ALL ON BOARD FOR RAIL RESCUE

By Political Reporter

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A RESCUE package for the Darwin-Alice Springs rail project is being pushed through State Parliament to ensure construction can start within a few weeks.

MPs from both sides of politics supported the package, which will take SA's contribution to $70.5 million, the Government's financing arm will make up the shortfall caused by the sale of the rail line to Hong Kong company CKI.

The SA Financing Authority funding will be underwritten by the Government through the authority's bond program.

Premier John Olsen said SA investors would be given the chance to buy SAFA bonds and be able to have an indirect investment in the rail line.

He told Parliament costs for the line were escalating at a rate of $2 million for each month it was delayed.

The Opposition voted in Caucus earlier in the day to support the legislation.

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The issue dominated Questions Time, with Mr Olsen asked a series of questions about whether Auditor-General Ken MacPherson would monitor the new loan deal and whether he could guarantee there would be no further calls on SA for financial support.

"On the advice that has been given to me, there won't be any further calls on government funding," Mr Olsen said.

"I don't know whether the Opposition Leader has a better crystal ball than me, but nobody can anticipate the whole raft of issues which will operate in transport operations in this country over the next 20 years."

Labor Leader Mike Rann told Parliament the party had concerns about the possibility of further calls on taxpayers' funds.

"The bottom line is we want this railway to go ahead, but we don't want taxpayers to be exposed again and again and again to further bailouts of this project," he said.

"Taxpayer-funded support must be provided in a prudent manner."

Mr Rann said the consortium chairman Malcolm Kinnaird had "acted unreasonably" in rejecting the CKI loan and Mr Olsen should have called Mr Kinnaird's bluff.

"We are in the extraordinary position of rescuing the Premier as well as rescuing the project," he said.

Mr Kinnaird said the consortium had not been able to find common ground with CKI.

"There are no faults on either side. It didn't work, didn't happen, didn't come to pass," he said.

Mr Kinnaird said he could not say when financial close on the project would occur, but Mr Olsen said he expected the issue to be finalised by April 7.

"There are some very tired people staying away in Sydney trying to get this project going," Mr Kinnaird said.

Asked whether he could give any guarantees that the consortium would not seek further funding at some time, Mr Kinnaird said: "I can't engage in that sort of speculation."

Independent Rory McEwen said he was "a heretic" on the rail line because he did not believe it was a viable project - but he would support the latest package.

Ms Maywald said she wanted a full economic analysis of the benefits.

"This is a high-risk project which appears to be economically marginal at best," she said.

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