Mr COULTER (AustralAsian Railway): Madam Speaker, I am pleased to deliver a satisfactory progress report card to the Northern Territory Legislative Assembly in relation to the Adelaide to Darwin railway project.

I have delivered similar progress reports to the Assembly in the past, at least once a year, and in the least 3 years more than once a year. Previous reports have detailed, at length, the problems which have faced the project. At various times, some of those problems have appeared insurmountable. Today, I am pleased to report more about the problems that have been overcome, and less about the hurdles still in front of the project.

As far as the Territory government is concerned, we have virtually completed the task that we have been addressing over the past 10 years and more. The emphasis now is on the consortia bidding to build, own, and operate the railway, and to come up with a commercially viable project.

The government has completed negotiations over land tenure to the railway corridor between Alice Springs and Darwin. The simplicity of the sentence belies the enormous complexity of the task. Nevertheless, it is an historic step forward in the process leading to construction of the railway. It completes the government's commitment on the project. The Northern Territory has committed $100m to the project, secured commitments from South Australia and the Commonwealth to each contribute a further $100m, for a total contribution from government sector, by way of grants, of $300m. The details are:

- Completed construction of stage 1 of the new Port of Darwin at a cost of $91m;
- Committed to the construction of stage 2 of the new Port to meet the intermodal requirement of rail-port operations;
- Completed the route survey together with South Australia and the Commonwealth government at an estimated cost of $26m including environmental, sacred sites, archaeological and heritage clearances;
- Secured from the Commonwealth government an agreement to lease the Tarcoola to Alice Springs line to the successful consortium at a nominal rent, with this infrastructure having a current day commercial value estimated at $100m.;
- Established the AustralAsia Rail Corporation with South Australia with an annual budget this year of $4m;
- Committed to contribute to losing bidders' costs together with South Australia, estimated to cost up to $6m subject to the receipt of a complying bid; and
- Secured land tenure for the project in the new corridor between Alice Springs and Darwin at an estimated cost of $20m.

These commitments and outlays are a clear demonstration of the resolve and determination of the Northern Territory government to make this project happen.

On 12 September 1998 the Northern Territory finalised an agreement with the Northern Land Council which now clears the way to securing land tenure along the entire corridor between Alice Springs and Darwin. It followed an earlier agreement with the Central Land Council. Let me outline what has been a protracted, complex, yet ultimately successful process in reaching the agreement.

In 1980 the process of surveying the route commenced with the assistance of Commonwealth funding.
The process ceased in 1983 with the change of government federally and was re-started in 1993 and has only just been completed. Throughout this period particular regard was paid to avoiding Aboriginal sacred sites, with clearances of all sacred sites only last month immediately prior to the agreement.

In late 1996 the government approached the Northern and Central Land Councils to commence negotiations over land tenure through Aboriginal land or land where there may be an Aboriginal interest. This represented the great majority of the 1410km route for the new railway. Under scoring the complexity of the task was the fact that more than 50 Aboriginal clans were involved. Negotiations continued throughout 1997 up until a framework agreement was concluded in April of this year, and included formal native title acquisition under the Commonwealth's Native Title Act and the Territory's Land Acquisition Act.

The framework agreement provided for the land councils to consult with traditional owners on the compensation package and report back by the end of May. In June, the land councils reported that the compensation package was not acceptable to traditional owners. Negotiations subsequently broke down in July. The government turned to the Commonwealth seeking the introduction of special legislation that would allow the project to proceed. By August the negotiations had been reestablished, with full land council meetings in northern and central Australia in late August, to once again consider the compensation package. From these meetings a final agreement emerged, but not before some further complexities were faced and resolved.

The compensation package includes:

- $3m for land compensation costs;
- amelioration costs for rail impact, $2.4m;
- replacement of housing, $500 000;
- community development package, $2.4m; and
- contributions to land council costs, $500 000.

There is also provision for private sector payments for access to extractive mineral requirements during construction. The agreement provides for:

- a 99+99 year lease over Aboriginal land;
- withdrawal of Aboriginal land claims over the corridor; and
- 198 year Crown lease over the balance of the corridor;
- the non-extinguishment principle to apply in the case of native title;
- discussions between land councils and consortia over opportunities for regional communities;
- adoption of principles by the consortia over matters such as Aboriginal employment and training; and
- tender opportunities for the provision of goods and services to the project.

Some compensation components were made in non-monetary terms. These were not in addition to the overall compensation package, but rather in place of monetary compensation. The agreement was achieved without having to resort to special legislation, a course of action that no one concerned with this aspect of the negotiations wanted to take.

On the same day that agreement was reached, 12 September, I wrote to the AustralAsian Railway Corporation informing it that the Northern Territory government was satisfied that it could obtain secure title to the new corridor. I am informed that the corporation immediately lifted the 'condition subsequent' upon which the agreement with the shortlisted consortia was based, allowing the detailed submission phase to commence in earnest. The 'condition subsequent' was part of the agreement between the Corporation and the shortlisted consortia back in April, which commenced the stage 2 phase of the selection process.
The shortlisted consortia agreed to participate in this phase, subject to the Northern Territory subsequent to this arrangement being able to satisfy itself that it would be able to secure title to the corridor. The reason for this was that, as I have already said, the framework agreement with the land councils that had been concluded immediately before consortia were invited to participate in stage 2, included in it a 2-month period for the land council to obtain ratification of the compensation package from traditional owners.

