Mr PERRON (Chief Minister)(by leave): Mr Speaker, I move that:

(1) this Assembly calls upon the Commonwealth to -

(a) comply with its obligations, under terms of
the Northern Territory Acceptance Act 1910,
to construct or cause to be constructed the
section of the transcontinental railway
between Alice Springs and Darwin;

(b) honour the promise made by the Prime
Minister to commence forthwith the survey
of the remaining 300 km of the line from
Alice Springs to Darwin;

(c) actively pursue commercial proposals
following the completion of survey work and
reaffirm recent undertakings to facilitate
approval and construction, and provide
investment support for financially viable
proposals; and

(2) the terms of this resolution be conveyed to the Prime Minister.

In 1983, ALP election material, authorised in the Northern Territory by the now Senator Bob Collins,
proclaimed that only a Hawke Labor government would build the north-south rail link. Prime Minister
Hawke has come and gone and the railway has not been built, but Senator Collins is still in public
office. Ten years later, in the 1993 federal election, Prime Minister Paul Keating issued a statement on
the Adelaide to Darwin rail link. He did not promise to build it, but he did match an undertaking given
on the previous day by the Liberal leader, Hon John Hewson. Here is what Paul Keating had to say
about the railway in a news release on 10 March this year after he visited Whyalla, the South
Australian steel city which is desperate to receive orders for steel rail: 'The Prime Minister announced
today that the next Labor government will commit $3m to complete the surveying work necessary for a
rail link between Alice Springs and Darwin'. He also said that the ‘next Labor
government is happy to fund remaining surveying’.

Since Labor was re-elected, we have all heard of various election promises that Labor has decided not
to keep. We have become aware that the federal Cabinet is now grappling with how to cut $2000m
from its spending because of its deficit nightmare, and that all election campaign promises have been
put on the chopping block. In short, Labor rode into office on the back of a range of promises for which
it could never pay. As the Sydney Morning Herald's Geoff Kitney wrote on Saturday: ‘The government
will be left open to the charge that it engaged in an irresponsible spending spree to win the election’.

With that kind of background and in the absence of any kind of confirmation from the Prime Minister
that his very personal promise will be kept on the railway survey work, quite a few Territorians have
begun to feel uneasy about his intentions. They have begun recalling the Labor government's problems
in keeping past promises on the railway. Therefore, this motion before the Assembly is designed to
ensure that we, as elected members of the Northern Territory, keep the Prime Minister up to the mark and, in so doing, keep faith with those who voted us into office. It represents a chance for the Territory to send a united call to Canberra. It represents an opportunity for this Assembly to give 100% support to a project which has for so long roused the passionate interests of Territorians. If every Territory MLA supports this motion, then it can serve as a signal to Canberra that any decisions being contemplated by Prime Minister Keating or by his Minister for Transport and Communications, Senator Collins, to defer the promise for another budget year, to review it, to reschedule it or to kill it will not be worn by Territorians.

The message that I am receiving from the electorate is that Territorians want this promise honoured, and they want it honoured this year. They are fully aware that, since Labor first won federal office in 1983, the good work commenced by the Fraser government on this visionary national project has been jettisoned by Labor. As if to provide some excuse for breaking a solid election promise to build it, the railway project was then subjected to rejection and ridicule by many in the ALP camp.

Territorians know that it was the Fraser government which completed the Tarcoola to Alice Springs rail line in 1980 within time and within its $145m budget. Many recall that the Fraser government then provided Australian National Railways with an extra $10m to delineate the extension through to Darwin. Surveyors designed a centre-line for the entire route, a distance of more than 1400 km. Of this, almost 1100 km, or around 75% of the distance, was pegged on the ground. 375 km remains unpegged. It is in 4 sections, between Murranji and Buchanan, from Western Creek to Katherine, from Burrundie to Adelaide River and from Livingstone to Darwin. This is the work which is the subject of the Prime Minister's pre-election funding promise of $3m. If the Prime Minister honours his promise, the situation will be that work will resume on a Commonwealth project which was halted by Labor 10 years ago.

It is worth recalling that, to lend some semblance of credibility to its decision to scrap the project, Labor eventually used a report it commissioned from David Hill to kill off the project. Mr Hill had risen to the position of chief executive of the New South Wales State Rail under the then Premier, Neville Wran. Those of us who closely follow the railway saga are keenly aware that, early this year, the Hill Report itself was comprehensively discredited by Australian National Railways which reviewed in detail 8 previous studies of the railway project. The Northern Territory government and representatives of the Territory media experienced enormous difficulty in extracting a copy of the Australian National Railways report from the federal minister who had received it. Through an ironic quirk of fate, that minister was Senator Collins, who first had authorised Labor campaign material in 1983 asserting that the ALP would build the railway, and then sold out the Territory in favour of his southern masters when they decided to break their 1983 promise to Territorians.

For the last 10 years, Senator Collins has been on the public record as an ardent supporter and defender of David Hill's report. Here is a sample of what Bob Collins, the then Labor leader in this Assembly, had to say about the Hill Report when it was made public:

The Hill Report must be taken seriously. It is the first exhaustive, economic independent inquiry undertaken. The obsession with the rail link in the Territory must end.

Those are Bob Collins's own words in a press release. After singing the praises of the Hill Report, Mr Collins, as he then was, admitted, in the final paragraph of his news release on 21 February 1984, that he had not actually read the Hill document in full, a habit he apparently still suffers from in his new life as a federal minister. I imagine that, remembering his fulsome praise of Hill's work, Bob Collins was extremely embarrassed when, as Transport Minister, he received the Australian National report early this year because this was a damning commentary on Hill's work. It described the Hill document as 'fatally flawed' and showed that Hill's work was deficient in its economics and assessment of the rail link's beneficial impact. Imagine the sinking feeling in Senator Collins stomach when he read these words:

The fundamental flaw in the Hill Report was its lack of any social and economic analysis. It failed to assess the economic and social costs and benefits.
of the project as well as the defence and developmental considerations.

Here was a man who had helped kick to death the dream project of just about every Territorian, who had given as an excuse that his opinion was supported by a rational economic report, now being confronted, through the quirk of fate of his having become the federal Minister for Transport and Communications, with a review by specialists which said that the so-called economic inquiry by David Hill was not an economic inquiry at all. No wonder Senator Collins tried to keep the AN report under wraps.

Apart from shredding the credibility of the Hill Report - and that is the document that Labor relied on to shore up its 1983 breach of promise - the AN report confirmed that the rail link will offer significant national benefits and that it will also generate an operating surplus every year. In other words, it confirmed what the Northern Territory government has been saying for years: there is no logical reason why this project should not be undertaken. In fact, at a time of national need on the employment front, there is no better time to get the project moving.

Assuming that the Prime Minister honours his promise to complete the survey work, there is no impediment to construction commencing at the same time. Before Labor pulled down the shutters, construction documentation was actually completed for the first 200 km north of Alice Springs so tenders for the first construction section could be let while the survey proceeds and while the Commonwealth considers, if that is its wish, how to draw in private sector finance for the project. Regrettably, I am not confident that the Commonwealth will adopt this course although it remains my earnest desire that it should do so.

My lack of confidence relates to Senator Collins' own precarious position in the federal Cabinet. I seriously doubt that a Commonwealth project of this size in the Northern Territory would earn a priority rating on the discussion agenda in the Labor Cabinet without the ardent support of the Cabinet's sole member from the Territory. However, even if the Senator were to prosecute the cause for the railway among his ministerial peers, his latest exploits involving the pay-TV debacle have become a ball and chain around his personal credibility. The Canberra-based columnist, Alan Ramsay, observed the other day that Professor Dennis Pearce, the ANU academic called in to investigate the pay-TV affair, had been asked to find out if Collins had known what he was doing. Ramsay wrote that he reported back to parliament that the minister had not known what he was doing. Ramsay and just about every other Canberra observer have reached the conclusion that the pay-TV affair has damaged Bob Collins politically and altered his career forever. It remains to be seen whether he will continue as a minister and, if he does, whether he can shed his past support for the Hill Report and credibly become a born-again supporter of the project.

On the eve of the recent federal election campaign, I made the point in South Australia that construction of the north-south rail link is a Commonwealth responsibility. It is a matter for the Commonwealth alone to decide whether or not it involves private sector equity in ownership of this section of the national railway grid. In private meetings with South Australian union and business leaders, in an address to the Chamber of Commerce and in discussions with the media and election candidates, I advised them all to accept nothing less than a solid gold commitment from both Mr Keating and Dr Hewson that they would complete Adelaide's rail connection to Asia via Darwin. South Australians and Territorians eventually received a commitment from both leaders that the survey of the route would be completed. That was secured in the final week of the campaign. First, the Coalition gave its undertaking, and that was followed a day later by Labor. However, since the election result, it is not only Territorians who have become wary of Prime Minister Keating's undertaking.

On 5 May 1993, the Legislative Council of South Australia passed a resolution. The 3 points of the South Australian resolution are identical to points 1(a), (b) and (c) of the resolution that has been moved here today, and therefore I will not repeat them. The first 2 paragraphs of this resolution were proposed by the state Liberal opposition with the third paragraph being added by the South Australian Labor government.

As Territorians know, there is no sound reason as to why construction of the rail link should not proceed. Australian National's findings show that the line can be operated without any subsidy and it is
worth repeating here some of the comments that I made in South Australia earlier this year. This is not simply a more practical and efficient method for handling container cargo. From a national public sector perspective, the rail link will pay for itself in trade-offs because, with the shift of freight to rail, road fuel savings will amount to $800m over the project's economic life - virtually its entire initial cost. In the same time frame, the Commonwealth will save another $600m in road maintenance costs in the Territory alone. On defence grounds, the project warrants national endorsement. There are pluses for the environment too. For example, fuel savings on the road will eliminate each year more than 100 000 t of carbon dioxide and that falls in with the national goal to move towards transport alternatives where greenhouse gas emissions are reduced.

