



PRIME MINISTER

23 August 1997

**TRANSCRIPT OF THE PRIME MINISTER
THE HON. JOHN HOWARD MP
PRESS CONFERENCE WITH
THE PREMIER OF SOUTH AUSTRALIA, JOHN OLSEN
AND
THE CHIEF MINISTER OF THE NORTHERN TERRITORY,
SHANE STONE ADELAIDE**

E & OE.....

Can I start again and say that this is not only a fantastically important economic decision and also a massively significant infrastructure decision but the morale boost, the psychological charge that I believe central Australia will receive from this decision is of lasting significance because it really does recognise in an integrated, national sense the importance of infrastructure for central Australia and I want to congratulate both of my colleagues on the personal commitment that they and their Governments have demonstrated towards this project.

This is a practical way of using the resources of the Federation Fund and it will be a very important part of realising the potential of this country into the 21st Century and it will very strongly reinforce the growing links between Australia and the Asia Pacific region. This is very much a commitment to the region. It's a commitment to the regional link, it's a commitment to the regional integration.

JOURNALIST:

Prime Minister, the Chief Minister and the Premier were after \$300 million. How did you arrive at \$100 million?

PRIME MINISTER:

Well, Commonwealth-State relations always - there's always a little bit built in for safety in Commonwealth-State negotiations. Let me say this. I think the contributions of the three Governments will be very adequate to trigger the private sector commitment.

JOURNALIST:

Premier Olsen, is there enough private sector commitment? Is it a definite goer from where you sit?

OLSEN:

With the commitment of the Commonwealth and South Australia and the Northern Territory, this now gives us the opportunity to go to the market. We've had some seven different consortium making inquiries over the last three to four months, both of us and the Northern Territory about this project. This is now the green light for the Adelaide-Darwin rail link.

JOURNALIST:

So this money isn't locked up, the private money isn't locked away, it's not in the bag as far as you're concerned?

OLSEN:

What we've done is shown our business plans, given encouragement, explanation as to what the project is, the level of funding available to that project. It's now a matter for the private sector to respond to the call that will be made shortly.

JOURNALIST:

The Federal Government has said they won't put any more money in. If you can't get the funds you're seeking from private investors, does that mean state governments will have to put more money in

OLSEN:

Let's just see what a competitive market place responds.

PRIME MINISTER:

We're very optimistic that we will, very optimistic. I mean, let's get that straight. We're very optimistic that we will get the private sector interest and I should point out of course

that the Commonwealth's contribution also carries with it the Tarcoola to Alice Springs rail which is going to be made available for the project at a peppercorn rent.

JOURNALIST:

Prime Minister, is this your final offer then, that, let's say...

PRIME MINISTER:

Fleur, we believe, and the two Governments represented by their leaders beside me believe that the \$300 million Government commitment is a proper and adequate base for private sector response. Now what happens quite properly now, and what has always been intended is there are calls for expressions of private sector interest. IT was always going to be that way, that the three Governments would make a commitment and when people knew what that commitment was, and they now know what it is, they then respond and the two Governments will very speedily, I am sure, call for expressions of private sector interest.

I mean, I have had correspondence, spontaneous expressions of interest expressed to me from different companies and consortia. Now I don't want to talk about the detail of any of those. It is not appropriate to do so. It is the normal, natural logical thing now that the Government commitment is there for expressions of private sector interest to be called. I think they will be very good but we obviously have to wait and see.

STONE:

Prime Minister, could I just add to that, it's a number of component parts, remember -The Tarcoola to Alice Springs line is already in place then you have the first stage of the Darwin port. That is nearing completion and close to \$90 million over and above the \$300 million has already been committed and spent and then you have the \$300 million committed by all three Governments so there are a number of component parts and you need to look at the total project of \$1.1 billion in that context.

JOURNALIST:

Will work commence, Prime Minister, before, if the private money isn't found, will the work definitely start in...