If the agreement on the land had not been reached, the Territory was in a position to inform the Corporation of this outcome and the stage 2 process could have been terminated without any liability on the part of the Territory government.

While the process took longer than 2 months to resolve, I am pleased to say that this protective provision of the Northern Territory was not required. Stage 2 is the most crucial phase of the selection process. The Corporation is working closely with the 3 shortlisted consortia to facilitate each submission having regard to proper practise and with the underlying objective of maintaining and enhancing, wherever possible, competitive tensions in the stage 2 submission process. Complying bids, including fully underwritten bids, are expected to be received by 26 February next year.

Adding to this competitive tension is the commitment by the Territory and South Australia governments to contribute to the losing bidders' cost. This arrangement provides some comfort to consortia about their cost exposure in stage 2, while at the same time attracting them to the project and making it worth their while to bid aggressively to win the project.

After an evaluation period the AustralAsian Railway Corporation is expected to make recommendations to the governments of the Northern Territory and South Australia about a preferred consortium around May of 1999. Final negotiations are expected to be concluded soon thereafter with construction of the Alice Springs to Darwin section of the project commencing in the second half of 1999.

Completion of the railway will put in place the last component of an integrated transport system with the project providing a high bulk, long haul land-sea transport system serving trade between Australia and Asia. This is not a project about a railway alone. It is about the regional development of northern Australia, a region that I expect will join Western Australia as one of the nation's economic powerhouses early next century.

In addition to international trade the transport system will service important new economic activities such as the agricultural province centred on the Ord River irrigation scheme, the Timor Sea energy region, and the Carpentaria mineral provinces. Each of these economic activities are inter-related with development in one underpinning and supporting the development of the other activities.

While the achievements to date are significant, much remains to be done. I will single out one or two key issues in this regard. The first is that of access conditions applying to the project and the nation's competitive principles agreement which came into force in 1995. The principles have, as their basis, enhancing competition in the Australian economy, thereby making the economy more efficient and internationally competitive. Without doubt, this is a laudable basis particularly at this time in the global economic cycle. However, it must also be said that the principles are based upon a relative mature economy, one where infrastructure and services are well established. They assume a uniform economy with a uniform distribution of resources and factors of production, such as the provision of infrastructure.

The principles do not take full cognisance of the developing regions of the economy where an important component of the nation's economic future lie. It is these regions that need new infrastructure for their full potential to be realised in order to sustain and enhance the nation's wealth in the new century.

For the Adelaide to Darwin railway, the successful consortium will have to commit to a substantial capital outlay, perhaps more that $750m of project debt and equity. With this outlay the consortium will have a capital asset with the ability to generate revenue over a long period of time to service the debt and provide for a reasonable return on equity. It is equally reasonable to allow for some protection of this investment. Otherwise, the initial outlay will not be made.
Some take the view that the project must allow for third-party access on terms similar to those in more mature economic regions. This is a disincentive to investment in major infrastructure projects in a developing space like our own. With the railway in place, there will be competition in transport with road and sea and, in partnership with road, competition for transport markets servicing such important areas as the Carpentaria mineral province. This transport service will be important, not so much to bring product out but in the provision of competitively priced supplies necessary to make the mining province, in turn, even more competitive in the global economy.

Such competition can only be for the benefit of the Australian economy. The irony is that, if the view prevails that access must be granted on the same terms as those that exist in the developed areas of our national economy, it would work against enhancing competition in transport to northern Australia. It would work against international competition in transport, as far as Australia is concerned, for the Adelaide to Darwin railway and the Port of Darwin will provide such competition. The irony is that the selection process leading to the appointment of a successful consortium is as competitive as you would find anywhere. Yet still, according to one interpretation, further competition must apply - competition that may be debilitating to the project.

Any concentration in control of an infrastructure asset during the development phase of the north's economy will be disciplined by both external and internal factors - externally through intermodal competition effectively capping market prices for the railway operator, internally by the large investment driving the success of the project. This, in itself, is a strong motivator in ensuring that transport pricing is set in the manner that ensures the success of production centres such as mines, for without this success the railway will not have the freight market.

It can no longer be argued that the investment is uneconomic, that the investment should be made in the more settled areas of Australia ahead of our own. Some 3 years ago, the government provided substantial and convincing evidence to the Commonwealth government that the railway is economically viable with a cost-benefit ratio of 1.27 - that is, for every dollar the Australian community spends on the project it will return $1.27. I have no doubt the ratio would have increased by now.

The time has come for the nation to recognise the need for change in its approach to competition as far as the developing regions are concerned. There is no doubt that the national regulatory authorities must maintain a key role in the maintenance of an efficient and competitive economy. That role should not include the principle of competition for competition sake. The reality is much more complex. The Adelaide to Darwin railway requires an access environment that takes account of the factors I have outlined here, and it is winning this argument that is one of the challenges ahead.

What I have said here today is a measure of what it means to get a large infrastructure project up and running in today's environment. It is a major investment of both time and money. It involves a partnership with the private sector that must be embraced.

