease of 3% over the previous year driven by an overall reduction in demand for goods heading north. Based on this demand there is not expected to be a change to either the current number or configuration of services however, should there be a change in projected volumes, a review of the Intermodal wagon fleet will need to be completed, including an assessment of whether an increase in well wagons is the best solution to increase train capacity. GWA has met with the ADF Joint Forces working group in the ACT, and is proactively continuing to work with the ADF on the Commonwealth contract for the Land Transport Deed of Standing Offer.

### Bulk Products

Tonnages have reduced from the previous year levels of 2.74 million tonnes to 1.72 million tonnes in the 2015 financial year with no upturn expected in the short term unless there is a significant improvement in commodity prices,



in particular iron ore. Tennant Creek services are currently being provided to assist OZ Minerals with its contract with Glencore at Mt Isa. Tonnages moved to Tennant Creek in 14/15 were 38kt with some potential to continue the fortnightly service to Tennant Creek throughout 15/16, Services operated from mine rail loading sidings along the corridor to Darwin and Adelaide ports reduced from an average 24 per week to an average of 16 per week for 14/15 as a whole and further in the second half of FY14/15 to an average of 10 post the cessation of TR service in early January 2015. Tennant Creek services are currently being run to assist OZ Minerals with their Glencore contract at Mt Isa with 38 thousand tonnes moved to Tennant Creek in 14/15 and potential to continue the fortnightly service to Tennant Creek throughout 15/16. Bulk Liquid tonnes have increased to 27,400 tonnes in FY14/15 up 2% on FY13/14.

### Passenger Train Access

Great Southern Rail continued to enhance its journey offerings in 2015 with the introduction of a range of new off train experiences and itineraries.

The Ghan Expedition, a four-day Darwin to Adelaide journey delivering a stop in Coober Pedy and a fly-in option to Uluru for the first time, attracted strong customer interest and sold out in its inaugural season. Based on its success, The Ghan Expedition is slated to return in 2016 for a travel season between August and October.

The Ghan continued to record increased patronage in its Gold and Platinum levels of service, increasing from 44,000 sectors in 2014 to a projected 49,000 sectors in 2015.

The business was purchased in early April by Australian-owned fund manager Allegro Funds after more than 16 years under the ownership of multinational company Serco.

In mid-2015, the Commonwealth Government confirmed plans raised earlier in the Federal Budget to withdraw concession funding from Great Southern Rail. This decision has necessitated changes around the business, most of which come into effect with the funding cessation on June 30, 2016.

Chief among these changes has been the planned removal of Red Service (economy sit-up travel) aboard The Ghan, as well as increases in concession fares. With the removal of government support for concession travel, Great Southern Rail will provide a company-supported Pension Fare (20% discount) from 1 July 2016.





## BOARD MEMBERS



**ALASTAIR SHIELDS**

B.Bus (Acctg). LLB, EMPA

Appointed on 2 September 2014

Alastair was appointed as Chief Executive Officer of the Department of Land Resource Management in March 2015. Prior to that, he acted as Chief Executive Officer of the Northern Territory Department of Business during 2014, and was Deputy Chief Executive of the Northern Territory Department of the Attorney-General and Justice. Alastair was born and educated in Darwin and has more than 30 years of public sector experience in the Northern Territory, most of it at the Northern Territory Department of the Attorney-General and Justice and its predecessors. Alastair has been involved in commercial negotiations for major projects in the Northern Territory, such as the AustralAsia Railway, Darwin City Waterfront and the Marine Supply Base. He has qualifications in Law and Accounting and a Masters in Public Administration.



**BRENDAN LAWSON**

Dip.CE, FIEAust, PSM

Appointed CEO 6 October 2004

Brendan Lawson is the Chief Executive Officer of the AustralAsia Railway Corporation. Mr Lawson is a civil engineer with a background in construction of transport infrastructure and has been associated with the AustralAsia Railway Project since 1996. Previous roles with the Northern Territory Government involved managing a range of preconstruction activities for the Railway, project management of Darwin's East Arm Port, Project Administrator of the Darwin Waterfront Development and the Darwin Marine Supply Base.



**MR ROB FULLER**

LL.B

Appointed 1 September 2012

Mr Fuller is Manager, Legal Services in the South Australian Crown Solicitor's Office. Robert is a solicitor representing the South Australian Government and practices in the areas of public finance, project finance, debt capital markets, derivatives, insurance and general commercial. Past board appointments include the Director of the South Australian statutory body RESI Corporation.

**MARK WILLIAMS**

M.Eng.Sc

Appointed 1 September 2013

Mark Williams is the Senior Engineer, Commercial, in the South Australian Governments Office of the State Coordinator General.

Mr Williams is a civil engineer with over 30 years' experience in railway infrastructure and operations.

