Mr TUXWORTH (Chief Minister): Mr Speaker, in August this year, I reported to the Legislative Assembly on progress with the Alice Springs to Darwin railway. I did so because it is my intention to keep the Assembly and the people of the Northern Territory as fully informed as possible on this important project. I am pleased to do so again today and to table the final report of Canadian Pacific Consulting Services entitled 'Review of the Economic Viability of the Extension of Standard Gauge Rail Service from Alice Springs to Darwin'. This report provides a comprehensive and expert assessment of the railway and, as such, I am sure it will be read with great interest by all members. When members have had an opportunity to read and consider the findings of the report, I look forward to interesting and constructive debate. I believe that debate will continue for some time.

The CPCS report is a vindication of the Northern Territory government's position on the railway. It demonstrates that the Hill Report findings, on which the federal government based its decision not to proceed with the railway, are insupportable. Canadian Pacific is a major north American railway company of world-wide reputation which carries 85 million tonnes of traffic per annum. Its expertise is unquestionable and, most importantly, it makes a profit. By contrast, the railway authority of which Mr Hill is chairman loses $800m per annum and relies on Commonwealth funds for its survival.

Canadian Pacific concludes that, in strictly economic terms, the railway extension is viable for a broad range of traffic forecasts. In 1985 dollars, using a 7% discount rate and over a 50-year economic life of the project, the financial projections show that the railway could provide a real return of between $54m and $264m to this nation. This variation in return is related to the traffic projections which show best and worst case scenarios.

The savings of between $54m and $264m identified by Canadian Pacific reflect a national saving of the resources that would otherwise be committed to a road transport system in the absence of an Alice Springs to Darwin railway. By contrast, the Hill Report claims that, over a 40-year period, the same Alice Springs to Darwin railway would show losses exceeding $340m in present value to the nation regardless of the traffic volume.

The differences between the CPCS figures and the Hill Report figures in cost savings terms are as follows. Between $97m and $177m, depending on the traffic volumes, will be saved by other state and federal railways and road authorities because of the completion of the Alice Springs to Darwin railway. These savings will be generated by additional railway traffic on the Australian National and state government railway systems and reduction in road maintenance costs since road freight traffic will be transferred to rail. $109m to $141m will be saved by modifying the track design and reducing the construction schedule to about 4 years. $40m will be saved by eliminating passenger services from the evaluation of the railway's economics. $30m to $40m road maintenance savings over and above those identified by David Hill will
be obtained by Territory and state governments by diverting road freight to railway. Between $13m and $32m can be recovered by disposing of track-laying equipment and welding plant at the end of the construction period. $8 to $11m will be saved in labour costs by using 2-man crews rather than 3-man crews. Mr Hill adopted a 3-man crew as a cost base but, by the time the railway is completed, crews in Australia will be reduced to 2 men.

Canadian Pacific believe that cost savings of an additional $246m will be effected by using CPCS traffic forecasts and freight assumptions instead of those adopted by Hill. It is of the view that Hill's figures were unreasonably conservative. Adding substance to this proposal is the finding by CPCS that the railway will save some 2000 million litres of diesel fuel over 50 years. This massive saving to Australia in fuel bills over the project life alone will exceed the initial construction cost of the railway.

Honourable members will note that the Canadian Pacific assessments are based largely on Alice Springs to Darwin northbound traffic. Revenue projections do not take into account the substantial southbound freight volumes that will be generated by the development of Darwin as a major port of entry for imports to Australia. Revenue derived from this source will greatly enhance the viability of the project. We are talking about a project of immense national significance. It will see the completion of a rail link that will join Darwin with the rest of Australia - a project that will do more for the development of Australia's north than any other. It will transform the economy of the Northern Territory's towns and hinterlands, open up hitherto undreamed of opportunities in trade, shipping and industry, improve the viability of mines, agricultural and pastoral enterprises and create thousands of jobs, directly and indirectly. It will ease considerably road transport pressure on the Stuart Highway, making it vastly cheaper to maintain and safer to drive on. It will enable the diversion of precious national fuel resources from transport to other sectors and it will have major defence implications for Australia.

Mr Desmond Ball, head of the Strategic and Defence Study Centre in Canberra's ANU, has argued most forcibly that the existence of the railway would provide a powerful deterrent to the development of any significant military threat to Australia. In the event that an attack against the north eventuated, the railway would be essential to Australia's defensive actions. Mr Ball concludes the preface to his study by saying:

'The Alice Springs to Darwin railway project is a project which warrants strong national endorsement. There is no excuse for any further delay in proceeding with the project'.

This, honourable members, is from a report that does not assess the social and developmental benefits of the project.

The history of the north-south rail link is well known and I do not propose to canvass it here. However, in January 1983, a federal Liberal National Party coalition government made a commitment to build the railway by 1988. In the subsequent election campaign, the Leader of the Opposition, Mr Hawke, gave his party's commitment to this schedule of construction of the railway from Alice Springs to Darwin. It is a matter of history that this promise was abandoned and subsequent events and statements have made it clear that the present federal government has no commitment to it. Of course, such absence of commitment was based upon the Hill Report which, as has been demonstrated now, was unreasonably conservative and pessimistic.

The federal Minister for Finance, Senator Walsh, has branded the present proposal as 'pie in the sky'. These are the same words that the same senator used to describe the Amadeus to Darwin pipeline about 15 months ago. Territorians prefer to subscribe to more constructive attitudes as expressed in Robert Kennedy's immortal injunction: 'Some men see things as they are, and ask why. I dream of
things as they never were, and ask why not?’ My government is left with no option now but to seek to build this railway utilising private ownership, operation and funding. Make no mistake, Mr Speaker, that that is what we intend to do and it will be Australia's first economic railway.

It has been suggested that we should wait until there is a government in Canberra more favourably disposed towards our aspirations. We reject this view because this project is of national significance and it should have bipartisan support from state governments and the federal government because, as much as the Northern Territory itself, they will be principal beneficiaries of this project. Defence benefits, savings in fuel costs, savings in road maintenance, greater intrastate rail freight volumes, and greater national economic prosperity - these are benefits that will not be confined to the Northern Territory alone. For that reason, my government will never falter in its efforts to persuade the federal government to contribute to this project. Such contribution can come directly or indirectly but, either way, it will enhance the project. I will return to that aspect shortly.

With the CPCS report, I also table 2 further preliminary reports from CIBC Australia Limited, which is the Territory government's financial adviser on this project, entitled 'Financing the Alice Springs to Darwin Railway'. Close examination of the CIBC reports demonstrates that the Alice Springs railway is viable economically under a range of conditions. Two examples mentioned in the first CIBC report demonstrate a range of financial outcomes. Both are based on a construction schedule of 3 years.

