Mr EDE (Opposition Leader): Mr Speaker, as I have said on numerous occasions in this House, the Northern Territory possesses a number of substantial economic advantages in terms of its natural and human resource endowments. Not the least of these is the proximity of Darwin to the rapidly expanding economies of South-East Asia and its strategic geographic location as a trade link between Australia and the developed and rapidly developing economies of Japan, Korea, Taiwan and China. The full exploitation of the natural economic advantages of the Northern Territory continues to be frustrated by the absence of key economic infrastructure.

The most substantial impediment to a major expansion in the Northern Territory economy continues to be the absence of a low-cost transport system linking us to Asia and to other parts of Australia. Honourable members are all aware of the tortuous history of the proposal to complete the north-south rail link joining Darwin to Adelaide. The Commonwealth, of course, accepted an obligation to build the line in 1911 when responsibility for the administration of the Northern Territory was handed back to it from South Australia. In 1983, both the Liberal National coalition and the Labor Party made election promises to complete the rail link. On winning government in the 1983 election, the new Commonwealth government undertook a radical review of all government programs in light of the previously concealed budget deficit and the growing size of that deficit gap on forward projections. One of the casualties of the review was the promised Alice Springs to Darwin railway.

The Commonwealth offer to contribute to the railway construction was changed to an offer of 60% funding for the project. It is ironic to note that the Public Accounts Committee estimates the cost of government subsidies to the Sheraton Hotels and the Yulara Resort will total almost $280m by 1996. The CLP was able to commit public funds to open-ended underwriting of these projects while the trade link was cast aside. It is also ironic that the amount would have just about covered the 40% contribution that was required to get the project on the road.

In 1984, the Commonwealth government appointed David Hill to conduct an inquiry into the viability
of the rail proposal and its comparison to the economics of upgrading the road network. Part of the problem with the methodology used by the Hill inquiry was that it excluded benefits beyond the Darwin Alice Springs corridor - benefits to the wider Australian economy. On the other hand, submissions to the Hill Inquiry by the Northern Territory government failed to highlight the international trade potential of the rail port interface. The government submission provided very detailed estimates of the freight task into Darwin, in terms of general freight requirements and cement and some mineral products; the potential outwards freight of petroleum products between Darwin and Alice Springs; and the potential for some primary product exports to southern capitals. However, the potential for the rail link to serve as a trade link through Port Darwin to the major economies to our north was ignored almost totally.

In 1985, the government commissioned Canadian Pacific Consulting Services to undertake a review of the economic viability of the railway. However, the consultants were not engaged to upgrade the freight task estimates provided to David Hill by the government. The then Chief Minister presented a statement to the House on the findings of the Canadian Pacific Review in June 1986. He said that he hoped to be in a position to 'provide a further statement on progress in October 1986'. By that date, he was no longer Chief Minister and no such statement was provided. It is now more than 5 years since we have had any substantial statement in this House concerning progress. The fact is that the government has given up. It has found it too hard. It has walked away from its duty to the Territory.

The Northern Territory government gives every indication that it has gone cold on the project. It may protest to the contrary. However, certainly, not only in the Northern Territory but, more importantly, in interstate government and business circles, the impression has been made that this government is no longer committed to researching and promoting this vital project. It has lost its vision. Here is a project where the Northern Territory could have shown the world that it can be innovative and that it can seize the opportunities available. The government has failed to do it. All Australians now realise the pressing need to internationalise the Australian economy. The enormity of this task appears at times to be overwhelming, especially given the large size of our existing foreign debt and the inefficiencies that have been allowed to build up behind the barrier of tariff protection under successive Liberal National coalition federal governments.

Internationalisation of the Australian economy requires us to pay much more attention to the development of Australia's trade with Asia. Other regions of the global economy are clearly important, but they do not have the same vital importance for Australia's future as does Asia. We are all aware of the dramatic economic growth of Japan and South Korea during the last 4 decades. More recently, they have been joined by Taiwan and Thailand. Malaysia and, to a lesser extent, Indonesia are also giving increasingly strong signals that they are approaching the economic takeoff thresholds. In the case of China, only small increases in economic activity have major implications for Australian trade because of the sheer size of the Chinese economy. Professor Ross Garnaut made an exhaustive assessment of North-East Asia's economic outlook in 'Australia and the North-East Asian Ascendancy', and I commend that book to honourable members. It concluded that once the economic takeoff thresholds were reached in these North-East Asian economies, rapid growth was a cumulative, self-reinforcing process in which the hardest part was the beginning. Once it was under way, rapid growth continued in these economies, and it will keep going on until the frontiers of world productivity are approached, as appears to have been the case in Japan in recent years.

Professor Garnaut estimated that the northern Asian economies of Japan, China, South Korea and Taiwan had an economic activity level equal to that of each of North America and Western Europe in the early 1980s and it has continued to grow rapidly. The rapid growth of these northern Asian economies is likely to be repeated in southern Asia in coming decades. Will the Northern Territory and Australia be adequately positioned to take advantage of the projected growth in the Asian economy?

Major southern Australian ports are already heavily congested and subject to turnaround delays that reduce their ability to compete on international markets. Concerted efforts are now being made to increase productivity on the Australian waterfront and to increase competition within and between ports. These initiatives are especially important for the future ability of our manufactured goods and
other value added products to compete on international markets. However, sheer geography militates against the ability of existing southern ports to provide efficient integration of the Australian and Asian economies.

The Territory's submission to the Hill Inquiry in 1984 concentrated on the demand for general Darwin freight that could be carried from southern sources via a railway. Very detailed assessments were made of the demand for this service and the potential for the railway to carry primary products and some mineral products. However, almost no mention was made of the potential to use the railway and port facilities in Darwin as a key component in trade between Australia and Asia. In fact, it was not until September 1986, when the Railway Executive Group presented its report, that any substantial mention was made of the potential use of the railway as a land-bridge. Even in this case, the reference to potential import and export tasks was very rudimentary.