The timing for this project is also absolutely right from the perspective of developing Australia's national rail network. The National Rail Corporation is established with a mission to provide competitive, profitable and commercial rail freight services. It is estimated that the completed north-south corridor will attract an extra 400 000 t of cargo onto the southern line network alone, and that surely must help the NRC to meet its mission. Legally, there are no impediments to the Commonwealth constructing a railway and injecting it as equity into the NRC. It is already doing precisely that with the Tarcoola to Alice Springs link.

On the operational side, the project will return a cash surplus but, from a private sector viewpoint, the projections are simply not enough to service the capital costs. The starting point represents a real return, projected at 4% a year before depreciation, and that return will increase as trade flows with Asia and the Territory's population increase. This is a key point because, since the early 1980s when Canberra turned away from this project, the Territory government has put in an enormous effort to encourage private investors to take up the challenge. Regrettably, those investors cannot capture the massive external public benefits which will flow from the project. The plain fact is that no investor, except the Commonwealth itself, can capture both the cash returns from the line as well as those indirect savings which, in combination, make the line commercial. These benefits are not available to private sector investors. They include our relationships with Asia, regional defence, northern economic development, road and fuel savings, the extra freight muscle for the NRC, the environmental aspects and, importantly, the immediate surge for construction material demands and employment. Only a nation can look at these and access a benefit from them.

We have said to Canberra that the project belongs to the Commonwealth. There will be an operational cash surplus, plus massive offsets elsewhere in the public ledger. It will not require an annual operational subsidy. It will deliver 2000 jobs right now. This is the only big project on the national horizon that could start tomorrow and make a positive impact on our economic woes. The Northern Territory government will facilitate the line's construction, and its eventual success, through our decision to contribute $100m to the project. The bulk of those funds will be spent at the new port of Darwin. That is our level of commitment, and it stands.

The motion before the Assembly mirrors the call by the South Australian Legislative Council for the Prime Minister to honour his election promise to complete the survey and for the Commonwealth to comply with its obligations to construct the north-south rail link. I commend the motion to the Assembly.

Mr EDE (Opposition Leader): Mr Speaker, at the outset, let me say that I am pleased to see that the government has decided to introduce a motion on this topic which parallels the recent motion passed in the South Australian Legislative Council rather than introducing the totally impractical motion that the South Australian opposition introduced on this subject in that state's Legislative Council. The Liberal Party opposed amending the motion to discuss financial viability and, quite correctly, it was defeated. Quite correctly, we are endorsing the motion passed by the South Australian Legislative Council.

However, the Chief Minister's statement that accompanied this motion was very confused. It was not clear in its purpose or what it was trying to say. The statement was so negative in tone that it is a good indication that this government has lost its direction and its belief in the future of the Northern Territory. We will support the motion, but not the speech that accompanied it. There is nothing incongruous about that because the speech itself does not support the motion. I am afraid that the Chief Minister is changing positions so quickly that he is starting to become giddy.

Unlike the motion proposed by the South Australian opposition, this motion allows scope for the
Territory to work cooperatively with the Commonwealth and other states, if appropriate, to secure a mix of private and public expenditure on this vital project. However, the Chief Minister could not resist the opportunity to attack the federal Minister for Transport and Communications and to try to score a few political points. When the going gets too tough, the CLP resorts to its tired old tactic of 'blame the feds', particularly if it is a federal Labor government.

Mr Manzie: Who else stopped it?

Mr Perron: Whose project is it?

Mr EDE: Let us have a look at railways and government. I would like to remind the Chief Minister that it was a federal Labor government that rebuilt the Tarcoola to Alice Springs line ...

Mr Perron: I love it when you try to rewrite history.

Mr EDE: It was the Fraser conservative government that stopped it at Alice Springs when it wanted to continue with the record-breaking team that was building railways under budget faster than anywhere else in the world at the time. It was the federal conservative Fraser government that told them to stop. Who closed down the Darwin to Birdum line? It was the federal Fraser conservative government. Let us not play these games. For goodness sake, there have been governments on both sides that have made decisions that I do not like in regard to the Northern Territory. However, I do know that, if one looks at the issue in terms of runs on the board - that is, in terms of having rail as a means of moving national freight - it is Labor governments around Australia that have worked hardest and longest in that regard.

Today's statement from the Chief Minister gave us a good indication that the government can no longer handle the tough issues. There may be some short-term political advantage in making this kind of carping negative ministerial statement. However, it will not advance by one inch the completion of the Australia/Asia trade link in any practical fashion. The Chief Minister may have found a vehicle to attack the Territory's Labor Senator, but his personal politics will not provide any advantage for Territorians.

Members are probably aware that there is a high level of cynicism in sections of the Australian media concerning the economic contribution that the Australia/Asia trade link will make to the nation. The recently completed review by Australian National has helped to dispel some of that scepticism, but only amongst the fraction of a percentage point of those who actually sat down to read it and did so with an open mind. We still need to demonstrate that government funding for the Australia/Asia trade link would provide a greater return to the community than alternative uses of these scarce government funds.

Until very recently, the CLP government has been supporting private sector development and ownership of the railway. From time to time, the government has supported opposition calls for investigation of mixed government and private sector financing of the Australia/Asia trade link. I refer members to the NT News of 31 December 1992, less than 6 months ago. An article, headed ‘Alice Rail Link - New NT Bid’, stated: 'The Territory government will lodge a reworked submission on the Alice Springs to Darwin railway with the federal government next month'.

I assume that that meant 'January'. We were told that the proposal was being prepared with the assistance of Morrison Knudsen. That statement was issued by the Deputy Chief Minister who went on to talk about the various benefits that it would bring to the national economy. That statement was made on 31 December 1992, which is far more recent than the press cuttings to which the Chief Minister referred. From what I recall of his speech, the Chief Minister's references date back to 1983. I have quoted the position at the beginning of this year but, just before the federal election, and only a couple of months later, the Chief Minister ...

Mr Parish: Grace of Fightback Mark II.

Mr EDE: Yes! The Chief Minister changed tack in an incredible manner. He said that he would be pressuring the federal leaders to commit to full funding during the election. At the time, I said that, as an election ploy, it was a high-risk strategy but I would take my hat off to him if he achieved it although I did not think that he had a ghost of a chance. We all knew that, if he did not pull it off, it
would hurt us.

We had hoped that, with the federal election out of the way, the Chief Minister would come back to reality. As I said, we knew that the strategy was flawed because the credibility of the project would be damaged by his inability to obtain a categorical commitment from either side. At least, on the Labor side, we had a statement in terms of the commercial and economic viability. All that we obtained from his meeting with the federal opposition's full shadow cabinet in Brisbane was that it intended to send the matter off to the Ralph committee. He tried to beat that up but it turned out, not much later, that the Ralph committee had never met, had no plans to meet and, of course, has not met since. It is another of those committees consigned to the rubbish bin of failed campaign promises and failed politicians.

With the election out of the way, it appears that the Chief Minister has a problem. During the campaign, he said that it had nothing to do with the Territory and should be funded 100% by the federal government which should put in $1000m and get on with the job. However, that has all failed. He knows that that is not on. He knows that the Ralph committee did not meet even once and that the horse he backed fell into a hole at the 3-furlong post. The Chief Minister now has to drag himself into a reasonable position. However, all we have seen is an indication that his primary objective is to heap scorn on the federal government, specifically on the federal Minister for Transport and Communications, Senator Bob Collins. Senator Collins is the only Territorian ever to have occupied a place in the federal Cabinet. He has gone far higher on the political scale in Canberra than any other Territory politician ever. The Chief Minister says that he will encourage Senator Collins to back this railway and put aside other national infrastructure projects by rubbishing him in this Assembly. I cannot quite work out his logic.

Mr Bailey: Reverse psychology.

Mr EDE: Is that what it is? The Chief Minister seems to think that, if he stops kicking him and hitting him over the head, Senator Collins will be so grateful that he will give him $1000m. Rubbish! What is the point of this statement? Is it simply designed to put the federal minister totally offside? If that is all, it is not a tactic for which Territorians will thank the CLP. It is a childish tactic that does this government no good at all. The tactic of slagging off at the federal government has not achieved anything of substance for the Northern Territory in the last 10 years.

We are all aware of the historical context of the Commonwealth's commitment in 1910 to construct or cause to be constructed the section of the railway between Alice Springs and Darwin. We are aware also that, in 1983 or 1984, if the then Chief Minister Paul Everingham had taken up Bob Hawke's offer of 60:40 funding rather than the Northern Territory government putting the money into the fiasco of the Sheratons ...

Mr Perron: We would be bankrupt.

Mr EDE: Absolute garbage! You put more than $400m into the Sheratons, Yulara and State Square. Which project do you reckon would generate more income? If you had put in the infrastructure, wouldn't the private sector have backed the development and provided the funds for the other developments themselves? We would have had a railway today, and we would be a far better place for it.

Mr Hatton: What would you do now?

Mr EDE: Exactly! What are we going to do now?