The first example assumes a future real interest rate of 4% per annum, which is a return to more realistic levels than we have at present, an inflation rate of 8% per annum and a revenue rate of 5c in 1983 dollars per net tonne kilometre. Under these conditions, the project would be financed entirely by accumulated borrowings, peaking at around $1450m in the year 2002. They would be extinguished in the year 2010.

The second example is significant in this context. It assumes interest, inflation and revenue rates, the same as those I just mentioned, and a cash contribution of $20m per annum for the first 10 years of construction. Under this second set of conditions, peak debt of $770m would be reached in 1996 - much earlier than the first example - and extinguished in the year 2003.

The first example provides for what would be quite a substantial financing risk. The second example illustrates the improvement to financing risk generated by interest free loans or government equity in the project. Every $50m of equity would reduce the peak debt figure by around $200m. A close reading of the CIBC reports will reveal a range of financing calculations modelled on different debt equity ratios and revenue assumptions.

I stress that these calculations are only indicative at this stage but demonstrate amply the possibility and feasibility of private project financing, and illustrate a further benefit of government equity contributions. I must emphasise the Northern Territory government's position that it does not have the capacity to make long-term, low-interest or interest-free loans, nor does it have the financial ability to provide operational subsidies similar to those provided by the Commonwealth government to the states for losses on the state government railways. As I have said previously in this Assembly, $3000m was set aside by the federal government in this year's federal budget to pay the states for losses they incur on uneconomic railways.

However, the second example I referred to earlier postulated a $20m contribution every year for 10 years. Such a proposal would have a tremendously beneficial impact on the financial viability of the project, reducing the peak debt by almost $700m. While a contribution of this magnitude appears very onerous for the Territory, honourable members should bear in mind that, once the railway is in place, enormous savings will become available from maintenance and reconstruction of national highways in the
$25m to $30m a year is spent on maintenance and reconstruction of these highways and the bulk of those funds is provided by the Commonwealth.

It is obvious that there will be significant savings when the railway becomes operational. It would be a very good investment in the Territory’s future to transfer not only those savings but some portion of the current Commonwealth roads allocation for the Territory. In fact, the mechanism for this already exists within the Australian Land Transport (Financial Assistance) Act. While the actual figures that I have mentioned are hypothetical at this stage, it is clear that any contribution by the Territory will only enhance the viability of the project and give confidence to investors who are likely to be involved. It would also facilitate the government's industrial development policies by ensuring that the necessary transport infrastructure is in place.

In giving consideration to any Northern Territory equity involvement in the project, it is important for honourable members to be mindful of the Territory government's development thrust. Considerable effort has been expended in establishing the Northern Territory Trade Development Zone and this must continue. The commitment of the Northern Territory government to the major development of the Darwin port and its future use as a port for fishing to and from Australia is well known. The determination by the Northern Territory government to see the Adelaide to Darwin railway used as a part of a land bridge from Australia to Asia is also well known. As this railway is the key to these development proposals, it is most important that the government be involved as a participant in the railway company so that other investments and developments can be closely related to the railway company’s policies.

Currently, the government is involved in exploratory discussions, using our experiences with the pipeline project as a model. The success of the pipeline project provides confidence to the government, a confidence which is increasing as the pipeline reaches inexorably southwards. An efficient financing package will be essential. At this point, there is no commitment to a particular structure or approach. The need to maintain flexibility remains. I assure the Assembly that the government has no intention of participating in or encouraging a project that is not soundly based. We will seek and take advice widely but we will not be daunted by adverse or critical reaction unless that reaction is based on a sound understanding of the facts.

The government now intends to move on a number of fronts simultaneously. Firstly, a task force of officers from the Chief Minister’s Department, Treasury and Transport and Works, working to a steering committee of the heads of those departments, will be responsible for progressing and coordinating this work. Secondly, further assessment will continue on the data used in evaluating the project. This will need to be tested by an independent disinterested consultant in due course, in the same way as the Royal Bank of Canada assessed the gas-fired electricity project. Thirdly, discussions will continue with possible consortium members and expressions of interest will be sought as widely as possible. Talks will be held with road transport operators on the diversion of Stuart Highway road freight to railway. Fourthly, the route survey work will continue.

A vigorous public information program will be needed to overcome the ill-informed view resulting from the Hill Inquiry. It is hoped that observers will forsake antagonistic comment until they have had a chance to study the CPCS report. I believe a tight timetable is essential to ensure this project does not languish any longer. That is why I have announced 1 January 1987 as the starting date for construction. This is feasible if all the necessary decisions are taken, including those by governments as well as those related to the financial package. Based on the CPCS report, construction should take 3 to 4 years. Minimising the construction period is essential to minimising costs. The task ahead is challenging. The government has not been turned aside from its goal by the difficulties of recent years. We will continue to pursue innovative approaches to the challenge still ahead of us by bringing the project to a successful conclusion.
As outlined earlier in the report, the federal government appears to maintain its objection to contributing financially to this project, despite its earlier promises to build the railway completely and a subsequent offer to fund the railway on a 60:40 basis with the Northern Territory government. The Northern Territory government still maintains that the federal government has a responsibility to support this project. My government will pursue this argument in all forums available to it for such responsibility is not just financial, but social and economic. It is a moral responsibility. The federal government has a duty in which the interests of the wealth and security of this country must be placed above day-to-day, party-political or ideological considerations.

Given that this project goes ahead as an economic and private project, there are a range of options available to the Commonwealth to honour its commitment. In the normal course of events, a private railway would enjoy tax benefits. In addition, the Commonwealth can contribute through guaranteed tonnages to defence projects in the north, an equity participation matching any Northern Territory participation in the project and special assistance and cooperation by Australian National Railways in the completion of the project. Given the Commonwealth's involvement in Qantas and AUSSAT, I ask honourable members if it is unreasonable to expect this sort of assistance. Moreover, the Commonwealth should undertake to leave the Territory free to make its own decisions to assist the project without fear of further financial reprisal.

The case for a Commonwealth contribution is overwhelming. The Commonwealth has had a legislative commitment to build the railway since 1911. The railway is a national project which would complete the north-south link and it would complete the national rail network. Clearly, it could contribute substantial benefits to the rest of Australia by providing a land bridge with Asian markets. The defence implications have been clearly enunciated. Moreover, the report demonstrates that many of the benefits in terms of cost savings will occur outside the Northern Territory.

I have been disappointed to note that federal government ministers have already made negative statements on the findings of the CPCS report before they have even seen it. When they have had an opportunity to read and digest the report, I trust that good sense, good judgment and consideration for the wider national interest will prevail.

Once again, the Territory government will make this project happen. Like statehood, it will happen because it is viable, logical and just. It is a part of our destiny. As with other great challenges that we have faced in recent years, we will apply our creativity, our energies, our persuasiveness and our vision to bring this project to a successful conclusion.

