

AustralAsia Railway Corporation



Annual Report
For year ended 30 June 2004





R.H. Allert A.M.
Chairman

The Hon Clare Martin
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 2003, 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 that reads "R. H. Allert".

RICHARD H ALLERT AM
Chairman
3 November 2003

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AustralAsia Railway Corporation Annual Report

For year ended 30 June 2004

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Chairman's Overview

The AustralAsia Railway, Australia's largest infrastructure project since the "Snowy Mountains" hydro scheme, has forged ahead over the past 12 months.

Construction has progressed at such a rapid rate that we are likely to see the project completed months ahead of schedule, with freight and passenger services beginning early 2004.

Major construction milestones were achieved over the last twelve months including employment numbers exceeding 1450 personnel in September 2002, the joining of the northern and southern sections of track in December 2002, linking Tennant Creek and Katherine, and the crossing of the refurbished historic Fergusson River Bridge. The Fergusson River Bridge was part of the North Australian Railway with the last train travelling over it in 1976.

Complementing the AustralAsia Railway is construction of Stage 2 of the Port of Darwin with the completion due in early 2004 at a cost of \$200 million. The two projects are integral to the creation of the AustralAsia Trade Route, which will link the busy markets of south-east Asia with south-east Australia and South Australia via the Northern Territory.

The completion of the Railway and the new Port of Darwin facilities will facilitate the establishment of major freight forwarding companies within the newly created 40ha Business Park, located adjacent to the freight corridor enabling a direct road /rail transfer capability for domestic distribution.

The AustralAsia Railway Project involves private and public sector partnership to fulfil a nations dream, Australia's final rail link. This project has seen contributions by former and current governments, public servants and an enormous commitment by the private sector.

The project is currently in a transition process, which will see the completion of construction before testing and commissioning of the line in anticipation of the historical arrival of the inaugural freight and passenger services.

On the 17 June 2003, FreightLink announced the date for the inaugural freight service to Darwin, departing from Adelaide on 15 January 2004 and arriving into Darwin on the 17 January. The AustralAsia Railway Corporation, in conjunction with the Northern Territory and South Australia Governments will host community celebrations in Adelaide, Port Augusta, Alice Springs, Tennant Creek, Katherine and Darwin to mark this historic occasion.

Following the announcement of the inaugural freight service, Great Southern Railway, operators of The Ghan announced that the inaugural Ghan passenger service to Darwin will depart Adelaide on 1 February 2004 arriving into Darwin on 3 February.

In summary, the significant progress and milestones of the past 12 months have lead to a renewed push for investment and economic growth for the Territory. The benefits of the AustralAsia Railway and the Port of Darwin are now set in stone for future generations with 2004 achieving the realisation of a 100 year old dream.

I also express my gratitude to the Northern Territory, South Australian and Australian governments for their sustained support to the project, and congratulate our private sector partners: Asia Pacific Transport, incorporating Kellogg Brown and Root, Barclay Mowlem, John Holland Group, Macmahon Holdings, Australian Railroad Group, National Asset Management, Colonial First State Investments and the Northern and Central Land Councils.

As the dream is only months away from completion yet months ahead of schedule, I congratulate all involved for their commitment and dedication to the project and thank you for being a part of Australia's history.

RICHARD H ALLERT AM

Chairman





Chief Executive Officer's Review

The past 12 months have seen enormous progress made toward completing the railway, which will connect the Territory to the rest of Australia

The 1420 kilometre Alice Springs to Darwin leg of the AustralAsia Railway is now 93% complete and only 280 kilometres of track laying remains. At the current rate of progress, completion of the tracklaying is now expected before October 2003 and the completion of all construction confidently anticipated by the end of the year, well ahead of the contractual completion date of April 2004.

The fact that the inaugural freight and passenger trains are already scheduled to depart Adelaide on 15 January and 1 February respectively adds to the certainty that Darwin will soon be connected by rail to every capital city on mainland Australia.

