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The AustralAsia Railway is strongly supported by the Governments of the Northern Territory, South Australia and the Commonwealth of Australia.

FUNDING

The key principles of the governments' support for this project is to provide an up front payment to ensure the railway is commercially viable (recognising the broader social and economic benefits which transcend commercial profits), then pass the construction and operating risks to the private sector.

The AustralAsia Railway Corporation was established in 1997 by the South Australian and Northern Territory Governments after several failed attempts to have the railway fully funded by the Commonwealth Government or a private company. Once government support had been affirmed, the Corporation took the project to the market.

In 1999, the Asia Pacific Transport Consortium was selected as the preferred tenderer and negotiations began on contractual details. In October 1999, government funding was finalised, with the Northern Territory providing \$165 million, the South Australian Government \$150 million and the Commonwealth \$165 million from its Federation Fund.

In January 2001, another \$79 million in stand-by funding was provided by the three governments on commercial terms.

CONTRACTUAL STRUCTURE

The project is one of the most complex infrastructure projects undertaken in Australia, with more than 300 documents and dozens of separate signatories. The project documents fall into six main categories:

- **Government project documents** comprise all documents to which the corporation and governments are parties. They include the Concession Deed and each of the various lease documents for the corridor. The Government Works Agreement and \$50 million Loan Agreement are the project documents that facilitate the government financial contributions to the project.
- **Equity and joint venture documents** regulate the private sector investment in the project. The consortium members have formed an unincorporated joint venture in accordance with the terms of the Unincorporated Joint Venture Agreement and their equity contributions are made in accordance with the Equity Subscription Agreement.
- **Design and construction documents** provide for the construction of the railway by the Design and Construction joint ventures for the company and the Government Works contractor.
- **Operation and maintenance documents** deal with the operation and maintenance of the railway.
- **Debt financing documents** comprise the contractual arrangements under which the senior debt providers and mezzanine debt providers will lend money for the project. They include loan arrangements, charges over company assets and intercreditor arrangements to regulate relationships between the various lenders.
- **Inter-governmental agreements** set out the various agreements between the three governments - the Commonwealth, South Australia and Northern Territory.

For Further Information contact the AustralAsia Railway Corporation Telephone 89469595 www.aarc.com.au