Mr Speaker, I move that the Assembly take note of the statement.

Mr SMITH (Millner): Mr Speaker, on occasions like this, the Chief Minister normally adopts a statesmanlike stance and delivers a statesmanlike speech. Once again, he proved during question time this morning that he is not a statesman's bootlace. For any Chief Minister, who has consistently said that he is seeking bipartisan support on a major issue of national importance to benefit all Australians, to turn around and hop into the Premier of South Australia in the way that he did this morning is nothing short of an absolute disgrace. John Bannon, the Premier of South Australia, has the runs on the board in the railway debate. He has been a consistent supporter of the railway. He has worked consistently with this government in attempting to revive the original proposal. He was one of the South Australian delegation who accompanied the joint Northern Territory-South Australian delegation to meet the Prime Minister to discuss this very issue. He has consistently supported it. To put the Premier of South Australia offside in the way that was done today is not statesmanship but gutter politics, particularly when you realise that the Premier of South Australia today will be the Premier of South Australia after the election.
We now know the reason why it has taken so long for this report to be given to us. We, in the Northern Territory and in this Legislative Assembly, have been the victims of Liberal Party politics. This report has been withheld from us, despite the fact that the government has had it since September and despite the promise made before this sittings that we would receive it during this sittings. It has been withheld from us until today so that it fits in with the election plans of the Leader of the Opposition in South Australia. That is a pretty despicable state of affairs and it certainly detracts, as I said in another context yesterday, from the gloss that the Chief Minister is trying to put on it. Because he cannot act like a statesman, he has put this project behind the 8-ball this morning with 2 or 3 minutes of careless language.

I want to make the point that, if the Chief Minister wants a constructive debate on this proposal as it develops, he owes it to this opposition to provide it with more information on a regular basis at the same time as he provides it to his mates in Canberra and South Australia. He should provide it in such a way that we have the chance to absorb it before contributing to the debate.

We are at roughly the same stage on this project as we were with Yulara a number of years ago. We had the initial feasibility studies. We all know about the problems this government now faces with its huge actual liabilities of almost $700m in the next decade. The experience of Yulara explains why it is the intention of the opposition to ensure that each step of the railway proposal will be carefully scrutinised.

Let me restate the opposition’s broad position. We have always supported the extension of the railway from Alice Springs to Darwin. We believe that it will contribute significantly to the development of the north. It will play a very important role in the defence of Australia. It will provide the last link in the transcontinental rail network. We believe the proposal outlined by the Chief Minister deserves the full scrutiny of every Territorian. If this proposal stands up to the intensive scrutiny of the opposition and others, we will be pleased to support it, and we will do everything in our power to ensure that it is successful. Our major task today is to examine the report in the best way we can, given the time we have had to assess it. We do have many criticisms and questions in relation to the reports. These comments are not made for the sake of being critical but because a thorough analysis needs to be made if the proposal is to stand up commercially.

Let me start with one almost philosophical point. Essentially, this is a proposal to build a second-class railway. It will be built cheaply and to a lesser standard. It will have a limited freight task, albeit probably sufficient for the first 50 years, and it will carry no passenger trains. The important point is that a second-class railway now will be a second-class railway in 50 years time, probably in 100 years time and possibly forever. It may be that the only option is to have a second-class railway, but we should be aware that this is the conscious choice we are facing. We should consider not only the implications of that decision now, but the implications for future generations of Northern Territorians and future generations of Australians.

If we are to talk about a private railway, we must deal in the reality of the marketplace. The Canadian Pacific report was not designed to do that, and it does not. Its essential conclusion is that, and I quote, ‘in strictly economic terms, the railway extension is viable for a broad range of traffic forecasts’. There is a significant difference between ‘economic terms’ and ‘commercial terms’. In other words, a proposition can be an economic proposition, but it may not necessarily be a commercial proposition to a private investor. The key element in any commercial proposition is that it must return a profit. I submit that, in this case, 2 essential ingredients of a profit are secure tonnages and a competitive price.

It is a fact that many of the savings in resource costs indicated in the summary of the Canadian Pacific report and repeated in the Chief Minister’s speech are simply irrelevant to the question of
commercial viability. For instance, the $97m-$117m saving in resource costs in the other states is irrelevant to the commercial viability of the railway, as are the proposed savings in road maintenance and fuel costs. This point is borne out by the assessment of the Canadian Imperial Bank of Commerce since it dismissed these factors from its assessment as it had dismissed the concept of resource cost factor adjustments.

The essential criticism of the Hill Report was its failure to measure resource savings outside the Alice Springs to Darwin corridor. That is irrelevant to a private railway because there is no way in which a private railway can collect directly on benefits that accrue outside the system. The only way such benefits can be accrued is for each of the political units outside the Territory, which benefit from the railway, to make some contribution to its development. There is no indication in the Canadian Pacific report of how much other political units would save or just how they might transfer part of that saving to the Northern Territory.

At this stage, it is also worth considering that the opposite of this argument may well be offered by those political units. It is possible that the states and the Commonwealth may take the view that, in paying the capital debts of their systems, they are providing sufficient subsidy to the very large benefits the Territory will reap from using those systems.

To assess the viability of the project, I would like to focus now on what I believe may be the most logical scenario to deal with. I refer to those projections in the CIBC report which are numbered 1.4.2015 and 1.4.2010 which have the characteristics of 8% inflation, 4% real interest rate, CPCS initial cost construction, a tonnage of 9.929 million in 1990 escalating at 3%, 4\( \text{c} \) per net tonne kilometre and a grant of $20m per annum for either 10 or 15 years. I argue that these are logical assumptions because they give us the most conservative situation to deal with. In other words, it is the most favourable situation to the proponents of the proposal. Let me deal with those assumptions.

Firstly, the inflation rate is not significant but the real interest rate obviously is. It can be seen from any of the CIBC projections that a shift from a real interest rate of 4% to 7% would have a significant effect on the peak debt and on the date at which the debt would be extinguished. Although it is historically true in Australia that the real interest rate has run at between 4% and 4.5%, it is also true at present that the real interest rate is significantly higher than that. I am concerned that the projections insist on using a straight line estimation of the real interest rate rather than a higher estimate in the first few years, which our current circumstances might indicate as prudent.

The significant feature of the CPCS report is the development of comparatively low construction costs against those proposed by Australian National Railways. These savings result from a 3-year construction period, a narrower road bed, steel sleepers and less ballast. It is interesting to note, however, that, following a meeting on 25 October 1985, CIBC practically abandoned the idea of a 3-year construction period and is now working on the base case of a 4-year construction period. This decision alone added $54m or 10% to the construction costs. It is unclear from the CIBC letter to the Chief Minister if this change simply relates to the change in the construction period or a total abandonment of the lowest initial cost case. We make the point not to be critical of the CIBC or anybody else but to demonstrate that, as more research is done on both the Canadian Pacific report and the initial CIBC findings, we could well find that some of the initial assumptions will not stand up. In that particular case, it appears that the initial assumption for the construction period is unlikely to stand up.

