LETTER TO THE MINISTER FOR INFRASTRUCTURE, PLANNING AND LOGISTICS

The Hon Eva Lawler MLA
Minister for Infrastructure, Planning and Logistics
GPO Box 3146
Darwin NT 0801

Dear Minister Lawler

RE: AUSTRALASIA RAILWAY CORPORATION ANNUAL REPORT


The report details the activities and operations of the Corporation for the year ending 30 June 2019, 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

27 November 2019
Contents

Letter to the Minister for Infrastructure, Planning and Logistics 1

Chairman’s Overview 4

Business Overview 6

Board Members 8

Board Members’ Report 10

Auditor’s Independence Declaration 12

Board Members’ Declaration 12

Dashboard 13

Financial Statements 14

Independent Auditor’s Report 32

Legislation 33
Chairman’s Overview

Some 1.9 million tonnes of freight were transported over the corridor in the 2018/19 financial year, representing a 0.1 million tonne decrease in combined total of freight transported in the previous year. The measure of on-time freight availability continued to achieve target levels.

This year the Corporation made significant progress with the lessee of the railway corridor, Genesee & Wyoming Australia (North) (GWA(N)), to achieve an early replacement of the light rail sections of track in the corridor south of Alice Springs. This progress reflects new engagement and ongoing focus by both GWA(N) and the Corporation on maintenance and reliability of the railway infrastructure. Agreement has been reached to bring forward the replacement of the light rail sections of the corridor, as part of a realignment of the timing for a number of prescribed maintenance tasks that GWA(N) are required to perform under the Concession Deed. Replacement of these light rail sections of the corridor will allow GWA(N) to lift some ongoing speed restrictions on the track, and, subject to agreement on required changes to the Concession Deed, work is expected to commence in 2020 and be completed by 2022. Concession Deed amendments are very close to finalisation, reflecting the new light rail and maintenance agreements.

The operator of the Ghan Passenger Service has continued its enhanced access arrangements for the corridor which allow a second weekly Ghan service from Adelaide to Darwin in the peak tourist season. This is an excellent addition which boosts the capacity and economic benefits of the corridor.

BULK MINERALS

Bulk Minerals freight continues to account for more than half of the freight transported along the corridor, with 1.2 million tonnes carried this financial year, consistent with the tonnes in the 2017/18 financial year.

GENERAL FREIGHT

The operating service plan of twelve trains per week between Adelaide and Darwin has been maintained capturing 85% of all contestable intermodal freight carrying a total 751,555 tonnes in 2018/19 financial year compared to 783,659 tonnes in 2017/18 financial year, comprising containerised general freight, automotive and specialised products. This represents a decrease of 4% over the previous year and has been driven by a number of economic and customer changes in the market.

There is not expected to be a change to either the current number or configuration of services. GWA successfully contracted with the Australian Defence Force, demonstrating its capability to provide services on rail as required, and will continue to progress this relationship supported by the Corporation.
AUSTRALASIA TRADE ROUTE

The Corporation continues to facilitate discussions between GWA(N) and the Landbridge Group, the long term lessee of the Darwin Port, to seek to realise opportunities that could arise for the port and the railway from increased international freight. The Corporation has also engaged with Team NT to discuss opportunities to increase freight opportunities; the potential for defence use of the corridor; and future infrastructure requirements.

CORRIDOR

The Corporation continues to manage matters impacting the railway corridor including granting of services and access easements to facilitate new projects, and protection of landholder entitlements to the use of the land for the purpose of operating the railway both now and into the future.

The Sun Cable project, which is the world’s largest solar generation farm and HVDC cable from a site near Tennant Creek to Singapore, represents an exciting opportunity for the corridor and the Northern Territory. The Corporation is working closely with the Northern Territory Major Projects group to facilitate feasibility work and commercial negotiations.

The Corporation continues to work with the Northern Territory and GWA(N) on the development of the Katherine Agribusiness Hub near the rail terminal, a significant regional economic enabler which reflects the important location and production potential of Katherine.