Let us not carry on about 1910 and 1983 because, if members opposite want to throw rocks in one direction, they can be thrown back. The basic question of whether or not to build the Australia/Asia trade link this year will not be resolved by discussions on the theoretical ramifications of some 80-year-old legislative gap via the South Australian state government. Even if everyone agrees that that is what that piece of legislation means, it will only result in the project being put off for one more year, then 2 more years etc because there is no timetable in the legislation, and that has been established by the High Court.
Commonwealth funds are not limitless. The Commonwealth is not an open-ended piggy bank. A good case could be made for a mix of Commonwealth and private funding in this project. In fact, I believe that is the most likely way that we will get the project up and running. We are far more likely to secure a Commonwealth agreement to $300m if we secure private investment for the balance of the project rather than arguing for a $1000m commitment to fund the total project. Any primary school child could tell the Chief Minister which of these 2 propositions is more likely to see the light of day. For that reason, I am pleased to see the government decided to introduce a motion parallel to that passed in the South Australia Legislative Council rather than support the impractical motion that the South Australian opposition introduced on this subject in that state's Legislative Council.

However, we still need to demonstrate to the Commonwealth that the Australia/Asia trade link is not only a good idea, but that it is also a better use of money than some of the alternative proposals. For example, we need to show that Commonwealth money spent on this project will generate a greater economic return than the same money spent on alternatives - for example, upgrading national highways like the Hume Highway, expanding tertiary education and research facilities, or upgrading airport terminals and runways. Those projects are competitors for these funds. We must establish that our proposal stacks up better than all of those. It is simply not good enough to say that the cost-benefit analysis shows that it has an internal rate of return greater than X or that it has a net present value. That is fine and we have to do that but, when we are trying to sell it, we have to say that our proposal is a better usage than the hundreds of other proposals that exist for economic development in Australia.

We have a reason for doing this. There is no doubt about the major benefits that the completion of the Australia/Asia trade link will provide for the Northern Territory economy and Territorians generally. The point that I make to politicians down south is to take this entire project step by step. If one is looking at the development of the economy in the north, one has to tap into the large and rapidly expanding markets of Asia. If one intends to tap into those markets, one needs regular shipping. On current tonnages, that simply cannot be justified. The regular shipping services that one needs to fill demand into sectors like horticultural markets is simply not justified. Timeliness and regular delivery is a problem even for the few established lines that we have now. One has to have a very regular - weekly or even twice weekly - shipping service.

If one does not have the tonnages oneself, one has to find them somewhere else. Hence the policy of the Australia/Asia trade link. One piggybacks southern freight by convincing exporters to come through the Northern Territory. That will generate the full ships and allow locals to piggyback the regular services into South-East Asia. Thus, we must convince the people from down south that they should send their freight through Darwin. However, the question remains as to why they should export through Darwin. Our contention is that exports through Darwin will save time and will be cheaper than exporting from other ports. As soon as we contend that, the critics of the Australia/Asia trade link say that, if that represents real economic benefits to exporters, the project should be able to pay its own way. That is essentially a matter of economics. In countering that, we maintain that there are major benefits that will accrue to the country as a whole and cannot be captured in the pricing structure of the project. We all know what these external benefits are, and the Chief Minister has referred to a few of them today.

The problem is that, by definition, private investors cannot capture external benefits in their pricing structure. Some of the benefits that are external to a private investor can be captured by government some, such as reduced emission of atmospheric pollutants, flow directly to society at large. A hybrid mix of government and private funding of the project is justified because of this mix of private and public benefits. As I said earlier, hybrid funding also has an advantage in that it will be easier to secure a Commonwealth commitment to, say, $300m than to $1000m. We should also be mindful of the $100m that the Northern Territory government has committed already.

The recently completed Australian National review of the project demonstrates that the Australia/Asia trade link could be expected to cover its operating costs from day one. However, the rate of return of capital invested is indicated to be so low that it would be unattractive to private sector investors. The Australia National analysis is a good starting point for us to begin to analyse how much private funding the Australia/Asia trade link can carry. We then need to establish that the external project benefits justify Commonwealth government investment of the balance.
I believe that, at this stage, we should be developing a case for the Commonwealth government to provide the necessary balance of funding either as a grant or as a long-term, interest-free loan. At the moment, the project cannot carry 100% private sector funding. If one brings in cheap or free funds from some other source so that the commercial benefits are a smaller proportion - for example, 70% or 60% of the total project - the financial benefits that accrue in relation to the $1000m would then accrue in relation to a $600m component. Thus, the rate of return would climb to an acceptable rate. My colleagues will discuss that in more detail. It means also that the $300m or $400m or whatever we are asking for from the federal government has to be justified, not in terms of the financial return because that has already been placed in the other basket as being available for the private sector investors. Thus, we will have to justify it in terms of those external benefits to which the Chief Minister referred - fuel savings, environmental factors, road maintenance savings etc.

I believe that, when it is completed, the railway should be operated by the National Rail Corporation, with the high-speed, high-capacity track leased back to that corporation. The Chief Minister should be lobbying the South Australian and Commonwealth governments to work with Territory officers to prove the economics of the project. I am more than willing to lend my services to continue lobbying towards that end. I wrote to the Prime Minister on 16 February suggesting the formation of a working party to examine these issues. I suggested the formation of a state, territory and Commonwealth task force to determine the extent of the public net benefit and verify its ability to generate an operating benefit. The results of this study would provide the base data required to determine the mix of government and private funding appropriate for the project. In my letter to the Prime Minister, I argued that the public costs are justifiable where they cause a public net benefit. Nevertheless, public funds are never available in the quantity to satisfy the needs of a developing area and therefore we should maximise private involvement. Events were somewhat overtaken by the recent federal election campaign. I will be taking up the issue again with the Commonwealth and South Australian governments.

This statement makes me doubt the commitment of the Chief Minister and his worn-out government to this vital project. However, I will continue to lobby for the Australia/Asia trade link because it does have a net worth to the nation as well as a very substantial and even greater net worth to the Northern Territory. I spoke with the Prime Minister earlier this month in Canberra. I can tell members that he was not impressed by the Chief Minister's histrionics in respect of this project. If the Chief Minister wants the federal government to jump, he needs to be made aware that he is pulling the wrong strings.

Instead of theatrics and grandstanding, we need a rational progression to develop an unassailable argument in favour of government support for this project. We need to present a well-argued case, firstly, that the project will cover its operating costs and will not lose money, secondly, that the project will prove a catalyst to major development in northern Australia and will benefit the national economy, thirdly, that indicates what mixture of private and government investment is appropriate given the need to increase national savings and the outlook for federal budget deficits, fourthly, that proves that a viable return can be earned on the private sector investment in the project and, fifthly, that rationalises the proposed level of government investment by way of cost-benefit comparisons with alternative public expenditures.

Those are the steps. If we cannot convince other people to join us in that, my belief is that we should do it ourselves because we have the resources in government in the Northern Territory to do that. Obviously, the best bet would be to have a tripartite group carry this out so that the federal government, the South Australian government and the Northern Territory government work together as a team on those 5 steps. I believe that that is the way ahead.

Mr Perron: They are not interested in going through them. They do not want to build it; it is as simple as that. The economics are there, and they know that.

Mr EDE: Mr Speaker, the Chief Minister has just confirmed to me that he has given up. Isn't that it? Anybody who heard that statement from the Chief Minister ...

Mr Parish: He has raised the white flag!

Mr EDE: He has just run up the white flag on this project. He has said that there is no way in the world that he can convince the federal government and that he has given it his best shot and has been giving it
his best shot for 10 or 20 years now. He has been battling away but, for whatever reasons, he has run up the white flag. Let us get people into government in the Northern Territory who believe that they can do something about this project.

I was talking with financiers in the southern states during my recent trip. I can tell you, Mr Speaker, that the issue is not dead. I will not breach confidences by giving any detail which might indicate who the groups were, but I can say that, when one puts together all the One Nation benefits, and starts to work rationally through the project, it is still very capable of realisation. I ask the Chief Minister not to drop his bundle, not to run up the white flag and not walk away saying that it is not his problem and that he intends to leave it to the Commonwealth government. I urge him to get in there and work at it. He might be surprised.

Mr Speaker, I seek leave to table a copy of a letter I sent to the Prime Minister on 16 February 1993.

Leave granted.

Mr EDE: Mr Speaker, that is the way ahead. We need to work actively to secure private and public investment in this vital project. The motion proposed by the Chief Minister parallels a motion that was passed recently in the South Australian Legislative Council. Let us join forces and get moving on this project - no white flags, no throwing in the towel, but work, work, work. The government might get the project up during its term in office but, if it does not, I am quite sure that we will get it up during our first term.

Mr ORTMANN (Transport and Works): Mr Speaker, I am very pleased to rise today to support the Chief Minister's motion on the critical matter of completing the north/south rail link and the compelling case for Commonwealth action in support of this project. While the Chief Minister's statement was comprehensive and touched on almost all the relevant issues, members may appreciate that the linking of the railway with our new port development is an essential component for the success of the project. Members may be aware that I returned only recently from visiting a number of ports in the Asian region. The purpose of my visit was to examine interaction between ports and transport infrastructure in those countries, with a view to learning from experience gained elsewhere in this regard.

Mr Ede: Did you get to China?

Mr ORTMANN: Yes.

The visit also entailed a series of in-depth discussions with senior government and private sector representatives on the best ways of maximising the use of transport infrastructure. These private sector representatives included the presidents and managing directors of many of the largest shipping lines in the region and their interest in Darwin augured well for possible future relationships. There is no doubt, as many of my predecessors have said in the past, that Darwin is Australia's natural gateway to the north. This was evident to all of those whom we met during those visits and is supported by hard data on the logistics of shipping movements and times. We can show quite clearly in this regard, and I will table this summary, that major and attractive reductions in shipping times can be achieved. The expansion of our port facilities at East Arm is, as I have said, an essential component of the railway proposal. It forms part of an integrated transport system, connecting Australia to the booming economies of Asia.

