



PRIME MINISTER

For Media

15 March 1984

The Prime Minister today held discussions with the South Australian Premier, Mr Bannon, and the Northern Territory Chief Minister, Mr Everingham, on the proposed Alice Springs-Darwin railway link.

In particular, Mr Hawke discussed with Mr Bannon and Mr Everingham the Federal Government's consideration of the defence implications of the proposed rail link.

He advised them that the Minister for Defence, Mr Scholes, had recommended that:

"A decision now to divert defence expenditure from projects having priority in terms of endorsed planning criteria to the proposed infrastructure work would, other factors remaining constant, reduce the level of defence preparedness we could otherwise achieve".

Mr Hawke told Mr Bannon and Mr Everingham that the Government had accepted the findings of the Hill Report on Transport Services in the Northern Territory.

A central recommendation of the report was that: "Even by adopting an optimistic view of future growth in the Northern Territory, the Inquiry found that investment in the railway between Alice Springs and Darwin cannot be justified and would constitute a major misallocation of the nation's resources".

Mr Hawke also advised Mr Bannon and Mr Everingham that the Bureau of Transport Economics had endorsed the appropriateness of the methodology used in the Hill Report.

Mr Bannon indicated that in view of the Federal Government's decision South Australia would now be approaching the Commonwealth on alternative, compensatory projects including upgrading of the Stuart Highway.

In view of Mr Everingham's earlier repudiation of the necessity of upgrading the Stuart Highway, the Northern Territory Government is now free, following the joint feasibility study announced last July with Queensland, to take up with the Queensland Premier construction of the railway line to link Mt Isa with Darwin and Alice Springs.