In the past, too much use has been made of the phrase 'Alice Springs to Darwin railway'. The proposal, as the government has portrayed it, resembles something akin to a country spur line. The project has much greater potential than that. We should not be talking about the rail link only. The full potential of the project necessitates investment in expanded port facilities. It is for this reason that I have dubbed the proposal:

'The Australia Asia Trade Link'. I invite the government to use this description in its future, hopefully intensified, efforts to promote this vital project.

In the past, the enthusiasm of Territorians for the project has been matched by the cynicism of those outside of the Territory. The cynics have pointed to the net operating losses suffered by state government rail services around Australia. However, this is a dynamic situation, not a fixed condition, and the government should be keeping a close brief on developments in both rail and port sectors and their potential impact on the viability of the Australia Asia trade link.

Ongoing reform in Australian National Railways has brought that operation to the point where it can be expected to be profitable in commercial terms this financial year. This profitability is based on full commercial accounting. It includes provision for full capital costs, depreciation, and interest on all loans, including government loans. Australian National Railways' accounting policy provides for the inclusion of total liabilities, including annual and long service leave, workers' compensation and other insurance liabilities, and its liability for superannuation, which is fully funded - unlike ours in the Northern Territory. In addition to all this, Australian National pays full fuel tax, payroll tax and sales tax. Productivity improvements in the rail system and developments in waterfront reform are resulting in major productivity improvements and cost reductions. All of these developments in micro-economic reform have the potential to produce a major impact on the viability of the integrated rail and port Australia Asia trade link.

As the Minister for Transport and Works reported this morning, progress in waterfront reform has achieved outstanding results in Darwin. Further productivity improvements could be made with the introduction of advanced technology at an expanded port facility. We should be looking now to where that port facility will be. Is East Arm the best place, given the need to ensure that the channel is clear or, in fact, has Bynoe Harbour been looked at? These are issues that I had expected the government to give statements on before now, but we have not seen them.

Since the government last provided a statement to the House on the Australia Asia trade link, it has very largely left the progress of this important project in the hands of a small group of private developers. This group has not researched the potential for capturing Australian and Asian imports and exports through the Port of Darwin to anywhere near the required extent. At the same time, the government has cut back on its own commitment of staff and operational funds to the project.

This project is so vital to the economic future of the Northern Territory that it should be identified as a separate project in the budget. I do not think it is appropriate to have the project in the hands of senior
management, rather than under the direct control of professional and technical staff who could be
dedicated to this task. It is unrealistic to expect the Under Treasurer or the Deputy Secretary of the
Department of Industries and Development to have the time available to pursue this matter and
research it with any adequacy.

The resources devoted to this project by the Northern Territory government do not compare favourably
with the resources devoted to its project by the South Australian government. The South Australian
government has a number of officers at the operational level in its Department of Industry, Trade and
Technology, who are identified as having responsibility for the progress of this project. It was left to
the Premier of South Australia, Hon John Bannon, to promote the Australia Asia trade link as a viable
project of major economic significance. The Northern Territory Minister for Transport and Works
added fuel to the interstate cynicism about this project by describing Mr Bannon's call for completion
of this infrastructure as a justification for the CLP's expenditure on the State

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Square project. The Minister for Transport and Works was suggesting that the Australia Asia trade link
was not a viable economic proposition in its own right, but was simply a make-work project.

Mr Finch: Rubbish! Where did you get that from?

Mr EDE: The Chief Minister did not help the cause by saying that the completion of the Adelaide to
Darwin rail link would require an act of national faith on the part of the federal government. Acts of
national faith are not required in the case of projects that are economically viable.

It is indeed pleasing to note that a major international project management and construction company is
currently undertaking the preparation of a business plan for the development of the Adelaide to Darwin
railway and associated port development. For reasons of confidentiality, to ensure that this project is
given every chance of success, I do not think it is appropriate for me to reveal the identity of the
company that is involved. However, it is pertinent to point out that this company was not approached
by the Northern Territory government to undertake this assessment. Rather, the company is
undertaking this research under its own steam. It is also heartening to note that the Special Premiers
Conference processes, that were initiated by the Prime Minister, are currently undertaking a review of
taxation impediments to private financing of major infrastructural development. Again, the review was
not initiated by activity of the CLP government. Rather, it has come about through Commonwealth
initiative.

The whole issue of infrastructural development is being reviewed in the course of the Special Premiers
Conference. It is essential that the Northern Territory government begin work now to promote the
viable economics of the Australia Asia trade link in the lead-up to that conference. The estimates of
traffic volume, submitted by the Northern Territory government to the Hill Inquiry, which were also
used by the Canadian Pacific consultants, commenced with starting tonnages of about 1 million tonnes
or slightly less per year. Under a range of assumptions, the freight path was predicted to grow to
somewhere between 2 million to 3 million tonnes during the course of the next 40 years. These
estimates were updated at a later stage by CMPS consultants and, later, by the Railnorth group.

When we consider the tonnages of freight being imported and exported between Australia and Asia, it
is apparent that the capture of part of this trade for the port and rail development has a major bearing on
the viability of the project. If we exclude Australian exports of bulk products to Asia for the time being,
the total sea freight task between Australia and Asia in 1990 was in excess of 27 million tonnes. If we
were to capture as little as 3.6% of this total trade, it would represent an additional 1 million tonnes on
the Australia Asia trade link. This would mean that the railway and port would commence operation
with close to 2 million tonnes of annual traffic. Previous assessments, by David Hill and the railway
executive group, were based on freight task estimates only approaching the 2-million-tonne mark after
nearly 25 years of operation. These estimates were based on the railway continuing to be based on
serving the general freight needs of an expanding population in Darwin, and little else. The ability of
the integrated rail and port facility to commence operations at or close to 2 million tonnes per annum
effectively compresses the first 25 years of financial drain that were predicted for this project in
previous government assessments.
Why would this traffic come through Darwin? Some quick figures relating to trip times: Yokohama to Adelaide - 17 days; Yokohama to Sydney - 12 days; Yokohama to Darwin - 7 days; a round trip to Darwin - 3 weeks; and a round trip to Adelaide - 8 to 9 weeks. These figures are apart from any hold-ups in the southern ports, and in spite of all the advances that have been made in port reform there. Who really believes that they will be able to match, in anything like the near term, the types of efficiencies that we could set up in the Northern Territory with a greenfields project and full modern technology. There are additional barriers, apart from that. One of these days, Torres Strait will have major problems with pilotage and rip tides. That will happen too in some passages through the Barrier Reef, where some very large ships currently travel with about 2 m clearance below their keels. There will be pressures against those. Also, the fact is that medium-value products have a specific weight-speed ratio that fits rail rather than sea.

