Mr COULTER (Railway): Mr Deputy Speaker, I last spoke on the matter of the Alice Springs to Darwin railway project in this Assembly in August last year. Much has happened in the meantime, and I believe it is useful and necessary at this time to update members as the project gathers momentum and moves towards its inevitable and long overdue construction. Let me say at the outset that every attempt has been made, and will continue to be made, to pursue an inclusive approach towards achieving the almost universal Territory objective of having this railway built and operational. The Leader of the Opposition is well aware of this approach. It is not limited to the Northern Territory alone, nor indeed to South Australia, our committed and willing partner. Implementation of this important national policy can and does include both sides of Territory politics and both sides of federal politics. It is to this end that I have devoted much of my time recently.

I should say at this point that I believe we would do the railway project a grave disservice today if we were to throw it into the boiling pot of the current federal election campaign. It will not advance the cause one iota if members on either side use this issue to beat the election drum. In fact, it may do some damage. Cynicism about the railway is at a high level as it is. Most Territorians - and it is hard to disagree with them - say that they will accept the reality of the railway when they see the first locomotive on the line. Therefore, it will not help if we lose ourselves today in a pointless debate about who did what to whom or even about the relative strengths or weaknesses of the recent policy statements made by the main parties in the federal election contest.

I take the positive view that we have a stronger commitment to the railway project today from both major political parties than we have had for more than a decade. Whoever wins the election, we have something we can work with. Of course, we do not have an unequivocal commitment from either side to have the railway built, but they both support the project in principle, especially the project as it is now shaping up. Our major task after the election will be to convert that support in principle to support in practice. I hope to undertake that task in the comforting knowledge that I have the broad general support of Territorians and, hopefully, of members of this House. To that end, let me now outline the shape of the railway project as it is today and that is, thankfully, much different from and much more positive than the proposal addressed by Neville Wran's Committee on Darwin.

As members are aware, the Northern Territory government has pledged $100m towards the construction of the $1000m railway as a means of attracting other participants to the project. The South Australian government has matched that commitment, and that was reaffirmed a couple of weeks ago by Premier Brown. The Territory is also well advanced in the construction of a new deepwater port at East Arm in Darwin - an integral part of the overall project, making a reality of the railway landbridge to Asia. Stage 1 of the port is scheduled for completion next year at a cost of $75m.

There was encouraging news from the Commonwealth government in the 1993 federal election campaign when it pledged to fund $3m for the completion of the route survey between Alice Springs and Darwin. This money will run out in the 1995-96 financial year. Of equal importance to the survey funding was the decision of the Commonwealth government to establish the Committee on Darwin in 1993. The committee's brief was to examine ways in which the Commonwealth and Northern Territory governments might foster the development of Darwin to take advantage of its proximity to East Asia.
As part of its report, the Committee on Darwin produced an analysis of the financial and economic viability of the railway to Darwin. The analysis, released in 1995, is the most recent publicly available study on the railway. The report's conclusion on the railway was: 'The committee's final judgment on the rail is not if, but when. On the basis of detailed economic analysis, the committee concludes that the rail link will be viable early in the next century'.

The report was welcomed by the Northern Territory government in that it represented a major turnaround from the conclusion of a previous study by the Commonwealth, the Independent Economic Inquiry into Transport Services to the Northern Territory. When noting the Committee on Darwin's report, the Northern Territory government stated: 'The committee notes, however, that freight flows at substantially increased levels, if confirmed, would have an important bearing on economic and financial assessments of the project and would bring forward the date at which it would become viable'.

The committee also mentioned new data becoming available at the time that its report was being finalised. This new information indicated that freight flows to and from Darwin could be higher than previously estimated. The new data was compiled by the Australian Bureau of Statistics, providing estimates of freight movements over 4 quarters - from the June quarter 1994 until the March quarter 1995. Using this market information, the Northern Territory Department of Transport and Works estimated the market size, assuming a railway existed in 1994, in line with the assumptions of the Committee on Darwin. The approach also drew upon the distributional matrices for land freight developed by the University of Wollongong, and now with the FDF Management of Melbourne. The work was verified for the most important market segment - interstate freight - using road counts and ABS Survey of Motor Vehicle Usage figures, the latter providing the cross-sectional profile. A separate and independent exercise was conducted by the South Australian Department of Transport, using Culway to provide accurate data for the estimation of the interstate freight movement to and from the Northern Territory. Both exercises provided verification as to the reliability of the preferred approach using ABS data as the base. The preferred approach was shown to be conservative, falling some 1000000 t or thereabouts under either approach.

Recently, officers from the Department of Transport and Works and the South Australian Department of Transport briefed Commonwealth officers on our approach. The Commonwealth was represented by the head of the Bureau of Transport and Communication Economics, together with other officers from that bureau and from the Commonwealth Department of Transport and from the Australian Bureau of Statistics. I am advised that the briefing went very well. With the revised estimate of the freight market, the Northern Territory government engaged Symonds Travers Morgan in September 1995 to conduct an updated cost-benefit analysis. This firm did the analysis for the Committee on Darwin, and the same computer model was employed. The comparative analysis between what the Committee on Darwin concluded and what can be concluded today is as follows. The revised estimate of the initial market size for the railway, assuming a railway were in place in 1994, is 1.1 million tonnes. This compares with the Committee on Darwin's finding of a freight market size under the same assumptions of 785000 t. It is of interest to note in passing that the Committee on Darwin's high estimate was also 1.1 million tonnes. With the revised estimate, the Symonds Travers Morgan model concluded the ratio of benefits to costs is comfortably greater than unity - or, if you like, even par - with a benefit cost ratio for the railway now at 1.27. This compared with the Committee on Darwin's benefit cost ratio of 0.78. In simple terms, this means that the Committee on Darwin concluded the railway would be a less than profitable exercise for the nation and now, using the same consultants, it has been concluded that the railway would be a more than profitable exercise for the nation.

The new freight market information demonstrates the railway is economically viable now. The benefits of the project will exceed the cost over the appraisal period of 50 years by $193m in net present value terms, according to the Symonds Travers Morgan model. The benefits of the railway, as defined in the Committee on Darwin report and followed through in the revised analysis, included differences between road and rail operating costs, accident costs avoided, transfer cost savings, and reduced rail cost for existing traffic. The only parameter to be changed in arriving at this conclusion is the size of the freight market and, as I said, the revised market size is based on information provided by the ABS. All other assumptions, as used by Symonds Travers Morgan for the Committee on Darwin, remain the same. Thus, this has not been a smoke-and-mirrors exercise. We have used the same consultants and
we have used the same assumptions. Those assumptions used in the Wran report and again here included: an estimated capital cost of construction of $947m in 1994 dollars; a freight growth rate of 3% per annum; a discount rate of 8% per annum; an inflation rate of 4% per annum; and a rail market share of 80% for the Adelaide-Darwin sector, progressively reducing for other and longer sectors. Honourable members should note that the freight estimates provided by the Australian Bureau of Statistics represent the most recent and best data available today.

During the course of the deliberations of the Committee on Darwin, 2 further significant events occurred. In 1994, the South Australian government, in recognition of the importance for the state of completing the railway from Adelaide to Darwin, joined with the Northern Territory in committing $100m to the railway. The governments of South Australia and the Northern Territory continue to work closely together to achieve this objective. The other significant event was the signing, in April 1995, of a Heads of Agreement between the Northern Territory government and the Daewoo Corporation to further the financing, design and construction of the railway. The agreement with Daewoo was initially for 6 months and, as a consequence, I travelled to Seoul in October last year at which time it was agreed to extend the agreement for a further 6 months. It remains the case that the railway will not become a reality without the public support and financial participation of the Commonwealth government. In this respect, the Territory government was very encouraged by the conclusion of the revised economic appraisal done by Symonds Travers Morgan. The government decided to follow through with the analysis to examine also the financial viability of the project.

