PUBLIC TO SEAL RAIL’S FUTURE

By State Political Reporter
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SOUTH Australians will be given the chance to invest in the Darwin-Alloe Springs rail project to make up for a failed funding shortfall.

The consortium planning to build the $1.2 billion line yesterday rejected a $22.5 million norwegian offer from the SA government in order to raise the funds needed to complete the project.

Premier John Olsen responded by announcing that the $22.5 million would be used to raise the funds, a move that must first be approved by Parliament.

He also denied that another investor had considered pulling out of the project.

State planning authority SAFA, which rates funds for the Government, will now invest the $22.5 million, and offer retail investors the chance to buy bonds underwritten by the Government.

Investors will be able to invest a minimum of $500 with SAFA with a return rate of about 10 per cent on their investment.

This idea was rejected by Mr Olsen only three weeks ago, when it was proposed by the Democrats, because it would take too long to bring into operation. But yesterday's events made it the best alternative.

Public to seal railway’s future

If Parliament rejects the bond move, another option being considered by the Government is a $22.5 million investment from the South Australian government's capital works program. If it comes out of the capital works program, it’s money which is no longer available to other projects such as hospitals and schools,” Mr Olsen said.

“I am disappointed the CKI offer was not successfully concluded, but I said I wanted to ensure all other avenues of private sector investment were exhausted, but we don’t have the luxury of time.”

The CKI deal unfolded about 12.30pm yesterday when the Government was told in a terse one-line letter from consortium chairman Malcolm-Rickard the CKI loan was “not acceptable”.

Just before Parliament sat at 2pm, Opposition Leader Mike Rann and shadow treasurer Kevin Foley were called into Mr Olsen’s office and given the news. Later, consortium bid director Franco Moretti issued a statement saying: “The terms required by CKI were outside the normal practice and were not acceptable to the consortium and its financiers.”

After the rejection of CKI, Mr Olsen and Treasury officials began an intense round of talks with other Liberals, the Opposition and independent MPs.

At one stage, Mr Olsen sat on the back bench for about 15 minutes with independents Peter Lewis and Dr Bob Such who both left the Liberal Party last year after attacks on the Premier and his Government.

Parliament had been due to debate a bill yesterday rallying the CKI loan. An amendment to allow SAFA involvement is expected to be moved when Parliament sits today.

Treasury officials were also called in to give briefings about the options available after the rejection of CKI's offer.

NT Chief Minister Denis Burley said: “Financial closure is not achieved by the end of this month, this consortium will not hold together.”

The project has been delayed for too long, but I am confident they will find a satisfactory conclusion. It is believed financial close on the $1.2 billion project could still take place this week.

The Opposition wants the entire funding issue referred to Auditor-General Ken MacPherson for investigation.