PRIME MINISTER:

Look, let's have one thing at a time. We've put our money on the table. We think that is an adequate base, an adequate inducement for a strong private sector response. I mean, I am not going to answer questions about ifs, buts, and maybes if the private sector doesn't respond. We believe it will and we are very optimistic that it will but the whole basis of it is that the thing is going to be owned, built and operated by the private sector.

JOURNALIST:

Prime Minister, if you were John Olsen, would you call an election tomorrow?

PRIME MINISTER:

I would never seek to superimpose my judgement about such matters as that of any colleague at a state or territorial level. I think whenever the election is called John Olsen will be re-elected and he deserves to be re-elected because of the economic leadership, in particular, he's given to this state.

JOURNALIST:

Prime Minister, did you receive a Treasury report which said this project was financially shaky?

PRIME MINISTER:

I don't talk about what I receive. I am satisfied that what the Commonwealth Government has done is to take a responsible economic decision, a very responsible economic decision but also a decision which takes account of things other than economics. National governments don't live by economics alone. They are guided by economics but at the end of the day you have to exercise a judgement in the long term national interest and I think this decision matches all of those things but don't anybody imagine that I regard this as an economically shaky decision. I think quite the reverse. I think it's a carefully judged, sensible decision.

JOURNALIST:

Prime Minister, are you concerned the rail line may take business away from the shipping port of Adelaide?

OLSEN:

No it will simply add another transport option for South Australia in the future. This rail link has the capacity to open up vast mineral resources in the northern part of South Australia that has simply been locked away because there's been no transport infrastructure to take them to market and where you see in Western Australia and Queensland vast mineral resources through rail transport being opened up for world markets this rail link will now give South Australia the same capacity that Western Australia and Queensland have had for decades.

JOURNALIST:

Prime Minister, this is I think the second project earmarked from the Federation Fund. How does it compare...

PRIME MINISTER:

Both of them are excellent projects.

JOURNALIST:

Prime Minister were you surprised with the response you got to the announcement? It was pretty overwhelming.

PRIME MINISTER:

It was terrific. I guess the sheer spontaneity of it was warming and encouraging and one would want to come back on a regular basis as I intend to do but I do understand the gut importance of this project way beyond its economics to the people of central Australia. There are things in the life of a country and a state which capture a mood of hope and optimism about a future and do represent an expression of faith in that future and this project has been in the offing now for decades and it has come to fruition and I felt very strongly that if we were to have a meaningful Federation Fund it was conceivable that one of the projects to be paid for out of that Federation Fund wouldn't be the construction of this rail link and I think the response of people earlier this afternoon is evidence of that very, very strong visceral support for what is a very, very important project, both psychologically as well as economically.

JOURNALIST:

Prime Minister, when did you take the final decision to give the money...

PRIME MINISTER:

Cabinet authorised me to finalise discussions with the Chief Minister and the Premier when it met in Melbourne on Tuesday.

JOURNALIST:

Prime Minister, your earlier reply begs the question why you didn't do something about it when you were the Treasurer back in the 80s?

PRIME MINISTER:

There are a couple of reasons for that. One of them is that the economics of it then were nowhere near as strong as they are now.

JOURNALIST:

Does that mean, Prime Minister, that this will be a profitable...

PRIME MINISTER:

I think this project is a real goer. Don't anybody think that this is just sort of a leap of faith. It's not. I think it's a real goer. I think the dynamics of the situation have changed. I don't think people have factored in the contribution that minerals can make. I think people are downplaying the contribution that the new port in Darwin is going to make. I am quite optimistic about this project.

JOURNALIST:

Do you see it pretty much as a regional issue or do you see it as...

PRIME MINISTER:

This is a national issue. I think this project will excite all Australians. Australians who live on the eastern seaboard have a certain affection for central Australia. They believe in, to use the old cliché, they believe in opening up the centre of Australia and a lot of Australians who live in Sydney and Melbourne will see this project as part of nation building into the 21st century, of building a modern, progressive nation into the 21st century. I think its support and the vibes that it will send will go far beyond Adelaide and Darwin and Central Australia, important though the response is in those areas.

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