Another challenge facing the project is that of the taxation of government grants by the Commonwealth. The Territory and the AustralAsia Railway Corporation have been pursuing the taxation issue with the Commonwealth at all levels since the inception of the corporation last year. The main point of issue is that, unless the grants are tax-exempt, the governments will provide $300m in grants to the project, including $100m from the Commonwealth, only to see the Commonwealth recover a similar amount through the tax system. Whatever the nuances of the Tax Act, this is an absurd position to be in. The obvious approach is to seek an early meeting with the Commonwealth to achieve a positive outcome.

I am pleased to report to the House that, during the period that the 'condition subsequent' was being settled in regard to the land, the short-listed consortia were getting on with the job. We look forward to receiving commercially viable submissions from the consortia. In turn, it will be up to the governments involved to judge whether those submissions are in fact viable in their collective view.

In the time since the consortia were named last April, there has been a strengthening of the consortia. A Barclay Mowlem/John Holland joint venture has joined the Asia Pacific consortium, which already has as its members Brown & Root, Hutchison Port Holdings and Genesee & Wyoming. A major French-
based construction group, Bouygues, is seeking to join the Southern Cross consortium, which has as its founding members the Henry Walker Group, the Australian Transport Network (which includes Wisconsin Central) and a Brunei financial institution. Perkins Shipping is seeking to join the Northlink consortium, with its original membership being Thiess Contractors and the Commonwealth Bank of Australia. I also noted a press report last week that indicated AMP Asset Management had become associated with this group, although this is yet to be confirmed. This strengthening of the consortia is a pleasing aspect of the last few months of the selection process, when so much time was devoted to securing the land tenure. It can only contribute to competitive tension in the most crucial phase of the selection process.

As I said at the commencement of this statement to the House, the government is determined to put in place a consortium to build, own, operate and transfer back the railway by the second half of next year. Many important milestones have been reached towards the achievement of the goal. The successful land negotiations join the announcement of Commonwealth grants for the project in August 1997, and the selection of the short-listed consortia from a very strong field of proponents in April this year.

To summarise, 3 issues remain to be resolved before the railway construction process can get under way: third-party access rights and conditions, taxation issues relating to government grants, and, of course, the evaluation of the commercial bids. But as far as most Territorians are concerned, the next important milestone is that of the construction commencing. The day the first spike is driven will be a great day indeed, but we will wait for it to happen before we start the party.

Once construction starts, much of the back-breaking work involved in getting the project to that point will start to be forgotten - the decade of blood, sweat and tears from a dedicated team of true believers who refused to give up on this railway. In those circumstances, I take this opportunity to pass on my personal thanks to some of them. Firstly, I note the longstanding support and assistance of my ministerial and parliamentary colleagues, past and present. The railway has never been merely a Barry Coulter show. I have sought and been given Cabinet advice and approval throughout a decade of process.

I also name and thank the following people, without regard to rank and title and not in any order of preference: Otto Alder, Paul Tyrrell, Larry Bannister, John Howard, Peter Costello, Kim Beazley, John Sharp, Laurie Brereton, Mark Vaille, Diana Laidlaw, Dean Brown, John Olsen, Dick Blandy, Shane Stone, Marshall Perron, Neil Conn, Malcolm Fraser, Peter Salisbury, Phil Frost, Ken Allen, John Liles, Neville Walker, Sharon Mulholland, Ken Clarke, Mike Rann, Maggie Hickey, Peter Conran, Barry Chambers, Arthur Sinodinus, Tim Fischer, Nick Minchin, Rick Allert, Jim Hallion, Neil Phillip, Murray West, John Caldon, John Miller, Des Smith and Don Williams.

I reserve 2 names for final consideration for dedication above and beyond the call the duty: John Pinney, as Deputy Secretary of the Department of Lands, Planning and Environment, and Alistair Shields, of the Department of Law, were immensely valuable contributors to the success of this project. Without them, we would not today have a railway corridor. Without a corridor, we would not have a project.

We do have a project. The best is yet to come. The reality check is that we need to have a commercially viable proposal put to us and those 3 outstanding matters, as I said, need to be resolved before we can move on to the evaluation process and actual construction can commence.

I move that the Assembly take note of the statement.

Mrs HICKEY (Opposition Leader): Madam Speaker, I am very pleased to be able to support this ministerial statement on the AustralAsia Railway. The railway is a project of national importance and deserves the highest level of bipartisan support possible. I think that has been evidenced in increasing support throughout the years and months that the project has been afoot.

As Territorians know, the Labor Party has been an enthusiastic supporter of the Adelaide to Darwin railway for a very long time. On this side of the House, we have long argued that government has a necessary - indeed, obligatory - role to play in establishing regional infrastructure which will benefit all Territorians. The successful economic development of the Northern Territory community will only occur into the 21st century if there is a concerted partnership between government, industry, business
and communities themselves.

It was very gratifying for me to see the level of interest in a technical paper that was presented at the national conference in Tennant Creek in the last month. Larry Bannister and Jim Coleman provided a paper to the conference managing the interaction of the public and private sectors in the Adelaide to Darwin railway project. People from around the country, as well as those who live in the Territory and who have been closely interested in this issue, listened to that excellent presentation with great interest and, I think, great admiration for the level of efficiency and professionalism with which this whole project has been conducted. It is an object lesson that has brought great credit to the Northern Territory particularly in the way in which this issue has been progressed.

