Costs of administration of the Whyalla Steelworks and immediate, on-the-ground support

FEDERATION FUNDING AGREEMENT – AFFORDABLE HOUSING, COMMUNITY SERVICES AND OTHER

Table 1: Formalities and operation of schedule	
Parties	Commonwealth Government South Australia Government (SA)
Duration	This Schedule commences when both parties have signed this Schedule. This Schedule is expected to expire on 30 June 2026.
Purpose	SA has appointed KordaMentha as Administrator (the Administrator) of OneSteel and has entered into a Funding and Indemnity Deed with the Administrator dated 19 February 2025 (the **Administration Agreement**) which informs this Schedule. KordaMentha was confirmed as the Administrator at the First Creditors Meeting on 3 March 2025. The purpose of this Schedule is twofold. 1. Stabilisation: administration and ongoing operation of the Whyalla Steelworks by reimbursing SA for half the cost of certain payments made under the Administration Agreement, up to a maximum of $192 million. 2. Support for eligible business creditors who would otherwise remain out of pocket during the administration period, by reimbursing SA for the costs of assisting them, up to a maximum of $18 million. Notwithstanding this FFA only covers the costs of administration of the Whyalla Steelworks and immediate, on-the-ground support, the Parties recognise that they will work together to develop the $1.9 billion package for the purposes of attracting a new owner of the steelworks, in line with our shared commitment to invest in upgrades and new infrastructure and to ensure a sustainable, long-term future for steelmaking in Whyalla. This includes the Commonwealth Government earmarking up to $500 million from the Green Iron Investment Fund to support the longer term transformation of the steelworks.
Estimated financial contributions	The Commonwealth will provide up to an estimated total financial contribution to the State of $210.0 million in respect of this Schedule, being up to $192 million for administration costs (which includes operational costs during administration) and up to $18 million to support eligible business creditors. The estimated budget impacts in

	the table below may vary reflecting the timing of funding required by the Administrator. **Table 1 ($ million)** | **2024-25** | **2025-26** | **Total** **Estimated total budget** | **370.0** | **64.0** | **434.0** *Less estimated National Partnership Payments* | 178.0 | 32.0 | 210.0 SA's non-Commonwealth contributions* | 192.0 | 32.0 | 224.0 * The parties note that the estimated financial contributions do not include a range of funding committed by SA to provide community, workforce and business support.
Additional terms	Any additional contributions to fund the administration costs of OneSteel beyond the first 6 months (or in the event the $192 million is exhausted earlier), will be subject to further agreement between the Parties. Where SA makes a payment under the Administration Agreement of the costs of the Administration (not including, unless the Commonwealth agrees otherwise, the costs of any challenge related to South Australia's approach to place OneSteel into Administration, the Administrator's appointment or any amount due under an indemnity), that cost will be split into two funding portions of equal size with the Commonwealth to reimburse SA the amount equal to the Commonwealth's contribution. Payments to SA will be made in arrears based on evidence of payment provided by SA under the Administration Agreement, or evidence of payments provided by SA under any agreed mechanism to support eligible business creditors, as per Table 2. The Commonwealth must be consulted on and agree to any changes to the Administration Agreement relevant to funding to the Administrator While the Commonwealth is not a direct party to the Administration Agreement, funding in this Schedule is provided on the basis that the Parties will apply best endeavours to enter into a tripartite agreement (Tripartite Agreement) which establishes, as far as possible within the law, pari-passu arrangements between the Parties including as to repayment, decision-making, access to information, attendance at meetings and participation in discussions (verbal and in writing) with the Administrator and other parties. SA will also exercise its rights so as to achieve as far as possible, within the law, the outcome that the Commonwealth has the same rights as SA under the Administration Agreement.

Table 1:

Table 1 ($ million)	2024-25	2025-26	Total
Estimated total budget	**370.0**	**64.0**	**434.0**
Less estimated National Partnership Payments	178.0	32.0	210.0
SA's non-Commonwealth contributions*	192.0	32.0	224.0

	Payments made by SA to the Administrator outside the scope of this Schedule will not be matched by the Commonwealth through this Schedule. In the event that SA receives a return of funds because of the position afforded to it in the Administration Agreement SA will repay the Commonwealth's financial contribution to the Administration Agreement on the same basis on which it was provided (i.e. 50:50 basis up to the funding amount provided under this Schedule), unless otherwise agreed by both parties. Eligible business creditors are businesses that meet the eligibility criteria under the SA Business Creditor Assistance Scheme Guidelines, as at the date of this agreement. Where local businesses that received a payment are later found to have been ineligible and SA recoups amounts paid to such businesses, or SA receives any dividend payable or arising from the administration process from the local business support, SA will repay the Commonwealth's financial contributions in proportion to the split of funding provided (less a proportionate share of the State's enforcement costs). Repayments to the Commonwealth may be managed by either the Commonwealth reducing a future payment to SA under this Schedule by the relevant agreed amount, or by the Commonwealth invoicing SA for the relevant agreed amount. Repayments made will not exceed the Commonwealth's matched contribution. A Joint Taskforce will support collaboration between the Commonwealth and SA during the Administration as outlined in Appendix A.