Honourable members will know that an economic appraisal examines the viability of a project for the Australian community as a whole, including both the public and private sectors. A financial appraisal studies the viability of the project as a private sector investment alone. Once again, it was considered important to use the services of the same consultant that did the analysis for the Committee on Darwin. Accordingly, in November of last year, the government engaged Macquarie Corporate Finance to do - I appear to be missing some pages from my speech.

Mr Ede interjecting.

Mr COULTER: We can hardly be more bipartisan than this. Thank you.

Mr Bailey: It is a pity that I was not here when that happened because I would have made a few smart comments about it.

Mr COULTER: And that is about all you will ever contribute to the railway debate.

Mr DEPUTY SPEAKER: Order! The member for Wanguri has already been warned twice.

Mr COULTER: In November of last year, the government engaged Macquarie Corporate Finance to do a financial appraisal, based on the revised estimates of the freight market for the railway. For some time now, the government has been seeking to put in place a financial arrangement for the $1000m railway. That includes: $100m from the Territory government, which is committed; $100m from the South Australian government, which was confirmed by Premier Brown in recent days; $500m from the private sector, which can be facilitated by Daewoo subject to Commonwealth government participation; and $300m from the Commonwealth government. This was the equation put to Macquarie Corporate Finance. It was asked to see if it was achievable, given the revised freight market estimates for the railway. I am delighted to report that Macquarie has concluded that the financial arrangement is achievable. Since the earlier financial analysis done by Macquarie Corporate Finance for the Committee on Darwin, a number of financial parameters have moved in favour of the railway. These include: a lower construction cost, down from $975m to $933m in 1995 dollars; construction time down from 5 years to 4 years; freight volumes up, as I have already stated; freight growth up to 4.5% per annum for the first 10 years, returning to 3% per annum thereafter; equity returns down 2% to 16% after tax, reflecting increased competition by banks and financial institutions for a share of major, long-term infrastructure projects; interest rates down in the vicinity of 1.5% to 2% since the analysis was done for the Committee on Darwin; the market for the Commonwealth government's infrastructure bond issues has advanced rapidly in the intervening period; and the market for CPI bonds issued by transport infrastructure projects has increased significantly.
The application of infrastructure bonds and CPI bonds is particularly significant because they allow greater private sector participation, thus reducing public sector contributions to the project. However, even without them, Macquarie has concluded the railway could support private sector debt and equity of just over $500m in 1995 dollars, providing that sector with an after tax return of 16%. For the CPI bonds case, the level of support from the private sector could be more than $600m in 1995 dollars. I remind honourable members that the Committee on Darwin concluded that the railway could support only just under $250m of private sector debt and equity, making the Commonwealth government's contribution alone nearly $600m. The revised financial appraisal is a major turnaround on this finding. I believe the economic viability of the project can now be demonstrated, as too can its financial viability, subject to government grants of the order outlined above.

There is no need to state yet again the large external benefits the railway will bring to Australia such as a reduction in greenhouse emissions of 4 million tonnes. As I am sure all honourable members will agree, only the public sector can capture these benefits and that is justification enough for the government grants to be made to the railway. It ought to be clear that the Committee on Darwin's case for the viability of the railway was outdated almost from the time it hit the presses. I was pleased, and I said so, with the recent announcement by the federal Minister for Transport in relation to the Alice Springs to Darwin railway. Track Australia, a national rail infrastructure authority with responsibility for interstate track, will have as one of its primary responsibilities the development of the railway proposal. The importance of this announcement is that the Commonwealth government will take a direct role in the railway for the first time since 1984.

The government has noted also the intention of the Commonwealth government to seek expressions of interest from Australian companies and that is a welcome development. However, practical considerations show that the Daewoo Corporation would appear to have the inside running, given its extensive involvement in the railway project since April last year. In the event that expressions of interest from Australian companies are limited, this immediately opens the way for the Daewoo Corporation to enter into direct negotiations with the governments concerned to participate in a construction consortium.

The federal Coalition's policy on the railway is similar in principle to the federal government's announced position. The Coalition's policy states that it will facilitate construction of an economically viable railway by the private sector, and that it will give priority to completion of the route survey. At the bottom line, it means that the Coalition will back this railway if it can be established that the project is economically viable. Recently, I briefed senior Coalition people on the project, including John Howard. I can report that the railway project has strong supporters among the senior ranks of the Coalition and, indeed, of federal Labor. It may not help our case to publish a list of names at this stage, but I feel secure about mentioning 2 people in particular - Laurie Brereton, the federal Minister for Transport, and Mr John Sharp, the Coalition's spokesman on transport. I should give a special thank you to the Deputy Prime Minister, Kim Beazley, who has been a very strong supporter of this project. In fact, he probably supports it even more strongly than does the Leader of the Opposition or myself.

As I said at the beginning of my remarks, the approach needed to achieve our objective is to be inclusive and gain the support of both sides of politics to build the railway from Alice Springs to Darwin. This approach will certainly have the support of the Australian people. As a Newspoll survey on the railway found in December last year, between 7 and 8 in 10 Australians favour building the railway, with more than half of those strongly in favour. Between 8 and 9 in every 10 adults in the Northern Territory and South Australia support the railway, with 6 in 10 strongly in favour. When told of the environmental benefits, support Australia-wide rises to between 8 and 9 in every 10 Australian adults.

For the Commonwealth government's part, an outlay of around $50m per year for 10 years, including financing costs, will facilitate the provision of an up-front grant of $300m towards the project.
sufficient for the Adelaide to Darwin railway to be completed finally after more than 100 years of
dreams, plans and work. After all the facts and figures have been presented, the most obvious and the
most difficult question that can be put to me - and indeed I am asked it frequently by Territorians - is
whether I think the railway will happen. My honest answer - and members know that I am passionately
attached to this project - is that I would hazard a guess that, at this time, it is an even money bet. I wish
it could be better than that, but it is worth noting that it has been much less than that for the past
decade. I remain certain that the railway will be built although, at today's date, I am not certain when it
will be built. After this coming weekend, when the federal election is over, we will all try to work with
the Commonwealth to have it built sooner rather than later.

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

Mr EDE (Opposition Leader): Mr Speaker, it is always a moment of considerable interest in this
Assembly when a ministerial statement is made on the north-south rail link, a project which I like to
call the Australia-Asia trade link. It is apparent that we are much closer to its realisation than we were
10 years ago. I would like to take this opportunity to congratulate the minister on the diligent way that
he has progressed this project from the time that he took on this portfolio. He is certainly an enthusiast
for the project, as he knows I am also.

A few years ago, I raised as a matter of public importance the priority that government should give to
developing this project. The former Minister for Transport and Works was embarrassed by the big gap
of inactivity that had been allowed to develop. He then put all his eggs in with the Morrison Knudsen
study - a review which most people now acknowledge actually damaged the case for the railway. I
congratulate the current minister on the work he is doing. He is trying to convince some of the doubters
on the conservative side of politics and I am certainly happy to do the same on my side of the fence.
We have some strong supporters in the federal Cabinet, and the minister mentioned one of the
supporters on the opposition side. I thank him also for the ready access that he has provided to myself
and to my staff for briefings on this project.