To digress for a moment there, I should mention that, when I was overseas, I tried in vain to find the world recession which the Prime Minister talks about so often. On arriving back in Darwin, I concluded that it had been catching the plane ahead of us all the time because we could not catch up with it overseas. However, we certainly caught up with it in Australia. There is no doubt in my mind that the economies of countries to our north are booming, with growth rates quite unheard of in Australia. It seems that the major problems facing those countries relate to the logistics of providing expanded infrastructure fast enough to keep up with development, and these problems are quite real and significant. It is a major pity that we in Australia do not have similar problems.

Getting back to the point, however, the Northern Territory is committed to providing $100m as its contribution to the north-south rail link and that contribution primarily takes the form of our new port development. The Northern Territory has decided that it cannot simply wait forever to achieve its
rightful place as a significant trading port with Asia. It is proceeding to construct new port facilities at East Arm which are expected to cost at least $68m over the next 4 years. We are confident that we shall commence operations at the new port in 1995 when new berths will be available for general shipping, live cattle exports, bulk imports and the servicing of rig tenders. From the beginning, the new port is designed to include a modern and efficient rail terminal. Discussions have been held already with senior officers of the National Rail Corporation concerning the best way in which to design the sea-rail intermodal exchange systems. The Department of Transport and Works and its consultants are consulting with the local port users, stevedoring companies and the union movement to ensure that the new port facilities will address both the short- and long-term needs of the port of Darwin.

During my recent trip to inspect the major ports of Asia, it was clear to me that our plans are entirely consistent with the best ports and practices of our trading neighbours. We will continue to ensure that this remains the case. A major point of interest among those with whom we spoke was the dramatic reduction in ship steaming times from Asian ports if Darwin were to be their destination. For example, it is only 6 days steaming time from Hong Kong to Darwin - a large reduction in the 12 days it would otherwise take to travel from Hong Kong to Melbourne. With major panamax container ships costing tens of thousands of dollars to operate each day, there is a great potential for these ships to offload and load cargo to and from south-eastern Australia if the land cost component can be made competitive.

This is where the railway comes into its own as a cheap mover of large volumes of containerised cargoes. This situation is clearly demonstrated by the American experience where major volumes of freight from Asia, destined for the east coast of the United States, are landbridged by rail across that vast continent from west coast ports such as San Francisco. This allows these major ships to return to the busy Asian ports for the transfer of more cargo in the minimum time.

The Northern Territory government has been relentless in its efforts to raise the awareness of major shipping companies to the benefits of using Darwin as a useful part of their world operating network. In this regard, there is an opportunity for linking Darwin to the major world shipping flows which originate from and terminate in Singapore. As we all know, Singapore is the nearest major Asian shipping port and is the linchpin for ocean trade between Europe, Asia and the United States of America. It is inevitable that the proximity of Darwin to Singapore will draw us into this sphere of operations. We have immediate potential to provide a significant feeder service to the Singapore hub from the growing north Australian and Indonesian economies.

World shipping is a complex, time-sensitive and extremely competitive business, and decisions to change routes and services are always made with caution and often are preceded by long lead times because of contractual commitments already in place. I am quite conscious of this and have directed that new promotional material be prepared to illustrate and demonstrate the significant benefits of using Darwin as a port of entry into Australia.

Mr Speaker, I table the brochure outlining our proposed port development, which was distributed throughout my visit to Asia.

The Port of Darwin is already capable of accepting and handling efficiently a panamax-sized container ship carrying up to 4500 TEUs. We have sufficient length and draft at the Fort Hill Wharf and, of course, a container crane to do the job. In the interim period before the rail link is completed, we have also the most efficient road transport system in the world to move freight volumes expected in the short to medium terms to and from the Port of Darwin. Departmental officers have had numerous discussions with the road transport industry to find ways of making this even cheaper and more cost effective to shippers. These discussions are continuing.

In regard to roads, the Chief Minister referred to the enormous savings in road maintenance costs which would accrue over the life of the railway. These savings are estimated to average $12m per annum over the next 50 years - a total of $600m which is almost the initial cost of building the railway. This saving arises through the transfer of an estimated 70% of the total freight task from the Stuart Highway to the railway. This will reduce the level of day-to-day maintenance required as well as defer future reconstruction costs. Additional savings would result to the road networks of other states but we have made no attempt to quantify this to avoid overstating the case. Road maintenance savings of this type are returned to the federal government because it is responsible for funding the construction and maintenance of our national highway system.
This situation is a clear illustration of why the railway must be built in the national interest. Quite simply, a private sector investor cannot capture or benefit from these savings. The list goes on. There would be savings in unemployment payments, reduced fuel imports, reductions in greenhouse gas emissions and improved defence capability. We are also pursuing the concept of using the Port of Darwin as a hub for what will undoubtedly be a major growth area of the future. Of course, I refer in this regard to the eastern provinces of Indonesia and to the Memorandum of Understanding between the Northern Territory and Indonesian governments to promote the development of trade in our region. No doubt, the Minister for Asian Relations and Trade will address this issue in more detail.

It is well and truly past the time when the federal government should have come to grips with this transport issue. We have seen previous transport arrangements at the federal level create a mishmash of policies which are notable for their inconsistencies across all modes of transport. I note that Senator Collins recently has expressed a desire to make sense of this but, as we all know, his current predicaments with the pay-TV issue have deflected his interest and attention to matters which seem to be of far less importance to the development of Australia. As well, it is about time that the federal government really came to understand the need for, and adopt, appropriate processes of micro-economic reform and, rather than forever playing at the edges, it should actually do something about tackling those issues which are crying out to be addressed.

The agenda for the forthcoming meeting of transport ministers in Sydney on 11 June provides yet another opportunity for federal, state and territory transport ministers to lift their attention to the strategic level. I for one will be supporting such a move. I only hope that Senator Collins is able to attend and give at least some meaningful attention to the transport aspects of his portfolio responsibilities. It is my hope as well that the Prime Minister's proposed national task force will not simply become another talkfest and a waste of time, again duplicating and confusing the efforts of the multitude of organisations already trying to make sense of a national approach to transport issues.

For purposes of comparison, it is worth considering the analogy with road funding when examining the case in favour of constructing the Alice Springs to Darwin railway. Virtually all public roads are constructed using taxpayers' funds, but there is no immediate expectation of a pure and direct economic return from such works. Roads are constructed for social and defence reasons in addition to purely economic grounds. There is no reason, to my way of thinking, why railways should not be treated and funded in the same manner. We must raise the debate to a national interest level if this country is to achieve real gains from the tentative micro-economic reform agenda of the current federal Labor government.

An immediate benefit arising from construction of the railway now is the impact on the unacceptably high levels of unemployment which have been created by Labor's policies. To illustrate that this is not an unusual approach, an example worth considering is the construction of the Great Ocean Road in Victoria to provide employment during the Great Depression of the early 1930s. It is a pity that our current government cannot see the same benefits as our forbears in a situation where we have a million unemployed Australians being paid in the order of $200m a week to do absolutely nothing towards our nation's future. A mere 5 weeks of this money would have the railway built and operating. This is a frightening fact about which all members should take some time to think.

If Senator Collins and his Labor colleagues find themselves incapable of coming to terms with the logic of building the railway - and we must have some serious doubts about their capacity in this regard - they might like to turn their minds to increasing the pace of reform in the coastal shipping industry. This is yet another area where the Territory has been disadvantaged by Labor's continuing inability to effectively control and direct reform in the major economic areas of our nation's needs. The case for constructing the railway is compelling and we should continue to pursue our just cause in promoting this project for the benefit of the Territory and Australia as a whole. I support the motion.

Mr STIRLING (Nhulunbuy): Mr Speaker, like the Leader of the Opposition, I am pleased to note that the government has decided to introduce a motion on this topic which parallels that passed recently in the South Australian Legislative Council. I understand that originally the Chief Minister had proposed to move the motion that the South Australian opposition introduced in that state's Legislative Assembly - a motion that, in our view, was completely impractical.
Having said I support the motion, I must say that the Chief Minister's supporting statement is not only mixed, as the Leader of the Opposition said, but also a very ordinary effort indeed. It sends a clear signal that this government has lost its direction. It has gone into its negative, kicking and carping mode. We heard it again from the Minister for Transport and Works. It is time that this government had a rest. If that is the best it can do, it should have a rest. I wonder what practical benefit the government thinks such a carping statement will achieve.

The Chief Minister's statement is no more than a statement of the government's failure on this project over the last 10 years. It took a statement in this Assembly in 1991 by the Leader of the Opposition to get the government at least to take some action on this vital project. In October 1991, the Leader of the Opposition said:

It is now more than 5 years since we have had any substantial statement in this House concerning progress. The fact is that the government has given up. It has found it too hard. It has walked away from its duty to the Territory.

That statement from the Leader of the Opposition stung the government, and so it should have. It was a positive statement and, for a while, it produced some useful activity within government circles. At that time, members will recall that the government was suffering a very bad dose of paralysis as it contemplated the difficulties of unravelling the Sheraton and Yulara debt deals.

The government decided the opposition was right and that it should be taking some action to push the issue along. However, it put all its eggs into the one Morrison Knudsen basket. The Morrison Knudsen Report was released at a press conference in the government's offices in NT House. Unfortunately, that study contained widely inaccurate freight estimates which quickly discredited the report and did not help the overall credibility of the Australia/Asia trade link. The recent Australian National report demonstrates clearly the unreality of the freight estimates made in the Morrison Knudsen Report.