The completion of this major infrastructure achievement will be the culmination of decades of effort by those who shared a vision of Darwin as a gateway for trade to Asia. It will also represent a significant achievement for the AustralAsia Railway Corporation

Since the Corporation was established in 1997 to manage the awarding of the Build, Own, Operate and Transfer concession for the Alice Springs to Darwin Railway, it has played a key role in the successful transition of the project from negotiation to construction and ensuring that the railway is constructed 'fit for its intended purpose'.

The engineering statistics of the project are staggering. With just a few months of construction remaining, over 99% of the 15 million cubic metres of earthworks have been constructed, more than 1.9 million of the total of 2 million sleepers have been manufactured, the required 2.8 million tonnes of ballast has been produced, all of the 90 bridges constructed and 140,000 tonnes of the total 146,000 tonnes of rail

transported to site.

However statistics alone do not fully convey the enormity of the task which has been undertaken. The remoteness and the geographical expanse of the project required construction management skills of the highest order, and in this regard the Asia Pacific Transport Consortium and their construction contractors ADrail are to be congratulated on the project's current rate of progress.

The contribution of all those working on the project should also be acknowledged. At its peak in September 2002, the project employed over 1400 personnel. As the project nears completion, and with the bulk of the earthworks and bridges now complete, those numbers are now reduced to approximately 600 at the end of June 2003.

While the basic employment numbers are impressive, it is worth reflecting on some of the underlying statistics, such as training and Indigenous employment. Over 1200 individual enrolments have been recorded in project related training courses with 87% of individuals completing their course. Of the total number of individuals enrolled for training, 349 were Indigenous with 272 completing their courses and there have been over 200 Indigenous persons employed on the project by ADrail and major sub-contractors.

The success of Indigenous participation, both by direct employment and Aboriginal enterprise sub-contractors has largely been achieved through the support and co-ordination efforts of the Northern and Central Land Councils, both of whom are also equity shareholders in the AustralAsia Railway.

In addition to those directly employed and trained on

the project, contractors supplying material and services to the project also provided employment opportunities

Territory and South Australian industry have received a significant economic boost from the project. To date, over \$660 million and \$346 million has been awarded in direct contracts to Territory and South Australian based businesses respectively.

The skills learned and experienced gained by individuals and the capacity raising local industry are a further legacy of the AustralAsia Railway and testimony to the commitment of all the parties to achieve the objective of the LIAPP (Local Industry and Aboriginal Participation Plan) for a majority of the workforce directly employed on the project to be 'locals'. The fact that the LIAPP requirement for 75% local content has already been met well prior to the project completion is further evidence of the successful participation of local businesses in this project.

The achievement of the LIAPP objectives is also demonstration of how successful outcomes can be accomplished with private and public sectors working together. Since the commencement of the project, the governments of the Northern Territory, South Australian and the Commonwealth have not only supported the project financially, but have also worked with the private sector Consortium in a spirit of cooperation and shared vision.

In the coming months the completion of construction and commencement of operations will be celebrated at ceremonies all along the railway. The focus on the AustralAsia Railway will then change from the challenges overcome by construction to those faced by the operators.

FreightLink Pty Ltd, the operating arm of the Asia Pacific Transport Consortium will operate the new railway, commencing on 15 January 2004 with a schedule of 5 trains per week. FreightLink's stated first objective is to capture 350,000 tonnes of the existing general freight and fuel being currently being transported to the Territory by other modes. But they are also actively building alliances with Intra-Asian shipping lines and large international freight forwarders to promote the benefits of Darwin as a gateway to Asia.

Territory tourism is also set to benefit from the completion of the AustralAsia Railway with Great Southern Railway planning to operate a weekly service from Adelaide to Darwin commencing on 1 February 2004. It is estimated that the Territory will welcome an additional 30,000 visitors choosing to travel by rail.

The project is well on track to deliver its promise of a railway to Darwin and congratulations are due to all those associated with the AustralAsia Railway over the past year.