There are, however, further cost problems such as the seemingly unaccounted cost of replacing wooden trestles within the 50-year life of the project. We can see that, from the further preliminary report of CIBC, the
change in the construction period has increased the peak debt by $200m - that is, from 3 to 4 years - and lengthened the period of indebtedness by 2 years. The effect on the projections I have referred to is likely to be greater.

On the issue of initial tonnages and the anticipated growth rates, I remain sceptical. It is interesting, at this point, that in the draft Canadian Pacific report, there was a quite specific reference to the need to go back to the major prospective suppliers of materials for carriage on the railway line to check out the figures. To the best of my knowledge, that has not been done. The Canadian Pacific report in terms of the expected tonnages and the anticipated growth rates is still relying on projections that were developed 2 or 3 years ago by a number of people: the Northern Territory government, ANR and the Hill Report. It is essential that we check those initial tonnages to ensure that they are still correct. For instance, a reduction of only 5% in the initial anticipated tonnage rate could produce a $2m drop in revenues in each year of operation. The honourable member for MacDonnell will deal with this section in more detail.

The projection I used here is based on a tariff of 4c per net tonne kilometre. I have chosen that rate for a number of reasons. Firstly, it offers the lowest revenue estimate on the worst case revenue projection which is essential to test the robustness of the whole project. Secondly, it is a prudent conclusion from the CIBC letter of 4 November 1984 which stated: 'The transport industry participant provided information suggesting a rate in the vicinity of 5c per net tonne kilometre'. Thirdly, we should not forget that one of the key justifications of the railway was its effect on the price level in Darwin. I presume that this is still a goal of government.

I turn now to the very significant area of the unspecified grant or equity contribution. The range of projections for this grant equity contribution range from $150m over 3 years to $300m over 15 years. What I mean by this equity contribution is the anticipated government contribution. We have not had a close look at this but I suggest that, in terms of impact on the budget and in the interests of inter-generational equity, we would favour the longer-term payment if the payment had to be made.

This is an area where the idea of a private railway comes into direct conflict with the often-floated benefits of the railway; that is, lower prices in Darwin. We see that the best option for avoiding any Northern Territory government contribution is to charge the highest tariff. In other words, there is a direct conflict between a fully private railway and the interests of consumers in the Northern Territory. What we are saying is that, if you have a private railway with no government contribution, your tonnage rates will necessarily be higher on the figures that have been supplied to us and this, in turn, will flow through to the consumer.

The question of direct government contribution raises questions of recouping these payments after all debts are extinguished. This is not addressed by the CIBC but should be in the future. It also leads us to the matter of guarantees which may be offered in respect of private loan raisings on the railway. Yesterday, the Chief Minister touched on certain liabilities faced by the government of Western Australia. Let me tell the Assembly that the debt facing the Western Australian government, which was agreed to by the former Liberal government, on its take-or-pay arrangements for the North-West Shelf is $7000m or about $3500 per capita. If we provide guarantees on this rail project to the sort of peak debt levels I have been referring to, we may face liabilities of up to $850m or about $4250 per capita on the estimated population at the year 2000.

Considering the Territory's existing contingent and actual liabilities, this is an area where we need to advance slowly and where we will need strong Commonwealth support. It is my understanding that Queensland has lost its first-class or triple-A rating as a borrower and that the Western Australian problem of contingent liabilities actually threatened Australia's overall rating as a borrower on the
international market. Certainly, that is not a situation that we would want to get into in the Northern Territory.

I now turn to 2 final issues on this statement. The first is that the CPCS report proves just how much time this government has wasted on the railway project. A few years ago, when it looked like someone else would build it, there were no worries about savings. It is only when we are under pressure that sanity and the necessity for cost-effective exercise prevails. Of course, it is a particular type of sanity that we are talking about. Remember a few years ago that the Australian National proposal was considered great because of all the jobs it would create around Australia. The new proposal is now all the rage because it will save millions of dollars and obviously quite a few jobs. Let me remind members that those millions of dollars were being described in terms of thousands of jobs yesterday.

The last issue relates to the question of passenger services. From the Chief Minister’s statement yesterday, there seems to be an attempt to refuse to run passenger services but to demand that Australian National step in and run such services on the same basis as it runs them elsewhere. One can never accuse the Chief Minister of not having any gall. In essence, what he is suggesting to Australian National is that it can operate its passenger trains on our railway but we will not let it near any of the action that might make a profit, such as freight services, so that it can cross-subsidise its losses against its wins. We expect Australian National to plough up and down our little piece of railway line on a pure loss basis. It does not take a genius to recognise what the response of Australian National would be to that particular offer.

It appears then that we will not at this stage have a passenger train service. That would indeed be very unfortunate. I hope that, in the discussions that will take place within the next few months, we will tease that out and, if at all possible, have a passenger train service. I think the person who has best put a case for a passenger train service was the former Chief Minister, the Hon Paul Everingham, in a debate in this Assembly on Wednesday 16 March 1983. I can do no better than to quote him:

‘Transport costs have played an increasingly significant part in the tourist industry recently. Australia has seen tourism suffer because of high fuel prices. Trends in the industry are towards cheaper, more efficient methods of travel. The family car, coaches and railways are all increasing their importance as a means of tourist travel. In this context, the Alice to Darwin railway will significantly boost the number of tourists coming to the Territory. The passenger use of the Alice to Adelaide rail service has far outstripped expectations.

Mr Speaker, think of the horizons that the railway will open up for the budget-conscious traveller. Let us face it, who is not a budget conscious traveller these days? On one holiday, people will be able to witness the panorama of Ayers Rock and the red Centre and then visit the contrasting Top End and the waterways of Kakadu. Packages will be put together offering the tourists alternatives of rail, road and air travel. The railway will place the Territory in a comparable position with the states in offering a range of transport modes to the tourist. Indeed, the rail link will be a much more exotic proposition than rail journeys in other parts of Australia’.

What is of concern in this whole debate is that, from the time that the Canadian Pacific people arrived here, they never seriously discussed or examined the prospect of a passenger train service. That
has been a compromise that this government has been prepared to make right from the beginning of
Canadian Pacific's involvement in analysing the results of the Hill Report. If members do not believe me,
I refer them to the initial draft Canadian Pacific report where they will see a quite specific comment from
the consultants: 'In the exercises that we have done, we have not considered the passenger train
component'. I think it is a great shame that Canadian Pacific was not instructed to evaluate the
passenger train component and to see if it were possible to come up with a system that would enable
passenger trains to operate. I can assure members that, to the people out there, much of the gloss will
go off this project when they realise it will be dirty, smelly, freight trains only and that there will not be any
passenger trains.