<table>
<tr><th colspan="4">Table 2: Performance requirements, reporting and payment summary</th></tr>
<tr><td colspan="4">Some or all of the below milestone reporting requirements may be met by the receipt by the Joint Taskforce of reports(s) from the administrator.</td></tr>
<tr><th>Milestone</th><th>Performance milestones</th><th>Report due</th><th>Payment</th></tr>
<tr><td>1</td><td>Commonwealth receipt of a progress report detailing the following:
Confirmation of Administrator appointed by SA over OneSteel Manufacturing Pty Ltd at the First Creditors Meeting.
Confirmation that the Steelworks has continued operation as a going concern during the period, evidenced by financials listing the administration activities, costs of the administration and related invoices sufficient for the Commonwealth (acting reasonably) to verify that the costs incurred by the State have been properly incurred under the Administration Agreement and do not represent costs that are expressly excluded from the Commonwealth's funding commitment, including costs related to the Administrator's engagement of an external advisor of the Steelworks (if any) and related assets and payments by SA.
Agreement to Terms of Reference for the Joint Taskforce.
Details of the Parties reasonable endeavours to negotiate and enter into a Tripartite Agreement which establishes the arrangements between the parties including as to decision-making, access to information, attendance at all meetings and participation in all discussions (verbal and in writing) with the administrator and other relevant Parties (if any).</td><td>31 March 2025</td><td>50% of total expenses incurred by SA up to [$160,000,000]</td></tr>
<tr><td>2</td><td>Commonwealth receipt of a progress report detailing the following:
Financials listing the administration activities, costs of the administration and related invoices sufficient for the Commonwealth (acting reasonably) to verify that the costs incurred by the State have been properly incurred under the Administration Agreement and do not represent costs that are expressly excluded from the Commonwealth's funding commitment, including costs related to the Administrator's engagement of an external advisor of the Steelworks (if any) and related assets.
A summary of meeting minutes, or such other documentation as agreed by the Taskforce, indicating that the Taskforce has been</td><td>30 April 2025</td><td>50% of total expenses incurred by SA up to [$160,000,000] (less any payments in Milestone 1)</td></tr>
</table>

	consulted on decisions concerning the Administration and future of the Steelworks.		
3	Commonwealth receipt of a progress report detailing the following: • Financials listing the administration activities, costs of the administration and related invoices sufficient for the Commonwealth (acting reasonably) to verify that the costs incurred by the State have been properly incurred under the Administration Agreement and do not represent costs that are expressly excluded from the Commonwealth's funding commitment, including costs related to the Administrator's engagement of an external advisor of the Steelworks (if any) and related assets, and payments by SA. • A summary of meeting minutes, or such other documentation as agreed by the Taskforce, indicating that the Taskforce has been consulted on decisions concerning the Administration and future of the Steelworks.	31 May 2025	50% of total expenses incurred by SA up to [$160,000,000] (less any payments in Milestones 1 and 2)
4	Commonwealth receipt of a statement of assurance detailing the following: • Description of support provided to eligible business creditors affected by the Administration. • A list of payments, including the total number of unique applications for support received, the total number of unique applications paid and the total value of applications paid and a summary of invoices, signed by a senior SA official.	31 May 2025	36% of total expenses incurred by SA up to $18,000,000
5	Commonwealth receipt of a progress report detailing the following: • Financials listing the administration activities, costs of the administration and related invoices sufficient for the Commonwealth (acting reasonably) to verify that the costs incurred by the State have been properly incurred under the Administration Agreement and do not represent costs that are expressly excluded from the Commonwealth's funding commitment, including costs related to the Administrator's engagement of an external advisor of the Steelworks (if any) and related assets, and payments by SA.. • A summary of meeting minutes, or such other documentation as agreed by the Taskforce, indicating that the Taskforce has been consulted on decisions concerning the Administration and future of the Steelworks.	27 June 2025	50% of total expenses incurred by SA up to [$160,000,000] (less any payments in Milestones 1, 2 and 3)
6	Commonwealth receipt of a statement of assurance detailing the following:	27 June	36% of total expenses incurred by SA up to

	• Description of support provided to eligible business creditors affected by the Administration. • A list of payments, including the total number of unique applications for support received, the total number of unique applications paid, the total value of applications paid and a summary of invoices, signed by a senior SA official.	2025	$18,000,000 (less any payments in Milestone 4)
7	Commonwealth receipt of a progress report detailing the following: • Financials listing the administration activities, costs of the administration and related invoices sufficient for the Commonwealth (acting reasonably) to verify that the costs incurred by the State have been properly incurred under the Funding Deed and do not represent costs that are expressly excluded from the Commonwealth's funding commitment, including costs related to the Administrator's engagement of an external advisor of the Steelworks (if any) and related assets and payments by SA. • A summary of meeting minutes, or such other documentation as agreed by the Taskforce, indicating that the Taskforce has been consulted on decisions concerning the Administration and future of the Steelworks.	31 July 2025	50% of total expenses incurred by SA up to [$32,000,000]
8	Commonwealth receipt of a final report detailing the following: • Financials listing the administration activities, costs of the administration and related invoices sufficient for the Commonwealth (acting reasonably) to verify that the costs incurred by the State have been properly incurred under the Funding Deed and do not represent costs that are expressly excluded from the Commonwealth's funding commitment, including costs related to the Administrator's engagement of an external advisor of the Steelworks (if any) and related assets. • A summary of meeting minutes including advice from the Taskforce meetings, or such other documentation as agreed by the Taskforce, indicating that the Taskforce has been consulted on decisions under the Administration Agreement.	31 August 2025	50% of total expenses incurred by SA up to [$32,000,000] (less any payments in Milestones 7)

The Parties have confirmed their commitment to this schedule as follows:

Signed *for and on behalf of the Commonwealth of Australia by*

The Honourable Ed Husic MP
Minister for Industry and Science

March 2025

11 MAR 2025

Signed *for and on behalf of the State of South Australia by*

The Honourable Tom Koutsantonis MP
Minister for Infrastructure and Transport, Minister for Energy and Mining

11 March 2025