Today's statement by the Chief Minister is a demonstration that the government cannot handle tough issues any longer. Perhaps the brains trust in NT House thought it would be of some short-term political advantage to deliver a statement to the Assembly which bagged the federal government and the Labor Senator for the Northern Territory in particular. If that is the level of desperation that this government has reached, it is a sad day indeed for all Territorians because there are positive issues that the government could be running rather than this continual whine-and-knock tactic.

Members should be aware, as I am sure the Chief Minister is, that there is a high level of cynicism in regard to the viability of the Australia/Asia trade link, not only in the southern states but in the Territory as well. A proportion of the public believes that it has become nothing more than a perennial political football. The notion proposed by the Chief Minister today does nothing to dispel those impressions in the community. This is probably the single most vital project for the future of the Northern Territory. The government should have the welfare of Territorians paramount in its mind rather than mindless political point-scoring.

During the recent federal election, the government ran a series of advertisements under the banner, 'The Australia-Asia Rail Link'. While this was somewhat better than promoting the project as the Alice to Darwin railway, the opposition wants the government to know that the term 'the Australia/Asia trade link' is not copyrighted to the ALP. We believe this term gives a much better indication of the benefits that are external to the Northern Territory. We also believe that the focus on the word 'trade' in 'the Australia/Asia trade link' encourages some of the cynics to think a little harder about the project because we do have a selling job to overcome that cynicism and those doubts. Some of the Chief Minister's more blatantly political comments in the federal campaign have not helped the project's credibility either in the Territory or elsewhere in Australia. When did this dramatic change in policy come about? Until very recently, the government had been supporting private sector development and ownership of the railway. It now wants to do nothing more than heap scorn on the federal government. If this is to be the government's policy prescription until the next election, we will not get much done.

There is no doubt about the major benefits the completion of the Australia/Asia trade link will provide
to the Northern Territory economy and Territorians generally, but we need to do much more to promote
the national benefits that flow from it also. There are major national benefits to be gained by way of
reduced road maintenance costs, reduced fuel consumption, and consequent foreign exchange earnings
as a result of reduced fuel imports. Similarly, there are major advantages to be made in replacing
foreign-owned ships that are steaming round the coast of Australia which soak up further payments of
foreign exchange. These can be replaced to a large extent with an onshore transport operation
generating economic activity within Australia.

Completion of this project will provide a major economic stimulus to northern Australia. Ultimately,
this will flow through to a reduced demand on taxation transfers from other states to the Territory.
Completion of the Australia/Asia trade link will generate improved economies of scale for the current
rail network by virtue of the greater quantities of freight travelling across it. Completion of the railway
will contribute to an improved northern defence capability. In addition, intangible benefits will derive
from the concrete focus that would be provided by the national trade drive to integrate with Asia.

We say that there are major benefits that accrue to the country as a whole, and some of those benefits
cannot be captured in the pricing structure of the project. At this stage, we should be developing a case
for a mixture of private and Commonwealth government funding to secure the completion of this vital
project. The Leader of the Opposition has advanced some practical suggestions to advance the case for
the Australia/Asia trade link. I trust that the government and the Chief Minister will take those
suggestions on board.

Mr PARISH (Millner): Mr Speaker, I would like to add my contribution to the excellent contributions
from the Leader of the Opposition and the member for Nhulunbuy. Some of what the Chief Minister
had to say was very good, but I must reiterate my colleagues' comment that the carping, whingeing,
whining tone of his statement does us no good at all. Its overall thesis is that we should run up the
white flag and say that the Commonwealth should do it. That is quite pathetic. We will not achieve it in
that way. It is all very well to have the politics of the warm inner glow or the politics of the whinge but,
if we are serious about achieving the railway - and one hopes that there is a bipartisan desire in that
regard - we should be able put aside the petty point-scoring, at least at this time when the federal
election is over and we are still 18 months away from a Territory election. If there is any time when we
could have a rational discussion about this, one would hope that it
is now. Unfortunately, the Chief Minister did not seem to be able to resist the temptation to have a
whinge and attempt to apportion blame.

Mr Finch: Listen to yourself.

Mr PARISH: Mr Speaker, I could say that it is all the Liberal governments' fault and members opposite
could say it is all Labor governments' fault. However, any objective observer would have to say that no
federal government since 1920, with the isolated and partially honourable exceptions of the Fraser and
Whitlam governments who at least managed to complete the Tarcoola to Alice Springs leg of the
railway, has covered itself in glory in relation to the railway. All of them have shown a lack of vision
and a lack of commitment to the development of the north and, in latter years, to the overwhelming
imperative of developing our trade links with Asia. That has to change. We in the Northern Territory
know that more than anybody else in Australia. We have the task of selling it, and it is a big task. There
is no doubt about that.

I want to make it very clear where I personally stand on this issue. Basically, I do not subscribe to the
theory, which was prevalent in the early 1980s on both sides of politics, that major public infrastructure
projects can always be done best by privatising them. Obviously, I am a great supporter of market
forces, of the private sector and of the benefits of competition and risk etc, but I happen to believe ...

Mrs Padgham-Purich: If you were, you would not be in the ALP.

Mr PARISH: I do not accept that, but I will talk to you about that outside of the Assembly.

However, when it comes to major public infrastructure projects such as the Australian/Asia trade link,
projects where, as the Chief Minister very eloquently put it, there are public benefits which are
harvestable by the public sector but not by the private sector, such projects ought naturally to be
undertaken by the public sector and by the national government. I do not disagree with the Chief
Minister's fundamental assertion that the national government ought to pick up this project and run with it. In the best of all possible worlds, that is what should happen. However, frankly, we in the Northern Territory have a more urgent imperative than that.

We have to get this railway going now because, apart from anything else, we have now a window of opportunity to tap into the next Asian tiger, Indonesia, particularly its eastern provinces. To the credit of the members opposite, we have developed quite a good relationship with Indonesia and we have the potential to capitalise on that. Indonesia would like to treat us as a preferred partner but, at the end of the day, Indonesia will be pragmatic. If we do not have in place the infrastructure and the capability to deliver those links, it will look elsewhere, however reluctantly, for the development of its eastern provinces and we will have lost out. Thus, the impetus is for us to make this railway happen now, however shortsighted people might be down south.

Until now, we put all our eggs in the Morrison Knudsen basket with predictable results. It seems that the Chief Minister is now putting all his eggs in the 'national government must do it' basket. Frankly, that will not work either because, however wrong it might be, the reality is that even if Dr Hewson had been in power, he would not have thrown $1000m at the project. That was made starkly apparent when the Chief Minister poured all his hopes on Dr Hewson making a positive announcement. All he received was a referral to a committee that had never met. A Keating Labor government will not throw $1000m at the project either because, apart from anything else, we are facing a national deficit of some $16 000m. Far from having a national government that is looking at ways to add to that deficit, it is looking at ways to walk away from some commitments which perhaps should never have been made in the first place. In terms of the tactics of getting this project under way, it is living in cloud cuckoo land to expect that the federal government will throw $1000m at this project now when it has a $16 000m deficit.

Until recently, the federal government's forward estimates suggested that we might return to something resembling a budget surplus by 1996. Those predictions have now been thrown out of the window. At the very least, we are looking at 4 to 5 years before the federal budgetary situation returns to a situation where any responsible fiscal manager could look at throwing $1000m of public funds at this project. It might make us feel good to say that the federal government has to pay for it, but the fact is that that will not happen. Therefore, although it may not be the ideal situation, we must look at other ways to make it happen. The Leader of the Opposition set out very eloquently the process necessary to assess the appropriate mix of public and private capital.

I would like to flesh that out a little with my own projections. I might say that they are not entirely my own because I have pirated some of the projections that the Chief Minister has put to us from time to time in both public and private forums. I have done the same with information from the former Minister for Industries and Development and officers of his department. Basically, this position is underlined by the Australian National report. For those who look at it with unbiased eyes, it is now indisputable that the railway will pay its operating expenses from day 1. Thus, that is not a problem. It is also the case that we are looking at a return on capital of about 4% per annum from day one. Clearly that is insufficient to attract any private equity or even loan capital. The lender needs to be able to get their money back if we default and a railway that does not return a profit is not saleable. Therefore, it does not help very much to say that it should be equity capital rather than loan capital. The problem is the same in either event. One suspects that it will be a mix of private equity and loan capital.

The Chief Minister did not detail how we could increase the rate of return on capital from that 4% to a figure that will attract private sector investment. The first aspect that needs to be examined is whether and to what extent we can tap into some of the benefits that are provided by recent changes in federal tax laws announced in the One Nation package and subsequently. It is very difficult for me to put precise figures on it because I do not have the resources of the Treasury that the government has. However, on my rough calculations, the combined benefits of accelerated depreciation, which is now available, capital investment allowances, which have been liberalised and extended since the One Nation statement, and the infrastructure bonds initiative, which was announced in One Nation, should be capable of delivering an extra 1.5% to 2% net return per year to an investor in the project.

I will pause there for a moment because I acknowledge that the infrastructure bonds proposal needs some work in order for it to be harvestable by private sector investment in a project such as the railway.
If the Chief Minister were really intent on a constructive bipartisan approach to make the railway happen, he would sit down, hopefully with us, to determine how we could lobby the federal government to adapt the infrastructure bonds proposal to make it harvestable in terms of the railway project. We could obtain an additional percentage point or so on the return to investors. Therefore, it is not unreasonable to expect that we could increase the return to about 6%. Clearly, that is still not enough, but it is getting much closer. That is the point at which we need to look at the mix of private and public capital.