Mr Williams has worked for the South Australian Government since 2001 and has been a member of the South Australian Rail Task Force as the transport representative. Previous roles included working for the Australian National Railways Commission and the private sector.

**MS CLARE GARDINER-BARNES**

DIPT, GdipArts (Leadership), MSWAP

Appointed 21 May 2013

(Resigned 23 July 2015)

Ms Gardiner-Barnes has over 20 years' experience in the public sector including previous roles within the Northern Territory Government as the Chief Executive of the Department of Children and Families and the Department of Transport. Clare is currently a member of the Austroads Board. Previous board appointments include the Heavy Vehicle Charging and Investment Board.

**MR PETER CALDWELL**

BA Hons (Econ), PSM, FAICD

(Resigned on 1 September 2014)

Mr Caldwell is the Associate Utilities Commissioner of the Northern Territory. He is also the Deputy Chairman of the Territory Insurance Office and Director of the NT Gas Pty Ltd.

Mr Caldwell has held previous roles in the Northern Territory (NT) and Commonwealth government departments including working as the Deputy under Treasurer in the NT.

### BOARD MEMBERS REPORT

The Board Members present their report on the accounts for the financial year ended 30 June 2015.

#### Members

The following persons held office as Members of the AustralAsia Railway Corporation (“the Corporation”) Board during the year and up to date of this report:

- Alastair Shields (Appointed 2 September 2014)
- Brendan Lawson (Appointed Chief Executive Officer 6 October 2004)
- Mark Williams (Appointed 1 September 2013)
- Robert Fuller (Appointed 1 September 2012)
- Clare Gardiner-Barnes (Resigned 23 July 2015)
- Peter Caldwell (Resigned 1 September 2014)

Further details on Members are provided at Note 12 to the financial statements and member profiles at page 32 and 33 of the Annual Report.

#### Principal Activities

The functions of the Corporation are specified in the *AustralAsia Railway Corporation Act (NT)*.

The Corporation was created to facilitate the completion of the AustralAsia Railway on behalf of the Northern Territory and South Australian Governments and subsequent to completion, to monitor operations of the railway throughout

the fifty year concession period to ensure obligations and responsibilities of the Concession Holder and Governments under the Concession Deed are met.

#### Ministerial Directions

No ministerial directions were received by the Corporation under Sections 18 or 19 of the *AustralAsia Railway Corporation Act (NT)* for the financial year ended 30 June 2015.

#### Review of Operations and Significant Changes during the Financial Year

The Corporation’s role is to monitor operations to ensure responsibilities under the Concession Deed and the statutory obligations pursuant to the *AustralAsia Railway Corporation Act (NT)* are met. The Concession Deed covers the rights, responsibilities and obligations of the Concession Holder and Governments throughout the fifty year concession period from 2004.

Significant responsibilities of the Corporation include ensuring that the rail infrastructure, including the \$427.5 million (valued at cost) of Corporation owned infrastructure, is maintained in a ‘fit for purpose’ state by the Concession Holder throughout the Concession Period and that secure title over the rail corridor is held throughout this time.

The Corporation also provides advice and assistance to the Northern Territory and South Australian Governments on AustralAsia Railway matters.

This financial year has been the fourth full financial year of operations since the concession was sold to GWA (North) Pty Ltd. The year has continued to focus on establishing stronger relationships and reporting regimes with

the Concession Holder to ensure that both GWA (North) Pty Ltd and the Corporation meet their responsibilities in accordance with the Concession Deed.

Activities during the year resulted in the Corporation recording an operating deficit of \$3.5 million. This operating deficit resulted from depreciation charges of \$3.5 million to the accounts, reflecting use of the Corporation's \$427.5 million (valued at cost) rail infrastructure assets. Operating deficits do not affect the operations of the Corporation, with Governments providing the necessary resources to ensure the going concern of the entity.

### Matters Subsequent to the End of the Financial Year

At the date of this report there is no matter or circumstance which has arisen since 30 June 2015 that has significantly affected or may significantly affect:

- a. the operations in the financial year subsequent to 30 June 2015, of the Corporation; or
- b. the results of those operations; or
- c. the state of affairs in financial year subsequent to 30 June 2015, of the Corporation.

### Likely Developments and Expected Results of Operations

In accordance with contractual agreements resulting from operations during past financial years, the Corporation expects to continue to receive operational grants and payments towards operational expenditure during the 2015-16 financial year, and perform any other services necessary to monitor operations of the AustralAsia Railway on behalf of the Northern Territory and South Australian Governments.

### Auditor

The independent audit firm of BDO Audit (NT) continued as auditor in accordance with Section 27 of the *AustralAsia Railway Corporation Act* and Section 327 of the *Corporations Act 2001*.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under Section 307C of the *Corporations Act 2001*, is set out on page 14.