In conclusion, let us not kid ourselves any more that we are talking about a private railway. What
we are talking about is a project that may be operated by private enterprise. It is interesting that the Chief
Minister did not touch on that part of it at all. It will depend on a major government contribution, either
directly or indirectly, to get that railway off the ground. As discussions on this proposal continue, it is
important that the government be very frank on the extent of its commitment and, most importantly, the
bottom line of its commitment. This deal is not like the gas pipeline deal. There will not be a monopoly
situation and the government will not be the end user. Instead, we will have a project that will be
operating in a competitive environment, with many variables, some of which will be outside the province
of the end operator and the Northern Territory government. I will mention 2: interest rates and
commodity prices. There is nothing that we can do about those 2 matters, and we want to be very careful
in our planning so that we are covered for those contingencies.

For our own credibility and the health of the exchequer, we cannot afford another open-ended
commitment similar to that in place for Yulara. We must know the bottom line from day 1. Similarly, as
the Chief Minister said, the Commonwealth has a valuable role to play and should be encouraged to play
it. The forms that this could take are varied and have been outlined to some extent by the Chief Minister.

This support will be much harder to achieve if the government continues the attacks that it has
been making on the federal government and, particularly, if the Chief Minister cannot restrain himself
during question time and in debate when talking about potential supporters of this new project. What is
past should be water under the bridge. It is time to move on to gain the best assessment of this project
and the best deal for it that we can.

The opposition has outlined a number of genuine concerns that it has. Obviously, in the days
ahead, the opposition and others will have more concerns and questions which we will continue to put
unflinchingly in order to get to the bottom line on this project. I ask that the Chief Minister adhere to the
promise he made in the last sittings to circulate this report as widely as possible to allow the fullest debate
within the community.

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Mr MANZIE (Transport and Works): Mr Deputy Speaker, it is with a sense of vindication that I
rise to support the Chief Minister's statement. Certainly, the final report of Canadian Pacific is an
excellent piece of work, both in its high professional standard and its positive findings in favour of the
railway. The report supports the Northern Territory government's position, that, in economic terms, the
railway is a viable project which would offer substantial savings to the Australian community over the
lifetime of the project. Along with this conclusion must be considered the clear social, developmental and
defence benefits.

The Assembly is familiar with the very sorry story of Commonwealth promises on the Darwin to
Alice Springs railway which stretch back over 70-odd years. The most dismal and disappointing chapter
must surely be the so-called Independent Economic Inquiry into Transport Services to the Northern
Territory, known to everyone as the Hill Inquiry. The findings of this inquiry, which were released in
February last year, amounted to nothing more than an exercise dreamed up and imposed on us by the
Hawke Labor government to retract once and for all the promise that the railway would be built. Unfortunately, many people throughout the Territory and Australian community have accepted the Hill Report as a report of some substance. As the Chief Minister said, the Northern Territory government is not prepared to stand back and allow the project to be terminated.

After repeated requests for access to the working papers of the Hill Inquiry under the Freedom of Information Act, and considerable efforts by the Minister for Constitutional Development, the Commonwealth finally agreed to release the papers in March this year. An estimated 12 000 to 14 000 pages of material were inspected and more than 2000 pages were brought to Darwin for further analysis. Our scrutiny of the material confirms the findings of the Hill Inquiry as nonsense. The report uses forceful language in place of reasoned argument.

I want to make some particular points about the Hill Inquiry's decision to examine the costs and benefits of the project solely within the Alice Springs to Darwin corridor, rather than consider the national benefits. The only statement we could unearth was as follows:

‘Both the projects to be investigated are in the Alice Springs to Darwin corridor. While the Stuart Highway is currently being upgraded in South Australia and the railway is sometimes argued as the local extension of the Tarcoola to Alice Springs railway, the investment relates to the transport infrastructure between Alice Springs and Darwin only. Because of the requirement to investigate net costs and benefits, the benefits must be associated with the cost of investments on the projects in the corridor. For this reason, the scope of the assessment will be confined to the Alice Springs to Darwin section of the highway and proposed railway’.

The Bureau of Transport Economics, when commenting on the Northern Territory critique of the Hill Report, said:

‘Restricting the assessment of benefits to the Alice Springs to Darwin corridor would provide a reasonable approximation of benefits likely to be realised’.

In other words, the Bureau of Transport Economics supported the contention of the Hill Inquiry. The amazing thing is that this differs from what the Bureau of Transport Economics espoused in its recent report on social audit and Australian transport evaluation. I will refer to page 41 of this document which was released in May 1985. The release date certainly is significant. It says:

‘Because the development of the new line may involve substantial changes in demand for other modes and for connecting services, the analysis should relate to the whole journey being made as a result of the investment, and not simply to that on the new section of line’.

That was the Commonwealth's own transport research organisation discussing investment in new railway lines. It was saying that all factors were significant, not just the corridor. As I said, this report was released in May. It was, however, produced in August 1984. I wonder - and I think that by the time I have finished most people will wonder - whether there was a deliberate effort made to prevent this report being released until after the Bureau of Transport Economics commented on the Hill Inquiry and the whole affair died down. The 2 comments from the Bureau of Transport Economics contradict one another
absolutely. Mr Speaker, would you believe that there were officers of the Bureau of Transport Economics working with the Hill Inquiry team? It would seem that Mr Hill made assumptions contrary to sound advice - such as that given in the social audit and Australian transport evaluation - or sound advice was not available or he made his own assumptions. It is certain that something very fishy and strange occurred at this point. The Commonwealth did not properly develop the logic of the railway; it simply rearranged its prejudices.

The analysis of the Hill working papers substantiates the Territory view that errors were made in the important area of forecasting. They failed to develop an appropriate framework in which to assess costs and benefits. I will run through some interesting comments which perhaps represent the thinking of the research team. Again, I quote...

Mr Smith: Do you dream of the Commonwealth government when you sleep, Darryl?

Mr MANZIE: Just have a listen to this, Terry. This was a briefing paper provided to the chairman prior to the South Australian hearings of the Hill Inquiry: 'The fast rate of growth of the Northern Territory has tended to draw resources away from the rest of Australia and might well be regarded as not desirable.' I will just go through that again. This briefing paper was obtained under the Freedom of Information Act. It was provided to the chairman prior to the South Australian hearings: 'The fast rate of growth of the Northern Territory has tended to draw resources away from the rest of Australia and might well be regarded as not desirable. It is notable that this growth has occurred without the railway to assist and that further growth might be expected if the railway is not built.' Good heavens, what will happen if the railway is built? The mind boggles. A briefing note was obtained under the Freedom of Information Act which said that rapid growth in the Territory might be regarded as not desirable.

