Prime Minister Paul Keating indicated interest in the north-south rail project at a meeting in Darwin today, according to the Chief Minister, Marshall Perron.

Mr Perron said Mr Keating agreed to serious discussions between the Commonwealth and the Territory for the first time since former Prime Minister Hawke closed the door following the Hill Report in 1984.

He said the Prime Minister seemed to accept the view that the project in its current form was totally different.

"It's a new ball game, in that the proposal now includes an integrated port development and consequent increases in projected freight levels, interest rates have fallen sharply, inflation is very much lower, and there is widespread acceptance that Australia must secure more efficient trade links with Asia," Mr Perron said.

"I also pointed out this would be a project of national significance, with ongoing benefits accruing to the private sector and governments outside the Northern Territory."

Mr Perron said he and the Prime Minister agreed that the success of the project was contingent on the participation of private sector investors of substance and standing, and said there was no suggestion that the Commonwealth should foot the bill for the entire project.

"All we sought from Mr Keating was a commitment to seriously consider the provision of a modest amount of seed capital sufficient, with the Northern Territory's contribution, to get rates of return to a level which would be attractive to major private sector investors," Mr Perron said.

"The project will stand or fall on its ability to attract and retain those investors, as neither the Territory or the Commonwealth should be expected to bail the project out if it failed."

ENDS....