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



ALASTAIR SHIELDS

CHAIRMAN

14 September 2015



BRENDAN LAWSON

CHIEF EXECUTIVE OFFICER

14 September 2015

## DECLARATION OF INDEPENDENCE BY BDO AUDIT (NT) TO THE BOARD MEMBERS OF AUSTRALASIA RAILWAY CORPORATION

In accordance to Section 307C of the *Corporations Act 2001* as auditor of AustralAsia Railway Corporation for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



CJ Sciacca  
PARTNER

Darwin: 16 September 2015



BDO Audit (NT)  
CHARTERED ACCOUNTANTS

Darwin: 16 September 2015

## BOARD MEMBERS' DECLARATION

The Board Members declare that:

1. The financial statements and accompanying notes;
  - a. are in accordance with the *Corporations Act 2001* and comply with Australian Accounting Standards (including Australian Accounting Interpretations); and
  - b. give a true and fair view of the Corporation's financial position as at 30 June 2015 and of its performance for the period ended on that date.
2. In the opinion of the Board Members, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

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



ALASTAIR SHIELDS  
CHAIRMAN

14 September 2015



BRENDAN LAWSON  
CHIEF EXECUTIVE OFFICER

14 September 2015



# FINANCIAL STATEMENTS

14/15



## Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2015



	NOTE	2015 \$'000	2014 \$'000
<b>Income</b>			
Income from Ordinary Activities		300	204
Other		28	89
<b>Total Income</b>	<b>3</b>	<b>328</b>	<b>293</b>
<b>Expenses</b>			
Employee Expenses		133	118
Depreciation and Amortisation		3,548	3,548
Other Expenses	4	105	220
<b>Total Expenses</b>		<b>3,786</b>	<b>3,886</b>
<b>Surplus/(Deficit) for the Year</b>		<b>(3,458)</b>	<b>(3,593)</b>
<b>Other Comprehensive Income</b>			
Other Comprehensive Income for the Year		-	-
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income/ (Deficit) for the Year</b>		<b>(3,458)</b>	<b>(3,593)</b>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.



## Statement of Financial Position As at 30 June 2015

	NOTE	2015 \$'000	2014 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	5	340	254
Trade and Other Receivables	6	2	2
<b>Total Current Assets</b>		<b>342</b>	<b>256</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment	7	386,998	390,546
<b>Total Non-Current Assets</b>		<b>386,998</b>	<b>390,546</b>
<b>TOTAL ASSETS</b>		<b>387,340</b>	<b>390,802</b>
<b>Current Liabilities</b>			
Trade and Other Payables	8	32	36
<b>Total Current Liabilities</b>		<b>32</b>	<b>36</b>
<b>Non-Current Liabilities</b>			
Net Loans		-	-
Net Advances		-	-
<b>Total Non-Current Liabilities</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>32</b>	<b>36</b>
<b>NET ASSETS</b>		<b>387,308</b>	<b>390,766</b>
<b>Equity</b>			
Accumulated Funds		387,308	390,766
<b>TOTAL EQUITY</b>		<b>387,308</b>	<b>390,766</b>

The Statement of Financial Position should be read in conjunction with the notes to the financial statements.

## Statement of Changes in Equity for the year ended 30 June 2015

	NOTE	2015 \$'000	2014 \$'000
<b>Accumulated Funds</b>			
Balance at 1 July		390,766	394,358
Surplus/(Deficit) for the Period		(3,458)	(3,593)
Other Comprehensive income for the year		-	-
Total Comprehensive Deficit for the year		(3,458)	(3,593)
<b>BALANCE AT 30 JUNE</b>		<b>387,308</b>	<b>390,766</b>

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

## Statement of Cash Flows For the year ended 30 June 2015

	NOTE	2015 \$'000	2014 \$'000
<b>Cash Flows from Operating Activities</b>			
Grants and Subsidies Received		300	204
Net Payments for Goods and Services		(242)	(366)
Interest Received		7	7
Other Income		21	82
<b>Net Cash Provided by/(Used In)</b>			
<b>Operating Activities</b>	<b>10</b>	<b>86</b>	<b>(73)</b>
Net increase in cash and cash equivalents		86	(73)
Cash and cash equivalents at the beginning of the financial year		254	327
<b>Cash and Cash Equivalents at the end of the Financial Year</b>	<b>5</b>	<b>340</b>	<b>254</b>

The Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

## Notes to the Financial Statements for the year ended 30 June 2015

### 1. General Information

The AustralAsia Railway Corporation (“the Corporation”) is a statutory authority, incorporated in Australia and operating within Darwin, Northern Territory, Australia.

#### Principal place of business:

Level 5 Hospitality  
7 Kitchener Drive, Darwin NT 0800

#### Postal address:

GPO Box 1449, Darwin NT 0801

The Corporation was established to facilitate the completion of the AustralAsia Railway on behalf of the Northern Territory and South Australian Governments and subsequent to completion, to monitor operations of the railway throughout the fifty year concession period (which commenced in 2004) to ensure obligations and responsibilities of the Concession Holder and Governments under the Concession Deed are met.