Those comments went to chairman Hill. That sort of language is evident throughout the briefing papers and supporting notes written by people working for the inquiry. I have a statement from an economic consultant to the inquiry. He was employed by the New South Wales government. In September 1983, before the inquiry was announced publicly, he commented: 'The inquiry should try to draw strong conclusions. If the report is ambiguous or

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says that results are close and depend on arbitrary assumptions, the report will either force the federal government into a wrong decision or lead to further investigations'. Who decided what the right decision and or wrong decision was? Obviously, somebody decided. In September, prior to the inquiry, it is obvious that it had been assumed already - and advice had already been given - as to what the right decision had to be. Advice was given to the chairman that the inquiry should draw strong conclusions or the report might either force the federal government into a wrong decision or lead to further investigations.

There definitely appears to have been a conspiracy in relation to the Hill Inquiry. Who determined what were the right or wrong conclusions? What about this one? It reads: 'Reply as far as possible on concrete examples. A negative net present value means there are better alternatives available. However, in public debate, the negative net present value seems theoretical and intangible. The report would be more forceful if it can give some cases of potentially better projects, more certain and larger benefits'. The mind certainly goes into action at this point. Is this the genesis of the notorious statement about 130 trucks and 20 buses doing what a railway could do?

Here is another corker - a note from the chief economic adviser to the inquiry: 'Our study has to be soundly based but, if the conclusions rely on technical points, we will not get the clearcut result we are aiming for'. What result were they aiming for and who told them to aim for it? It was called an 'independent' inquiry. A little inaccuracy sometimes saves a tonne of explanation. That seems to be the sort of thinking that occurred with the Hill Inquiry.
Mr Smith: Why don’t you talk about...

Mr MANZIE: I think that this is extremely relevant. We are talking about an inquiry that was presented to the federal parliament. It shaped politicians’ opinions and also the opinions of Australians. It probably had a fair bit to do with shaping the opinions of economic groups and financial institutions. I am trying to point out that the whole basis of this report was a sham. Information that we obtained under the Freedom of Information Act showed...

Mr Smith: Why don’t you introduce the Freedom of Information Act up here? You would know about a sham.

Mr MANZIE: The member for Millner is becoming a bit upset because we have unearthed evidence to suggest that his leader, the Prime Minister, or his government may have been involved in a bit of shonky business. He has left the Chamber but I will not stop. He can read Hansard.

The inquiry’s forecast on the traffic task was essentially based on a reworking and a downgrading of the Northern Territory forecast, with no consultation with the Territory government or any clarification or explanation. In the Canadian Pacific report, the base case finding is that, in economic times, the railway extension will result in a resource saving to the Australian community of $150m over a 50-year appraisal period. This is for the initial traffic demand to 1 million tonnes, growing at a modest 3% per annum to a maximum of 3 million tonnes. Importantly, Canadian Pacific reported on an impressive and extensive range of sensitive tests done as a part of its analysis. Most importantly, it concluded that, even for an initial traffic level of 750 000 t, growing at 3% a year, the railway would be a slightly better than break-even proposition.

It would be wrong to use a single estimate of future demand. The strength of the Canadian Pacific analysis is that it demonstrates economic viability even for an initial demand as low as 750 000 t. That is 100 000 t below the Hill forecast. It is not the precise figures that are important in dealing with the future; it is the range of estimates of future demand, ranging from an initial traffic demand of 0.75 million tonnes to 1 million tonnes, which demonstrates the resilience and the strength of the Canadian Pacific analysis. It proves economic viability for any tonnage within this range.

Freight forecasts are another area where the Hill Inquiry obviously was looking for a set figure. Someone somewhere had obviously informed it what it had to look for. I will run through some of the past history. It is not so long ago. This is a July 1979 briefing note on the north Australian railway to the General Manager of Australian National Railways from the executive engineer:

‘The peak of the iron rail haul occurred in 1970-71 when, together with coordinated road-rail freight service introduced to link rail services in the south with those in the north, rail transport reached a level of about 2.25 million gross tonnes annually over much of the railway. The service reached 15 round trips a week, plus 3 or 4 short distance round trips daily’.

2.25 million tonnes were carried on that railway in 1970-71. Australian National’s comments to Hill on the north Australia railway are worth quoting: ‘At closure, the physical condition of the railway, the track, was such that, with normal maintenance and with a continuation of the programs described, it could have sustained a level of business many times greater than that then existing’. A railway that was carrying 2.25 million tonnes annually could have sustained a level of business many times greater.
There was a copy of a telex from Australian National which stated: ‘Tonnages, as transported on
the Alice Springs line during the year to 30 June 1983, were in the order of 400 000 net tonnes which
approximates 78% of northbound traffic’. With the growth rate that was being talked about, it would be
close to 1 million tonnes by 1993. I do not think there should be doubt in anybody’s mind that the levels
of tonnages will be reached. In fact, even if a million tonnes per annum were reached now, it would still
only be half what that railway carried in 1970-71. In my view, the Territory government should focus its
attention on the Canadian Pacific report. As the Chief Minister foreshadowed, we should foster private
development as a means of securing the railway.

I must refer again to the Hill Report because it had a significant bearing on what the Australian
community thought about or thinks about our railway. Obviously, a predetermined result was envisaged
by somebody. According to the papers we received under the Freedom of Information Act, information
was fed to the chairman of the Hill Inquiry that required the reaching of a predetermined conclusion. The
whole inquiry was a sham. The report was tabled in the House of Representatives on 29 February 1984.
What sort of conspiracy was involved in rigging the results? Obviously, there was something and there
are many papers that we still have not obtained. What was the object of the Hill Inquiry? Were attempts
made to mislead the federal parliament and the people of Australia by going through that sham exercise and

tabling the report in the federal parliament? That is a question to which all Australians should be given an
answer. In particular, Territorians deserve a firm answer very soon. I support the Chief Minister’s
statement.

Mr BELL (MacDonnell): Mr Speaker, as Labor spokesman on transport matters, I endorse the
comments of the Deputy Leader of the Opposition. There can be no doubt about the support of the
opposition for the construction of the Alice Springs to Darwin railway or the Darwin to Alice Springs
railway, depending on where you start and where you stop.