The new challenge ahead is to now maximise the benefits that the AustralAsia Railway brings for not only Territorians but for all Australia, as Darwin becomes a gateway for trade to Asia.

PAUL TYRRELL

Chief Executive Officer





The Project

The AustralAsia Railway project will become a reality when the 100-year-old dream of a railway linking the north and south, is realised in early 2004.

The completion of the railway complimented by the developments at the Port of Darwin will create the AustralAsia Trade Route, and provide a direct link from south eastern Australia to the busy markets of Asia.

The project comprises:

- the construction of a new 1420km stretch of standard gauge line between Alice Springs and Darwin;
- the leasing, at a nominal rental, and maintenance of the existing 830-kilometre Tarcoola to Alice Springs standard gauge line which opened in 1980;
- integration with the Port of Darwin including a railway embankment and intermodal container terminal and the new Business Park developments providing a direct road/rail transport facility for domestic freight; and
- operation of the new transcontinental line for 50 years after completion of construction.

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

With construction approaching completion and planning well advance for the transition to operations, the stage is set to herald a new era of transport and tourism for the Northern Territory, South Australia and beyond.

FreightLink, the operating arm of Asia Pacific Transport will initially run five return freight services a week from Adelaide to Darwin, providing a competitive yet complimentary service to existing road freight services.

The AustralAsia Railway will enhance the

development of regional freight hubs such as Port Augusta, Tennant Creek and Katherine, primarily benefiting large and long distant freight.

Operators of *The Ghan* will initially run one passenger service a week to Darwin. The journey is destined to become one of the world's greatest transcontinental train journeys, stimulating tourism growth to regional centres such as Port Augusta, Alice Springs, Tennant Creek, Katherine and Darwin.

January 2004 will see a historical day for Australia as Territorians and South Australians alike welcome the inaugural service on the AustralAsia Railway, fulfilling a 100-year-old dream and completing the link to Australia's rail network.

Government Contribution to the Project

The governments' objective was to provide an up front payment, attractive enough to obtain the balance of capital on commercial terms, with the private sector responsible for the construction and operation risks.

In 1995, the Northern Territory Government signed a Memorandum of Understanding with South Australia, a partnership providing the basis for the joint South Australia/Northern Territory approach to making the AustralAsia Railway a reality.

The AustralAsia Railway Corporation was established in 1997 by the South Australian and Northern Territory Governments to facilitate the delivery of the project through a Build, Own, Operate and Transfer Back (BOOT) scheme.

The AustralAsia Railway Corporation coordinated the tender process and negotiations, while the Territory Government was responsible for negotiating with Indigenous Land Councils and pastoralists regarding acquisition of the corridor, environmental and heritage issues, and fencing of the corridor where required.

In 1999, the Asia Pacific Transport Consortium was selected as the preferred tenderer and negotiations began on contractual detail. In October 1999,