The completion of an integrated transport system linking the north of Australia with the markets of Asia and the rest of the world is critical if we are to be successful in encouraging new and continued development, particularly in regional areas of the Territory. We remain committed to developing the necessary infrastructure which will see the Northern Territory progress into the 21st century. It is vital that we exploit the opportunities going into the next century, not only by focusing on creating wealth but also by exploiting the opportunities in such a way which maximises the benefits to the Territory community.

I certainly support the compensation package negotiated with the Aboriginal owners of the land required for the railway corridor, and I impress upon all stakeholders the absolutely critical importance of maximising the economic benefits which will flow from the railway project for local people.

Unemployment is an area of concern to Territorians. While official unemployment figures indicate unemployment at 5%, if you include the 7825 Territorians participating in CDEP programs, the Territory employment figure is at approximately 16%. In some communities across the Territory, virtually 100% of the community would be unemployed without CDEP. At the same time as high levels of youth unemployment and indigenous unemployment, we suffer chronic skills shortages in the Territory, more so than in the rest of Australia and across a broader range of occupations.

The challenge from this project is to develop strategies which will provide employment experience and skills training for Territorians regardless of where they live. I believe an innovative and flexible approach between the consortia and key stake holders will result in the development of strategies which provide for a win-win situation.

I am pleased this progress report focuses on the path ahead and reports that a great number of hurdles have been overcome. While this project has been many years in the making, and has faced a number of significant hurdles, it is my belief we have come this far thanks to the commitment and single mindedness of those involved in negotiating the progress of this project.

The calm, committed, and professional approach taken by stake holders has brought us to this important point. I join with the minister in placing on the record Labor's support for the dedicated people who have worked on resolving these hurdles in a constructive manner. I feel a degree of sympathy for those professionals involved in this project who have had the difficult job of negotiating this project through sensitive and protracted discussions. The job has been made difficult because of the inflammatory, insensitive, and unconstructive comments thrown in from the sidelines by various commentators, including the Chief Minister when ever he thought he could gain political advantage by attacking the land councils.

I also place on the record Labor's support for the Minister for the AustralAsia Railway who has above all others, and on many numbers of occasions, despite help from his Chief Minister, kept this railway project on track. I have appreciated the minister's regular briefings and communications on this important project, as have my staff.

The problem for the minister is his boss. Every time the Chief Minister opens his mouth on the railway he puts the project in jeopardy, as he did with statehood. We saw the farcical and predictable situation just before the federal election, when in the middle of sensitive and protracted negotiations, the Chief Minister jumped on radio and announced that negotiations had broken down between the land councils and the government. The difficulty was that the land councils did not think any such breakdown had occurred. One expects from the Chief Minister the big stick approach which, if members remember,
only a few weeks ago meant threatening the stakeholders with a legislative fix to compulsorily acquire the land for the corridor. It really is a pattern of behaviour.

Before the election we had the Chief Minister threatening that the railway would not happen unless he got his mate, John Howard, to shove through special legislation to compulsorily acquire the land needed for the corridor. Surprise, surprise. Now, after the election, because cooler heads prevailed and the Chief Minister was told to shut up and butt out of the issue, negotiations on the railway corridor have been completed without needing to resort to messy, costly and unjustified legislative action, which would take, of course, a very long time to progress.

The Chief Minister's tactics are just a tad familiar. The day before the federal election he said statehood was finished unless everyone voted 'yes'. By Monday this week, it is another story. He really has no credibility on the railway project.

The Chief Minister has sought to make this a political issue. He busily sent out direct mail, claiming Nick Dondas got statehood and got the railway. I note that Nick Dondas is not included in the minister's list of people to thank for their contributions to this project and we all know why, because he had nothing to do with it.

Mr Coulter: Neither is Tobin, did you notice that?

Mrs Hickey: I do not think Tobin's name was associated with the railway project in any election campaign.

Mr Coulter: It was so, he took out an advert himself.

Mrs Hickey: That was a long time ago. At a political level, it is important for consortium members to know the next federal Labor Beazley government remains committed to the railway project proceeding. Kim Beazley and the federal Labor Party believe passionately in the importance of a rail transport link from Adelaide to Darwin for trade and strategic purposes, particularly defence.

In 1996, Labor committed $300m of federal funds to this project. The federal Howard government claimed a $100m federal contribution was enough to get the project off the ground. Labor remains committed to $100m for the railway and, beyond that, Labor will commit an additional $200m in federal funding for this important piece of national infrastructure, if required.

On this side of the House, we only hope the Chief Minister keeps out of the way of his capable railway minister so that this project will actually happen, and I'm sure it will.

This project continues to enjoy bipartisan support, and I am pleased to support the ministerial statement. I look forward to the project progressing to the next stage and, I suppose, in that regard, the February sittings will be one to look forward to when we hear the news of the outcomes of negotiations with the consortia. I commend the minister and his staff for the work they have done and wish them well in the months following.

Mr McCarthy (Goyder): Thank you, Madam Speaker. I will just respond to the Minister's statement this morning. I don't have a lot to say, but I think it is important to acknowledge the achievements that have been made to date and the many future achievements that are to be fought for.