The Wran committee was but one of the initiatives of the federal Labor government that have benefited
and will continue to benefit the Northern Territory. It will continue to have an impact as the joint
working party develops the programs for the implementation of its recommendations. When it was
released, the Wran report was bagged by a number of commentators who had been looking for the 'big
bang' scenario. Among those detractors were Senator Grant Tambling and the former journalist for the
NT News, Frank Alcorta, who has moved to Tasmania which has a railway, but not to the mainland.

In its base case scenario, the Wran committee found that the north-south rail link would have a benefit-
cost ratio of 0.78 if construction commenced in 1995 - that is, the total benefit of the project would
only add up to 78% of the total cost of the project measured over 50 years. The Wran committee found
the project would have a benefit-cost ratio of 1 to 1.01 if the project started in 2005. That was the first
time that people stopped saying that there would never be a railroad. It was significant that that study,
even with all its associated

problems, stated that there would be a railway about 10 years on. That took the project out of the
realms of being a pipedream. We are talking now about when it will start, not if it will start.

The Wran report stated that the freight estimates used by the consultant may be subject to revision. I
quote from page 139 of the report which states:

The freight estimates used by the committee were
compiled in 1994 from a comprehensive range of sources.
In late May 1995, the Australian Bureau of Statistics
released statistics from a new experimental survey of
freight movements, including movements to and from
Darwin. The figures suggest that the freight flows to
and from Darwin could be higher than previously
estimated. The statistics relate to 2 quarters of 1994
and do not provide details of specific origin or nature
of the freight. The figures are incomplete and subject to (possibly substantial) revision so little reliance can be placed on them for analytical purposes at this stage.

Thus, it was saying that there was a possibility of its original projection of 10 years being moved forward as a result of the improved viability.

The chief economist with the Department of Transport and Works, Stefan Stuetzel, has done extensive work based on the BAS experimental results and has now expanded it to 4 quarters. Some of the freight estimates are up to 50% greater than those used in the Wran committee consultancy. However, it should be kept in mind that these freight estimates are still based on a data series that is described as ‘experimental’ by the ABS. It will take a great deal of painstaking research to deliver a freight estimate that will form a basis for a bankable investment package.

In passing, the minister referred to a start up freight task of 1.1 million tonnes. I understand that the estimates are based on 3 quarters of the experimental data and that the most recent update, which is based on 4 quarters, has reduced the freight estimate slightly to 1.05 million tonnes. It may be simply that the minister was rounding up the figures or perhaps there is some more recent data he may wish to update us on.

Mr Coulter: We were within 9000 t on the last quarter on interstate freight. We are coming pretty close in terms of its being experimental.

Mr EDE: The Department of Transport and Works has compared these experimental ABS freight figures against its vehicle count and the South Australian Department of Transport census at a Stuart Highway weighbridge at Pimba. The ABS experimental results, while higher than those used in the Wran analysis, are less than what would be indicated from those 2 sources. The minister may like to explain that. I understand that the Department of Transport and Works has also engaged a consultancy, which is experienced in modelling freight flows, to prepare a model of the freight origins and destinations. The model was developed originally by Wollongong University which has specialists in freight, but it has now been sold to a private consultant. This model is said to have been used by the Commonwealth Department of Transport in relation to expenditure on the national highways.

Using the Wran committee base case, but reworking with a higher starting freight estimate, as indicated by the ABS experimental data, Transport and Works calculated a benefit-cost ratio of 1.27. The economic modelling was done by Symonds Travers Morgan, the consultants to the Wran Committee. The same model was used and only the starting freight loads were varied. Economic modelling attempts to measure all the benefits and costs of the project. Financial modelling measures the cashflow of the project - what debt is needed to finance it, whether the debt can be paid and whether returns are sufficiently high to attract investment. The minister has reported on additional work done in this area in recent months. It is pleasing to note that the project has been assessed to be more financially viable than in the past. This is partly a result of falling interest rates, despite Country Liberal Party advertisements to the contrary, and partly a result of the benefits of investment bonds, infrastructure bonds - another federal Labor initiative.

The minister referred to the exclusivity agreement he entered into with Daewoo. Daewoo has said that it would be able to secure $600m for the project. The minister said something a little different today. He has said now that it would raise $500m, subject to Commonwealth government participation. That is of concern to me. A recent article in Asia Business indicates that various people, including Mr Kim Woo Choong, the founder of Daewoo and other business people in South Korea, have had what was referred to as their ‘parachutes’ removed from them. It notes that ‘ambitious Korean businessmen used to be able to rely upon state directed cheap loans to get them out of possible trouble’. I have written to the Minister for Foreign Affairs about this and his department is maintaining a watching brief on the situation there. My concern has always been that, if that ability to access those cheap government loans were lost, we might find ourselves in the same basket that we have been in with dozens of previous proposals. They have promised funds, but their bottom line has always been a guaranteed interest rate from the government. My hope was that Mr Choong had a guarantee - if not in writing then in terms of
practice - from the Korean government and therefore he would not be seeking one from this
government. Now that has been removed, my concern is that he will ask for a guarantee from the
federal or Territory government. I would like the qualification ‘subject to Commonwealth government
participation’ clarified.

Both the Country Liberal Party and Territory Labor have said that, in government, they would
contribute $100m to this project. The same applies to the government and opposition parties in South
Australia. In relation to the Country Liberal Party agreement, because the statement was made by the
previous Chief Minister, it is unclear whether the $100m includes expenditure on the East Arm port or
whether it is additional money.

Mr Coulter: In addition.

Mr EDE: That point was not made by the previous Chief Minister. At one stage, he released a report
stating that expenditure at East Arm would be part of that $100m.

The federal Coalition’s credibility is dented on this project as a result of the leaking of that draft
regional development policy that linked the north-south rail project to projects such as Ernie Bridges’
loony-tunes project of turning the rivers inland. I note that he has now superimposed one of the old
yellow peril maps, that has red arrows coming down over Australia, and has identified those as being
his pipelines. He has one going to Perth, another to Kalgoorlie and a third to Alice Springs. Apparently,
because of the force of gravity and the

route running downhill, all of this water will run as much as 1000 miles to those destinations. Quite
rightly, the minister took strong exception to the linkages being drawn between those projects, as did
we all. It is simply indicative of the type of attitude that we have to battle continually with in dealing
with some southern politicians and bureaucrats.

It should be noted that the assessment done for the Wran committee was based on a grant of the Alice
Springs to Tarcoola section of the national rail grid to the Alice to Darwin project at no cost. The
consultants estimate this to have a present value of $100m. Given higher freight estimates, the present
value would be correspondingly higher. I understand that the economic and financial assessments done
by the minister are based on that same premise. I lobbied the Prime Minister to include the Australia-
Asia trade link in the One Nation program. I did not succeed but, as I said at the time, the expenditure
on upgrading the national railway from Brisbane to Fremantle, and the standardisation of the link
between Adelaide and Melbourne, contribute significantly to making the north-south rail link more
viable.

We are all pleased by the announcement of Track Australia, and the $370m that was ascribed thereto in
a recent announcement by Laurie Brereton, the federal Minister for Transport. I believe the minister
was probably as disappointed as I was when the shadow treasurer called it ‘a stunt’. I am not sure that
the shadow treasurer understands why it is necessary to get Track Australia up and running. If this
investment is not made, it is most likely that the states will expect Track Australia to take over the
current losses of some state rail services. Inheriting operational losses would very substantially affect
the viability of the national track authority.