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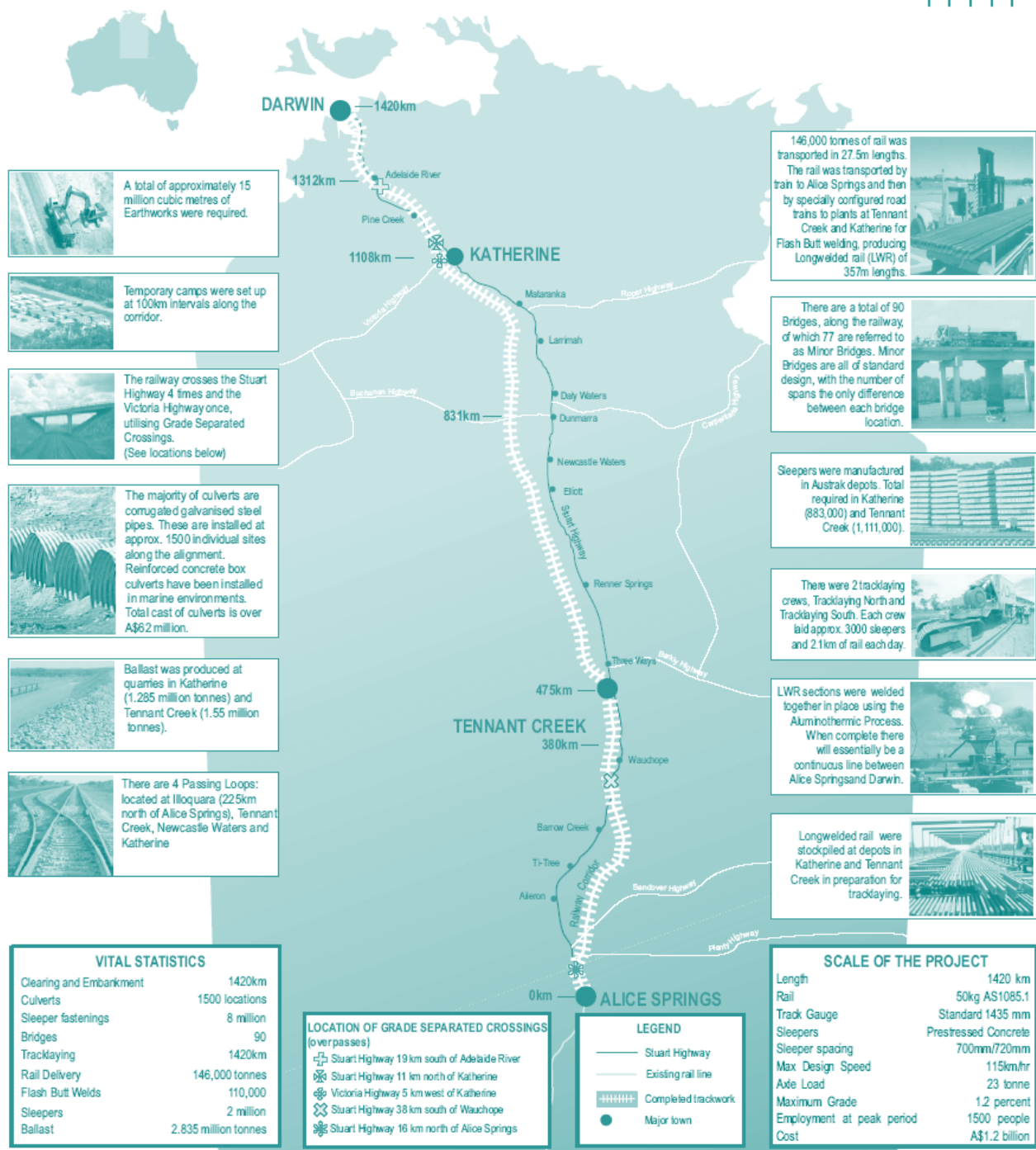
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Project Construction



A total of approximately 15 million cubic metres of Earthworks were required.



Temporary camps were set up at 100km intervals along the corridor.



The railway crosses the Stuart Highway 4 times and the Victoria Highway once, utilising Grade Separated Crossings. (See locations below)



The majority of culverts are corrugated galvanised steel pipes. These are installed at approx. 1500 individual sites along the alignment. Reinforced concrete box culverts have been installed in marine environments. Total cast of culverts is over A\$62 million.



Ballast was produced at quarries in Katherine (1.285 million tonnes) and Tennant Creek (1.55 million tonnes).



There are 4 Passing Loops: located at Illoquara (225km north of Alice Springs), Tennant Creek, Newcastle Waters and Katherine

146,000 tonnes of rail was transported in 27.5m lengths. The rail was transported by train to Alice Springs and then by specially configured road trains to plants at Tennant Creek and Katherine for Flash Butt welding, producing Longwelded rail (LWR) of 357m lengths.



There are a total of 90 Bridges, of which 77 are referred to as Minor Bridges. Minor Bridges are all of standard design, with the number of spans the only difference between each bridge location.