### 2. Significant Accounting Policies

#### Statement of Compliance

The financial statements are general purpose financial statements and have been prepared to fulfil the Corporation’s reporting requirements under the *AustralAsia Railway Corporation Act* and the *Corporations Act 2001*. The accounting policies used in the preparation of these financial statements are consistent with those of previous years unless stated otherwise, and in

the opinion of the Board Members are appropriate to meet the needs of the AustralAsia Railway Corporation.

The financial statements have been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *AustralAsia Railway Corporation Act* and the *Corporations Act 2001*.

The financial statements comprise AustralAsia Railway Corporation financial statements as an individual entity. For the purposes of preparing the financial statements, the Corporation is a not-for-profit entity.

These financial statements are presented in Australian dollars, which is the Corporation’s functional and presentation currency.

The financial statements were authorised for issue by the Board Members on 14 September 2015.

#### a) Basis of Preparation

The financial statements have been prepared on an accrual basis using historical cost, except for the revaluation of certain non-current assets and financial instruments that are measured at re-valued amounts or fair values, as explained in the accounting policies below.

Cost is based on the fair values of the consideration given in exchange for assets.

The corporation is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to ‘rounding off’. All amounts are presented in Australian dollars and have been rounded off in

accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **b) Critical Accounting Estimates and Judgements**

The Board Members evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

#### *Key Estimates - Impairment*

The Corporation assesses impairment at each reporting date by evaluating conditions specific to the Corporation that may lead to impairment of assets. Where an impairment indicator exists, the recoverable amount of the asset is determined and impairment losses are recognised in profit and loss where an asset's carrying value exceeds its recoverable amount. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

#### *Key Judgements - Allowance for impairment losses*

The provision of impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position. There is no allowance for impairment recognised as at 30 June 2015 (2014: Nil).

### **c) Adoption of new and revised accounting standards**

The Corporation has adopted all the new, revised or amended Accounting standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Corporation from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Corporation. The following Accounting Standards and Interpretation are most relevant to the Corporation.

- (i) *AASB 1031 Materiality (2013), AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments, AASB 2014-1 Amendments to Australian Accounting Standards (Part C - Materiality)*

The revised AASB 1031 is an interim standard that cross-references to other standards and the *Framework for the Preparation and Presentation of Financial Statements* that contain guidance on materiality. The standard does not impact the financial statements.

- (ii) *AASB 2012-3 - Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (AASB 132)*

This standard addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation*.

It clarifies the requirement of what conditions need to be satisfied under paragraph 42 of AASB 132 in order for a financial asset or liability to be set off.

The standard does not impact current disclosures made in the financial statements.

(iii) *AASB 2013-3 Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets*

The amendments to AASB 136 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The standard does not impact the current disclosures made in the financial statements.

(iv) *AASB 2014-1 Amendments to Australian Accounting Standards (Part A - Annual Improvements 2010-2012 and 2011-2013 Cycles)*

Part A of the standard makes amendments to various Australian Accounting Standards (AASB 2, 3, 8, 9, 13, 116, 119, 124, 137, 138, 139, 140 & 1052 and Interpretation 129) arising from the issuance by IASB of *IFRSs Annual Improvements to IFRS 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*. The standard does not impact the financial statements.

#### **d) Accounting Standards Issued But Not Yet Effective**

New accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Corporation has not adopted any of these standards earlier than their effective start date.

The Corporation's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 9 Financial Instruments (Dec 2014), AASB 2014-1 Amendments to Australian Accounting Standards (Part E - Financial Instruments), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2014)*

The final version of AASB 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace AASB 139 Financial Instruments: Recognition and Measurement. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets.

This is effective from annual reporting periods beginning on or after 1 January 2018 and hence adoption of AASB 9 is only mandatory for the year ending 30 June 2018. The Corporation is yet to make an assessment of the impact of these amendments on the financial statements when AASB 9 is first adopted.

(ii) *AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15*

AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It replaces several Standards and Interpretations, including AASB 111 Construction Contracts, AASB 118 Revenue, and Interpretation 15 Agreements for the Construction of Real Estate, and Interpretation 18 Transfers of Assets from Customers.

This is effective from annual reporting periods beginning on or after 1 January 2017.

This will have minimal impact on the financial statements when it is first adopted.

(iii) *AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]*

This standard amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.

This is effective from annual reporting periods beginning on or after 1 January 2016.

This will have minimal impact on the financial statements when it is first adopted.

(iv) *AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]*

This standard includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements, and to ensure entities are able to use judgement when applying a standard in determining what information to disclose.

This is effective from annual reporting periods beginning on or after 1 January 2016.