Some negatives continue to pop up. The road transport industry of the Northern Territory is becoming
more vociferous in its complaints about the impact that a north-south rail link would have on its
investment. The September 1995 edition of NT Transport contained an article headed, ‘The Railway -
What's in it for Road?’ It stated that there was always a cost to development, and it was becoming
increasingly obvious to line-haul operators that they would be the sacrificial lamb for the railway. It
also made the point that 1991 ABS census figures show that 7% of employment in central Australia is
in the transport and storage industry, and forecast possible damage in that area. I spoke to Fadellis
about this. Its view was that there would not be an immediate switch. People would continue to use
prime movers until the end of their commercial life. At that stage, they would make the move to
transporting their freight on the railway. It may be that offsetting opportunities, like the expansion of
the Ord River region and the improvement to the Victoria River Highway, will mean additional freight
opportunities for truck operators between Kununurra and Katherine, feeding into the railway at that
point. Tennant Creek may grow as a service centre for the gold province.

The December 1995 edition of NT Transport contained a long letter pointing out that there is very little difference in the shipping time between Singapore and Perth and between Singapore and Darwin. Perth has a railway and a port. It asked why people are not shipping through that port at the moment and utilising the landbridge effect there. A similar point was made by the Department of Transport some years ago. Anybody who has taken a good look at the Port of Fremantle is aware of the congestion there. There are problems also in attempting to unravel the special deals that were made to attract the America’s Cup defence series. The port manager has had difficulty in bringing the unions and other parties back to a basis on which the port can operate with something like best practice. In terms of its potential,

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Fremantle is far behind Darwin and the greenfields site at East Arm, but there is no doubt that the failure there has hurt us.

Others point to the east coast railway line and suggest a Territory link through Mt Isa to Townsville. I was raised in Queensland and travelled up and down the east coastline about once a year. When the train's speed reached 30 mph, you thought you were really hiking along. When it went uphill, you felt it would be faster to hop off and run alongside. The current service has not improved much on that in terms of speed. What is needed is a very fast and very efficient railway on which trains can cover long distances at speeds of about 140 km/h, possibly double-stacked. It is also necessary to have a very efficient port to reap the benefits of that, but the benefits are there and that is becoming clearer each day.

I would like the minister to do a little more in relation to regional impacts. When we last spoke about this matter, in August last year, he said he would do that. Certainly, the Alice Springs community feels left out. The Mayor of Alice Springs, Andy McNeil, is not a supporter of the railway. He has seen abandoned railheads in the ghost towns of outback Queensland and believes that the same will happen in Alice Springs. More needs to be done in central Australia in terms of selling the offsetting projects that can take up that part of the work force. I know that the minister is closely aware of the work being done by Dr Williams in relation to his fast ships. Those fast, high-tech ships require a quick turnaround. They are suited to the distances that we are talking about rather than to going down the east coast to Melbourne or Adelaide, and they represent a big plus for these projects.

Under the old conference lines system, all of Australia's ports were treated as one. Shippers were unable to take advantage of Darwin's proximity to Asia. However, that system is breaking down. The conference lines now handle some 40% of Australia's freight as compared with about 85% some 20 years ago. On previous occasions, I have spoken about the potential for our horticultural produce to piggy-back on southbound freight and develop southern markets. Those fast ships would create a bridge to Asia for temperate horticultural produce, piggy-backed by rail from the south. Because the times will be compressed, there is no need for the most expensive refrigeration techniques. Recently, the Prime Minister spoke about the angst of growers in central western New South Wales who were unable to get their produce to market. They were investigating the charter of freight planes to fly direct to Asia. Perhaps those could call in here for a top up.

The minister described this as a bipartisan project and spoke of his efforts to secure bipartisan agreement in Canberra. In that regard, it is possible that his contacts in the federal Labor Party are better than mine are in the Coalition. Regardless of the result of the election on Saturday, I commit myself to continuing to work for this with whomever and wherever. It is advisable to attempt to keep oppositions onside and we must continue to do that whatever the outcome on Saturday. On occasion, opposition's can be persuaded to make tight commitments to which they can be held when they gain government. If we find people who are totally opposed to the project, we should supply them with information to ensure at least that their opposition is not based on incorrect data. We must ensure also that supporters of the project have the necessary data and are made aware that the project has not stalled. I urge all members to use the data that has been provided today. If they are unsure what it means, or if there is some aspect of it that they believe does not stand up, they should contact the minister. I am sure that he will assist and make people available to advise them. We should use that data
every time that we make contact with somebody who is or may be in a position to advance the cause of the railway. If all 25 members of this Assembly do that, we will expand the network of supporters and hasten the day when we will see this project take off.

Mr POOLE (Regional Development): Mr Speaker, I rise this afternoon to speak in support of the statement by the Minister for the Railway. It is indeed pleasing that we have now received positive commitments from both major parties about future development of the railway project. Although these commitments have been made in the highly-charged atmosphere of an election campaign, it is clear they are based on substantial statistical information as outlined by the honourable minister. The future of the project looks very positive.

This afternoon, I intend to focus my remarks on the regional development aspects of this issue. I am aware there is some concern in Alice Springs about the impact on the business community if the railhead moves north to Darwin. I would like to make it clear that the Department of Asian Relations, Trade and Industry is working actively on strategies for regional development. These are already under way to stimulate and support economic development throughout the Territory. These initiatives are not dependent on the construction of the railway, but they will ensure regional businesses are well placed to take advantage of the opportunity that the project will offer.

It is envisaged that some 2000 people will be employed directly on the construction of the railway and some 6600 will be involved indirectly in terms of providing food, accommodation, fuel and services to those working on the railway. With $1000m to be spent on building the railway, it is clear that Alice Springs, Katherine and Tennant Creek, as well as Darwin, will benefit considerably during the construction period. I am aware that some trucking firms are concerned that the rail may have an adverse impact on the volume of their business. I still believe that many trucking companies will be kept very busy by rail construction activities in the short term, and most firms will continue to prosper by providing alternative specialised freight services or picking up additional business from Mt Isa or the Kimberley and Ord River areas. There will be longer-term economic benefits to the regional centres providing services to the railway. There will be some 250 ongoing jobs to operate the railway, lower costs of freight, lower costs of living and business opportunities for those who are willing to invest in processing plants and light manufacturing ventures that value-add to the raw materials transported by rail. It is envisaged that Tennant Creek, Katherine and Alice Springs will consolidate their roles as distribution and service centres to surrounding areas in the Northern Territory, Queensland and northern Western Australia.

Significant opportunities will be created also by the conjunction of the railway's construction and this government's increasing involvement with Asia. It is important to recognise that the benefits of trade relationships with Asian countries extend right through the Territory and that already some central Australian companies are taking advantage of the close relationship this government has forged with our near Asian neighbours. I believe the advent of the railway will consolidate the Territory's and Australia's trade relationships with Asia. It will be proof positive that, as a nation, Australia is committed to developing fast and effective trade links with Asia. I am sure it will also eliminate the mind-set of southern importers and exporters that freight movement through the Territory, despite being the shortest route, is inefficient and too costly. Australian manufacturers will gain rapid access to the world's fastest growing markets.

I was disturbed to read in the Centralian Advocate of Friday 9 February the comment that the Leader of the Opposition has no idea of the forward planning occurring for economic development for central Australia.

Mr Ede: Why don't you let Centralians know?

Mr POOLE: I have a copy of that newspaper article here. It was really an unfortunate comment by the
Leader of the Opposition.

Mr Ede: Nobody there knows what you are on about.