Sleepers were manufactured in Austrak depots. Total required in Katherine (883,000) and Tennant Creek (1,111,000).



There were 2 tracklaying crews, Tracklaying North and Tracklaying South. Each crew laid approx. 3000 sleepers and 2.1km of rail each day.



LWR sections were welded together in place using the Aluminothermic Process. When complete there will essentially be a continuous line between Alice Springs and Darwin.



Longwelded rail were stockpiled at depots in Katherine and Tennant Creek in preparation for tracklaying.



VITAL STATISTICS	
Clearing and Embankment	1420km
Culverts	1500 locations
Sleeper fastenings	8 million
Bridges	90
Tracklaying	1420km
Rail Delivery	146,000 tonnes
Flash Butt Welds	110,000
Sleepers	2 million
Ballast	2.835 million tonnes

LOCATION OF GRADE SEPARATED CROSSINGS (overpasses)	
	Stuart Highway 19 km south of Adelaide River
	Stuart Highway 11 km north of Katherine
	Victoria Highway 5 km west of Katherine
	Stuart Highway 38 km south of Wauchope
	Stuart Highway 16 km north of Alice Springs

LEGEND	
	Stuart Highway
	Existing rail line
	Completed trackwork
	Major town

SCALE OF THE PROJECT	
Length	1420 km
Rail	50kg AS1085.1
Track Gauge	Standard 1435 mm
Sleepers	Prestressed Concrete
Sleeper spacing	700mm/720mm
Max Design Speed	115km/hr
Axle Load	23 tonne
Maximum Grade	1.2 percent
Employment at peak period	1500 people
Cost	A\$1.2 billion

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August 1997

August 1997

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August 1997

April 1998

March 1999

June 1999

October 2000

December 2000

April 2001

July 2001

April 2002

December 2002

September 2003

September 2003

January 2004

February 2004

Corporation Established

Environmental Impact Statement

Short listed consortia announced

Detailed proposals submitted

Preferred consortium announced

Contractual close

Additional financial support

Financial Close

First Sod Turning

Commencement of Tracklaying

Track Joining at Buchanan Highway

Linking existing to new railway at Alice Springs

Connection to the Port of Darwin

Inaugural Freight Service

Inaugural Passenger Service



Construction Highlights

Construction of the AustralAsia Railway has progressed rapidly during 2002 – 2003 in preparation for the hand over from construction to operations in November 2003 and anticipation of the arrival of the inaugural freight train departing Adelaide on 15 January and arriving into Darwin on 17 January 2004.

July 2002 saw the completion of the largest cutting on the project near Crater Lake 50 kilometres south of Darwin. This cutting was designed to avoid introducing tight curves into the railway alignment, to provide fill in valleys between hills, and to raise the railway line above the expected height of floods in several streams in that area. Work also commenced on the Elizabeth River Bridge, which at 510 metres between abutments is the longest bridge on the AustralAsia Railway.

In **August** construction of the Katherine River Bridge was completed. The bridge has eight spans and is built above the record flood levels experienced in the 1998 Australia Day floods.

As at **30 September 2002**, employment peaked with over 1450 people working directly for the construction contractors and major sub-contractors working in the field. A wide range of skills and services were engaged during the construction phase of the railway including engineers, chefs, cleaners, welders, plant operators, administration and information specialists to name a few.

More than 130 indigenous people had been offered access training prior to seeking and gaining employment with the project. In **October** Asia Pacific Transport Consortium achieved 75% local content of the construction cost in line with the Local Industry and

Aboriginal Participation Plan (LIAPP), however the local content percentage is increasing each month as construction progresses.

December saw the final thermit weld, linking the two sections of the line between Katherine and Tennant Creek, ignited at the ADrail Buchanan Camp 425km north of Tennant Creek. The longest bridge on the project, the Elizabeth River Bridge south of Darwin was structurally completed three months ahead of schedule.