This will have minimal impact on the current disclosures the Corporation makes in its financial statements when first adopted.

**e) Going Concern Basis**

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

**f) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

**g) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or



receivable exclusive of the amount of GST. Corporation revenue from ordinary activities comprises grants received from the Northern Territory and South Australian Governments.

#### **h) Government Grants**

Grants that are non reciprocal in nature are recognised at their fair value where there is reasonable assurance that the grant will be received and the entity will comply with all the attached conditions.

#### **i) Income Tax**

The Corporation is exempt from income tax as per the *Income Tax Assessment Act 1936*.

#### **j) Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows and Statement of Financial Position, cash and cash equivalents includes cash on hand and cash held in the Corporation's bank account.

#### **k) Financial Instruments**

Investments and other financial assets are initially measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the corporation establishes fair value by using valuation techniques. These included the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Corporation has

transferred substantially all the risks and rewards of ownership.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

#### *Impairment of financial assets*

The Corporation assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is

the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

*Derecognition of financial assets*

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

*Non-derivative financial liabilities*

The Corporation initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Corporation classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Corporation's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

**l) Trade and Other Receivables**

Trade and other receivables are recognised at fair value less any allowance for impairment losses. Collectability of receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. The allowance for impairment losses represents the amount of receivables the Corporation estimates are likely to be uncollectible and are considered doubtful.

Trade receivables are generally settled within 30 days.

**m) Property, Plant and Equipment**

The property, plant and equipment of the Corporation comprises of railway infrastructure. Railway infrastructure represents the Corporation's share of the \$1.1 billion total of new rail infrastructure located between Alice Springs and Darwin completed in 2004.

The Corporation values land, buildings and infrastructure assets in accordance with the Australian Accounting Standard AASB 116 *Property, Plant & Equipment* and annually reviews the carrying balances of its assets in accordance with Accounting Standards to ensure any impairment loss is appropriately recorded.

Railway infrastructure is recorded at the cost of acquisition, being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition.

Plant and equipment acquired are recorded at the cost of acquisition, being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition.

Depreciation is provided on property, plant and equipment (excluding Earthworks and Capping Layer). Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life.

The following useful lives are used in the calculation of depreciation:

*Railway Infrastructure*

Culverts and Bridges	50 years
Yards and Freight Handling Facilities	50 years
Signalling	15 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Corporation. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

#### **n) Borrowings**

Loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Interest expense is recognised on an accrual basis (refer Note 9). No interest was payable on loans for either financial period.

#### **o) Trade and Other Payables**

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Corporation. These amounts are unsecured and are usually settled within normal trading terms of 30 days.

#### **p) Employee/Member Benefits**

The Corporation reimburses the Northern Territory Government for the relevant proportion of employee annual leave, leave bonuses, long service leave, Superannuation Guarantee Levy and other employee benefits.

#### **q) Comparative Amounts**

Comparative information has been reclassified and restated where necessary to be consistent with disclosures in the current reporting format.

#### **r) Commitments**

Disclosures in relation to capital and other commitments are shown at note 13 and are consistent with the requirements contained in AASB 101. Commitments are those contracted as at 30 June 2015 where the amount of the future commitment can be reliably measured.

#### **s) Services Received Free of Charge**

During the 2015 financial year the Corporation received advisory services from officers of the Northern Territory and South Australian Governments at no charge. These amounts are not readily determined and are considered immaterial.

**3. Revenue**

	2015 \$'000	2014 \$'000
<i>Income from Ordinary Activities</i>		
Operating Grants and Other Contributions		
Northern Territory Government	150	104
South Australian Government	150	100
Other		
Interest on Cash Balances	7	7
Other Income	21	82
<b>Total Revenue</b>	<b>328</b>	<b>293</b>

**4. Other Expenses**

	2015 \$'000	2014 \$'000
Audit Fees (auditors received no other benefits)*	9	9
Other Operational Costs	96	211
<b>Total Other Expenses</b>	<b>105</b>	<b>220</b>

\*Audit fees payable for services provided for the 2014-15 financial statement audit is \$9,200

**5. Cash and Cash Equivalents**

	2015 \$'000	2014 \$'000
Cash at Bank	340	254
Cash on Hand	-	-
<b>Total Cash and Cash Equivalents</b>	<b>340</b>	<b>254</b>

**6. Trade and Other Receivables**

	2015 \$'000	2014 \$'000
<b>Current</b>		
Trade Receivables	-	-
Other	1	-
Goods and Services Tax Recoverable	1	2
<b>Total Trade and Other Receivables</b>	<b>2</b>	<b>2</b>

Consisting of:

Government Agencies	2	2
External Bodies	-	-

Receivables are all current and are neither due nor impaired. The Corporation does not hold any financial assets whose terms have been renegotiated, but would otherwise be past due or impaired. No collateral is held as security for any of the trade or other receivables balances.