The Corporation also continues to seek the removal of an unauthorised partly constructed building which straddles part of the railway corridor at Adelaide River along with potential expanded capacity for the corridor in the Adelaide River area.

I would like to record my thanks and appreciation for the tireless efforts of the Corporation’s Chief Executive Officer, Mr Brendan Lawson. Mr Lawson’s experience with the AustralAsia Railway project predates the establishment of the Corporation, and his wealth of knowledge and tenacious approach are invaluable. I would also like to thank the recently retired Board member Mr Rob Fuller from South Australia who has been pivotal in the Corporation’s success during his appointment. Equally, the ongoing work of Mr Mike Wilde (South Australia) and Mr Andrew Kirkman (Northern Territory) is always appreciated, both gentlemen are always generous with advice and assistance for the Corporation, and I record my ongoing thanks to them as well.

Alastair Shields
Chairman
Business Overview

Aggregate Volumes
The combined total of 1.9 million tonnes of freight transported in 2018-19 represents a 0.1 million tonne decrease over the previous financial year figure of 2.0 million tonnes.

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

INTERMODAL
There have been no changes to the number of trains per week operating between Adelaide and Darwin. Rail retains an estimated 76% market share, with ~85% of the contestable market for intermodal freight on the corridor ex SA.

GWA has seen a continued decrease in volumes over previous years driven by:
(i) Woolworths converting their fresh produce to road due to achieving an additional 24-hour life; and
(ii) Temporary loss of Coles fresh freight volumes whilst Toll’s refrigerated containers were overhauled.
(iii) General decline in the population growth resulting in less demand, hence lower volumes heading North.

No changes planned for either the current number or configuration of services.

Intermodal tonnes decreased 4% from 783,659 tonnes in 2017/18 to 751,555 tonnes in 2018/19. Of the 752k tonnes, 705,849 tonnes was General Freight, 13,533 tonnes was Automotive and 18,309 tonnes was Specials, Uranium and Project movements.

GWA are working closely with the relevant government and private parties for both Defence and Oil and Gas freight opportunities.

BULK PRODUCTS

Bulk minerals traffic.
Tonnages are unchanged from previous financial year levels of 1.2 million tonnes.

OZ Minerals concentrate volume to Tennant Creek was 68,505 tonnes as at 30 June 2019 a decrease of ~14.5k tonnes from 2017/18 as a result of lower customer demand in Mt Isa.

Bulk Liquids

Bulk Liquid tonnes have decreased to 13,864 tonnes in financial year 18/19 down 44% on previous year volumes, as a result of the majority of fuel coming into Darwin being sent via road to suppliers.
PASSENGER TRAIN ACCESS

Great Southern Rail has negotiated a second train path to enable a return of the Ghan passenger service to twice per week at peak times of the year. The business relies upon access to a high standard of track condition to provide its premier experiential offerings. The Corporation will be working with GWA(N) in the coming year to support a proposal to separate the Freight and Passenger terminal access at Katherine and to further explore opportunities to enhance experiences along the corridor.
ALASTAIR SHIELDS  B.Bus (Acctg), LLB, EMPA
Appointed 2 September 2014

Alastair is Chair of the AustralAsia Railway Corporation, Chair of the Racing Commission (NT), and Chief Executive Officer of the Darwin Waterfront Corporation. He is also the Northern Territory Government representative on the Joint Management Board for Kakadu National Park. Alastair also provides specialist consulting services.

Alastair was born and educated in Darwin and has more than 35 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. In the period 2013 to 2017, Alastair held a number of Chief Executive Officer roles for Northern Territory Government agencies.

Alastair has been involved in commercial negotiations for many major projects in the Northern Territory, including the AustralAsia Railway. He has qualifications in Law and Accounting from the Charles Darwin University, and a Masters in Public Administration from ANZSOG. In 2007, he was awarded Australian Government Lawyer of the Year by the Australian Corporate Lawyers Association.

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 Executive Solicitor, 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.