In **March 2003** construction of all minor and major bridges required for the railway was complete. Production of ballast at Katherine (Witte) and Tennant Creek (Warrego) quarries was complete. Of the required 2,835 million tonnes of ballast, 1,285 million tonnes was produced at the Katherine Quarry and 1,550 million tonnes at the Tennant Creek quarry.

Tracklaying north from Katherine towards Darwin resumed on **7 April 2003** after the wet season. On 29 April, the tracklayer crossed the Fergusson River Bridge, which was originally constructed for the North Australian Railway (NAR), in 1918 and carried its last train in 1976 when the NAR was closed. The crossing of the bridge was the first in nearly 27 years and represents another success story for construction of the AustralAsia Railway with the re-use of this historic structure.

Project Construction



On **17 June 2003**, FreightLink, the operating arm of the Asia Pacific Transport Consortium announced the date for the inaugural freight train to travel from Adelaide to Darwin. The inaugural train to travel on the AustralAsia Railway will be a freight train departing Adelaide on 15 January and arriving into Darwin on 17 January 2004. Further to this, Great Southern Railway, operators of The Ghan passenger service, announced their intention to operate an inaugural passenger service departing Adelaide on 1 February and arriving into Darwin on 3 February 2004.

By the end of **June 2003**, the track was complete to 135km south of Darwin and 144km north of Alice Springs. All major and minor bridges were completed. Of

the 2 million concrete sleepers required, 1,899,071 had been produced. There were a total of 597 people employed on the project and \$1.079 billion worth of contracts had been awarded.

Works achieved to 30th of June 2003:

1141km of track was laid

Completion of clearing for the corridor

1,899,071 sleepers produced

All major and minor bridges completed

The total requirement of 2.835million tonnes of ballast produced

Construction Highlights



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)*.

The *AustralAsia Railway Corporation Act* 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.*

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.*

AustralAsia Railway Corporation



Chairman – Mr Richard H Allert AM Appointed 4 September 1997 to 30 June 2004
DUniv (Honorary), FCA, Centenary Medal

Richard Allert is Chairman of AXA Asia Pacific Holdings Limited, Coles Myer Limited and Voyages Hotels & Resorts Pty Ltd.

Mr Allert is also a Director of the Australia Business Arts Foundation Ltd and a Member of the Australia Council's Major Performing Arts Board, and has held positions with a number of Government instrumentalities and community organisations over many years.



Member and Chief Executive Officer – Mr Paul Tyrrell – Appointed 4 September 1997
B.Ec, Dip.CE, FIEAust, CPEng, FCILT

Paul Tyrrell is Chief Executive of the Northern Territory Department of the Chief Minister and Head of the Northern Territory Railway Unit.

Paul has been involved in the development of most major infrastructure projects in the NT in recent times. Paul is also Chairman of the NT Government's Major Projects Group, managing and progressing, at a strategic level, the major projects critical to the future economic development of the Northern Territory.



Member - Mr John Crosby OAM - Appointed 4 December 1997 to 14 May 2004

John Crosby is the Managing Director of Brencorp Properties Pty Ltd and a

Consultant to various management boards of the Lensworth Group (a wholly owned subsidiary of the Fosters Group).

Mr Crosby is a former Director of the South Australian Urban Planning Authority and SA Water Corporation and past Chairman of the Australian Finance Conference (SA Division).



Member – Mr Otto Alder – Appointed 21 July 1998 to 14 May 2004

Otto Alder is the Remuneration Tribunal for the Northern Territory.

Prior to retirement in 1994, Mr Alder served in various executive capacities for the Northern Territory Government during his 20 years of service, the last role being the head of the Department of Industries and Development.

Board Members



Member – Dr Roger Sexton – Appointed 4 November 2002 to 1 June 2004 B.Ec(Hons), M.Ec PhD (Econ) FAICD FAIM

Roger Sexton is Chairman of the South Australian Venture Capital Board. Dr Sexton is an economist and investment banker and has held Executive and Board positions on a number of public and private companies and organisations in Australia and overseas.