When much of Australia's infrastructure was built there weren't the impediments there are today. When things like the railways were built around Australia, when things like the Kosciusko project were constructed, there weren't the issues of land rights to overcome, there weren't many of the environmental aspects to be considered because the environment was not in the minds of the people so much in those days, and we did not have government impediments such as competition policy. Competition policy obviously is not meant to be an impediment. It is meant to assist in getting projects like this up and going. But, in this instance, as pointed out by the minister, competition policy has, or can prove, will prove, and is proving to be an impediment to the project.

There have been enormous challenges in getting the project to this stage. I guess, for many, it has been pie in the sky stuff. I still get people saying to me: 'Is it real? Is it going to happen?'. I say: 'Well, it's
Looking far more positive today than it did a few years ago, and it is. It is looking extremely positive. I think that achievement is something that ought to be acknowledged. The minister acknowledged many of the people who have been involved in the process over the years. I think that it is appropriate to pay tribute to the minister's role in this regard, because it has been enthusiasm that, perhaps only the member for Blain can show at times, who is an extremely enthusiastic person in getting a project up and going, and who is very dedicated and very tenacious in getting things going. In fact, I think that his direction in this has certainly had a major role. I do pay the minister credit for that dedication and effort.

Many of the impediments to date have appeared to be insurmountable. The comments coming from some of the people who were standing in the way at various times have appeared to be rock hard. But obviously the talent that we have had out there, in the team that has been negotiating this project, has been able to break through those brick walls and get agreements, which appeared to be almost unobtainable. Of course, there are a lot of future challenges in this. I have got a great deal of confidence that the people that are there, working to make this project a reality, have the capacity to break through and to get the project up and running.

I was interested to hear the minister say that the federal government could claw back its contribution through taxation and that, obviously, would be a travesty if that were to happen. I'm sure that every effort will be made to ensure that the contributions of government are tax exempt in this regard. It would be quite stupid to have that money put in only to be clawed back by the federal government in tax. I trust that can, and will, be overcome.

The jobs that this project will create for the Territory are potentially very substantial. It is true to say that much of the development of Australia has been along the spine of its transport routes, and rail will play a major part in that for the Territory. It has been one of the drawbacks for development of the remoter parts of the Territory for a long time and obviously a drawback even for the major centres such as Darwin, which has been stuck out on limb with probably only the bark holding the limb out there. We just haven't had that strong transport link that a rail provides in order to keep the growth going, and I think it has been remarkable that Darwin has done so well with very limited shipping and only the major road network to keep it going.

I have a lot of hope for this and I think that the opportunities for the future are very real. The opportunities for more development, something that I have been crying out for for a long time, are enormous. I think that this has enormous potential to do that, to bring the rest of the Territory up to the very fast development that we see in the major centre of Darwin.

I do congratulate the minister for bringing forward this statement today. He has kept us informed always on progress of the rail project, and it is good to see this occurring once more. I trust that, over the future months, we will be seeing more and more of this as new developments fall into place, and that we will see this project up and running next year.

Mr BAILEY (Wanguri): Madam Speaker, I will make a few brief comments on this. I welcome the minister's statement. It is getting closer to fulfilling the lifelong ambition of the minister - to see the final completion of the railway. I am hoping that we are now on the final stages of the minister getting on the train at Platform 1, departing from the Darwin Port. Unfortunately, we probably will not have any passenger cars to put him in, so we will put him into one of the containers and take him out at Alice Springs.

It is good to see that we are getting closer. It seems, though, that every time we think we are almost there, the timelines and the dates do roll back a bit. I am wondering, and hoping, whether recent events in Asia are not going to end up being the blame for too many more extended rollbacks of the dates.

One of the major focuses of what the minister has said today is the importance of the finalisation of the negotiations with Aboriginal people for the rail corridor. As the minister pointed out, it has been fairly long and complicated. It is quite a difficult task when you are trying to deal with 50 separate Aboriginal clans involved along the length of the rail corridor. As we know, it is not quite as easy dealing with Aboriginal communities as it is to deal with a single land owner. Under our system of land ownership, it is usually just a single person or a couple who own their property, and that is the only person that government needs to deal with when it is trying to decide how a decision is made. With Aboriginal
people it is a far more communal ownership of the land and it is not a matter of just one person saying: 'Yes, you can do this', or, 'I will accept that amount'. Even though there are identified custodial land owners, it is still within their culture to discuss this with other members of their community to make sure that what they are doing is right. There is the need to deal with other people involving sacred sites that they may have responsibility for within the area etc.

I congratulate the minister for being able to achieve the arrangements, the conclusion, with the Aboriginal land owners to the corridor. We should also give credit to the land councils and their ability to work on behalf of the Aboriginal people. One of the things that the minister would possibly agree with me on is that if you were trying to deal with each of those 50 Aboriginal clans, where at the starting point you had to go through and agree on all of the baseline negotiations and explanations of how it works and everything else like that, that may have complicated it to a point it would have delayed it even further. That is one of the reasons why it is useful to have reasonably large organisations like the land councils that do have the expertise and knowledge of dealing with the issues and know how to deal with their own constituency, which is the Aboriginal people.

I would be concerned if you had 15 or 20 different land councils along the track, that had to be dealt with separately. It would be quite obvious that within those much smaller structures you wouldn't have the expertise, the legal expertise, the anthropological expertise, to deal with some of these issues.

