Olsen’s rail line rescue mission

BY GREG KELTON

The Premier, Mr Olsen, caught the first plane out of Adelaide yesterday in an emergency dash to win federal funding for the proposed Darwin-to-Alice Springs rail line.

In a serious blow to the Olsen Government’s re-election strategy, the Prime Minister, Mr Howard, appears to have cooled considerably in his support for the rail project.

He and Mr Olsen met in Sydney for nearly an hour to discuss the rail line and other issues.

On his return to Adelaide, Mr Olsen refused to disclose details of the meeting with journalists at Adelaide Airport.

The State Government has made no secret that the project is a vital component of its planned election campaign.

Mr Olsen repeatedly has said he will not call an election until he has a decision on the rail line and has wound up negotiations for two major companies to relocate to South Australia.

But it seems now that the rail decision may not have an announcement until after the State election.

Mr Howard is likely to reject his own re-election hopes by announcing the project — and others which may win funding from the $1 billion Federation Fund — close to the next federal poll.

Both SA and the Northern Territory have suggested they will fund the project independently if federal funds are not forthcoming.

Mr Olsen’s dash to Sydney yesterday followed a telephone discussion with Mr Howard on Wednesday afternoon and a meeting with federal ministers in Adelaide.

Government sources said late yesterday further talks were planned over the next 48 hours in an attempt to ensure federal funds for the $1.2 billion project.

The matter was at a “very sensitive” stage.

Mr Howard is due in Adelaide tomorrow to address the annual general meeting of the Liberal Party’s governing body, the State Council.

Mr Olsen will address the meeting tonight.

The council will debate a motion calling on the Federal Government to set aside funds from the Federation Fund for the rail line.

Speculation has grown in recent weeks that Mr Howard would announce a decision on the rail line at the meeting and that the NT Chief Minister, Mr Shane Stroke, would fly to Adelaide to talk to the Olsen Government.

However, Mr Stroke’s office said yesterday the Chief Minister — who is in the middle of an election campaign in which he has made the rail project a central issue — had no plans to fly to Adelaide.

In Canberra, a spokesman for the Prime Minister said: “Continuing speculation about this issue is not helpful to the evaluation of the bid.”

The spokesman downplayed the significance of yesterday’s meeting between Mr Howard and Mr Olsen, saying it was a commitment made before the Prime Minister became ill.

Early this week, Mr Howard received a report from federal Treasury officials on the financial viability of the 140km rail project. It reported that Canberra not provide any significant funding for the project because it was deemed financially shaky.

Mr Howard sent the report back, asking Treasury officials to re-examine the figures, especially in the light of the SA and NT governments’ submissions which suggested the line was an economic proposition.

Mr Howard already has indicated the rail link is the type of project that would receive funding under the Federation Fund announced in the May Budget. The bid will be used to kick-start projects of national importance in the lead-up to the centenary of federation — on January 1, 2003.

However, sources say Mr Howard wants to announce all the Federation Fund projects at the same time, rather than risk claims of favouritism towards certain States by bringing individual projects forward. The Howard Government already has been accused of “balling out” SA with its compromise position on the reduction of tariffs on the importation of cars.