## 7. Property, Plant and Equipment

	2015 \$'000	2014 \$'000
<b>Infrastructure Assets</b>		
<b>Earthworks and Capping Layer</b>		
At Cost	270,917	270,917
<b>Total Earthworks and Capping Layer</b>	<b>270,917</b>	<b>270,917</b>
<b>Culverts and Bridges</b>		
At Cost	127,662	127,662
Less: Accumulated Depreciation	29,149	26,596
<b>Total Culverts and Bridges</b>	<b>98,513</b>	<b>101,066</b>
<b>Freight Handling and Signalling</b>		
At Cost	28,920	28,920
Less: Accumulated Depreciation	11,352	10,357
<b>Total Freight Handling and Signalling</b>	<b>17,568</b>	<b>18,563</b>
<b>Total Property, Plant and Equipment</b>	<b>386,998</b>	<b>390,546</b>

## Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	2015 \$'000	2014 \$'000
<b>Earthworks and Capping Layer</b>		
Carrying amount at beginning of year	270,917	270,917
<b>Carrying amount at end of year</b>	<b>270,917</b>	<b>270,917</b>
<b>Culverts and Bridges</b>		
Carrying amount at beginning of year	101,066	103,619
Depreciation	(2,553)	(2,553)
<b>Carrying amount at end of year</b>	<b>98,513</b>	<b>101,066</b>
<b>Freight Handling and Signalling</b>		
Carrying amount at beginning of year	18,563	19,557
Depreciation	(995)	(994)
<b>Carrying amount at end of year</b>	<b>17,568</b>	<b>18,563</b>
<b>Total Property, Plant and Equipment</b>	<b>386,998</b>	<b>390,546</b>



## 8. Trade and Other Payables

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade Payables	32	36
<b>Total Trade and Other Payables</b>	<b>32</b>	<b>36</b>

Consisting of:

Government Agencies	14	18
External Bodies	18	18

## 9. Other Financial Liabilities

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net Loans</b>		
Loan from Northern Territory Government	25,000	25,000
Loan from South Australia Government	25,000	25,000
<b>Total Loans from Governments</b>	<b>50,000</b>	<b>50,000</b>
Loans to the Concession Holder	(50,000)	(50,000)
<b>Net Loans</b>	<b>-</b>	<b>-</b>

The Corporation received loans from the Northern Territory and South Australian Governments totalling \$50 million for the purpose of on lending to the Concession Holder. With the sale of the concession to GWA (North) Pty Ltd in late 2010, GWA (North) Pty Ltd has accepted responsibility to repay these loans on the same terms as applied to the Consortium (the original Concession Holder). Repayment of loans to Government is conditional upon receipt of loan repayments from the Concession Holder.

Therefore, the loan liability of \$50 million has been netted off against the loan asset of \$50 million in the statement of financial position. The full amount of \$50 million was drawn down by the original Concession Holder and is not repayable until the completion of the 50 year concession period. Interest on the loan is triggered only after significant cumulative profits are earned by the Concession Holder and these are not anticipated in the short to medium term. Interest on the loan to the Concession Holder is secured over the assets of the Concession Holder.

## 10. Notes to the Statement of Cash Flows

Reconciliation of operating surplus/(deficit) for the period to net cash flows from operating activities:

	2015 \$'000	2014 \$'000
<b>Operating Surplus/(Deficit)</b>	<b>(3,458)</b>	<b>(3,593)</b>
<b>Non-cash items</b>		
Depreciation and Amortisation	3,548	3,548
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in receivables	-	1
(Decrease)/Increase in payables	(4)	(29)
<b>Net Cash from Operating Activities</b>	<b>86</b>	<b>(73)</b>



**11. Financial Risk Management**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(a) Capital Risk Management**

The Corporation manages its capital to ensure that it will be able to continue as a going concern. Financial instruments held by the Corporation include cash, receivables, payables and other financial liabilities. The fair values of the financial assets and liabilities approximate the carrying values.

There have been no substantive changes in the Corporation’s exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

**(b) Categories of Financial Instruments**

	2015 \$'000	2014 \$'000
<b>Financial Assets</b>		
Cash and Cash Equivalents	340	254
Receivables	2	2
Loans Receivable	50,000	50,000
<b>Total Financial Assets</b>	<b>50,342</b>	<b>50,256</b>
<b>Financial Liabilities</b>		
Payables	32	36
Loans Payable	50,000	50,000
<b>Total Financial Liabilities</b>	<b>50,032</b>	<b>50,036</b>

**(c) Financial Risk Management Objectives**

The Board has overall responsibility for the determination of risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the management team. The Corporation’s risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Corporation where such impacts may be material. The Board receives an appropriate number of reports per annum from the Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

**(d) Interest Rate Risk**

Interest rate risk is the risk of financial loss and/or increased costs due to adverse movements in the values of financial assets and liabilities as a result of changes in interest rates.

