



## PRIME MINISTER

FOR MEDIA

27 May 1983

The Prime Minister and the Chief Minister of the Northern Territory, Mr Paul Everingham, held lengthy discussions today on whether the Northern Territory Government was prepared to find room within its own priorities for the funding of 40% of the construction cost of the Darwin/Alice Springs railway.

During the course of the discussion the Prime Minister suggested that the Chief Minister might consider an independent economic evaluation from the point of view of Australia, including the Northern Territory, of the relative merits of expenditure on the railway and the up-grading of the Stuart Highway between Darwin and Alice Springs.

The Federal Government made it clear in the Economic Statement on May 19 that it was prepared to meet 60% of the cost of the railway. The Federal Government had undertaken that if this was not acceptable to the Northern Territory the Federal Government was prepared to provide, in place of the railway, a higher standard road link from Alice Springs to Darwin (the Stuart Highway) by 1987.

The Prime Minister reiterated that the Federal Government was prepared to commit itself to 60% of the cost of the railway. But in the financial situation it had inherited, it would be irresponsible to go any further without much stronger evidence of economic benefits from the point of view of Australia as a whole, including the Northern Territory.

The Prime Minister advised Mr Everingham that any delay in reaching a final decision on the Federal Government's proposal, should the Northern Territory decide against the railway, would lead to delays in the letting of contracts for the accelerated up-grading of the Stuart Highway.

The Prime Minister asked for a response from Mr Everingham by the time he leaves for overseas on June 2, or at the cost of further delays in work on the road, should the Northern Territory decide against the railway, at the latest by June 24.