Therefore, the less time spent at sea, the greater the savings are in terms of holding costs for the product. That is a saving for importers and exporters, which they can work out for themselves to their own advantage.

These sorts of figures and facts should have been researched with more vigour by this government and promoted among the wider Australian community of key decision-makers. We have asked before where the money will come from, and the fact is there are the superannuation funds, the possibility of joint ventures with large project management teams and the possibility of linking into overseas port authorities. All of these are areas we can look at in regard to finding the money. Let us not pretend that it is not there.

Previously, I have spoke of the potential for a billion dollar horticultural industry in the Northern Territory. An industry of this size would quickly exceed the capacity of Australian domestic markets to absorb the resulting production. The missing infrastructural development remains the completion of the Australia Asia trade link and associated expansion of shipping services to Darwin. This will provide opportunity for the sea export of these commodities to rapidly expanding markets in Asia. Imminent breakthroughs in transport and storage technology mean that the shelf life of perishable commodities can be extended in controlled atmosphere containers, further expanding the export horizons for Northern Territory commodities.

The completion of the Australia Asia trade link will see a dramatic expansion in Darwin of shipping and related service sector industries. This is the sort of development that first propelled the development of Singapore. For example, the viability of establishing Darwin as a fuel-bunkering port and the construction of an oil refinery would be greatly enhanced. The expansion of Darwin as a major port to service Asia has obvious spin-offs for trade links among Northern Territory manufacturers, producers of primary commodities and bulk milled mineral commodities. The expansion of shipping services through Darwin also provides opportunities for the expansion of a light manufacturing industry in the Northern Territory to service the resource and transport sectors and to produce products for export to Asia.

To conclude, the total advantages to be gained by securing this infrastructure development are so ...

Mr SPEAKER: Order! The honourable member's time has expired.

Mr BAILEY (Wanguri): I move that the honourable member be granted an extension of time to complete his remarks.

Motion agreed to.

Mr EDE: I thank honourable members. In conclusion, I wish simply to say that the total advantages to be gained by securing this infrastructural development are so fundamentally important that it is beyond time that the government took the lead in the analysis and promotion of this vital project. It is high time that the Northern Territory government took a more pro-active approach to investigation of this project and its promotion as a viable investment for private enterprise. It is not a national dream and it is not
reliant on an act of faith by any government to secure the completion of this project. It is not a make-
work project. The Northern Territory government does not have a role in financing the completion of
this infrastructure, but it is high time that it took a pro-active approach to the research and promotion of
the project.

Mr FINCH (Transport and Works): Mr Speaker, the Leader of the Opposition has told us nothing new.
He is attempting quite transparently to paint himself as the latterday guru and champion of the rail. It is
nothing more than that. He repeated ad nauseam matters that have been raised in this House for the last
10 years, and we heard nothing fresh at all.

Let me talk about some of the furphies that the Leader of the Opposition has raised. He referred to the
rejection of the 60:40 deal. Territorians will recall the talk that a Labor government was the only
government that could be trusted to build a railway. Wimpish excuses about the state of the purse were
absolutely totally unfounded. The Parliamentary Record for 1983 will show quite clearly that the
member for Millner openly rejected that preposterous suggestion of a 60:40 deal, and so he should have
done.

As to the Leader of the Opposition's comment that no substantial statements were made, again he
should refer to the Parliamentary Record. Barely a sittings has passed without the rail being mentioned
somewhere in debate. The land-bridge concept was developed and promoted by this government long
before the honourable member bumped his forehead on something one morning and discovered that
maybe there was something beyond the shores of Darwin.

In terms of involvement in what is happening nationally, I will inform him in a moment of the role of
this government through the various ministers and the Chief Minister. To suggest that this government
has put fewer resources into the railway compared to South Australia is totally incorrect and
preposterous. We have done mountains more. If I had opted to bring across the paperwork that has
been generated in terms of rail, port and shipping developments and the integrated freight system, he
might realise that there is a little more to freight than 1 link in the chain.

As far as leaving it to the Premier of South Australia, I recall that I called on him some 2 years or 2.
years ago specifically to gain his support for the rail. His response was zilch. He also said that the
federal government would never support such a project. As the newly-elected President of the Labor
Party at the time, he was in a position to influence the federal government if he had so wished.
However, he did nothing until some 6 months ago. The matter was brought to his notice by the new
entrants into the marketplace. The new entrants were made most welcome and were encouraged by this
government long before they went off to see the South Australians. Maybe they encouraged him to take
an interest or maybe it was the electorate at Whyalla where BHP is most interested in the railway.
Obviously, it is an opportunity for BHP, and perhaps it encouraged him to take rather more interest.
His interest is 6 months old whereas ours goes back a long way.

Let me talk about the Leader of the Opposition jumping on the coat-tails of Premier Bannon. It is most
disgusting. I would need a wheelbarrow to bring in all the reports on the railway. The earliest report
that I have been able to put my hands on is a 1914 report entitled 'The Parliament of the
Commonwealth of Australia - Northern Territory Railway and Ports Report'. It makes very interesting
reading. What it says is not very different from where we are today except that it did not recognise the
substantial marketplace off-shore.