Mr POOLE: Alice Springs is also my home and I am delighted to see the commitment that this government has made towards developing the central Australian region.

Mr Ede: Why don't you tell people about it?

Mr POOLE: We have been telling people about it for a number of years. Obviously, the Leader of the Opposition sits in here, but does not listen to what is said.

The creation of the Ministry of Regional Development last year has focused the attentions and the efforts of my department towards regional economic development. Since then, my department has appointed Mr Bob Corby as Assistant Secretary, Central Australian Office, and he will manage regional development throughout the Territory from Alice Springs. Whilst much of the publicity associated with my department relates to the Territory's successful engagement with Asia, it is equally important to recognise that the department also develops and administers a wide range of programs to support all Territory businesses. I believe the department works tirelessly to build an environment in which Territorians will be ready to take full advantage of the opportunities as the South-East Asian region booms in years ahead. Over the past 12 months, the department has provided advice to almost 4000 Territorians. Advice and assistance to industry and business is made available throughout the Territory. If a course or assistance is available in Darwin, every attempt is made to make it available also in the regional centres. The department's regional offices in Alice Springs, Katherine, and Tennant Creek have information, books and videos on enhancing business, and staff trained to assist people in the development of their business ideas. The Business Licence Information System is available in each regional office and is a free computerised service with information about any licences or permits that are needed to run a business.

In addition, throughout the year, the offices organise a number of free practical workshops. These short courses cover subjects such as starting a business, basic bookkeeping, applying for finance, marketing, advertising, costing, quoting and tendering, and business planning. Officers also travel throughout the remoter communities to ensure the service is available to all Territorians. At regular intervals, the department organises more specific seminars and events and presentations of particular interest to business people. Members may recall that, last year, Ms Poppy King addressed businesswomen in Alice Springs, Katherine and Darwin. Another event, staged in both Alice Springs and Darwin last year, was International Business Week which was coordinated by Austrade with sessions in Alice Springs and Darwin. These sessions concentrated on encouraging local businesses to get into exporting. Likewise, we hold ‘meet the buyer’ exhibitions in each regional centre.

Through AusIndustry, the department has also provided support for more than 130 firms throughout the Territory. Direct joint Commonwealth and Territory subsidies have enabled Territory businesses to access professionally trained private sector management consultants. Direct financial assistance is also available. The Centralian Growers Association recently received assistance to provide a coolroom in Alice Springs for product to be stored prior to transportation.

The Export Marketing Assistance Scheme (EMAS) is a Territory scheme introduced to assist our smaller commercial ventures. EMAS reimburses some of the costs of local businesses that are seeking to develop international markets. The Central Australian Camel Industry, in its delegation to the United Arab Emirates, is one organisation that has benefited from this assistance. World competitive service and export market planning are 2 more advanced courses that are being demanded increasingly. In time, I would envisage that more firms in the regional areas will take advantage of these courses. The Business Advice for Rural Areas (BARA) program, another joint program with the federal government, encourages sustainable economic development in rural communities. BARA facilitators are located in the Katherine and Tennant Creek offices of my department.
The chairperson of the Businesswomen’s Consultative Council comes from Alice Springs, and there are members from each regional centre. This ensures that I and my department receive direct advice on issues relevant to businesswomen from throughout the Territory. Only last week, I announced the winners of the Regional NT Expo Sponsorship Awards in Alice Springs. I established these awards with the deliberate intention of giving successful businesses in regional centres a boost that would provide them with the opportunity to expand, perhaps interstate or even overseas. Two Alice Springs businesses, along with a Tennant Creek and a Katherine firm, were each awarded a prize package to attend and exhibit at this year’s NT Expo in Darwin.

I have also launched, in Alice Springs, Katherine and Darwin, the NT Made campaign which encourages Territorians in all regions of the Territory to buy locally-made products. Over the past 12 months, my department has concentrated on developing regional development strategies and these regional development strategies are now in place for Arnhem, Barkly, central Australia and Katherine. Last year, in Alice Springs, the NT government signed a memorandum of understanding (MOU) with South Australia as part of a commitment to encourage joint trading with South-East Asia. Alice Springs was the location for the signing because it is the main link between Darwin and Adelaide and, together with other Territory regional centres, will benefit from our joint trade relationship and push through the north. Since the signing of the MOU with South Australia, my departmental officers have been actively pursuing business opportunities with South Australian partners. These included a joint display at the BIMP-EAGA Expo in Brunei last year.

I could continue, but I believe I have clearly established that this government is very conscious of the need for forward planning in the regional areas. This planning is directed at providing a general impetus for economic development in the Territory's regions, but takes into account the possible and the probable advent of the railway. This government has deliberately positioned itself to take full advantage of the Territory's proximity to Asia and its ideal position as the gateway for north-south trade. Darwin is now serviced by 5 shipping services, trading with our northern neighbours. This government continues to emphasise Darwin's potential to be Australia’s gateway to Asia. We have already established the political and social links to support this, and all that remains to be put in place is the appropriate infrastructure. The government has commenced work already on the new port facilities, and the remaining link is connection with Australia's rail network.

The work this government has undertaken already has seen the Territory's trade within the BIMP-EAGA region increase by more than 400% in 4 years, from $28m to $123m. The rate of increase in trade volumes can only extend further after the construction of the railway. Live cattle exports from the Territory increased from 171 000 in 1994 to 296 000 in 1995, a 73% increase, and provide a base for further trade and development. In 1995, more than half the cattle exported from the Territory were from interstate. This reflects the efficiency of our port facilities and strategic position in relation to Asia. One of the key elements in the federal Coalition's trade policy is aptly called the 'Supermarket to Asia' program. National export figures show that traditional primary produce exports are becoming more value-added. Processed food is the fastest growing component of primary products exported to the APEC region, rising by some 9% per year. With the Asian food market estimated to grow to nearly a thousand billion dollars by the year 2000, the prospects for continued growth in this area are substantial. The Territory is just beginning to develop its food export industry which includes kangaroo fillets, crocodile meat, mangoes, melons, hydroponic lettuce from Alice Springs, bush herbs and spices, and other bush foods.

Last year, this government set up a promotional task force, comprising departmental officers, chefs, exporters and interstate suppliers of wine, to put on regular road shows to promote Territory food exports and cuisine in Asia. My department has jointly sponsored a Territory cuisine promotion during the 'Celebrate Australia' promotion which is being held in Hong Kong this year. In addition, a major international hotel chain will host a Territory food promotion at its Shanghai branch. Territory food exports have great potential and the rail link can only assist in realising these opportunities.

There is no doubt that this government considers the development of defence in the Top End and our relationship with Asia to be very important, but we have not lost sight of the needs of the Territory's regions. Despite what the Leader of the Opposition would have us believe, the Territory government
has no intention of neglecting the regional areas of the Territory. Our activities to date and in the next few years will ensure that Territorians are well placed to share in the economic boom that the railway will bring. The optimum ingredients for a successful manufacturing industry include a good climate, an appropriate site, efficient regular transport links, relatively close proximity to markets, access to raw materials, labour supply, an efficient sea port, a stable economic outlook, strong trade links and a supportive community and political environment. I believe that these ingredients are to be found in the Territory along the north-south rail corridor.

I have an example of some people's optimism about their plans for the Territory's future. There is a company in Alice Springs which is headed by a local businessman, Tony Alicastro. I will quote from what he said to the media the other day:

With modern transport, and particularly the possibility of the Darwin to Alice Springs railway becoming a reality, the notion that you can't grow and manufacture anything here is a fallacy.

