Northern Territory Government

Railway Project

Tuesday, 16 May 2000

The Alice to Darwin Railway project will result in about $400 million being spent directly in the Northern Territory economy during the construction period Chief Minister Denis Burke said today.

The Northern Territory Government has allocated a provisional amount of $50 million out of its total commitment of $165 million in this year’s Territory Budget as a financial contribution to the AustralAsia Railway.

Chief Minister Burke said a further $115 million will be paid progressively by way of special appropriation during the course of the financial year.

"This contribution must be seen in the context of a total financing task for the project of $1.23 billion," Mr Burke said.

"Of this amount the private sector will provide $750 million and the public sector $480 million, with the Commonwealth Government providing $165 million and the South Australian Government $150 million, in addition to the Territory’s contribution of $165 million."

Mr Burke said Territorians could be reassured that the AustralAsia Railway project was on track, with complex negotiations nearly completed.

"The railway project will be a tremendous boost to the Territory’s future development, so we are encouraged that contractual documents are close to being signed," Mr Burke said.

"Construction headquarters, including a procurement office, will be established in Darwin shortly and a logistics and supply office in Alice Springs.

"A major part of the project is the establishment of construction bases in Tennant Creek and Katherine. These bases will include concrete sleeper plants and flashbutt welding workshops in each centre which will provide significant local employment opportunities."

Mr Burke said contractual close is expected in June, when the Territory Government, together with South Australia, the AustralAsia Railway Corporation and the Asia Pacific Transport Consortium would sign a concession deed and other major documentation.

Financial settlement is due in July, which will see the start of preliminary construction activity. Major construction packages of work for earthworks, bridges and culverts will start in September/October and track-laying is expected to start next year.

In total more than $200 million will be spent on the project in the coming financial year, inclusive of mobilisation, design and other fees, with direct construction costs including:

- $3 million in Darwin;
- $30 million in Katherine;
- $52 million in Tennant Creek; and
- $6 million in Alice Springs.

The local industry participation target of the consortium is to spend 70% of total project expenditure in the economies of the Northern Territory and South Australia. This will result in about $400 million being spent directly in the Territory economy over the construction period.

The Consortium has already commenced design in order to ensure construction commences as soon as possible after contracts have been concluded.

In addition to financial contributions to the Consortium, the Government has allocated $14.6 million for costs associated with the land acquisition program including fencing, the Aboriginal Land compensation package (including replacement housing, a community development package and some capital works), and a contribution to the AustralAsia Railway Corporation.