Member – Mr Peter Caldwell BA Hons(Econ), University of New England, GMAICD – Appointed 28 June 2004

Deputy Under Treasurer, Northern Territory Treasury from April 2003, having previously held various positions mainly in the economics area of NT Treasury from 1992 and from 1981 to 1988. Department of Industries and Development 1988 to 1992. Department of Mines and Energy 1980 to 1981. Economist with the Asian Development Bank, Philippines from 1974 to 1980. Department of the Northern Territory, Darwin 1974. Previously with the University of Ghana in 1963, and the Commonwealth Government Departments of Trade, Territories and Treasury in Canberra 1964 to 1973 Qualifications:



Member – Ms Pamela Martin – Appointed 28 June 2004 LL.B.

Pamela Martin is the Director, Commercial Advice – Strategic Projects Division within the Department of the Premier & Cabinet.

Ms Martin is a solicitor specialising in commercial matters both within and outside Government, and is currently a member for the Land Management Corporate Board, the South Australian Film Corporation, the Adelaide University Council and Board of Adelaide to Outback GP Training Program.



Member – Mr Joseph Ullianich – Appointed 28 June 2004

Mr Ullianich presently holds the position of Director, Policy Analysis Branch, Department of Treasury and Finance, (2002-present), having been employed by the Department since January 1993.

His prior roles in Treasury include Director, Debt and Asset Management, (1994-97), and Director, Financing and Investment, (1997-2002). From October 1997 to the present time, Mr Ullianich has been a member of the SA Rail Taskforce as the Treasury representative.

Board Members' Report

The Board Members present their report on the accounts for the period ended 30 June 2003.

Members

The following persons held office as members of AustralAsia Railway Corporation ("the Corporation") for the 2002-03 financial year:

- Richard H Allert AM (Chairman)
- Paul Tyrrell (Chief Executive Officer)
- John Crosby OAM
- Otto Alder
- Roger Sexton (Appointed 4 November 2002)
- Jim Hallion (Resignation 3 November 2002)

Further details on Members are provided at Note 14 to the financial statements.

Principal Activities

The functions of the Corporation are specified in the *AustralAsia Railway Corporation Act 1996 (NT)*. In summary, the Corporation was created to facilitate the completion of the Adelaide to Darwin rail link on behalf of the Northern Territory and South Australian Governments.

Ministerial Directions

No written ministerial directions were received by the Corporation, under Section 19 of the *AustralAsia Railway Corporation Act*, for the period ending 30 June 2003.

Rounding of Amounts to Nearest Thousand Dollars

Amounts have been rounded off in the Members' Report and Financial Statements to the nearest thousand dollars, unless otherwise indicated.

Review of Operations and Significant Changes during the Financial Year

On 20 April 2001 contractual documentation was executed that gave the Asia Pacific Transport Consortium ("Consortium") the right to construct and operate a railway between Alice Springs and Darwin on a "Build, Own, Operate and Transfer Back" arrangement.

In accordance with agreements set out under the contractual documentation, the Corporation had received or accrued all project grants prior to the year ended 30 June 2003 (2002 \$110m) from the Commonwealth of Australia and the Governments of the Northern Territory and South Australia.

Payments towards capital works are required to be made by the Corporation to the Consortium, in accordance with contractual arrangements. At 30 June 2003 these payments totalled \$43 million for the year (2002 \$291m). Capital works performed by the Consortium to the end of June 2003 resulted in over 1,100 km of track being laid, finalisation of bridge works, ballast production and near completion of sleeper production and earthworks.

Activities during the year resulted in the Corporation recording an operating surplus after tax of \$0.3 million. The surplus is a result of the receipt of operating funds provided by Governments during the year exceeding operating costs for the period.

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 2003 that has significantly affected or may significantly affect:

- a) the operations, in financial periods subsequent to 30 June 2003, of the Corporation, or
- b) the results of those operations, or
- c) the state of affairs, in financial periods subsequent to 30 June 2003, of the Corporation.