I have here the 'Draft Environmental Impact Statement on the Alice to Darwin Standard Gauge Rail'
released by the federal government in 1982. Guess which government that was, Mr Speaker. It said that
the Commonwealth Department of Transport and Construction proposed to construct a standard gauge
rail and was looking for comment. Of course, there was some campaigning by the then federal
opposition, particularly by the shadow minister, Mr Peter Morris. We all remember him as the friend of
the Northern Territory and the guy who closed down airports. He said:

The Labor Party's comprehensive transport package for the Northern
Territory includes construction of the Darwin-Alice Springs rail
line, with a target completion date of 1988.
He also said it would 'reduce petrol prices by 3c a litre'. They have risen by about 15c a litre in that time. He spoke of the removal of the sales tax on the freight component of goods. He promised 'to create jobs on local construction'. I do not know how successful that was. That was followed by: 'A national road freight inquiry - an invitation will be issued to the NT to participate'. That was followed by: 'Complete the Stuart Highway by 1986 target date'. This was the Labor Party that we could trust, if elected to government in 1983: 'Introduce a no-frills air fare to cut the cost of air travel' and: 'Continue the ABRD and Roads Grant Act programs for road funding'. If 2 of those 8 projects were realised, I would be surprised.

Of course, there was reference to the Hill Report. We know that was a set-up. He was given a conclusion and told to fill in the bits in between. There are draft reports and appraisals of that which were tabled and debated in this House. A further environmental assessment was done in 1984. There was a report on the defence implications and whether there would be any benefit, in defence terms, in having a north-south rail. Of course, Defence was told, on the side, that if it said there was, it would come out of its budget. What do you think it wrote, Mr Speaker. It was obvious.

Canadian Pacific brought a little clear thinking into it. The Northern Territory Railway Executive Group made a report. This report deliberately excluded the flow-on effects of the rail, the developmental aspects and the land-bridge concept. We said that we ignored those matters at the time because we were talking to an aggressive federal government. We could not talk about anything that it could put down. We have had many reports and meetings since then. We have endless records of meetings and correspondence by the Chief Minister, the Treasurer, the Minister for Industries and Development and myself.

We had further reports commissioned by the Japanese Nippon Company to provide an update. In recent times, there is another report that is not for publication. It is a report undertaken by a group of its own volition. With encouragement from the Territory government, it looked at the rail link from its own perspective. It is an international group that is well recognised worldwide as a builder and operator of railways. I do not intend

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to indicate who it is. The various correspondence is listed and it is quite voluminous. That is what this government has been doing consistently since 1983 when we were let down by the newly-elected federal Labor government.

Other than suggesting where he might drag some funds out of local coffers, the Leader of the Opposition offers absolutely nothing in relation to convincing private entrepreneurs to invest 70%, 80% or whatever is required. This government has been working busily on that because we figure that one day we will have a federal coalition government. When he was in Darwin, the shadow spokesman for land transport, John Sharp, uttered some words of caution. However, he gave great support and a positive commitment to the concept of the rail. Naturally enough, he could not indicate the extent of that commitment. He said that, should that commitment be forthcoming, logically the coalition would be talking about a fixed level of support by one means or another for a fixed period. That is fair and reasonable, and all that we expect.

We know the current gap that prevents this project from being realised. What we really need is cooperation from the federal government in terms of direct support or at least tax arrangements. It is all very well for the federal government to slug the truckie $46 000 a year to try to affect freight movements. It gains $6500m from the users of fuel, the ordinary motorists, every year. It could put a little of that aside for the Territory railway and never miss it. It has started already to siphon some of that into capital infrastructure for the states, taking it out of roads and putting it into rail - a preposterous idea, I would suggest, given that they have a rail system there already. If it wanted to wangle anything anywhere, why didn't it put some towards completing the national grid? That is quite apart from the $350m of taxpayers' money it is using to help establish the new national rail freight system.

In terms of where we are at today, honourable members would be well aware of the Chief Minister's presentation at EPAC. I probably should table that, if honourable members do not have a copy, along
with the media release at the time, and I will talk about that briefly. This was initiated solely by the
Chief Minister:

The Northern Territory proposal for a rail link between Darwin and
Alice Springs presents a vision of the completion of the Australian
standard rail system by connecting major centres in the south-east
with growing Asian marketplaces in an integrated rail and port
facility.

He went on to talk about the taxation arrangements and other external benefits. The Leader of the
Opposition was only parroting what others had said long before he woke up. How serious was the
Territory government's proposal at EPAC? It was serious enough for us even to have a copy prepared
in Japanese. If any honourable members can understand or speak Japanese, they are more than
welcome to have a look at that later on.

Mr Reed: They cannot understand English.

Mr FINCH: They cannot understand English, the written word. That is right.

Honourable members will be aware, as will the general public, of a visit here by Senator Nakao, who is
now Minister for International Trade and Industry and one of the most powerful politicians in Japan.
He is a very

keen supporter of the Territory and, through our Deputy Chief Minister and Treasurer, he has
developed that rapport over a number of visits and meetings. Mr Speaker, later, I will table this
correspondence, dated 2 August, to Senator Nakao from the Treasurer. Therein, he talks about the
efforts that are directed towards the joint approach by South Australia and the Northern Territory, and
he talks about visits by officers of the Department of Industries and Development to South Australia's
Department of Industry, Trade and Technology, and to Canberra to brief the federal Department of
Industries, Trade and Commerce. The outcomes of those meetings, which have included the recent
additional proponent, BHP, have all been quite positive, and we welcome that support. He also
mentions meetings between Westpac, the Prime Minister, the Treasurer and Ministers Button and
Beazley. All these activities have been encouraged by this government.

At least I acknowledge and applaud the Leader of the Opposition in this regard. The reason we have
not been shouting in the streets about the rail is that there are commercial sensitivities, and we do not
need any exaggerated publicity at this time. I recognise that the Leader of the Opposition wants to
climb on to the bandwagon, and so he should probably, but he should not think for 1 minute that he is
the leader of the band because he is not. He is a small bit player.

In terms of promotion, much has been done by this government, and that has been identified already in
terms of the motion. Research has been done to death, as far as I am concerned, in a technical sense.
What we need to identify are shipping companies which will ship their loads in and out of the Port of
Darwin. If the Leader of the Opposition thinks for a minute that it is easy to break into some of these
shipping lines, he is sadly mistaken, particularly considering the new state of the game with new age
ships that carry somewhere around 2000 boxes. They are major, brand-new, state-of-the-art ships
which currently may not even be targeted to call into Australia. We have some difficulty trying to keep
up with changes in international shipping and, certainly, we have explored numerous avenues.