We on this side of the House have always supported the development of the railway, the development of infrastructure within the Northern Territory. We are critical at times of the way the government's gone about it. An area that we believe is critical is the amount of advertising and the crowing about the successes. I have to say that there must be a collection of front pages from the NT News of when the railway was almost here. There was the use of the weeks preceding a Territory election to announce that it is just about finalised, and within a year or so there will be all this employment and development associated with the railway, and then we find that there is always some delay.

I honestly do believe, though, that we are closer than we have ever been before to achieving the railway for the Northern Territory. In many ways if we don't achieve it fairly soon, developments like the new port would have very minimal benefit to the Northern Territory without the railway going ahead. While we still use it as a port, the cost of the development in relation to it taking over what our existing port facilities do is a fairly expensive way of going about it. But with the interaction of the new rail corridor it would be a major benefit for industrial growth in the Northern Territory.

I still would be interested in knowing, at the end of the day, whether the amount of money that is being put forward by the 3 governments will be enough. I know that in past discussions with the minister he said that there may still need to be some looking at those figures at the end of the day. I know that in the federal election, the Leader of the Opposition, Kim Beazley, as part of his commitment to the north Australian rail project, said that he would guarantee, if he had won the election, that he would honour the $100m already committed, and that depending on what was needed he would be prepared to increase that to $300m if that was the difference between getting the project up and not getting it up, for the benefit of the Northern Territory and the rest of Australia.

Unfortunately, he is not the Prime Minister. I am just hoping that if there are problems with financing, or if there are problems with the different consortia getting their packages together - with the $300m that is being offered and, as I've already said, the current financial crises in Asia that is now spreading globally - I would be happy to work with the minister, and I am sure the opposition would, to lobby in any way to try to get the appropriate financial support from the federal government, if that is required further down the road.

I look forward to the minister coming in and giving us details, I hope now, in the early new year of the proposals by the different consortia as to whether the railway project is viable.

To conclude, I thank the minister for his statement and wonder if we can all get on the train together and go for the first ride when it finally comes into the station in Darwin.

**Mr DUNHAM (Drysdale):** Madam Speaker, it is a very pleasurable experience to stand up in this House and find that everybody agrees. It is a bit of a pity that we didn't have a debate of this nature about statehood, and I think possibly that is where we are going. It is a pleasurable experience for me to
stand here and hear everybody applauding the direction that this is taking and everybody applauding the good work that is being done by the government.

It is a good thing to have a stable government. Often people talk about longevity of government and often I think our problems, in a national context, are that governments turn over in a couple of years.

I remember, in my time as a regional director for a department, that 2-year termers often didn't take the big jobs on and the reason was that they wouldn't see it come to fruition. It was easy to put them on hold and, often, some important initiatives stay in pending trays.

It has been a mark of this government that this thing has been carried across decades and the thing has never ever been in a pending tray. One name has to stand out and the two previous speakers have mentioned this person, and I will too. I think the member for Blain has done an excellent job with this. He has tenacity that borders on stubbornness and he has faced the difficult task of cynicism among many and turning that cynicism into enthusiasm. We have all seen the headlines that the member for Wanguri talked about saying - the railway is on track, the railway is imminent, the railway will happen. I think that was a very necessary part of this whole business, to market it and to convince the cynics among us that this was achievable and it was doable.

We are now reaching the stage where there are probably 3 or 4 types of people in the Australian society that are looking at this. Obviously it has captured the attention of the railway enthusiasts among us and obviously it has captured the attention of people who like to see an icon-type project like this proceed.

The other group, I suppose, are the more avaricious among us, who see it as an opportunity for themselves to benefit, and that is good. I am hopeful that there will be many many groups who benefit, hopefully not to the detriment of others, however, and that the Territory community as a whole is the major beneficiary.

For most Australians I think it has just been an issue of curiosity. It has been one of those funny things that comes out of the Northern Territory along with crocodiles and dingoes. I think we have convinced them that our bona fides, our seriousness, our tenacity, and our economic rationale is such that we have got Australians on side, and I think that we will find that there is, as in this House, a great clamouring in the nation, all looking the same way and all saying what a great thing this is.

I am very confident about the linkages that will happen out of this project. Last time we spoke I, too, supported the assertion by the Minister for AustralAsia Railway that other beneficiaries would be the Ord irrigation area, the Carpentaria mineral province, the horticulture developments that are occurring up and down the route that the railway will follow, and of course agriculture and cattle and livestock.

This catalyst for development is that we have a corridor, we have an energy corridor following it pretty much, and we are well endowed with the nation's ground water supplies. We have everything that we need up and down the Territory to develop instantly, and particularly, the mineral province that is found. Those things that are already there and already invented will make it easy for explorers to do the hard stuff of proving up the minerals, so that with the full confidence of them having done so, the energy corridor and the transport corridor are well and truly in place.

I am also concerned that the quantum of the Commonwealth grant is a net quantum and that there is not some clawback with some taxation arrangement that lets the Commonwealth give with one hand and take with the other. I think that we have to be very vociferous in our approach to the Commonwealth about this, and I am confident that the minister, with his normal approach to things like this, will have a win in this area.