However, before we do that, we need to look at the cost of the capital. That issue has not been touched on by members here so far today. Members will recall that the capital cost that was projected by Morrison Knudsen for the project was in the vicinity of $1200m. The additional $300 000 was in the nature of capital to fund the project during its construction phases and covered debt-servicing capital and so on. $1200m is our starting point. Members will also recall that that included the construction of a port facility. To the credit of the government, it is now its intention to build the port facility at Territory government expense. Thus, one takes that element of the capital cost off the top. Very roughly, that takes us down to about the $1000m mark.

I am not an engineering expert, but I have talked to a number of engineers who say that there are savings on the project that Morrison Knudsen proposed. Basically, the Morrison Knudsen proposal was a Rolls Royce proposal in many ways, with Rolls Royce locomotives and rolling stock, a very high-standard, engineered track bed and so on. Most importantly, it included a passenger component which, despite the fact that it was costing a great deal of money, actually made the bottom line look worse because, even on their rosy projections of 200 000 passengers a year, which no long-haul railway in Australia has ever achieved, it would still lose money. I have been a train buff since I was a child and I would love to travel on the railway from Darwin down to Adelaide as a passenger. However, if we are to make it happen, we must reconcile ourselves to the fact that, at least in the short term, it will be a freight-only railway.

I believe that we can bring the project costs down by deleting the passenger component, using less ritzy locomotives and rolling stock and using other engineering methods. I am plucking a figure out of the air, but perhaps we could bring the project cost down to $900m or so. I have just been told by the Leader of the Opposition that we could save further money by fast-tracking the project and attempting to build it in 2 years rather than 3 or 4 years. That is big money. However, let us be conservative and say that we are still talking about $900m.

I would have thought that we could sell to the federal government a proposal that asks it to put up $300m provided that we have package that has been proved by the kind of process that the Leader of the Opposition described, and with financiers and equity partners who have agreed to fund it if we can put up $300m. We should not put the cart before the horse, as the Chief Minister has done today, and tell the federal government that, if it puts up money, we will see if we can find the investor. A responsible federal government will not do that. However, if we had a package whereby we obtained $300m of federal capital, whether it be loan or patient equity, we could increase the net return to the private sector investors to somewhere between 8% and 9%.

Frankly, if the Chief Minister cannot put together a consortium on those kinds of numbers, he ought to get out and let us have a go at it, because that is a very respectable rate of return on a long-term project in world terms. We ought to be able to obtain investors without massive government guarantees and all the other frippery that no responsible government can contemplate, despite the fact that the Territory government has done those kinds of things for years. We need to look at that kind of scenario because, if we do not, it will not happen soon enough for us to grab that window of opportunity.

A return of something like 8% is quite respectable, particularly since commercial rates of interest available for that kind of money nowadays are 6% at best. With the inflation rate at 3%, the real rate of return would be in the order of 5%. On my understanding of the comparative rates from places where one can invest that kind of money, that is a competitive rate of return. Clearly, as the Leader of the Opposition discovered in his discussions with financiers, that is why the project is still very much alive. Frankly, I do not understand why the Chief Minister has raised the flag of surrender. This project is not dead if it is built with a mix of private and public capital.

Rather than trying to sell the federal government on either a grant or an interest free loan, we might
have more chance of persuading in terms of patient equity capital. There could be 2 classes of shares in the railway company, where the federal government puts up 30% of $900m - namely, $300m - and receives 20% of the shares, but its shares would have a postponed dividend entitlement. The federal government would have no entitlement to share in profit until after 15 years or so. We could spin it out to 20 years if the federal government were prepared to be that patient. However, at least it could say that it was not simply giving the money to the Northern Territory. It would be a real investment, not only in the nation but in a project which eventually would return that money.

In the meantime, during the first 15 years, revenue would be on a slow, upward curve because the private sector investors would need to have access to all of the profit for that first 15 years. However, after 15 years, it would begin to yield its profit. I would have thought that that kind of scenario could be sold to the federal government. It will be sold to the federal government if we have a cooperative, positive initiative from the Chief Minister with the support of the opposition. Certainly, if he starts being positive, instead of carping and whingeing, the Chief Minister will have the support of the opposition. That is why we are supporting this motion today.

In my last couple of minutes, I want to talk about some of the tactical aspects of putting together a coalition of interests and negating the critics and the enemies of the project because that issue has been neglected, at least in debate here. I want to give the Chief Minister some credit because where he has been at least partially successful is in recognising that we have to put together a coalition of interests that are committed to making this project happen. He has been successful in doing that with the South Australians, especially with people in Whyalla, and with some federal politicians such as Senator Schacht. That is all to the good.

Even more importantly, we need to recognise that probably the Leader of the Opposition has made the single most important contribution to putting together a coalition of interests by persuading the ACTU that this is a project which requires greenfields starters, which requires the ACTU to recognise that we will be putting in place enterprise agreements right across the board with the workers in the construction and operational phases of the railway and which will implement world-best practices. That is essential because we are competing with the rest of the world in relation to the shipping, the road transport etc to make this happen.

We must neutralise some of those who are not vested interests but who, as the Leader of the Opposition said, wrongly treat this project as a complete joke. I would have thought that the Chief Minister ought to be beating a path to the door of the Canberra Press Club to be a guest speaker there because its members are our enemies. While I was in the south over the Christmas period, I read the papers. Almost to a man, they think that the project is a complete joke. They are wrong and we have to persuade them that they are wrong. The Chief Minister should be beating a path to the door of the Business Council of Australia and bringing its members onside because this project will benefit the business sector at large. He should be speaking with the ACTU to underline what the Leader of the Opposition has already done because, at a time of high unemployment and dwindling union membership, this is the kind of project that the union movement could be expected to endorse enthusiastically.

The next step will be to look at how we neutralise or divide and conquer our natural enemies. Clearly, our natural enemies are the shipping sector, the waterfront, the road transport industry and so on. If the railway is to succeed, we will be taking freight away from those sectors. They will not support this project. We have to neutralise them and there needs to be some concrete strategies for that. Finally, we have to determine how we can broaden the benefits of the Territory.

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

Mr FINCH (Education and Training): Mr Speaker, what a load of absolute hogwash! For the opposition to pretend on the one hand that it is approaching this project in a bipartisan way and, on the other hand, to deal out mealy-mouthed criticism of the government for its long-term support of this project is about as low as it can go. As far as I am concerned, I do not believe I have ever heard so much rubbish about the rail in all the years in which I have followed this debate in this parliament. Some of the absolute hogwash that we heard from the member for Millner related to what this Territory government has or has not done to date. I can assure him that we will continue to do it with or without his support. If he wants to come on board and be a party to these pursuits, not only in the interests of
the Territory but also in the national interest, let him do so. However, let him not stand over there and whine that this government is suddenly throwing its hands in the air and sending up white flags. It is nonsense.

The realities are as follows. The project cannot and will not proceed under any possible scenario unless, first of all, it has the unequivocal support and endorsement of the federal government, and that means the Prime Minister. With hand on heart, he must say that he has faith in this project and that it has national relevance. That is all he had to do at the time that we were pursuing this matter throughout debates on One Nation. He could have said that he did not have the funds because he had to prop up electorates in Victoria, South Australia and New South Wales, but at least he could have said that the project was of national significance.

What did we get? Despite the fact that we went to the unions, to the South Australian government, to the then Premier of South Australia, to the then President of the federal ALP and to the chambers of industry in South Australia etc, we did not get a peep from the Prime Minister. All we asked from him was a declaration as Prime Minister so that we had a chance of marketing it among the limited number of potential commercial investors who wanted to know that the Prime Minister regarded this unequivocally as a matter of national importance.

Mr Parish: What did you get out of John Hewson?

Mr FINCH: What did we get from John Hewson? We had much more understanding, sympathy and support ...

Mr Parish: He was understanding when he was saying no, was he?

Mr FINCH: In relation to commitment and support for the north-south rail as part of an integrated transport system, John Hewson personally is a supporter.

Mr Parish: Why didn't he say so?

Mr FINCH: He did. That is why he said that he would provide $5m towards the survey immediately. Of course, Little Sir Echo could not be outdone. He said that he would provide money for the survey if the ALP were re-elected. He did not want to be left out of it. What is the federal government's stance on the survey money now? It did not necessarily mean 'immediately'.

The Prime Minister had the opportunity simply to put his hand on his heart and say that he had faith in this country and its ability to trade with Asia, and that he was supportive philosophically of the rail and completion of that integrated transport system. Where did he go? He went to Victoria. The member for Millner is keen on cost-benefit analyses. A study was done on the value of saving 4 hours on the Adelaide to Melbourne link. That link is necessary only because the Port of Melbourne is so choked that half of Melbourne's freight is railed back from Adelaide. However, there is a gauge change at the border. How much of that One Nation money was committed to upgrading that rail link for the sake of a few electorates? It was $400m to save 4 hours of interchange between gauges. That was 100% taxpayers' money. What were we asking from him? A declaration of faith and perhaps 30 in the dollar. He could have created the jobs that he was talking about immediately because the project was ready to roll.

Members interjecting.

Mr FINCH: The Leader of the Opposition is not interested in jobs. He is interested in politics alone.

Mr Parish: We are not interested in bankruptcy.

Mr FINCH: To his shame, he will wear this.

Mr Speaker, let me tell you about the options that were open to him then. Part of his $2000m One Nation money included about $400m to upgrade the Adelaide to Melbourne line. Why? So that the trains that already run between those 2 cities could save 4 hours or so on the time spent interchanging between the 2 gauges. That is a marginal benefit. On a cost-benefit analysis, that did not stand the test.
Whether one wants to talk about national economics or simply plain business, the Prime Minister failed the test.