RICHARD H ALLERT AM
Chairman
10 September 2003

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 2003-04 financial year, and perform any other services necessary to facilitate the completion of the Adelaide to Darwin rail link on behalf of the Northern Territory and South Australian Governments.

The Corporation will not be required to receive further project grants or make payments towards capital works during 2003-04, with these obligations being finalised during 2002-03.

Auditor

The independent audit firm of BDO was re-appointed as auditor in accordance with section 27 of the *AustralAsia Railway Corporation Act* and section 327 of the *Corporations Act 2001*. This report is made in accordance with a resolution of the Board members.

JOHN D CROSBY OAM
Board Member
10 September 2003

Board Members Declaration

The Board Members declare that:

1. the financial statements and notes, as set out on pages 33 to 46:
 - a) comply with Accounting Standards and the *Corporations Act 2001*; and
 - b) give a true and fair view of the Corporation's financial position as at 30 June 2003 and of its performance for the year 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.

RICHARD H ALLERT AM
Chairman
10 September 2003

JOHN D CROSBY OAM
Board Member
10 September 2003

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

Financial Statements

Statement of Financial Position as at 30 June 2003

	Note	30 June 2004 \$000	30 June 2003 \$000		Note	30 June 2004 \$000	30 June 2003
Current Assets				Current Liabilities			
Cash at bank	2		670	Payables	8		7,757
Cash Investments	3		449	Non Current Liabilities			
Receivables	4		7,704	Net Loans	9		0
Prepayments	5		11	Net Advances	10		0
Total Current Assets			8,834	Provisions	11		0
Non Current Assets				TOTAL LIABILITIES			7,757
Receivables	4		0	NET ASSETS			
Capital Works	6		427,500	ACCUMULATED FUNDS	16		428,719
Property, Plant and Equipment	7		142	Contingent Liabilities	20		
Total Non Current Assets			427,642	Commitments	21		
TOTAL ASSETS			436,476				

Financial Statements

Statement of Financial Performance For Financial Year ended 30 June 2003

	Note	30 June 2004 \$000	30 June 2003 \$000
Current Assets			
Cash at bank	2		670
Cash Investments	3		449
Receivables	4		7,704
Prepayments	5		11
Total Current Assets			8,834
Non Current Assets			
Receivables	4		0
Capital Works	6		427,500
Property, Plant and Equipment	7		142
Total Non Current Assets			427,642
TOTAL ASSETS			436,476

Financial Statements

Statement of Cashflows

For Financial Year ended 30 June 2003

	Note	30 June 2004 \$000	30 June 2003 \$000		Note	30 June 2004 \$000	30 June 2003
Current Assets				Current Liabilities			
Cash at bank	2		670	Payables	8		7,757
Cash Investments	3		449				
Receivables	4		7,704	Non Current Liabilities			
Prepayments	5		11	Net Loans	9		0
Total Current Assets			8,834	Net Advances	10		0
				Provisions	11		0
Non Current Assets				TOTAL LIABILITIES			7,757
Receivables	4		0				
Capital Works	6		427,500	NET ASSETS			428,719
Property, Plant and Equipment	7		142	ACCUMULATED FUNDS	16		428,719
Total Non Current Assets			427,642	Contingent Liabilities	20		
TOTAL ASSETS			436,476	Commitments	21		

Financial Statements

Notes to and forming part of the Financial Statements as at 30 June 2003

Note 1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report which has been prepared on an accruals basis and is based on historic cost. The report is in accordance with the requirements of the *AustralAsia Railway Corporation Act 1996*, applicable Accounting Standards and other mandatory professional reporting requirements, including Urgent Issue Group Consensus Views

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Financial Statements

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Financial Statements

Statement of Financial Position as at 30 June 2003

	Note	30 June 2004 \$000	30 June 2003 \$000		Note	30 June 2004 \$000	30 June 2003
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