The previous speaker spoke about the enthusiasm of the Leader of the Labor Party, Mr Beazley. I note he is on the list of people thanked by the minister, and I think he is still there in reserve in the event that we have to go to the federal government. With the difficult situation in the Senate, it is a good thing to have the Prime Minister, the Leader of the Opposition and, indeed, the Coalition partner Tim Fischer as great enthusiasts about this project. If we ever do get into difficult circumstances where we have some of the crazy spoilers that now sit in the Senate playing games with us, I am confident that the 2 big parties will be able to see the benefits and will be able to address those legal and economic circumstances that might come along. I am pleased that Mr Beazley is still there in reserve and I am
pleased that he is not there as the Prime Minister, but it is good to see his name on the list of people thanked by the minister.

I note the minister's humility in saying it has not been a Barry Coulter show. I think it pretty much has been. There have been a lot of people behind him, but it has really been the infectious enthusiasm of the current minister. He has had his eye on the horizon for decades and the fact is that he has been able to twist the arms and cajole and bribe and bully the people that he had to do along the way. I am pleased that we are in the position now where the progress reports we receive, as the minister said, report less on problems and impediments and more and more on the imminent nature of this project.

I support the minister's statement and I look forward to hearing further progress reports as we achieve this great project.

Mr BALCH (Jingili): As a number of my colleagues have already said, I feel very privileged to be able stand here at this time and speak about this railway project. This is something that Territorians have discussed and thought about for many years. In fact, as my colleague, the member for Drysdale, said, in some instances Territorians tend to think that this is an illusive project and are somewhat incredulous that it will happen. But we stand here today very much on the cusp of achieving this project.

As it has been pointed out, there have been many, many hurdles to overcome on this project. That is probably what, over the period, has given the project its strength - the fact that it's taken a lot of determination and drive to get it to the point where it is today. There has been a tremendous amount of work done over the 10 year period, as pointed out by the minister, and there is still a lot more work to come. There are still 3 hurdles to be overcome, as the minister said, but there is every reason now to be very optimistic about the railway project.

The issues still facing us, those involving possible taxation of the government grants, access rights and conditions to the railway, are surely now not insurmountable. I am confident that we will be able to work with our federal colleagues and make them see the positive impact of this particular project which, in fact, is not just a railway line between Alice Springs and Darwin but is a whole new trade and freight system for Australia. The economic impacts will flow right throughout the whole country, I believe. In fact, economic problems caused by the Asian currency crisis may actually work for the project and not against it.

I understand for example that times have never been better to hire a construction force and negotiate construction and earth moving contracts, and costs of the project may well be significantly less than was first envisaged. In fact, despite the economic situation in Asia, which is uncertain at present, there is a confidence about the future trading role of Asia into the next century. The timing of this project will be very good in terms of what many of the experts are predicting, which will be the recovery time for the Asian region. As I said, it is a project of national significance. It has a great deal of significance, particularly to the state of South Australia.

It was interesting for me. I also attended, as the Leader of the Opposition mentioned, the conference in Tennant Creek and I saw the presentations there. In fact, I had the great pleasure of launching it and doing a presentation myself on the railway at that particular conference. The level of interest in Tennant Creek by the regional areas really struck me. The Mt Isa people were there in some force, representing the Mt Isa mineral province, which stretches right around from the mines in the southern part of the Northern Territory right down to underneath the Gulf of Carpentaria. There is some staggering potential for mining in that area, and clearly the people from the Mt Isa region saw the future economic development of their region inextricably linked to the development of this particular project. They spoke with great enthusiasm about it and were supporting it totally. In fact, one of the resolutions from the conference has called for a line to be developed from Mt Isa to Tennant Creek as soon as possible so that they can continue that sort of development.

The Leader of the Opposition mentioned the importance of regional development. Again, I think that was clearly shown and discussed at the conference in Tennant Creek, and the rail line will offer tremendous potential for that. There will be a realignment in the Northern Territory of the transport industry, but it won't destroy the transport industry. It will simply mean that the transport industry will be going to and from those points of access along the railway line, in and out of places like the Mt Isa
mineral province and, of course, into the developments up in the Lake Argyle region where we are working in cooperation with the Western Australia government to develop quite a significant development.

As I said, there is always a silver lining to every situation. The Asian difficulties will certainly cause pencils to be sharpened in terms of the construction cost and will provide opportunities for even more competitive pricing in the construction process. Another interesting point that with the devaluation of our dollar, and Australia being a major trader in commodities, this in itself makes investment in the project even more attractive for offshore investors.

It was interesting to hear the minister's remarks about the strengthening and consolidation of the consortia. There is certainly no less interest in the project from the marketplace. The international and national companies that are currently bidding to build, own, and operate the railway are widely respected and their names have brought great public credibility to this project. No quarter has expressed any doubt that any of the 3 short-listed consortia lack the capacity to complete and operate the railway. Those consortia are being strengthened by the new members, including during the bidding process, as outlined by the minister. I particularly welcome the intention of the final Territory company, Perkins Shipping, to join one of the consortia.