The Corporation has minimal exposure to interest rate risk with the exception of cash at bank. The exposure to interest rate risk on financial assets and financial liabilities is set out in the following table.

	2015 \$'000	2014 \$'000
<b>Variable Rate Instrument</b>		
Financial Assets	340	254
Financial Liabilities	-	-



**(e) Credit Risk**

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Corporation incurring a financial loss. Credit risk arises from cash assets and deposits with financial institutions, as well as credit exposures to the Corporation's outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the Corporation securing trade and other receivables.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6.

**(f) Liquidity Risk**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk by continuously monitoring forecast and actual cash flows and is funded by the Northern Territory and South Australian Government as required.

**(g) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Corporation is exposed to is interest rate risk.

**(h) Net Fair Value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values apart from the following provided below;

	2015		2014	
	Total Carrying Amount	Net Fair Value Level 3	Total Carrying Amount	Net Fair Value Level 3
	\$000	\$000	\$000	\$000
<b>Financial Assets and Liabilities</b>				
Loans Receivable	50,000	23,724	50,000	18,841
Borrowings and advances	(50,000)	(23,724)	(50,000)	(18,841)
<b>Total Financial Assets and Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The fair value of the loan receivable and borrowings is estimated by discounting the remaining contractual maturity at the current Commonwealth Bond rate. Refer to Note 9 for the further information on right of set-off.

**(i) Maturity Analysis**

The following tables detail the Corporation's remaining contractual maturity for commitments relating to its financial assets and liabilities:

2015	Carrying Amount \$'000	1 Year or Less \$'000	2 to 5 Years \$'000	Over 5 Years \$'000
<b>Financial Liabilities</b>				
Payables	32	32	-	-
State/Territory Govt Loans	50,000	-	-	50,000
<b>Total Financial Liabilities</b>	<b>50,032</b>	<b>32</b>	<b>-</b>	<b>50,000</b>
<b>Financial Assets</b>				
Receivables	2	2	-	-
Loans to Concession Holder	50,000	-	-	50,000
<b>Total Financial Assets</b>	<b>50,002</b>	<b>2</b>	<b>-</b>	<b>50,000</b>

2014	Carrying Amount \$'000	1 Year or Less \$'000	2 to 5 Years \$'000	Over 5 Years \$'000
<b>Financial Liabilities</b>				
Payables	36	36	-	-
State/Territory Govt Loans	50,000	-	-	50,000
<b>Total Financial Liabilities</b>	<b>50,036</b>	<b>36</b>	<b>-</b>	<b>50,000</b>
<b>Financial Assets</b>				
Receivables	2	2	-	-
Loans to Concession Holder	50,000	-	-	50,000
<b>Total Financial Assets</b>	<b>50,002</b>	<b>2</b>	<b>-</b>	<b>50,000</b>

**12. Details of Board Members**

**Members Remuneration**

The number of Members of the Corporation whose income from the Corporation falls within the following bands:

	2015 \$'000	2014 \$'000
\$0	4	4
\$1 to \$79,999	1	1
<b>Total income paid or payable, or otherwise made available to all Members of the Corporation from the Corporation</b>	<b>16</b>	<b>70</b>

All current Board Members are Northern Territory or South Australian public servants and are remunerated by their respective jurisdictions. During the financial year, the former chairman was not a public servant and was remunerated during his term in office. This cost is disclosed above.

**Key management personnel remuneration**

	2015 \$	2014 \$
Short-term employee benefits	105,761	101,667
Other long term benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
<b>Total Key Personnel Remuneration</b>	<b>105,761</b>	<b>101,667</b>

Short-term benefits as stated above incorporate the part-time services of the Chief Executive Officer. These benefits are paid on a reimbursement basis as the Corporation's personnel are employed by the Northern Territory Government.

### Full Meetings of Board Members

There were 3 meetings for the 2014-15 financial period attended by:

Member	Meetings Eligible to Attend	Meetings Attended
Alastair Shields	3	3
Brendan Lawson	3	3
Mark Williams	3	3
Robert Fuller	3	3
Clare Gardiner-Barnes	3	3

### Election and Continuation in Office of Board Members

The date of appointment of members:

Member	Initial Date of Appointment
Alastair Shields	2 September 2014
Brendan Lawson	6 October 2004
Mark Williams	1 September 2013
Robert Fuller	1 September 2012
Clare Gardiner- Barnes	21 May 2013 (Resigned 23 July 2015)
Peter Caldwell	28 June 2004 (Resigned 1 September 2014)

### 13. Commitments

There are no commitments other than those quantified within the financial statements as at 30 June 2015.