**MIKE WILDE**  
*Appointed 28 July 2016*

Mike Wilde is the Manager, Moving Freight in the South Australian Department Of Planning, Transport and Infrastructure (DPTI). Prior to joining DPTI, Mr Wilde spent over 32 years in the rail freight industry with experience in business development, customer service delivery, and operations planning roles. This includes 15 years in freight activities on the Alice Springs and Darwin corridors, holding senior management positions with FreightLink and as a board member for the tarcoola to Darwin corridor maintenance joint venture.

**ANDREW KIRKMAN**  
*Appointed 14 October 2015*

Andrew was appointed as the Chief Executive of the Department of Infrastructure, Planning and Logistics in September 2016.

With more than 20 years experience in the Northern Territory Public Sector, Andrew has previously held positions as the Chief Executive of the Department of Transport and as Deputy Chief Executive and Executive Director in the Department of Housing.

In addition to key roles in the AustralAsia Railway Corporation, Department of the Chief Minister and NT Treasury, he has worked in finance and commercial roles in the private sector, locally in the mining industry and overseas on public private partnerships.

Andrew holds tertiary qualifications in business and is a Certified Practicing Accountant.
Board Members’ Report

The Board Members present their report on the accounts for the financial year ended 30 June 2019.

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)
- Robert Fuller (Resigned 31 January 2019) – former Board Member
- Andrew Kirkman (Appointed 14 October 2015)
- Mike Wilde (Appointed 28 July 2016)

Further details on Members are provided at Note 13 to the financial statements and member profiles at page 8 and 9 of the Annual Report.

Ministerial Directions

No ministerial directions were received by the Corporation under Sections 18 or 19 of the AustralAsia Railway Corporation Act 1996 (NT) for the financial year ended 30 June 2019.

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 1996 (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 eighth 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 $3.28 million (2018: Deficit $3.45 million). This operating deficit resulted from depreciation charges of $3.3 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 2019 that has significantly affected or may significantly affect:

a. the operations in the financial year subsequent to 30 June 2019, of the Corporation; or
b. the results of those operations; or
c. the state of affairs in financial year subsequent to 30 June 2019, 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 2018-19 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 1996 (NT) 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 12.

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

ALASTAIR SHIELDS
Chairman
27 September 2019

SAMUEL BURKE
Acting Chief Executive Officer
27 September 2019
DEPLOYMENT OF INDEPENDENCE BY C TAZIWA TO THE BOARD MEMBERS OF AUSTRALASIA RAILWAY CORPORATION

As auditor AustralAsia Railway Corporation for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AustralAsia Railway Corporation during the period.

Casmel Taziwa
Audit Partner
BDO Audit (NT)
Darwin: 27 September 2019

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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 2019 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
27 September 2019

SAMUEL BURKE
Acting Chief Executive Officer
27 September 2019
The Corporation was set up in 1998 and is a partnership between NTG, SAG & GWA(n).

The railway line is 2,200km and links Darwin to Tarcoola in South Australia.

The Ghan is an Australian passenger train service between the cities of Adelaide, Alice Springs and Darwin.

A total of 1.9 million tonnes of freight was transported over the corridor in 2018-19.

Total Property Plant & Equipment carrying amount is $373m.
Financial Statements 18/19
Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from Ordinary Activities</td>
<td>302</td>
<td>302</td>
</tr>
<tr>
<td>Other Income</td>
<td>22</td>
<td>38</td>
</tr>
<tr>
<td>Total Income</td>
<td>3</td>
<td>324</td>
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<tr>
<td><strong>Expenses</strong></td>
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<tr>
<td>Employee Expenses</td>
<td>191</td>
<td>145</td>
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<tr>
<td>Depreciation and Amortisation</td>
<td>3,300</td>
<td>3,548</td>
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<tr>
<td>Other Expenses</td>
<td>112</td>
<td>103</td>
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<tr>
<td>Total Expenses</td>
<td>3,603</td>
<td>3,796</td>
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<tr>
<td><strong>Deficit for the Year</strong></td>
<td>(3,279)</td>
<td>(3,455)</td>
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</table>