The clearance for the railway corridor through Aboriginal land in the Territory was always going to be one of the biggest hurdles facing the project. Interestingly, despite the comments of the member for Wanguri, I saw no mention of land councils in the minister's thank-you list. However, nobody ever thought it was going to be easy and it certainly was not. In fact, it took about 2 years of negotiation, the past 10 months of it extremely intensive negotiation, as we are all aware. At many times, I know, the negotiations broke down, good faith disintegrated, and the project went backwards.

The plain truth is that without guaranteed clearance for the corridor, the railway was dead. The minister made mention of that - without the corridor there is no railway. Several consortia members were known to be nervous about the corridor and had the negotiations not been settled when they were last month, critical damage might have been done to the bidding process. But goodwill did finally prevail. The agreements were struck with the Central and Northern Land Councils and the project is now well and truly back on track - not without cost, of course, because under the original schedule the consortia were due to finalise their bids by the end of this month. The process has now slipped back to 26 February next year and a start to construction has slipped back a further 2 or 3 months.

Hopefully, construction can still start in the second half of 1999, and through a 3 to 4 year construction process the railway can be operating in 2002 or 2003. As I mentioned earlier, that is about the time when most of the experts predict that the Asian economic situation will be in recovery. In fact, in terms of creation of employment, a project like this is exactly what major construction firms are chasing at this particular time in Australia. It is a long-term project, 4 years, providing an excellent job on the books to get through what may be a bumpy ride for a while. Naturally, we here in the Northern Territory are working very hard to ensure that Territorians take a major role in the work that is created by this particular project.

The minister's statement clearly demonstrates that, while there is a bumpy ride to go from time to time, we are going ahead with this project. Those couple of issues that have to be resolved seem to me to be a kind of dotting of the I's and crossing of the T's that we need to get on with - albeit very important issues to be covered.

As I said, the real issue with the railway will be addressed in February - that is, the quality and detail of the bids that are received from the 3 consortia. I concur with the Leader of the Opposition, who made the comment that February could be a quite historic sitting time for us when the final consortium bid is announced and we are able to go forward to that all-important step, as the minister said, of actually driving a stake in the ground. At that point, most of those disbelieving Territorians will be finally convinced that the rail project is really on the way. We can assume that the consortia will meet the commercial criteria that are required. Otherwise, these highly respected companies would not even be involved.

This is a time for change in Australia in the rail industry. It is also fortuitous for the Adelaide to Darwin railway. Rail in Australia is going through significant change. Government is getting out of rail,
privatising much of the rail infrastructure and handing it over to private enterprise. It is somewhat of a
worldwide trend as well. Rail freight, in particular, is proving to be a very viable operation for private
enterprise companies. Many overseas companies are looking at Australia now, particularly the North
American railroad operators. This can only benefit the project and also will bring benefit to the
Northern Territory in terms of the involvements of these companies in our business environment. In
fact, railway is a natural for this country. It is an efficient long-haul bulk system that services large city
markets that are separated by vast distances. The project will turn Australia's focus away from
concentration on the south-east of the country and across the southern periphery to the proper
orientation - south to north, pointing straight to our future dominant trading pattern.

As I said at the beginning, it is a great pleasure for me to stand up here and take note of the minister's
statement and hear the point at which we have arrived in this great project. I support the ministers
statement.

Mr COULTER (AustralAsian Railway): Madam Speaker, in concluding, I thank honourable
members for their contribution to this debate. I think it really does need a reality check - we are still not
there. The point of today's statement is that with this project there will always be a hurdle in front of it
until the train is up and running. There are many things to do. Some of the things I have pointed out
today, such as the taxation treatment of the capital grants funds, and, in particular, the access
arrangements. It just may be that we bring legislation back into this parliament as early as the next
sittings, in November, to ensure an acceptable access regime is passed through both the parliaments of
the Northern Territory and South Australia.

We then have to await the bids which are due in on 26 February next year, and we hope that those bids
will be around and the grants monies will be acceptable. As the Leader of the Opposition spoke about,
she doubted whether there was enough money in it and we will have to negotiate that with the
consortiums, but there is competition on them.

What happened with the $100m was that nobody wanted to get laughed at because they left too much
money sitting on the table. The $100m was put there by the Commonwealth and it makes it a lot easier,
of course, for the current government to increase that amount of funding if it sees fit when you have the
backing of Kim Beazley. Kim Beazley has been a very, very big supporter of this project for many
years, in particular when he was defence minister. It is just unfortunate that he wasn't the Prime
Minister then because I can assure you his Prime Minister of the day wouldn't wear it, wouldn't have a
bar of it, but his finance minister provided access to finance officials, and we had many meetings down
there regarding that finance. It is nice to see his commitment to the project.

There are many, many people who have to be thanked that are not on the list that I provided here today.
As I said, most of the work is completed, but there will always be something else to be done and those
two outstanding issues, such as taxation treatment and access, are the 2 most outstanding hurdles yet to
be jumped. I will be taking into Cabinet tomorrow a paper highlighting the various hurdles that are yet
to be overcome, and some possible solutions to them.

With that, Madam Speaker, I thank everybody for their contribution. We all wish the short-listed
consortia, who are now doing all the hard work, all the best in their efforts to put the proposal together.
I met with some members of a consortia at lunchtime. They are very keen. They are spending a lot of
money on it, and we wish them well in their endeavours to come up with the viable option for us to
have our long-awaited railway.

Motion agreed to; statement noted.