### 14. Contingent Liabilities

Guarantees and indemnities provided under contracts to which the Corporation is a party are ultimately underwritten by the Governments of the Northern Territory and/or South Australia. The Corporation has provided a number of indemnities under the project documents according to a risk allocation structure agreed with the Concession Holder and other parties to the project documents.

Principally, the Corporation has granted indemnities to ensure that title to the railway corridor is secure for the construction and operation of the railway infrastructure. These indemnities cover risks related to native title, claims under the *Aboriginal Land Rights Act*, undisclosed interests on the corridor, environmental contamination, heritage and sacred sites, and environmental assessment processes. For all of these risks, the Corporation has undertaken extensive work to secure appropriate title and to minimise the likelihood of any problems arising. The contingent liabilities arising from these indemnities are unquantifiable, though there is a low probability that they will arise.

The project documents provide for the early termination of the concession arrangement by the Concession Holder in certain circumstances that would give rise to the payment of an Early Termination Amount. The Early Termination

Amount will be calculated by reference to the market value of the Project as at the date of termination. In return for making the Early Termination Amount payment, ownership of the railway infrastructure will return to the Corporation.

There is an extensive risk management regime in place for all events that would give rise to an Early Termination Amount payment. In particular, the Corporation has specified periods to cure the event that would give rise to the termination. For all of these events, the cure is within the control of either the Corporation and/or the NT/SA Governments. During the cure period, the Corporation provides an indemnity to the Concession Holder for any losses it suffers as a result of the event that the Corporation/Governments are seeking to cure.

The contingent liabilities arising from all of the above guarantees and indemnities are unquantifiable, but expected to be immaterial. However, for all of the events that would give rise to the liabilities, the Corporation has comprehensive risk management procedures in place. Accordingly, although the prospects of any one of the contingent liabilities eventuating is considered to be minimal, the Corporation has established contract management procedures to deal with possible eventualities should they arise.

## **15. Supplementary Information**

### **Distributions**

No dividends or distributions were paid or proposed during the financial period ended 30 June 2015.

### **Number of Employees**

The Corporation reimbursed the Northern Territory Government for an average of 3 part time employees contracted to the Corporation during the financial year (2014 - 3 part time employees).

### **Indemnifying Officers**

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid by the Corporation, during or since the end of the financial year, to any person who is or has been an officer or auditor of the Corporation.

### **Segments**

The Corporation operates solely in Australia to monitor the operations of the AustralAsia Railway on behalf of the Northern Territory and South Australian Governments.

## **16. Events Subsequent to Balance Date**

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements, other than those disclosed herein.



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PLATFORM

CAPACITY	143.8 t
TARE	40.2 t

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## INDEPENDENT AUDITOR'S REPORT

To the board members of AustralAsia Railway Corporation

We have audited the accompanying financial report of AustralAsia Railway Corporation, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the board members' declaration.

### Board Members' Responsibility for the Financial Report

The board members of the Corporation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and the *AustralAsia Railway Corporations Act 1996 (NT)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Corporation preparation of the financial report

that gives a true and fair view 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 Corporation 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the board members of Corporation, would be in the same terms if given to the directors as at the time of this auditor's report.

### Opinion

In our opinion the financial report of AustralAsia Railway Corporation is in accordance with the *Corporations Act 2001* and the *AustralAsia Railway Corporations Act 1996 (NT)*, including:

- (a) giving a true and fair view of the Corporation financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BDO Audit (NT)

Carmelo Joseph Sciacca  
Audit Partner

Darwin: 16 September 2015

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## Legislation

The AustralAsia Railway Corporation was established by the AustralAsia Railway Corporation Act (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 to Darwin Railway Act 1997 (SA).

### **The AustralAsia Railway Corporation Act (NT) has been amended by:**

- AustralAsia Railway Corporation Amendment Act 1998
- AustralAsia Railway Corporation Amendment Act 2000
- AustralAsia Railway Corporation Amendment Act No. 2 2000
- AustralAsia Railway Corporation Amendment Act 2001
- AustralAsia Railway (Special Provisions) Regulations 2000
- Corporation Reform (Consequential Amendments NT) Act 2001

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
- AustralAsia Railway (Third Party Access) Act 1999
- AustralAsia Railway (Special Provisions) Amendment Act 2003
- AustralAsia Railway (Third Party Access) Amendment Act 2003
- AustralAsia Railway (Special Provisions) Amendment Act 2004

### **In South Australia, the legislation includes:**

- Alice Springs to Darwin Railway Act 1997
- Alice Springs to Darwin Railway (Financial Commitment) Amendment Act 1999
- AustralAsia Railway (Third Party Access) Act 1999
- Alice Springs to Darwin Railway (Miscellaneous) Amendment Act 2000
- Alice Springs to Darwin Railway (Financial Commitment Amendment) Act 2001





CONFINED SPACE



**AustralAsia** Railway Corporation | ANNUAL REPORT 2014 - 2015