Mr Parish: The whole concept of the railway depends on freighting straight through to Melbourne and Sydney. If you cannot do that, it does not work.

Mr FINCH: I correct the member for Millner in so far as ...

Mr Ede: He reckons that, if he had a quality line from here to Meekatharra, that would be real good.

Mr Parish: What are you going to do - piggyback it to Melbourne?

Mr FINCH: The thick-headed approach taken by the Leader of the Opposition is quite amazing. I did not suggest that. That is his suggestion, not mine. The principal and most obvious markets that will benefit from the north-south rail are those from South Australia and the western portions of Victoria which have ready access through there.

Mr Ede: There is not enough there, Fred.

Mr FINCH: Hang on! Somehow the Leader of the Opposition thinks that downtown Melbourne makes or breaks the rail. That is absolute rubbish!

Regardless of that, if the Prime Minister had wanted to say that he had faith in the north-south rail as the connection to Asia but that he had to put service to Victoria first, at least that would have been excusable. However, when we went to the President of the Labor Party and to the unions, where were their priorities? The Premier of South Australia said to put the north-south rail down as item 3. That was his order of priorities.

When one talks about the $2000m One Nation money, it is all very fine to talk about the freight task on the east coast of Australia and how the current system has difficulties and faults in its multitude of signalling, operational and other technical aspects. We agree that those problems should be addressed. However, it is a matter of priority to obtain the basic rail connection. We might almost accept a second-rate rail from Alice to Darwin, which had limitations on loadings etc, as opposed to proceeding to bring that congested part of Australia up to A1 standard. It does not matter how much money they spend between Melbourne and Sydney. Given the mentality that they have and the union controls there, they will never compete with trucking over that short distance. Hon Bob Brown tried to run the trucks off the road. He did not succeed and he never will because, when one is talking about short distances between 300 km and 600 km as well as to and from the terminals, trucking will always have a distinct advantage door-to-door.

Rail is about long lengths and many carriages. The clear example of where it belongs in this country is not Melbourne to Perth or Melbourne to Brisbane. It is transcontinental. Transcontinental is the principle. Take a one-day trip around Victoria and one is either in the water or out of the state. It is not exactly a big area geographically. Therefore, one can freight to the railhead on existing systems with no trouble at all. If one has to put up with a dislocation of some 2½ hours, so what? On a 2-day transcontinental trip, that does not mean a continental.

Look at a map of Australia and see where our potential markets are. It is quite clear. The north-south link is the obvious transcontinental requirement of this country. One does not have to be an economic genius or an engineer, as the member for Millner suggests. One simply has to look at it as plainly as one looks at a little picture painted on one’s wall. It is very clear. It is clear to this government as to what the benefits are, and not only to us. In the overall scheme of things, our benefits are quite coincidental. The main benefits will accrue to the country. Therefore, when we were looking for $300m or 30 in the dollar with the other 70 to be provided by a mixture of equity and loan capital, it would have been real easy.

Mr Parish: That is exactly what I said.

Mr FINCH: I will tell you what you said in a minute. I will repeat it to you.
The immediate returns on the taxpayers' investment of $300m have been articulated clearly already in this debate: the roads and maintenance savings, the reduction in unemployment benefits and the returns on taxation. We all understand that. Thus, there should not have been even a question by the Prime Minister in his One Nation debate. If he will receive a better return on our dollar in the first 3 years, why should he worry? It is not as though he should, as the member for Millner suggested, put up the money as some kind of equity by way of B-class shares. That is nonsense! That is where the hogwash is! If the taxpayer is to receive the benefit of this project back within 3 years, why shouldn't the money be provided as a grant? Bear in mind the overall economic benefit of this project to the country in the longer term and, more importantly, in the immediate term. Why shouldn't the money be put up as a grant?

Mr Parish: You should do it next week. Why not do it?

Mr FINCH: With the $400m cost for the line from Adelaide to Victoria, the money would never be recouped because the cost-benefit study indicated that it would not. 2½ hours at the changeover! So what? Big deal! Who wants to send boxes between Melbourne and Adelaide anyway except for the fact that the Port of Melbourne is congested? Nobody. It is quite clear to me that we had this move from the opposition to try to ...

Mr Parish: To support the motion.

Mr FINCH: No. It is the mealy-mouthed way in which they support it. If they said that they supported the motion unequivocally, that would be all right but the member for Millner did not read the motion. He is firing off at the Chief Minister about ...

Mr Parish: I have it in front of me, Fred.

Mr FINCH: ... commercial potentials and whatever. He only has to read paragraph (3) of the motion which says ...

Mr Parish: Obviously, you did not read it because you said that it could not possibly work on a commercial basis. However, that is exactly what the motion says.

Mr FINCH: On a fully-commercial basis!

I have always advocated that, on behalf of the taxpayers who pay the bill, the Prime Minister would be justified in granting a third of the cost of this project because it would be returned to the taxpayers in the first 3 or 4 years and also because of the overall global benefits to the nation. It could then forget it because the remainder of the project would occur on a commercial basis.

Mr Parish: I believe you. You do not have to convince me. You have to convince them.

Mr FINCH: That is not true at all. The member for Millner ...

Mr Parish: I do not have the money. They have it.

Mr FINCH: ... is suggesting that we will never get a grant out of the Prime Minister. We know that already. What he is advocating is B-class shares for the taxpayer ...

Mr Parish: I am giving you an additional option which you ought to examine if you want to be constructive.

Mr FINCH: What would attract overseas investors in particular to this project?

Mr Parish: A commercial return.

Mr FINCH: No. The first thing that they want is words. If the elected leader of this country said that he had faith that the project was in the national interest ...

Mr Parish: They don't want a warm inner glow. They want a profit.
Mr FINCH: You do not understand. That is the first thing that they want. Secondly, after being assured that it is a project of national importance which has national support, they want to know that they will receive a commercial return. It could have been done as part of One Nation. Under One Nation, $400m was spent on the Adelaide to Melbourne line against all economic wisdom. What about the rest of the cost in changing the signalling systems up and down the east coast while the truckies are travelling past the signals at 100 km/h? They deliver door-to-door. In relative terms, it would have been very easy. However, the Prime Minister and his apologist Senator Collins said at the time that there would need to be more studies and more commercial declarations on the issue. First things first! If he was half a leader, he would have stood with his hand on his heart and said that this project was in the nation's interest. It would not have cost him anything.

Mr Parish: You are away with the fairies, Fred.

Mr FINCH: With the attitude demonstrated by members opposite, by the time that we reach the anniversary of the first declaration of the rail in 2011, I am sure members in this House - and I am sure that we will still be under a CLP government - will still be wondering when it will happen.

Mr BELL (MacDonnell): Mr Speaker, the serious nature of this debate is entirely belied by the government's approach to it. I rise to support the Leader of the Opposition and to commend to this Assembly and the people of the Northern Territory the assiduous efforts that he has made in negotiating and consulting with federal colleagues and private enterprise interests in an enthusiastic, purposeful and intelligent effort to obtain a railway connection from the southern states to Darwin. That is an important national objective. For the last 20 years that it has been in power, the approach of this government has entirely belied this vital national project.

In my contribution to this debate, I want to point out some of the rewriting of history that the Chief Minister provided to this Assembly. I will simply mention in passing that the very terms of this motion indicate exactly how lacking in genuine purpose this government is. I will analyse the motion for the benefit of honourable members so that they know what is happening. The first 3 paragraphs of the motion are not quite grammatical, but simply look at the fourth paragraph which states that this Assembly calls upon the Commonwealth government to: 'the terms of this resolution be conveyed to the Prime Minister'. It is gobbledegook.

A member interjecting.

Mr BELL: Read it. Read the fourth paragraph. It is a quality entry in this year's SPIEL awards.

Mr Hatton: Does the Leader of the Opposition insist on fine language?

Mr BELL: I point out to the minister that if, between the 9 of them and their 50 or 60 staffers, they cannot produce grammatical motions for the floor of this Assembly, perhaps they should line up a few people for the chop. However, that is ancillary to the main thrust of my contribution to this debate. Every time the Chief Minister speaks about this issue, I am sick and tired of his rewriting of history. I was not aware, until I studied the debate in the South Australian House, that a High Court challenge to the Northern Territory Acceptance Act had been mounted by Premier Tom Playford of South Australia. The finding in that High Court case was that the Northern Territory Acceptance Act did comprise a binding promise on the Commonwealth but that, sadly, it provided no time limit. That has been the High Court's construction of that legislation. That provides us with a problem. It is quite clear that a writ of mandamus on the Northern Territory Acceptance Act will not take us very far. Before I leave the Northern Territory Acceptance Act of 1910, I should point out that, in 1910, motor cars travelled at about 20 mph if they were lucky and a day's run would not get much further than the Berrimah turn-off. That was the state of the internal combustion engine and the vehicles it powered in 1910. In all fairness, it has to be pointed out that road transport has come a long way since 1910.

The other area in which the Chief Minister chose to rewrite history was by ignoring entirely the supine attitude of CLP members of this Assembly - some of whom are still here - in accepting the closure of the northern Australian railway in 1976. In my contribution to today's debate, I propose to revisit some
of those comments and I can assure members that some of the supposed lions in this debate do not come out looking too well. There was no comment about that from the then member for Stuart Park, the now Chief Minister, who trumpets his concern about this railway so loudly. Not a peep was heard from him in 1976 even though he is now the chief mover of motions of this kind. As I say, the CLP members do not come out of it too well.