Other Comprehensive Income

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 $'000</th>
<th>2018 $'000</th>
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</thead>
<tbody>
<tr>
<td>Other Comprehensive Income for the Year</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total Comprehensive Income</td>
<td>(3,279)</td>
<td>(3,455)</td>
</tr>
</tbody>
</table>

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 2019

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>614</td>
<td>594</td>
</tr>
<tr>
<td>Trade and Other Receivables</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Prepayments</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>616</td>
<td>598</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>373,056</td>
<td>376,356</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>373,056</td>
<td>376,356</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>373,672</td>
<td>376,955</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
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<tr>
<td>Trade and Other Payables</td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Loans</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Advances</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>24</td>
<td>28</td>
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<tr>
<td><strong>NET ASSETS</strong></td>
<td>373,648</td>
<td>376,927</td>
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<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Funds</td>
<td>373,648</td>
<td>376,927</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>373,648</td>
<td>376,927</td>
</tr>
</tbody>
</table>

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 2019**

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 $’000</th>
<th>2018 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 July</td>
<td>376,927</td>
<td>380,381</td>
</tr>
<tr>
<td>Deficit for the Period</td>
<td>(3,279)</td>
<td>(3,455)</td>
</tr>
<tr>
<td>Other Comprehensive Income for the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Deficit for the year</td>
<td>(3,279)</td>
<td>(3,455)</td>
</tr>
<tr>
<td><strong>BALANCE AT 30 JUNE</strong></td>
<td><strong>373,648</strong></td>
<td><strong>376,927</strong></td>
</tr>
</tbody>
</table>

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 2019**

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 $’000</th>
<th>2018 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flows from Operating Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and Subsidies Received</td>
<td>302</td>
<td>302</td>
</tr>
<tr>
<td>Net Payments for Goods and Services</td>
<td>(305)</td>
<td>(253)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Other Income</td>
<td>13</td>
<td>30</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td><strong>10</strong></td>
<td><strong>20</strong></td>
</tr>
<tr>
<td>Net Increase in Cash and Cash Equivalents</td>
<td>20</td>
<td>87</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at the Beginning of the Financial Year</td>
<td>594</td>
<td>507</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at the End of the Financial Year</strong></td>
<td><strong>5</strong></td>
<td><strong>614</strong></td>
</tr>
</tbody>
</table>

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 2019

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 1996 (NT) 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 general purpose 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 1996 (NT) and the Corporations Act 2001.

The financial statements comprise AustralAsia Railway Corporation financial statements as an individual reporting 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 27 September 2019.

a) Basis of Preparation
The general purpose 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 ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, 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 ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar. Figures in the financial statements and notes may not equate due to rounding.
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 during the year, the recoverable amount of the asset is assessed by management 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.

c) New and Revised Accounting Standards
The effects of all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

The following new and revised accounting standards and interpretations were effective for the first time in 2018-19:

AASB 9 Financial Instruments
The Corporation applied AASB 9 for the first time in 2018-19. AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. The Corporation has not restated the comparative information, which continues to be reported under AASB 139. Where applicable, differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement
Financial instruments have been reclassified into one of three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of these instruments is based on the Corporation’s business model for managing the financial assets and the contractual terms of the cash flows.

The Corporation has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Corporation’s financial liabilities.

Impairment
The adoption of AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss (ECL) approach, replacing AASB 139’s incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

There has been no changes to impairment losses following the adoption of AASB 9.

Several other amending standards and AASB interpretations have been issued that apply to the current reporting periods, but are considered to have no impact on public sector reporting.

Standards and Interpretations Issued but not yet effective
No Australian accounting standards have been early adopted for 2018-19.

On the date of authorisation of the financial statements, the following standards and interpretations were in issue but are not yet effective and are expected to have an impact on future reporting periods:

AASB 16 Leases
AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and will be reported for the first time in 2019-20 financial statements. When effective, the standard will supersede AASB 117 Leases and require the majority of leases to be recognised on the balance sheet.
For lessees with operating leases, a right-of-use asset will now be included in the balance sheet together with a lease liability for all leases with a term of 12 months or more, unless the underlying assets are of low value. The comprehensive operating statement will no longer report operating lease rental payments. Instead, amortisation expense will be recognised relating to the right-of-use asset and interest expense relating to the lease liability.