In working towards these objectives, we are no longer alone, although we were alone for a long while.
The federal government has never been onside since Fraser left in 1983, but now we appreciate the
support of South Australia, for whatever reason it was given. As far as Senator Collins is concerned,
we have not had 1 word from him in Canberra. As I understand it, not 1 word is reported in the
Parliamentary Record on the north-south rail from our representative, the Minister for Shipping and
Aviation Support, who is directly linked to Mr Beazley, the Minister for Transport and
Communications. It is a shame.

Mr Ede: Have you talked to Beazley?
Mr FINCH: Have I talked to Beazley? In fact, I believe that Beazley is the only transport minister in the last 8 that I have not spoken to directly, although he was certainly at an ATAC meeting at which I raised this question. I think he has only ever attended ...

Members interjecting.

Mr FINCH: The Leader of the Opposition talks about the trade link. Aside from there being more than one trade link, if we are talking about this land and sea trade link that the honourable ...

Mr DEPUTY SPEAKER: Order! The honourable minister's time has expired.

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Mr SETTER (Leader of Government Business): Mr Deputy Speaker, I move that the honourable minister be granted an extension of time sufficient to enable him to complete his remarks.

Motion agreed to.

Mr FINCH: Mr Deputy Speaker, in terms of the trade link, what we really need to talk about is a totally integrated freight system - from the door of the producer to the door of the receiver. That requires a fair bit more lateral thinking - not so much from the members opposite, because they are no more than bit players but, certainly, from the federal government and all those who have a vision of success in this area. We have, as I mentioned, pursued the shipping question and we have done quite a substantial amount of work.

As far as port facilities are concerned, this government has a positive and well-developed plan. In fact, in the EPAC papers - that I will table, along with the press releases - there is a map that shows the layout and arrangements at East Arm that will provide for a state-of-the-art facility to load from ship to shore to rail. It is important that we are able to handle the state-of-the-art freight trains of 1.8 km double-stacked etc and, to that extent, as we announced prior to the last Territory election, appropriate measures have been taken to ensure that 70 ha of land has been set aside at East Arm for a new port. The new port, as I said then, will be a rail-specific facility. It is an indication of this government's faith that, one day, probably when we have a new federal government ...

A member: That won't be long.

Mr FINCH: And that will not be long. The current Labor government is on a path to self-destruction. It is only a matter of time.

As far as the other features are concerned, let us not forget the national grid. The Leader of the Opposition made passing reference to the work of the newly-formed National Rail Corporation. This government, through myself and ATAC, ensured that we were given observer status. Because there has not been an ATAC in the last 4 years or so, I have not lambasted it about the railway. It decided that it had better give us a hearing and at least observer status in that forum.

The other thing we achieved was to ensure that the terms of reference for the new corporation allowed, quite clearly, for the entrance of new participants and, particularly, an extension of the rail grid to include the obvious and missing link to the Port of Darwin. As well as that, very importantly, new participants could include private entities. This is where the federal government is wrong. It is all well
and good to talk about a

national system that has common signalling, and a single dispatch and communication system etc, but
what we need also, before we will succeed in having this country's rail reach its optimum position, is
private participation. I have been saying that for 3 or 4 years, and I will continue to say it.

We heard earlier about waterfront reform and that we have led the way and set the scene. In terms of
shipping, Perkins' shuttle service already has a land-bridge into southern Australia, as mentioned
earlier. As far as other issues are concerned, which are on the national agenda and which we participate
in, there is the matter of heavy vehicle charges instigated at the behest of the rail unions which want to
penalise truckies out of the game. It is absolutely obscene for the federal government to suggest for a
minute that it does not support the north-south rail. It cannot have it both ways. It cannot insist that the
only way to carry freight in this country is by rail and now not support the Northern Territory. That
matter has been raised with the federal minister on 3 occasions to date.

As far as our involvement with federal ministers is concerned, I have to say that, certainly, we are
having some difficulty getting through at the moment. In past times, I met with Ralph Willis and
Gareth Evans, when they were the responsible ministers. Also, I have met with the Minister for Land
Transport's offsider, Peter Duncan, whom we brought to the Territory. He visited Alice and Darwin and
we showed him what we are talking about with rail and the port etc. As far as I am concerned, we have
lobbied as heavily as possible and we will continue to do so.

Aside from those ministerial councils and meetings etc, we have visited places, such as the South
Australian Chamber of Commerce, almost on an annual basis to maintain their support. Although we
have not visited South Australia's trades hall for a few years now, we have, on a number of occasions in
the past, to keep its members onside. Certainly, Australian National has done very well and we are
great supporters of Australian National, but let's not kid ourselves, as the Leader of the Opposition
does, about the extent of its success because it has a long way to go.

As far as gathering interest in shipping around South-East Asia is concerned, in 1988, I was in the
Philippines and visited the Philippines Shipping Company. In fact, not only did I convince them of the
bone fides of the Port of Darwin and the viability of the north-south rail, but they gave me willingly a
letter of support to send off to the Prime Minister to try to gain a bit of attention from him. That did not
work either, of course, but at least there is that support. It was the same story in Singapore. They see
themselves as the transhipment port for the area, although there are further developments and others are
trying to compete with Singapore. However, to date, Singapore has been the transhipment port for the
region. The Singapore Shipping Association also gave us great support.

I despair of the narrow vision of the Leader of the Opposition. I suggest to him that, within 12 months,
we will hear from the mouths of the opposition - though probably not from the shadow spokesman -
that they want to consider a totally integrated freight system for this country which, along the way, will
benefit the Northern Territory.

Mr BAILEY (Wanguri): Mr Speaker, it is reasonably obvious that the honourable minister did not give
the correct times when he asked his speech writer to prepare his speech for this debate.

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Mr Hatton: He did not have a prepared speech. He did not need one.