With the support of people like that, I am sure that we will go a long way in revving up the regional centre areas of the Northern Territory. If companies want to expand their markets once the railway is up and running, my department has available the expertise and the commitment to assist them. The completion of the railway is clearly an important project for the entire Territory and I look forward to seeing the project commence. I support the minister's statement.

Mr REED (Lands, Planning and Environment): Mr Speaker, it is interesting to note the intense interest in the future development of the Northern Territory shown by members opposite. I found the contribution by the Leader of the Opposition quite productive and interesting. I thought he might have been supported by a few of his colleagues. He raised a couple of interesting points, particularly in relation to the possible lateral development of road transport to feed the railway line, once it is established, into northern Western Australia, the Barkly Tableland and across the border into western Queensland. That suggests great potential for the railway, and perhaps potential that has been overlooked generally by others because they are not so familiar with the growing activity in those areas. By 'others', I mean people from interstate who, from time to time, have had a look at the railway proposal and suggested that its viability might be in doubt.

The construction of the railway from Alice Springs to Darwin would really open up those areas of western Queensland and northern Western Australia. It would provide them with greatly enhanced transport opportunities, working from a railway along the spine of the country. There would be more efficient freight services in both directions, taking product and supplies into western Queensland and into the east of northern Western Australia and also taking the products of those areas to other parts of Australia, such as Darwin, and to South-East Asia. That will be one aspect of this development that will surprise many people. I believe the development and activity generated in those 2 areas will lead to population growth, economic development and the closer settlement of northern Australia. I consider that to be one of the real benefits that we will see in the years that follow the completion of the railway line. The line will take some 4 years to construct and will consume the entire steel output of BHP Whyalla for a year or two. It is mindboggling to consider that that quantity of steel will be required for the line itself. Consider the level of economic activity that alone will generate in the construction phase.

The main thrust of my contribution to this debate today is to recognise the enormous effort that the member for Palmerston has put into bringing this project this far. Whilst members are aware that he has put great effort into this, I believe some do not really appreciate the extent of that effort. In recent months, this project has been almost all-consuming for him. It has been crunch time, so to speak. Following the report of the Wran committee, work had to be done to update the information in that report relating to the viability of the project. This required enormous effort and drive which the member for Palmerston has committed without question. He has been supported by many officers from a number of departments. The head of Treasury, Dr Conn, has put a great deal of effort into it. Other officers have also been committed to progressing this proposal to its current stage. The member for Palmerston
advised us today that his assessment - and he is closer to it than anybody - is that it is still a 50:50 bet. Much remains to be done. His efforts and those of departmental officers and people in the private sector have brought it to a 50:50 bet.

Commitments have been secured from both the present federal government and the Coalition. It is opportune that everything came together at the right time because, with projects of this kind, the timing can be paramount. To some extent, advantage has been taken of the election campaign to gain commitments from the 2 major political parties to further enhance the possibility of this magnificent project proceeding. I pay tribute to the member for Palmerston for the effort that he has put into this. He has been working on it for a decade, for a tenth of the time that the Territory has been fighting for this line which now adds up to the best part of 100 years. That really is an effort that is worthy of recognition. I want simply to place that on the record today and I believe all honourable members will join with me in recognising his efforts.

I see benefits for my electorate of Katherine, situated as it is at the junction of the Stuart Highway and the Victoria Highway, from a railway linking with the major national road highway system and the lateral transport lines that I referred to earlier that would flow from the development of the line. The possibility of the railway following its current corridor through Katherine is of concern to the people of the town. Survey work has been completed on an alternative route to the south of Katherine which would enhance the safety aspects for the people of Katherine. It would marginally reduce the length of the line and provide more space for facilities like railway sidings and railroad transport interchanges.

I look forward to the work that is ahead, both for the government and the minister responsible for the railway, the member for Palmerston, in bringing this from a 50:50 chance to a 100% certainty. I will be very happy to see the first sleepers laid, the first line laid and the spikes driven in. The railway will be something that will deliver enormous benefits to future Territorians.

Mrs HICKEY (Barkly): Madam Deputy Speaker, I will be brief. I have a few points to add to what has been said. Clearly, benefits accruing from the construction and operation of the railway will be desirable, particularly for areas such as Tennant Creek and the Barkly. At present, my electorate relies very heavily on the mining industry and tourism. The advent of the railway would give new heart to the people in that area and a new impetus to business.

Last year, I was fortunate to travel to Mt Isa when the Mt Isa/Townsville Development Zone was launched by Hon Brian Howe. A mining exhibition was being held in Mt Isa at that time. A further exhibition is to be held this year which, unfortunately, I will be unable to attend. At last year's exhibition, representatives from Tennant Creek Town Council went to Mt Isa, together with business representatives and myself, to talk with Mt Isa people about future cooperative ventures that could be developed. Clearly, we were all looking to the rail link to provide an impetus for that. Mining industry people in Tennant Creek certainly would welcome the ability to rail their ore rather than transport it by road. Poseidon Gold said that it would prefer to do that rather than truck its ore to Mt Isa. Clearly, people contemplating exit from the Port of Darwin for product from the western end of Queensland also would see some benefit in sending product across to Tennant Creek. That railhead would certainly be valuable, not only for Tennant Creek but also for the Mt Isa area.

In that regard, I was interested to hear what the member for Araluen had to say about regional development. In this context, we need to be very careful not to be parochial about our own areas and to look further than state and territory borders. We need to recognise that, in some instances, there is need for cooperation across borders and a blurring of the distinctions. There are clearly communities of interest across the Barkly through to the Mt Isa region and the Carpentaria mineral province area. I believe that we can capitalise on those with projects such as the railway, provided we undertake the early planning.

It is incumbent on those involved in this process in any way to take account not only of planning for the construction of the rail link and the business interests that will be served by it, but also of setting the
scene and making the conditions right for proper, orderly development in the regions that will benefit. Once again, I think of Tennant Creek in this regard. The construction phase of the rail link will bring additional people into the town, and hopefully some of them will remain. Other businesses will spring up as a result. We will have to ensure that we have adequate infrastructure, in terms of housing, education and health facilities etc, to cope with that development. What happened, or did not happen, at Borroloola is a tragic example of how not to do it. We all applauded the development of McArthur River Mine but, if more money and effort had been directed to the Borroloola township as well, many more of the contractors might have remained in Borroloola. As it is, there is little option for people but to fly in and out. The mining company wants to employ local workers underground, but people cannot access adequate housing. The same applies to those who wish to go to Borroloola to train people to enable them to take up jobs. There is a real catch-22 situation in that town.

The same adverse situation will not occur in Tennant Creek because the infrastructure is reasonably extensive. Nevertheless, we must look further than the immediate project. That was certainly done when Tindal was built. Extensive planning was undertaken in relation to demographic studies, development of Katherine East, social impacts and outcomes. Such considerations must be fully taken into account in relation to a project as huge as this. If they are not, not only will there be an economic backlash in respect of the failure to capitalise on the benefits that should accrue to the community, but also a community backlash from people whose ambitions and aspirations are frustrated because they are unable to live in or secure a business in the place where they see their future.

I add my congratulations to the member for Palmerston on the work that he has done and to the officers who have been working with him and who provided me with a briefing on this project. I wish them all success because I believe it is vital for the Northern Territory that this project should proceed.