The right-of-use asset will be amortised generally on a straight-line basis while the lease liability will reduce to reflect lease payments made and increase to reflect the interest on the liability. Consistent with methodology applied to other long term liabilities, the lease liability is discounted using the Territory bond rates. As the lease term progresses, the carrying amount of the asset (cost less accumulated amortisation) is likely to reduce more quickly than the liability, resulting in a lower net asset in the earlier stages of the lease arrangement.

The modified retrospective approach has been elected to transition to the new lease standard. This approach does not require restatement of comparative years and the cumulative impact is accounted for as an equal adjustment to the right-of-use asset and lease liabilities, thus, having no impact in Corporation’s net assets at initial adoption.

Consequently, it is expected that approximately $0.020 million will be recognised in the balance sheet as a lease liability and corresponding right to use asset from 2019-20.

For lessors, the finance and operating lease distinction remains largely unchanged.

AASB 1058 clarifies and simplifies income-recognition requirements that apply to not-for-profit entities in conjunction with AASB 15.

Under AASB 15, revenue from agreements which are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied, and not immediately upon receipt as currently occurs. Consequently, more liabilities will be recognised in the balance sheet after adoption of this standard.

Where a transaction does not meet the criteria above or is classified as a donation transaction, revenue will be accounted for in accordance with AASB 1058.

Impacts identified include:

- grants received to construct or acquire a non-financial asset will be recognised as a liability, and subsequently recognised as revenue as the performance obligations under the grant are satisfied. At present, such grants are recognised as revenue on receipt
- grants with an enforceable agreement and sufficiently specific performance obligations will be recognised as revenue progressively as the associated performance obligations are satisfied. At present, such grants are recognised as revenue on receipt
- grants that have an enforceable agreement but no specific performance obligations but have restrictions on the timing of expenditure will also continue to be recognised on receipt as time restriction on the use of funds is not sufficiently specific to create a performance obligation
- grants that are not enforceable and or not sufficiently specific will not qualify for deferral, and will continue to be recognised as revenue on receipt

The modified retrospective approach has been elected to transition to the new revenue standards. This approach does not require restatement of comparative year with the cumulative impact adjusted to the opening accumulated funds.
d) Going Concern Basis
The ongoing operations of the Corporation are reliant on continued funding by the Northern Territory and South Australian Governments.

e) 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.

f) 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.

g) 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.

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

i) 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.

j) Financial Instruments
The corporation applied AASB 9 for the first time in 2018-19. AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. The corporation has not restated the comparative information, which continues to be reported under AASB 139. Where applicable, differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement
Financial instruments have been reclassified into one of three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of these instruments is based on the Corporation’s business model for managing the financial assets and the contractual terms of the cash flows.

The classification and measurement requirements of AASB 9 did not have a significant impact to the corporation. The following are the changes in the classification of the financial assets:

- The corporation’s debt instruments are comprised of receivables, and loan receivables. These assets were classified as Receivables as at 30 June 2018 under AASB 139 and were measured at amortised cost. As these assets are held to collect contractual cash flows that are solely payments of principal and interest, they continue to be measured at amortised cost from 1 July 2018.

The corporation has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the corporation’s financial liabilities.
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.

k) 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.

l) 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.

**m) 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.

**n) 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.

**o) 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.

**p) Comparative Amounts**

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

**q) Commitments**

Disclosures in relation to capital and other commitments are shown at note 14 and are consistent with the requirements contained in AASB 101. Commitments are those contracted as at 30 June 2019 where the amount of the future commitment can be reliably measured.