Mr BAILEY: Mr Speaker, as usual, we have just heard a diatribe from the Minister for Transport and
Works. He talked for an extended period of time about the ways in which he has tried to get a rail link
established from Darwin to Alice Springs. He explained, in his usual statesman-like way, how he has
tried to obtain cooperation from the states and the federal government. He says that every time he has
been to a meeting, he has lambasted them about the rail. That is the way the honourable minister for
Transport and Works goes about everything. He goes around abusing people and telling them where
they got it wrong, over and over again. How can we expect anybody ever to want to cooperate with a
person like that. He does not comprehend the concept of trying to get on with people but, the sooner he
learns to do that or vacates his position, the sooner the Territory is likely to enjoy some benefits. All he did was look backwards at all the times when proposals for the construction of a railway has failed to reach fruition during the last 90 years. That is the way he will continue to go and that is the reason this government in the Northern Territory will never get the support that is required for a project like this.

The Leader of the Opposition raised this for discussion as a matter of public importance today because it is quite clear that, while the Territory government may, at one time, have had a goal and a vision for the future - flawed though it may have been - the current government of the Northern Territory no longer has that vision. About the only interest this government seems to have is in building a mausoleum across the road to accommodate itself in the future and constructing the $100m-plus State Square as a monument by which to remember itself. It has done nothing for the benefit of the Territory.

I would like to continue from the point at which the Leader of the Opposition finished with regard to the implications of the national rail link. As the Leader of the Opposition has pointed out, previous statements by this government, up to and including the last ministerial statement on this topic, were made 5 years ago, and then made scant reference only to the potential use of the Adelaide to Darwin railway to carry import and export trade between Australia and Asia. In fact, the government has made scant reference to the need to expand port facilities in Darwin in order fully to capture the benefits of completing the rail link. This is the problem that the government has allowed to creep into public perceptions, both within the Northern Territory and nationally, when it talks of the Alice to Darwin railway.

It is my understanding that consultancies undertaken by the CMPS and those that have been undertaken by the Railnorth Group have looked at a very narrow group of commodities that could be captured in the existing import-export trade. The range of commodities that has been considered by these consultants is very narrow indeed. In fact, for export commodities, it consists of: citrus, chilled meat, chilled vegetables from South Australia, coal from South Australia, and some petrochemical products from Victoria. In terms of import commodities, the consultants considered manufacturing inputs for South Australian industries, food and other consumables for southern Australia and timber products. The list of potential import and export commodities has been described by at least one interstate source closely associated with the promotion of this project as a mickey mouse shopping list.

It is obvious that no detailed effort has been made to research the potential for import and export trade occurring on this vital infrastructure link. The total trade in commodities imported from Asia is in excess of 9 million tonnes per annum. If the rail and port infrastructure were to capture 500 kiloton of this trade for transhipment to the southern states, it would be equivalent to just 5% of the total tonnage that is currently imported. The range of imports is certainly much more extensive than the list examined by previous consultants, or any range of commodities that this government has seen fit to report on to the Assembly.

A cursory perusal of Australian Bureau of Statistics overseas cargo statistics indicates that the task of assessing potential import commodities and export commodities to be carried on the railway is a lengthy one indeed. To give honourable members an idea, I will read out a list of selected imported commodities that have an annual value in excess of $110m. The list includes: dairy products, fish products, cereals and cereal preparations, vegetables and fruit, coffee, tea, other beverages, tobacco, cork and wood, pulp and waste paper, textiles, fertiliser, metalliferous ores, petroleum products, organic and inorganic chemicals, tanning materials, medicinal products, essential oils, plastic, rubber manufactures, paper and paper board, fabrics, non-metallic mineral manufactures, iron and steel, non-ferous metal manufactures, power generating machinery, machinery specialised for a particular industry, metal working machinery, general industrial machinery, office machinery, computers, telecommunications equipment, electrical machinery, road vehicles, other transport equipment, prefabricated buildings, furniture, clothing, footwear, scientific apparatus, photographic equipment and other miscellaneous manufactured articles. Let us remember that imports in each of those categories are valued in excess of $110m per annum.

Some of these commodities, such as petroleum products, may have little probability of being caught for transportation via a north-south rail link. However, for many of the other commodities, there is no
apparent intrinsic reason why they should not be captured in the operation of an integrated rail and port development. In fact, there are arguments to suggest that they would be captured by an efficient rail and port facility where standing time between ports represents the major determinant of shipping profitability. Import and export commodities tied up at sea are a major cost to both importers and exporters. In the case of exporters, it is a major determinant of international competitiveness.

My colleague has alluded already to some specific figures. Examples are that the standing time between Yokohama and Adelaide is 17 days and, between Yokohama and Melbourne, the standing time is 15 days. In the case of Sydney, standing time falls to 12 days. For Darwin, the standing time is just 7 days. So, in theory, the round trip between Yokohama and Darwin, including loading and unloading time, is approximately 3 weeks. That would indicate that 3 ships could provide a weekly service between Yokohama and Darwin. Given the length of time it takes to make a round trip between Yokohama and Darwin, at least 8 vessels would be necessary to provide a weekly service between those 2 ports.

If we exclude the export of bulk commodities and tanker products from Australia to Asia, the total export trade is still in excess of 19 million tonnes per annum. 500 kilotons represents less than 3% of that total export trade. Even 1 million tonnes is only slightly in excess of 5% of the total trade. Surely, these are achievable targets for a north-south railway. The list of commodities exported from Australia to Asia, excluding bulk and tanker commodities, is even longer that the list I supplied previously for import commodities. For most of these commodities there is no intrinsic reason why they would not be captured by an efficient rail and port facility connecting Darwin to Asia.

In addition to the exciting developments on the waterfront with regard to productivity improvements, similar micro-economic reform has been quietly progressing in Australia's rail systems. Probably, Australian National's performance has led improvements in the efficiency of the rail systems. These improvements will be further enhanced by the formation of the National Rail Freight Corporation. The formation of this body is a major development and one on which the CLP government should be building interstate and national support for the completion of a north-south rail link and Darwin port facilities. During the 12 years from 1978-90, Australian National has reduced its staffing level by 45%. In the same time, Australian National traffic has increased by 80%. Efficient work practices have resulted in reduction of the locomotive fleet by 23%, while the wagon fleet has been reduced by 54%. The combination of these factors provides an impressive record of micro-economic reform. Australian National locomotive productivity has increased by 141% during that period. Wagon productivity is up by a staggering 254%, and employee productivity has increased by 221% during the same period.