Mr COULTER (Railway): Mr Speaker, I thank members for their contributions. I will first address the regional issue because it is probably the most sensitive. Alice Springs has enjoyed the benefit of being the northernmost extremity of the rail service for many years. It should have taken advantage of that, in whatever way it could, to provide cheap goods or set up service industries that could benefit from the climatic conditions that prevail in the Alice Springs region. It has had that opportunity and, if it has not utilised it in that time, then I believe it has a problem.

The desktop study that we undertook in August 1995 indicates that we are talking about 150 jobs from Alice Springs, and a resultant impact on the economy of some $29m per annum. With the rail link, 60 to 80 jobs will be related to workshops, change yards etc. Thus, the net probable result would be a loss of about 90 jobs. I am not sure what the overall cost of that would be to Alice Springs. However, if it is just a whistletop, 150 jobs will be lost at a cost of $29m to the economy. If Adelaide Brighton won the concrete contract, presuming we used concrete sleepers for the rail, that would give an enormous economic impetus to Alice Springs. Admittedly, with a 4-year construction period, it would be short term, but what might flow from that could be quite significant. The worst case scenario for Alice Springs is 150 jobs lost and $29m a year lost to the economy. Add $80m, the railway sheds and other infrastructure and the cost could be somewhat less.

If we take Tennant Creek, it is my opinion, and this is 'Big Bang Barry' philosophy, that Mt Isa will go gas within the next 5 years. It has to. Century will have to go gas. In that case, empty coal wagons will not be sent to Mt Isa to pick up copper concentrates to take back to the east coast of Australia. It would be absolutely ludicrous and I believe that Tennant Creek could become to the Northern Territory what Alice Springs is now - a turntable, a transport hub. People outside would truck product across to load at the railhead at Tennant Creek. I do not think that will apply with the live cattle industry. It is likely that live cattle will continue to be exported through Darwin. It is 26 to 28 hours out of Cloncurry but, by the time the trucks travelled to, say, Elliott, to unload them into yards and then on to the train, and given the amount of double handling that would involve, I do not believe the rail would be an attractive proposition in relation to live cattle. I am not optimistic about the trade using the rail.

Mr Ede: But you are talking about freight coming across ...

Mr COULTER: I am talking about ore coming across to Tennant Creek or to a railhead. We no longer live in a world where we can look at Australia refining copper. As occurs with our alumina or bauxite,
it will be sent to Greenland or wherever where electricity can be bought for 1.5 per kilowatt hour. It is a little like the lead/silver/zinc from McArthur River and from Century. The globalisation of our mineral production and the multinational nature of companies that all own 30% of one another - Mt Isa Mines, Osaka etc - will see other places in the world involved in processing etc. However, I do know that coal will not be sent to Mt Isa in 5 years time. It will have gas, and that will present Mt Isa with a major problem of how to transport product out. At present, the coal comes in and the copper concentrates are backloaded. That situation will change.

I believe also that there is a 3-in-10 chance of the Meekatharra Minerals deposit getting up, in terms of the coal and iron ore. I believe it will happen ...

Mr Ede: Did you talk to Neville Walker about this?

Mr COULTER: No, I did not ...

Mr Ede: He would roll around laughing.

Mr COULTER: But I have spoken to him about it on a number of occasions. In fact, we have been heavily involved with the proprietors of Meekatharra and the South Australian government is heavily involved with Meekatharra Minerals. In fact, all the iron ore leases are held in the name of the South Australian government. That exclusivity runs out soon. However, I have been with Neill Arthur in Korea, when he has put proposals to Posco, now the second largest steel producer in the world, and others. It does have some ideal opportunities and it may happen.

Mr Ede: Why doesn't he ship it through ...

Mr COULTER: In fact, the railway line runs right across his deposits and there is nothing to stop him shipping it out through Adelaide if he wanted to get this proposal going. He has been talking to various people, including representatives of Krakatow Steel in Indonesia etc. If he does business with that firm, it would make sense to have the product treated in the north.

In respect of regional development, I am saying that we should not link ourselves to the philosophy of the Mayor of Alice Springs that ‘we’ll all be rooned’ and the sky will fall in. I suppose that is what the Leader of the Opposition was alluding to when he asked what opportunities would be created by the railway and what else might result from it. I guess those are the kinds of studies that he is asking us to make. I am simply giving examples in relation to Mt Isa, the Gulf mineral province, which includes Century and McArthur River, and Meekatharra in central South Australia.

Our preliminary assessment in respect of Alice Springs did not take into account the potential positive impact of CBD land becoming available. I do not know what benefit can accrue to the town from that huge railway yard in the centre. However, the reduced requirement for railway land in the CBD could make a real difference to the town. The former member for Araluen used to speak at length about relocating the railway yards south of the town. There would be little value in further desktop work, but more detailed input is needed from industry associations, potential entrepreneurs and local government. We need to step back and examine the good things that might happen and the disasters that might befall us without the railway. I take on notice the Leader of the Opposition's comment that it would be nice to have a little more work done on this and a better understanding of what would happen.

The Leader of the Opposition asked for more information on the most recent estimates of the freight market. We have a problem with ABS saying that the estimates are experimental in terms of its figures. However, I can tell the Leader of the Opposition that we have had road counters on the Barkly Highway, the Stuart Highway and the Victoria Highway. We have done extensive work with the South Australian government. We are currently engaged with a group, including BHP and Hendersons, freight experts from Victoria, to attempt to prove up those figures. One factor is interesting. In relation to the work done by the South Australian government, the University of Wollongong and the Northern Territory Department of Transport and Works on interstate freight available to the rail, the figures were all within 9000 t of one another. That is significant. We have come a long way from the work that
stopped 5 to 6 years ago - the origin/destination studies - and I believe we are pretty close now. We understand it. The volume is certainly not the 785,000 t that the Wran committee determined in 1994, but I do not know whether it is 1.1 million tonnes or 1.05 million tonnes. The ABS quarterly figures released last month indicate that the estimated freight market size in annual terms has fallen marginally from the 1.1 million tonnes, which I referred to in the

statement, to the 1.05 million tonnes. It was not simply a matter of rounding off the figures. In fact, I mentioned a figure of 9000 t earlier, but there are wide discrepancies in the intra-state figures that change that by 50,000 t. Whilst we were almost spot on in respect of the interstate figures, there is a 41,000 t discrepancy in the intra-state movement of freight. The higher revenue yielding interstate traffic is the important figure. We are not so worried about the intra-state figure.

The talk today has been about the domestic supply only. The 1.27 benefit-cost ratio to the nation does not include the landbridging. Landbridging brings it to 1.33 and we have increased the tonnage available for landbridging only from 1.1 million tonnes to 1.4 million tonnes. We increased it by only 300,000 t. For the Don Williams proposal alone - and I will refer to it again in a moment - to become economically viable will require 280,000 t. Daewoo has said it believes that 200,000 t are available from Korea. 100,000 t of that is Daewoo's own domestic requirements. I am confident that the 1.4 million tonnes will suffice. If we refer to the document that I circulated today, it is interesting that the cash flow, the operational surplus, goes to about $33m above what the Wran committee determined at $20m-odd in the first year of operation. Landbridging is still the key to the development of this railway.

In relation to Daewoo's financial participation being subject to Commonwealth government participation, it has told us that it will be in it, but it wants to know whether the Commonwealth supports the project. Daewoo realised very early that, without Commonwealth government support, this project would go nowhere. The Commonwealth might provide tax-effective measures or, as the Wran committee recommended, it might throw in the Tarcoola to Alice Springs line. The Coalition has also recognised the latter as a possibility. Whatever the form of Commonwealth support, Daewoo needs its participation. It would not undertake the project unless there is some kind of commitment from Commonwealth.