**r) Services Received Free of Charge**

During the 2019 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. Income

Income from Ordinary Activities

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Grants and Other Contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern Territory Government</td>
<td>152</td>
<td>152</td>
</tr>
<tr>
<td>South Australian Government</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Cash Balances</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Other Income</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>Total Income</td>
<td>324</td>
<td>340</td>
</tr>
</tbody>
</table>

4. Other Expenses

Audit Fees (auditors received no other benefits)* | 9 | 9
Other Operational Costs | 103 | 94

Total Other Expenses | 112 | 103

*Audit fees payable for services provided for the 2018-19 financial statement audit is $9,400

5. Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at Bank</td>
<td>614</td>
<td>594</td>
</tr>
<tr>
<td>Total Cash and Cash Equivalents</td>
<td>614</td>
<td>594</td>
</tr>
</tbody>
</table>

6. Trade and Other Receivables

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and Services Tax Recoverable</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Total Trade and Other Receivables</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Consisting of:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Agencies</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

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. The Corporation considered adoption of AASB 9 to receivables to have no impact on reporting.

7. Property, Plant and Equipment

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earthworks and Capping Layer</td>
<td>270,917</td>
<td>270,917</td>
</tr>
<tr>
<td>Total Earthworks and Capping Layer</td>
<td>270,917</td>
<td>270,917</td>
</tr>
<tr>
<td>Culverts and Bridges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>127,662</td>
<td>127,662</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(39,362)</td>
<td>(36,809)</td>
</tr>
<tr>
<td>Total Culverts and Bridges</td>
<td>88,300</td>
<td>90,853</td>
</tr>
<tr>
<td>Freight Handling and Signalling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>28,920</td>
<td>28,920</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(15,081)</td>
<td>(14,335)</td>
</tr>
<tr>
<td>Total Freight Handling and Signalling</td>
<td>13,839</td>
<td>14,585</td>
</tr>
<tr>
<td>Total Property, Plant and Equipment</td>
<td>373,056</td>
<td>376,356</td>
</tr>
</tbody>
</table>

Reconciliations

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

Prepayments

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.
Earthworks and Capping Layer

<table>
<thead>
<tr>
<th></th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying Amount at Beginning of Year</td>
<td>270,917</td>
<td>270,917</td>
</tr>
<tr>
<td>Carrying Amount at End of Year</td>
<td>270,917</td>
<td>270,917</td>
</tr>
</tbody>
</table>

Culverts and Bridges

<table>
<thead>
<tr>
<th></th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying Amount at Beginning of Year</td>
<td>90,853</td>
<td>93,406</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(2,553)</td>
<td>(2,553)</td>
</tr>
<tr>
<td>Carrying Amount at End of Year</td>
<td>88,300</td>
<td>90,853</td>
</tr>
</tbody>
</table>

Freight Handling and Signalling

<table>
<thead>
<tr>
<th></th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying Amount at Beginning of Year</td>
<td>14,586</td>
<td>15,580</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(746)</td>
<td>(994)</td>
</tr>
<tr>
<td>Carrying Amount at End of Year</td>
<td>13,839</td>
<td>14,586</td>
</tr>
</tbody>
</table>

Total Property, Plant and Equipment

<table>
<thead>
<tr>
<th></th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>373,056</td>
<td>376,356</td>
</tr>
</tbody>
</table>

8. Trade and Other Payables

<table>
<thead>
<tr>
<th></th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Payables</td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td>Total Trade and Other Payables</td>
<td>24</td>
<td>28</td>
</tr>
</tbody>
</table>

Consisting of:

- Government Agencies: 1, 10
- External Bodies: 23, 18

9. Other Financial Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan from Northern Territory Government</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Loan from South Australia Government</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Total Loans from Governments</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Loans to the Concession Holder</td>
<td>(50,000)</td>
<td>(50,000)</td>
</tr>
</tbody>
</table>

Net Loans

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 deficit for the period to net cash flows from operating activities:

<table>
<thead>
<tr>
<th></th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Deficit</td>
<td>(3,279)</td>
<td>(3,455)</td>
</tr>
<tr>
<td>Non-Cash Items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>3,300</td>
<td>3,548</td>
</tr>
<tr>
<td>Changes in Assets and Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) Decrease in Prepayments</td>
<td>3</td>
<td>(3)</td>
</tr>
<tr>
<td>Increase (Decrease) in Payables</td>
<td>(4)</td>
<td>(3)</td>
</tr>
<tr>
<td>Net Cash from Operating Activities</td>
<td>20</td>
<td>87</td>
</tr>
</tbody>
</table>

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. 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 and deposits, receivables, payables, loan receivables and loans payables.