Although it could be argued that Australia National started from a low productivity base, nevertheless, its performance and corporate planning culture have been impressive. During the 10-year period ending in 1988, the average annual rate of total factor productivity growth in Australian National was almost 6%. In the same period, total factor productivity growth in the market sector of the Australian economy was just 1.2%. These productivity improvements meant that the revenue per freight employee in Australian National was in excess of $50 000 in the financial year 1989-90. In the same year, expenditure per freight employee was just over $40 000. Expenditure per freight employee on Australian National is now the lowest of all Australia's rail systems.

The corporate plan for the National Rail Freight Corporation has set world-leading benchmarks for performance. This means that the efficiency of the Australian rail system will continue to improve. The movement of greater tonnages by interstate rail systems contributes ultimately to increased viability for a north-south rail link. In view of the need for the Australia Asia trade link to demonstrate its commercial viability, it is important to note that Australian National has been able to raise funds for capital investment during the last 5 years on the open market, and it has sustained these borrowings from its earnings.

Rail is ideally suited for long distance haulage, such as that envisaged on the Adelaide to Darwin rail link. Increasingly, rail is proving its efficiency in the Australian context and there is strong potential for a north-south rail link to combine with an efficient port in Darwin to capture much of the Australian
import-export demand. The ability to export commodities efficiently through Darwin would enhance the ability of Australian exporters to compete with materials sourced from North American and European ports. Substantial savings are possible on the trade account as a result of transporting export and import commodities across an integrated national rail freight network, rather than carrying them on international flagships which take the long way around the coastline.

All of these developments contribute to the viability of an Australia Asia trade link, and it is a matter of concern that this government has not taken a more active role in promoting this important project.

Mr HATTON (Minister for Industries and Development): Mr Speaker, I will open my remarks by saying that the premise on which the Leader of the Opposition commenced - that is, the vital importance of and the prospects for developing an Australia Asia trade link through the port of Darwin and utilising a railway link to connect Darwin to the national rail grid via Alice Springs - is absolutely valid. The only surprising aspect is that it has taken him so long to wake up to what we have been talking about for the last 10 years. The Leader of the Opposition would have us believe that this is somehow a new thought that has dawned suddenly on the Northern Territory horizon, and that it is something that we have never dreamed of.

There is a very prestigious business journal, called Executive Magazine, which is published in Hong Kong and circulated around the world. In this year's September edition, it reported an interview that I gave that magazine in August, on a recent visit to Hong Kong, and I will quote a comment I made about infrastructural facilities during the course of that interview. I was talking, particularly, about the ways in which we are trying to improve viability for a railway. I said:

Part of that is putting Darwin as an alternative through-port into and out of Australia, because we do have the advantage that we are a very efficient port and probably the only non-congested port in Australia. We can have very quick turnarounds and, with the vast majority of Australia's imports and exports being traded to the immediate north, there is a great potential for Darwin to be a through-port for shipping from Australia overseas, and vice versa, and the development of shipping facilities through there can facilitate that.

That was only a month ago. I do not claim prescience that a discussion of this subject as a matter of public importance would be dumped on me so that I started building a case in that interview which would help me with my argument. At that time, I was drawing on that because it has been an ongoing strategy of our government for many years.

I have here a report of the Railway Executive Group, which was prepared by consultants John Standingford and Associates in May 1986. It is called 'North-south Land-bridge', and it deals with the pattern of Australian trade. It covers: shipping services to Australia, cargo movements through Australian ports, around-the-world container services, international shipping costs, rail costs within Australia, the attitudes of shippers, agents and consignees, land-bridge strategy options, an evaluation of southbound land-bridge strategy options, an evaluation of northbound land-bridge strategy options, financial feasibilities, and ownership of management and conclusions. In the conclusions, it notes:

It is clear that, as a marketing concept, a north-south land-bridge is feasible. There is ample non-bulk freight with the potential for redirection through the Port of Darwin, both northbound and southbound, provided that the services are competitive with existing means with respect to cost and quality.

I do not want to read the whole passage, but it says:

The attitudes of shippers and consignees, reported in chapter 7, are a further cause for caution. There is general satisfaction with existing services, a marked dislike of transshipment in any form and
an equally marked lack of confidence in railways. To counter these attitudes, either a substantial cost advantage must be offered or consistently shorter transit times, coupled with a near perfect record of reliability.

Certainly, we are aware of that and have been working on that for many years. For the Leader of the Opposition to stand in this House and pretend he has come up with a new idea is outrageous. This is not even a new approach that is being brought to this parliament. The statements on the railway made in this House are legendary, and I will refer to them: 16 March 1983 - Alice Springs to Darwin Railway; 24 March 1983 - Darwin to Alice Springs Rail Link; 24 May 1983 - Alice Springs to Darwin Railway; 22 June 1983 - Inquiry into Freight Costs; 1 September 1983 - Correspondence on Alice Springs to Darwin Railway; 6 March 1984 - Independent Economic Inquiry into Transport Services to the NT; 16 October 1984 - Alice Springs to Darwin Railway. These statements and motions continue on 29 August 1985, 20 November 1985, 18 June 1986, 13 November 1986 - and that was the Report of the Railway Executive Group - and, on 16 February 1989, a statement about the Port of Darwin. That does not include questions put in the House, speeches on the subject made in adjournment debates and a multitude of other references. The matter really has been talked out extraordinarily. In doing that, we have been working to build a Darwin to Alice Springs railway line in spite of the rejection by the federal government of its obligation and undertaking to build such a railway.

Mr Bailey: Stop whingeing about it.

Mr HATTON: I am not whingeing. I am just stating a fact.

Members interjecting.

Mr HATTON: It is a mere statement of fact. In the face of that, we are working to try to get a railway built but, unlike anywhere else in Australia ever, without federal government funding. This task is extraordinarily difficult in an untested and unproven market, but we are working at it nonetheless. We recognise the potential, and we recognise the great benefits that can accrue to the Northern Territory and Australia from the development of that facility. We are working on that project.