In the last couple of weeks, we have been in America, talking with some of the large rail companies there. I refer to companies such as CSX, Wisconsin Central, Montana Rail Link, Railtex, Illinois Central and Kansas City Southern. In recent times, many of these companies have branched out. In fact, Wisconsin Central is now operating the railway system in New Zealand and has recently taken over the freight component of British Rail. Many attempts have been made to corporatise Australian National and the National Rail and Freight Corporation of Australia. However, Australia has never taken the major step forward to determine whether its railways could be put into private hands. Track Australia provides us with the opportunity at least to examine that potential. The problem for a private operator who came in to operate the railway system is how it would access the rest of the national standard gauge system. Nevertheless, I believe that is the way of the future, and it is what will happen. Daewoo has said that it will be involved, but it requires Commonwealth government participation.

Our most recent advice from Macquarie Bank makes it clear that a contribution from the public sector is still required, albeit at a much lower level than that nominated by the Wran committee. The Wran committee stated that about $788m of Commonwealth and state government moneys would be required. In fact we know now that less than $500m will be required. As I said in my statement, the private sector can support between $500m and $600m in debt and equity terms, but this still leaves a need for some Commonwealth contribution after allowing for equity grants from both the Territory and the South Australian governments. Daewoo is committed to a real stake in this project and its desire for a level of comfort from the Commonwealth government is neither more nor less than any major construction group would ask.

Mr Speaker, I also table a letter from John Sharp. There is a mistake in this. He states:
Consequently, I have, since the last election, reiterated the Coalition's commitment of providing to a private sector developer the existing line from Port Augusta to Alice Springs ...

That should read 'Tarcoola to Alice Springs'.

Mr Ede: Did he talk about the other one?

Mr COULTER: We will take it if we can get it.

... as an incentive. Additionally, the federal Coalition is prepared to enter negotiations with such a developer to establish tax arrangements that will assist in making the development of the line a viable investment. We believe there is probably something like $100m, or maybe even more, available in terms of tax-effective financing for this project.

In relation to the remark about the level of interest, we are attempting to put together a consortium of banks. It will be interesting to see where the money actually comes from, and the debt and equity that will be provided in both government sector and private sector financing. I appreciate the opposition's concerns about the level of interest to be paid on the project, but in fact Australian market interest rates will form the basis for this project financing. We do not intend to go offshore and bring money in at anything other than the rate available through the current market.

I can confirm that the Territory's commitment of $100m is net. That has been decided by Cabinet. It is a net additional $100m beyond the $75m that has been put into the port. I remind members that $11m of that $75m is Commonwealth money made available through the Better Cities program.

The federal Coalition's policy on the railway is to facilitate its construction by the private sector, to hand control of the Tarcoola to Alice Springs section of the line to the private consortium and to complete the route survey. A preliminary desktop study has been conducted on Alice Springs. There may be a need for more work in that regard. Once the new federal government is in place, whether it be the Coalition or Labor, I will consult immediately with the federal minister, not only in relation to undertakings during the election campaign but also on progressing the commissioning of a comprehensive and detailed assessment of the impact on the Alice Springs economy.

The Territory government continues to consult with Don Williams. He is now talking about 3 smaller boats. He considered a large 3500-tonne deadweight vessel, but that would be difficult to bank on if there were only one and there were to be an accident. The

3 100-tonne container vessels that he is now talking about would guarantee continuity of supply. I expect him to be in the Northern Territory within the next 2 or 3 weeks to tell us about developments and about contractual arrangements that he has been entering into in relation to the volume of freight that is available.

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

Mr EDE: Mr Speaker, I move that the minister be granted an extension of time to complete his remarks.

Motion agreed to.

Mr COULTER: Mr Speaker, I will be brief. The Leader of the Opposition was correct in talking about northbound horticultural produce. The total tonnage would be far greater than the volume going south. South Australia exports fruit, vegetables and dairy products to Japan. Together with car parts, this produce is shipped at the moment from Adelaide to Nagoya. That is why we have the commitment
from South Australia. South Australian growers and manufacturers could have their products in Nagoya in 8 or 10 days instead of 22.

Our next step is to bring the federal government to the negotiating table. It will not be easy because we are entering into the very fine detail of the negotiating stage. We must have in place a banking consortium, an operator and a construction company. We are faced, of course, with a federal government stating that it will not recognise the exclusivity arrangement that we have entered into with Daewoo. Although it has not spelt it out clearly, the Coalition has indicated that it would open it up for other expressions of interest. Certainly, Daewoo should be in a far better position than any other company to put together a consortium. It would not be unreasonable for Daewoo to suggest that it will put real cash into this project, not 10% on top of the contract but real equity. I would expect the operator also to be interested in taking equity in the railway.

Questions relating to the port - who owns it, who operates it and how it is linked to the whole project - are becoming pertinent. In the May sittings, I will make some announcements on progress in relation to those issues.

I believe I have answered most of the queries that have been raised today. I thank the Leader of the Opposition for his support for the project and I place on record my appreciation of support from a range of other people, including Peter Costello and his staff and John Howard and his staff. They are not necessarily first on the list. This is above politics. Kim Beazley has been a stalwart supporter of this project for some time and has made available officers from the Department of Finance to help progress it. I thank the former Prime Minister, Bob Hawke, for his recent involvement with this project and for the support that he has provided to me personally. As I said earlier, we were fools not to accept the Hawke offer of 60:40 funding. It was a matter of pride in that we said it was the Commonwealth's responsibility to fund it 100%. In my opinion, that is the worst mistake that we have ever made.

Others deserving of thanks are John Sharp, Laurie Brereton and his office, Diana Laidlaw and her office, Dean Brown and his office and Dick Blandy. I thank Neil Conn, a total supporter of the project, who has spent many years trying to advance it. 16 December 1996 will be the 10th anniversary of Neil's and my involvement with this project. I would also like to thank John Tobin from the Leader of the Opposition's office and Larry Bannister who has been a voice in the wilderness at times but a great supporter. I also thank Stefan Stuetzel and all the boys at Transport and Works who have been a great help. The list goes on. There are Territorians and dedicated Australians who have really moved behind this project and have brought it to where it is today. I thank them. I thank my Cabinet colleagues who have had the forbearance and trust to believe in me. They have provided excellent support and encouragement.

I have probably left out many people, but there are a few in the banking industry whom I would like to mention. Firsty, there is Peter Salisbury from Macquarie Bank. I would also like to commend for their hard work on the project Phil Frost and Ken Allen from Natwest and John Liles from Bank of America who accompanied me recently through America. The Bank of America is heavily involved in railway financing in America and has been a great help. I also thank Neville Walker, the chairman of Railnorth and a member of the working party with Daewoo, and the chairman of Daewoo who has a total commitment to this project and has been a great support to me. Also from Daewoo, I thank Mr Lee, Peter Lim and Ian Cowan, all of whom have worked very hard on the project. I thank my ministerial adviser, Sharon Mulholland, who has been working on the project for nearly 10 years and has provided great incentive and encouragement to me and everybody involved with it. I also thank Col Fuller who has seen this project through some highs and lows over the years. His support and encouragement have also been of great assistance to us.

I advise members that I will make a further statement in the May sittings that will outline where the Northern Territory government is heading with this vital project. There is a problem that needs to be resolved in relation to Daewoo's exclusivity which expires in April. We will need to enter into some arrangement to stay with Daewoo because I believe it offers the best opportunity to construct this railway.
Motion agreed to.

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