Financial instruments
Financial assets and liabilities are recognised on the Balance Sheet when the corporation becomes a party to the contractual provisions of the financial instrument.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 132 Financial Instruments Presentation.

(a) Categories of Financial Instruments
The carrying amounts of the corporation’s financial assets and liabilities by category are disclosed in the table below.

2018-19 Categorisation of Financial Instruments

<table>
<thead>
<tr>
<th>Fair Value through Profit and Loss</th>
<th>Designated at Fair Value</th>
<th>Financial Assets – Amortised Cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>-</td>
<td>614</td>
<td>614</td>
</tr>
<tr>
<td>Receivables¹</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>-</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Total Financial Assets</td>
<td>-</td>
<td>50,616</td>
<td>50,616</td>
</tr>
</tbody>
</table>

| Financial Assets                   | 50,616                  |
| Payables                           | 23                      |
| Loans Payable                      | 50,000                  |
| Total Financial Liabilities        | 50,023                  |

¹. Total amounts disclosed here exclude statutory amounts

2017-18 Categorisation of Financial Instruments

<table>
<thead>
<tr>
<th>Fair Value through Profit and Loss</th>
<th>Designated at Fair Value</th>
<th>Financial Assets – Loans &amp; Receivables</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>-</td>
<td>594</td>
<td>594</td>
</tr>
<tr>
<td>Receivables¹</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Prepayments</td>
<td>-</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total Financial Assets</td>
<td>50,000</td>
<td>598</td>
<td>50,598</td>
</tr>
</tbody>
</table>
Classification of financial instruments from 1 July 2018

From 1 July 2018, the corporation classifies its financial assets in the following measurement category:

- those to be measured subsequently at fair value (through the profit or loss), and
- those to be measure at amortised cost.

Classification of financial instruments until 30 June 2018

The corporation has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with AASB 139.

Financial assets are classified into the following categories:

- loans and receivables
- amortised cost, and
- financial assets at fair value through profit or loss.

Financial liabilities are classified into the following category:

- financial liabilities at amortised cost, and
- financial liabilities at fair value through profit or loss (FVTPL).

Financial Liabilities at Amortised Cost

Financial instrument liabilities measured at amortised cost include all advances received, finance lease liabilities and borrowings. Amortised cost is calculated using the effective interest method.

Impairment of Financial Assets

Financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition that indicates that it is probable that the entity will be unable to collect all amounts due. The carrying amount of a financial asset identified as impaired is reduced to its estimated recoverable amount.

Financial assets or financial liabilities at fair value through profit or loss

Financial instruments classified as at FVTPL are initially and subsequently measured at fair value. Gains or losses on these assets are recognised in the net result for the year.

b) 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.
c) 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.

<table>
<thead>
<tr>
<th>Variable Rate Instrument</th>
<th>2019 $'000</th>
<th>2018 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td>614</td>
<td>594</td>
</tr>
</tbody>
</table>

d) 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.

e) 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.

f) 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.

g) 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;

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Carrying Amount</td>
<td>$000</td>
</tr>
<tr>
<td>Net Fair Value Level 3</td>
<td>$000</td>
</tr>
</tbody>
</table>

Financial Assets and Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Receivable</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>(50,000)</td>
<td>(19,569)</td>
<td>(19,569)</td>
</tr>
<tr>
<td>Total Financial Assets and Liabilities</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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:
### 12. Related Parties

AustralAsia Railway Corporation is a statutory authority and operates within Darwin. Related parties of the Corporation include:

- the Portfolio Minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of the Corporation directly;
- spouses, children and dependants who are close family members of the Portfolio Minister or KMP;
- all public sector entities that are controlled and consolidated into the whole of government financial statements; and
- any entities controlled or jointly controlled by KMP’s or the Portfolio Minister or controlled or jointly controlled by their close family members.