However, there are financial and business realities that need to be worked through as well, and let us discuss some of them. The Minister for Transport and Works mentioned some. For a railway line to be viable, there must be cargo to move on that railway line. A port is needed to put that cargo through, with ships to load it onto, and it is necessary to have trade links and the agreement of the freight forwarders and shippers to put cargo through these various facilities. Each component has to be identified and the whole pulled together. The railway and the port can be built, then the marketing has to be done to ensure ships use the port for the transport of cargo, and so on and so forth. The chain has to be put together, link by link, and that is what we are doing. We are building our trading relationships, our volumes of freight, our shipping services and trade links, and we are developing strategies that will enable us to put in place the necessary infrastructure in a way that will enable us to overcome our incapacity to put very large capital works projects in these areas.

We do need to build a shipping facility that can interrelate with the port. The planning has been done for the construction and location of the port and how it will interrelate with future industrial zones, with railway transshipment facilities and off-shore supply facilities linked to the future major manufacturing facilities at East Arm. The planning is well done and integrated so far as that is concerned. My department and a range

of other departments, such as the Departments of Lands and Housing and Transport and Works together with the Power and Water Authority, have been working on the integration of planning and services so that they fit together to make a composite picture.
A very important catalyst to putting that infrastructure in place is the potential development of an onshore supply base to service the developing oil and gas industry offshore. That is being done. As honourable members know, a feasibility study was conducted in 1990-91. It showed the project had marginal viability but insufficient returns. Such a project would give us a base on which to obtain a return on the very significant capital investment in port- and land-based facilities at East Arm.

That project is being further developed, and a working group is being put together with a Chinese consortium, China Merchant Holdings. It agreed in principle, I understand, to the formation of the working group during my recent trip to China. That working group comprises key people from the Department of Mines and Energy, the Darwin Port Authority, the Director of Land Planning in the Department of Lands and Housing, and the Assistant Secretary of Industrial Development in my department, all of whom are working on that particular concept as part of an overall project.

In terms of trade development, I have spoken extensively about work being done in eastern Indonesia, including development of the Economic Cooperation Agreement and the trade zone partnership in that area. The working group in that area is well under way. The Leader of the Opposition was making a noise to the effect that the government had only a couple of people involved in this railway project, and I will deal with that in a minute, but I am linking in a number of the developments that we have in place. We have a policy group working solely on the eastern Indonesian trade relationship. That is part of building up trade, including freight for the railway and port facilities to handle when they are linked with shipping facilities. The Joint Policy Committee comprises Dr Frans Seda, Dr Joseph Halim and Mr Asaryi Darus from Indonesia; and the secretary of my department, Mr Otto Alder, Professor Stephen Fitzgerald, and the Chairman of the Trade Development Zone Authority on our side. Separate working groups, of officials and technocrats in Indonesia, and officials and technocrats from the private and public sectors in the Northern Territory are working up particular projects and developments to make the trade zone partnership and the Economic Cooperation Agreement a practical reality which generates additional trade. Extensive trade is occurring already with South-East Asia. We are continuing to research and develop trade and investment opportunities in the region.

We are shipping in excess of 40 000 head of live cattle per year into Indonesia, 12 000 to Malaysia, 6000 to Brunei, 8000 to Indonesia and 10 000 to the Philippines. Other livestock are shipped through the Port of Darwin and north to South-East Asia, including 3000 live sheep per annum to Malaysia, as well as buffalo and goats. We are bringing goats up from the southern states and shipping them, through the Port of Darwin, along with the sheep ...

Mrs Padgham-Purich interjecting.

Mr HATTON: A private person is doing it. We Territorians are doing that. It is an excellent development, and one which we are encouraging further.

Foodstuffs are going overseas too. We freight some 600 t to Malaysia, 200 t to Brunei, 400 t to Indonesia, and 500 t to the Philippines - as well as live cattle exports. That does not take into account the most significant and exciting development occurring in Indonesia right now. Through Tipperary Developments, a feedlot operation is being constructed which will provide a market for, I understand, in the order of 60 000 head of live cattle exports to Indonesia per annum, commencing in the not-too-distant future. Certainly, by next year, those exports will be underway, and that will provide a very strong and secure market for Territory beef producers. In fact, cattle may well need to be drawn from the north of Western Australia and elsewhere, to meet the demand for that particular feedlot operation - and at very good prices. The project also needs shipping and the facilities to service them.

I have not yet dealt with other shipping services or the export of other freight, such as fish, prawns and other products. Horticultural produce is being exported and much work is being done by the Minister for Primary Industry and Fisheries on developing our primary products for export. Recently, the minister returned from Malaysia where, as was reported, he worked at breaking down the freeze in our relationships with Malaysia. That is a indication of how well respected the Northern Territory is in South-East Asia, because of the very good work done by the Northern Territory government and, in particular, its officials who have been working to develop friendships and relationships in that area during the last 13 years. To say that we are doing nothing is an insult, frankly, to the many
hardworking Territorians who have been involved in that way since self-government. They have been
doing something the rest of Australia forgot about. Now, the rest of Australia is waking up to the
possibilities. I cannot believe the arrogance of the opposition in raising this discussion in this House.

Investment is also part of building trade and trade links. Indonesia has something like $50m invested in
the Northern Territory pastoral industry. The eastern states of Malaysia, Sabah and Sarawak, have
investments in the Northern Territory, as has the Sultan of Brunei, in both cattle and buffalo
domestication programs. Asians, particularly in Hong Kong, the People's Republic of China and
Singapore, have investments in the trade zone. Malaysia has investments in Northern Territory
horticulture and private nursery enterprises, and Singapore has investments in orchid and other flower
developments. Much has happened and is happening, and it has nothing to do with the beginnings of
this particular project.

Mr Speaker, I make one last point ...

Mr Ede: No, no. Your time is up.

Mr HATTON: I will be very quick. On one occasion, when talking to a newspaper reporter, the
Australian Ambassador to Indonesia said:

Tell the people of the Northern Territory they are doing well in
Indonesia through the trade development, through the research and
study and their consistent work over the last decade.

We are building what the rest of Australia is finally waking up to and beginning to talk about.

Mr SPEAKER: The honourable minister's time has expired.