Yesterday in question time, I prefaced a question to the Chief Minister on this subject by placing
on the Parliamentary Record our support for that railway. There is no doubt that the construction project
itself will be good for the Territory, as it will be for the country. For example, during this debate
consideration has been given already to benefits for industry in South Australia. The railway may assist
the transportation of bulk production from mining and agriculture and, in turn, it may also assist in the
delivery of bulk inputs to those industries. In addition, the Chief Minister speculated on the ability of the
railway to assist the Trade Development zone, and perhaps we should consider also the effect that it will
have on the growth of the Port of Darwin. Of course, it would be false to be too carried away at this stage
with these 2 issues.

I think it is worth while making a clear distinction between the quantifiable and the non-
quantifiable benefits that will derive from the railway. The Chief Minister’s statement raised matters both
of quantifiable benefit and non-quantifiable benefit. Perhaps the most interesting and non-quantifiable
benefit relates to the defence implications of the railway. I recently reread the book which was quoted by
the Chief Minister. There can be little doubt that it presents a particularly forceful justification for the
railway in terms of defence.

However persuasive the non-quantifiable benefits may be, it is the quantifiable benefits that we
are particularly interested in. After all, it will take money to build this railway and there is nothing quite so
quantifiable as money, particularly when you do not have very much of it or you owe a lot of it. In that
context, it is necessary for us to do some very hard thinking about the implications of the project and the
projections that have been tabled. No benefits are likely to arise without costs. It is a matter of concern
that the projections provided by CIBC imply government contributions ranging from $150m over 3 years to
$300m over 15 years. The peak debt projections range from almost $500m to a non-viable case of $3.6m. For those figures, I refer honourable members to the papers tabled with the statement.

As another area of concern, I suggest that we consider load factors. Where will the freight be coming from? How will the freight provide the sort of revenue that will justify the railway? That is a central issue. I do not offer this in a partisan sense. I have only the best interests of the Northern Territory and northern Australia at heart when I say that we have to be hard-nosed about this. For example, let me draw the attention of honourable members to the preliminary report by CPCS, at page 2, in relation to load factors. The preliminary report says: 'In this review, we make the use of the cost information included in the submission by the Northern Territory government to the Independent Economic Inquiry into Transport Services to the Northern Territory, the Hill Report, some additional costs developed from available data for rail operations in the range of 2 to 3 million tonnes and for semi-trailer operations and the forecast developed in the NT submission'. It goes on to say, and this is the crucial bit: 'No attempt has been made to verify those forecasts and further work should be undertaken in that area as the status of a number of resource development projects has changed since the last review some 12 months ago'. The preliminary report from the CPCS indicated a need for further study in that regard. To date, there is no real indication that this has been done.

If we look at the final report from CPCS and we turn to table 2.1, the summary of traffic profiles developed from the Hill Report, we note that, for 1993, the Hill projections are 864 000 t whereas the base case taken in this study shows 1.1015 million tonnes. The difference between the 2 is something of the order of 15%. However, we have no feasibility studies provided by the CIBC as to the impact of tonnages of the Hill range on the overall commercial viability.

If we look at table 7.7 in the Hill Report, which compares the freight task for the whole corridor, we can see that Northern Territory government predictions are more than 40% above those of the Hill illustrative projection no 1. That is on page 128 of the Hill Report. I draw the attention of members to the discrepancy in the non-bulk freight, for example. The Northern Territory government projection was 307 000 t; the Hill projection was 220 000 t. The NT government projection for the existing uranium mines is 160 000 t; the Hill projection 108 000 t.

Mr Coulter: ALP projection - nil.

Mr Vale: Minus 100.

Mr BELL: I pause for a moment to acknowledge those interjections. If those blokes want a bipartisan approach, I expect to be listened to. I am attempting to develop an argument; I think it is worth listening to. I am not carrying a particular brief for the Hill Report. I am not carrying a particular brief for any report; I am carrying a brief as shadow minister for transport and works in the hope that we can have a viable project.

Mr Speaker, I draw your attention to these figures. Comment has been made already about the alleged bias in the Hill Report. I point out that, in that particular table, there were some circumstances in which Hill's projections exceeded the Northern Territory government's projections. For example, Hill projected 150 000 t of unspecified mine output which was not included in the Northern Territory government's projections. Quite obviously, at the bottom of this, there is a situation where people are trying to do some crystal-ball gazing and that is never easy.

As I said, the particular downgradings in the Hill Report were compensated for by some higher estimates and some unspecified estimates for mining projects. This is the nub of the point I am trying to make. If these variations exist, they may alter considerably the amount of revenue derived from a project.
such as this. These projections of potential load on the railway will seriously affect the revenue that will be available to the railway to service debts or whatever.

I draw the attention of honourable members to projection number 1.5.2015. Let us consider for a minute what the impact would be if we varied downwards some of the load forecasts along those lines. If we varied the 1993 figure for the freight component from 929 t down to 700 t, it would mean that, in turn, the net tonne kilometres would decrease from 996 to a considerably lower figure which, in turn, would mean that revenue could decrease from the projected figure of $49.8m to a projected figure of $37m. Quite clearly, if we took that over a 10-year period, we would be talking about a shortfall of $120m, and that is a great deal of money.

It is very important that we stop to consider all the possibilities in this regard. I think it should be done in an unemotional atmosphere. The Chief Minister was relatively objective. I cannot really say that the Minister for Transport and Works was particularly objective; I think he was letting his preconceptions run away with him. The Territory is in some strife because liabilities have been incurred with respect to certain projects that this afternoon will remain unnamed. I believe it is essential we ascertain the bottom line on the railway and that every member of this Assembly at least has a clear idea in his mind of what the best case and the worst case might be. It is not good enough to have a flag waving exercise which would not enhance such an important project as this. If the proposal can be approached in a bipartisan atmosphere whereby realistic assessments are made of things like the load forecasts and the problems of which I have attempted to outline today, I believe the railway would be a goer. Let me assure you, Mr Speaker, other members of the Assembly and Territorians of my support and the opposition's support for it.

Mr D.W. COLLINS (Sadadeen): Mr Speaker, on 1 October, I was in Calgary, Alberta, on my way to the Small Nations Conference in Regina. We had a 5-hour stopover so I took the time to go up to the Calgary tower which is a bit like the tall tower we have in Sydney. In the distance - I could not see them all that well because of the haze - were the Rocky Mountains and out of those mountains came a train with 4 diesel engines, pulling no fewer than 83 vans. They were not dirty nor smelly and they certainly were not a drain on the Canadian taxpayers. They belong to Canadian Pacific Railways. They make a profit. This profit-making company is also a private company with assets of something like $US11 300m behind it. I think the 2 terms 'profit' and 'private company' have a very good ring to them and, certainly, taxpayers would welcome that when one considers that, in Australia, $3000m is paid to prop up the public railways system. I would suggest that would be about 4 times as much as the Territory receives from the federal government.