### Key Management Personnel (KMP)

Key management personnel of the AustralAsia Railway Corporation are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. These include the Minister for Infrastructure, Planning and Logistics, the Chief Executive Officer and the 4 members of the Board Directors of the AustralAsia Railway Corporation as listed on page 10.

### Remuneration of Key Management Personnel

The details below excludes the salaries and other benefits of Minister for Infrastructure, Planning and Logistics as the Minister’s remunerations and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer’s Annual Financial Statements.
The aggregate compensation of key management personnel of the Corporation is set out below:

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term benefits</td>
<td>149</td>
<td>82</td>
</tr>
<tr>
<td>Post-Employment Benefits</td>
<td>21</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>170</strong></td>
<td><strong>99</strong></td>
</tr>
</tbody>
</table>

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.

**Related party transactions**

Significant transactions with government related entities includes funding received from the Northern Territory Government and South Australian Government in the form of grant funding. The Corporation also transacts with other government entities, however these are not individually significant.

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government controlled entities.

<table>
<thead>
<tr>
<th>Related Party</th>
<th>Revenue from related parties year $’000</th>
<th>Payments to related parties year $’000</th>
<th>Amounts owed by related parties year $’000</th>
<th>Amounts owed to related parties year $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>All NT Government departments</td>
<td>162</td>
<td>34</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>SA Government department</td>
<td>150</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Outside of normal citizen type transactions with the Territory, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

All other transactions that have occurred with KMP and their related parties have been minor or domestic in nature. In this context, transactions are only disclosed when they are considered material in influencing the financial statements.

**13. Details of Board Members**

**Members Remuneration**

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

<table>
<thead>
<tr>
<th></th>
<th>2019 $’000</th>
<th>2018 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>$1 to $79,999</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

Apart from the Chair which is paid from the Corporation, all current Board Members are Northern Territory or South Australian public servants and are remunerated by their respective jurisdictions.
Meetings of Board Members

There were 4 scheduled meetings for the 2018-19 financial period attended by:

<table>
<thead>
<tr>
<th>Member</th>
<th>Scheduled Meetings</th>
<th>Out of Session Meeting</th>
<th>Eligible to Attend</th>
<th>Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alastair Shields</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Brendan Lawson</td>
<td>4</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Robert Fuller</td>
<td>4</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Andrew Kirkman</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mike Wilde</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Election and Continuation in Office of Board Members

The date of appointment of members:

<table>
<thead>
<tr>
<th>Member</th>
<th>Initial Date of Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alastair Shields</td>
<td>2 September 2014</td>
</tr>
<tr>
<td>Brendan Lawson</td>
<td>6 October 2004</td>
</tr>
<tr>
<td>Andrew Kirkman</td>
<td>14 October 2015</td>
</tr>
<tr>
<td>Mike Wilde</td>
<td>28 July 2016</td>
</tr>
</tbody>
</table>

Robert Fuller resigned from the board on the 31 January 2019

14. Commitments

There are no commitments other than those quantified within the financial statements as at 30 June 2019.

15. 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, undislosed 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.
16. Supplementary Information

Distributions
No dividends or distributions were paid or proposed during the financial period ended 30 June 2019.

Number of Employees
The Corporation reimbursed the Northern Territory Government for an average of 4 part-time employees contracted to the Corporation during the financial year.

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.

17. 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.
Independent Auditor’s Report

To the members of AustralAsia Railway Corporation

Opinion

We have audited the financial report of AustralAsia Railway Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the Board Members’ declaration.

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

(i) Giving a true and fair view of the Corporation’s financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the Financial Report section of our report. We are independent of the Corporation in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Corporation, would be in the same terms if given to the directors as at the time of this auditor’s report.

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

Responsibilities of the Board Members 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, the Corporations Act 2001 and the AustralAsia Railway Corporation Act 1996 (NT) and for such internal control as the Board Members 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.

In preparing the financial report, the Board Members are responsible for assessing the Corporation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.ausdb.gov.au/Home.aspx) at:

This description forms part of our auditor’s report.

BDO Audit (NT)

C. Taziwa
Partner

Darwin: 27 September 2019
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