The problem I see with the Australian railways system is that it is a producer-orientated monopoly which is out of touch with the consumer. It is designed for the employees and not for the public whom these public companies are supposed to serve. Each year, $3000m is taken out of taxpayers' pockets to prop up this system which is over-manned. The employees are very keen on their overtime. It used to be a standing joke in Alice Springs with the old Ghan. People coming up would say: 'We crossed over the border and we sat there for 3 hours. No trains came past. Suddenly, the train started up and we came on into Alice Springs'. If one studied the overtime patterns of the people running the train, one could perhaps get an inkling as to why that happened. There was no other sensible reason for it. It is something which is designed for the producers of the service and not for the consumer. I am sure that, if we could inject some competition into this particular system, we might be staggered by the results.

The opposition said it will study the report. That could be very important or it could be a sheer waste of time. The key people behind this are the potential investors. They will be the ones, if we can find them, who will have to make all the hard-nosed decisions which the member for MacDonnell
was talking about. They will be making the commercial decisions to go ahead or not to go ahead. As he indicated in a question yesterday to the Chief Minister, hopefully people can be found who, having studied this very carefully, will see that it is in their interests to go ahead without any government financial assistance. If that is the case, that would be the most important and most welcome situation that we could have. Let them build and operate the line without government money being invested.

The paper that the Chief Minister delivered this morning talked about ways of helping the project by guaranteed tonnages; for example, from the Department of Defence. I am not madly keen on guarantees because there are other methods of transport such as road transport and shipping. I would like to think that any railway we build would operate on a competitive basis with competitive prices and good service. That way, the federal government would need only to consider the choices available to it. It should not say: 'We have to prop up this shipping line which we know loses millions every year so we will use it'. I would ask the federal government to be fair.

If we achieve our goal, I envisage problems. Even if a private company were able to achieve the goal, there would be problems. For example, would the private railway have to stop at Alice Springs and unload its goods onto ANR to be railed to Adelaide and ports beyond? One would certainly hope not. The private company would need to be able to run its rolling stock on the public railways. Of course, ANR would have to be granted reciprocal rights; that seems pretty reasonable to me. That could really lead to competition! We would have 2 choices: a private company or a public company. Goodness, the consumer might even get a fair deal. Of course, they might enter into a collusion. In future, people might be discussing the 2-railway policy instead of the 2-airline policy.

I remind members that I have spoken about the monopoly of the British bus services between the major capital cities. When the monopoly was broken and private buses were permitted, suddenly the consumer became important. The private companies had to woo the consumers so that they could compete. They dropped their prices, they installed coffee machines and videos and they provided the sorts of things the consumers wanted. Consumers responded by travelling on those buses. It paid them to do so. They left their cars at home and did not have to worry about parking in the cities. If you have a good service, it is enjoyable. Consumers became important. Of course, the public buses in Britain had to respond to the consumers or risk courageous politicians saying: 'The public buses are not being used. We might have to get rid of them'. They responded to consumers and, lo and behold, they are now making profits and the taxpayers are being saved millions. It is amazing what a bit of competition can do for the consumer and how much money it can save the taxpayers.

Another problem would arise if a private company operated the Northern Territory railway. I would bet all I have that the transport unions would oppose it. I could imagine the attitude of our Canberra masters. It would be a bit like the Mudginberri situation where people acted outside of the law and still managed to cause disputes right across Australia. We cannot always do the things which we legally should be able to do. That situation could arise and there is no point putting our heads in the sand and saying that it would not. There is every possibility that it would happen.

Mind you, Mr Speaker, the taxpayer subsidises ANR every year to the tune of $3000m. If the railways around Australia were brought to a halt, that
shareholders, not only in the private company which would operate our railway but also in ANR. At the moment, nobody would want to become a shareholder in ANR because it loses $3000m annually. The reaction might be surprising if ANR could be gingered up. Another area of potential would be for ordinary citizens to participate as shareholders. This would add to the level of interest in the railway and give it greater support.

If these ideas were taken to their logical conclusion, we would have a Northern Territory railway showing a profit. What an indictment that would be on the public railway system of Australia! You can bet your bottom dollar there would be those who would oppose us even if only behind the scenes. The little Northern Territory with its 140 000 people could show those people up. They would have a lot to answer for. This badly needs to be done.

The Deputy Leader of the Opposition made the important point that the venture may not be seen by private investors as being commercially viable even though it could be economically viable. There could be big savings on road maintenance costs. That would be in the interests of the Australian taxpayers, but would not represent any profit to the railway operator. It is certainly true that the huge road trains currently using our highways cause considerable damage. If they were fewer in number or ran less frequently, large sums could be saved on road maintenance. If the first option of total private ownership is not viable, we would need to consider the economic benefit of the savings the railway could offer in relation to other areas of government expenditure. There are several other things in the report which indicate this clearly but I will not discuss them now.

What are the options if the private group says that it cannot do it without some assistance from the government? I dare say there are many options. The Northern Territory government could become a shareholder with the right to buy more shares and sell shares. Likewise, the federal government could become involved. The Northern Territory government could give some guarantees. I am not madly keen on that and, given his question the other day, the member for MacDonnell would not be keen. I should not steal the thunder of one of my colleagues but another member of the opposition said that one of philosophical differences between us is that they are prepared to put government money into certain projects.

Another possibility is that, having very clearly looked at the whole situation and made it clear to the Australian people as well as Territorians that there are savings nationally which cannot be capitalised on by the private company, would it be so bad to make a gift of, say, $20m a year if it could be clearly shown that, by doing that, you would be saving the Australian people as a whole $40m to $50m or whatever the figure may be. After all, as has often been said, this really should be a national project, and governments should get the project under way. I would like to think that a private company could do it but the gift of $20m a year for 15 years would be necessary to evade high interest rates that apply today. The member for MacDonnell spoke with great clarity about it. We must be aware of what we are doing, why we are doing it and the logic behind any particular action.

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I would like to pick up one thing that the Deputy Leader of the Opposition mentioned - the time to build the railway. I would remind him that we had a very excellent team which laid the standard gauge line from Tarcoola to Alice Springs. It completed the job 12 months ahead of time. When it finished at Alice Springs, that group laid a standard gauge line through from Port Augusta to Adelaide. At the time, it was my hope that we would be ready for it to bring its gear and lay a line from Alice Springs to Darwin. We know that that did not happen. However, that demonstrates that there are capable people in this country who could get that line through very quickly. Of course, we know that, once the line is operating, it can generate revenue. It is when the line is not open that interest rates bump up the costs horrifically and there is no revenue to defray them.
If the government can persuade private companies, as it has with the pipeline, to build and operate this private railway, it would be a very clear indication to the people of Australia that we in the Northern Territory are responsible and that we are mature and ready for statehood. Hopefully, such an enterprise can be arranged without government support although that may be necessary to some extent.

Debate adjourned.