In fact, in 1976, when there was no endorsed Australian Labor Party presence in this Assembly, the opposition to the closure of the railway was carried by the then member for Nightcliff whose performance in this regard was superior to that of the present member for Nightcliff. She was the only person who went into bat against the closure of the North Australian Railway. She said that this Assembly should form a select committee to keep the railway open and to keep pressure on the Northern Territory government. At that time, there was not a peep out of the then member for Stuart Park, our current Chief Minister, not a peep out of the member for Braitling, the then member for Stuart, not a peep out of the member for Casuarina - not a peep out of the class of ’74.

I will detail some of the history. On 17 February 1976, the first question was from the member for Nightcliff to Roger Ryan, the Executive Member for Transport and Works: ‘Is it a fact that Commonwealth Railways are intending to close the northern section of the north Australia line from Larrimah to Darwin?’ He replied: ‘I will attempt to find out the information and clarify the situation in an answer later in these sittings’. The next day, the Executive Member for Transport and Works said:

Yesterday, a question was asked about the railway from Larrimah to Darwin. I have been in touch with the minister’s office, and he has denied that there is any intention at this stage to close down the Australian Railways’ link from Larrimah to Darwin. There is an in-depth study being done at the moment by the Railways Commission into rail and road transport in the Northern Territory and ...

We will hear a little more about this in-depth study in a moment. I have to say that he later denied that that in-depth study was being carried out.

Mr Speaker, I will do an impersonation here because this man is still active in public affairs in the Northern Territory and has been responsible for a couple of monumental bloopers. The next question went like this:

This follows on from discussions I have had with the honourable member for Elsey and I would preface my question by saying that, as a result of certain innuendoes made by union organisers that the present government has instigated an economic review into the North Australia Railway, the public seems to have formed the opinion that it is the policy of that government to abandon the railway. Could he advise me whether or not it is a fact that the economic survey of the North Australia Railway was commenced on or about the middle of 1975 by the previous Labor government?

He did not get much joy from his question because ...

Mr Coulter: Who was it?

Mr BELL: Haven’t you worked that out yet?

Mr Coulter: No.

Mr BELL: It was the member for Gillen of the day. I must say that he had a fruity delivery. I am surprised that ...
Mr Coulter: You sound nothing like him.

Mr BELL: Okay, but I think you have the idea.

Poor old Mr Ryan did not seem to know too much:

I am not aware as yet whether the investigation started by the last government is still continuing. I intend to take the matter further and approach the federal Minister for Transport and get a full report if possible ...

There was a great deal of that. He obtained a number of full reports from Peter Nixon who closed the line on you.

Next, the then member for Alice Springs asked a question ...

Mr Manzie: What is the point?

Mr BELL: Evidently, by 25 May 1976, it had become a fact. This was the question:

In view of the recent announcement made by the federal Minister for Transport relating to the closing of the North Australia Railway, can the Executive Member give this House an assurance that the existing road link between Larrimah and Darwin will be able to support the increased load factor to be experienced?

At that time, there were many questions about the increased load factor.

The following question was put by the then member for Casuarina who, far from being concerned about the closure of the North Australia Railway, did not seem to be worried about it at all. His question was also to the Executive Member for Transport, Mr Ryan. It was prefaced as follows: 'At the last sittings, I asked when the airport bar facilities would be open to the public'. So much for the serious concern of the government of the day over the closure of the railway. To the eternal shame of the Country Liberal Party in this Chamber, the only serious speech on this subject was delivered by Dawn Lawrie on 1 June 1976. It is worth quoting:

This morning in question time, I asked some questions of the honourable Executive Member for Transport and Secondary Industry pertaining to the proposed closure of the North Australia Railway. The question I asked was whether he would attempt to obtain and table in this House the volume of freight over the last 3 years brought in for government departments and the method of freighting the goods to Darwin.

That reflected a very sensible approach from the opposition of the time in this Assembly. Dawn Lawrie was an assiduous member of the Assembly. I must say that the current member for Nightcliff moans and winces his way around the Northern Territory as though he is making a contribution, but this was good solid stuff. The contribution made by the then member for Nightcliff was a breath of fresh air among 18 others who either shut up or, in a limp-wristed fashion, went along with their federal counterparts. It is about time they were brought to book about this. On the following day, there were a couple of questions, including one from the King of the Kids, the then member for Jingili, Mr Everingham, who asked the Executive Member for Transport:

What steps has he been taking in the last few days
to ensure that people being displaced from their
work by the closure of the NAR are going to be
found work in Darwin or at least in the Northern
Territory?

There was not a word from him about the fact that the railway was to be closed. In fact, while I am on
the King of the Kids, I must say that that great champion of Northern Territory development turned the
whole issue into a joke. It needs to be recorded in this context that the King of the Kids asked a further
question about the North Australia Railway on 5 October 1976 when he put a question to the Executive
Member for Transport:

A week or so ago, I was held up for 10 minutes at
the Salonika crossing whilst shunting went on. I
would like to ask the honourable Executive Member
if perhaps the railway is not going into mothballs
after all?

They were treating it as something of a joke because Mr Ryan's answer began: 'I would like to ask the
honourable member to let me forget about the North Australia Railway'. That was prophetic because
forget about it is exactly what members opposite did. Mr Ryan went on to say:

That particular comment does concern me because one
of the bright things that came out of this whole
operation was that I was attending a function one
night, and I was getting a bit of treatment from
the compere about the problems I had with the North
Australia Railway, and some kind soul in the
audience called out: 'He is all right. He is the
man who made the Salonika crossing safe'.

That has not even come to fruition as yet. By October 1976, they were fairly pleased that the North
Australia Railway had closed because of the Salonika crossing. That was in the electorate of the
member for Stuart Park who did not bother to contribute in relation to this very sad rollback in public
services in the Northern Territory. There was not a peep out of him. In fact, the only positive
contribution seems to have come from the then member for Arnhem, Rupert Kentish, who asked a
sensible question. I quote:

In view of the fact that the northern rail track is
reported to be in poor condition, is there any move
to keep the roadmaster and necessary personnel and
gangs engaged to put the track into good order and
to maintain it in good order during the period that
the railway is not functioning?

Basically, Mr Ryan said that he hoped so, and the issue was left there.

I believe that I have established the sad litany of neglect in regard to this very important national
project which was commenced by the South Australian government with the construction of the
railway from Darwin to Pine Creek in 1890. For this government to suggest that it has not had a major
responsibility for this litany of neglect is to misrepresent the situation completely.

In closing, the Chief Minister had the gall to say that, because the all-weather railway from Tarcoola to
Alice Springs was opened in 1980, Malcolm Fraser had something to do with it. The fact is that that
was a great national project of Whitlam's to which commitment had been made by the then Labor
government. For the Chief Minister to rewrite history in that way is to actively mislead the Assembly. I
trust that he will do a little forelock-tugging, breast-beating and state 'mea maxima culpa' when he
sums up in this debate.

Mr COULTER (Treasurer): Mr Speaker, we wonder why the railway has not been advanced! If we
were to go back into history, the history books are full of the railway ...
Mr Bell: Read the motion, boyo.

Mr COULTER: Mr Speaker, it is great to go back over who did what and who said what, but it does not contribute much to the present situation. The Commonwealth is being called on simply because it reneged on its promise. After the line to Pine Creek had been built and the good burghers of South Australia had spent a fortune on post offices, schools and police officers etc in this area, the Commonwealth, with an eye to trade, defence and immigration, decided to take back the northern part of South Australia. At that stage, South Australia had a small population of 160 000 people. It had spent a fortune on trying to develop the north. A deal was struck whereby South Australia would be recompensed by the Commonwealth for its expenditure in the north. Section 14 of the Northern Territory Acceptance Act 1910 states:

The Commonwealth, in consideration of the surrender of the Northern Territory and property of the state of South Australia therein, and the grant of the rights in the agreement mentioned to acquire and to construct railways in South Australia, shall -

(a) be responsible for the indebtedness of the state in respect of the Northern Territory as from the date of acceptance ...

(b) construct or cause to be constructed a railway link from Port Darwin southwards to a point in the northern boundary of South Australia proper, which railway with a railway from a point on the Port Augusta Railway to connect therewith is hereinafter referred to as the Transcontinental Railway.

That is why it is regarded as the Commonwealth's responsibility. The deal was to build the railway for South Australia. That is what the legislation says. That is the reason for this debate today and the terms in which the motion is expressed.

I remind the member for Millner that only the Commonwealth can capture the benefits. No private company can capture the benefits. If a commercial company became involved in this, the estimated cost for the track is $850m. At 9%, that will cost about $76.5m per annum. The net direct return will be $28m in year 6 with real growth mainly dependent on the share of container imports gained. This will not increase to give a positive return for many years without government grants or off-project tax breaks. Only the Commonwealth, as lead investor, can capture all the project benefits. Let us look at them.

The annual cost is estimated at 25% less than the figure mentioned earlier after considering the drawback of taxes to government - that is, the Commonwealth can build it for 25% less than anybody else. That would be $57m. The cash flow would be $28m. The average annual fuel saving would be $16m. The lower annual cost of Stuart Highway maintenance would be an average of $12m. There would be a 2% reduction in the cost of governance and capital works in the Northern Territory. If we had a railway, it would cost 2% less per annum to run the Northern Territory. This would be reflected in the Grants Commission's assessment. That is $20m. The military and Commonwealth departmental savings, including Tindal and annual exercises, would be $5m. The unemployment benefits saved, estimated at 250 permanent jobs, would be $3m. That totals $84m which the Commonwealth would save by that alone. That is why this motion is before us. The Commonwealth is the only one that can capture the benefits. It is fairly simple.

In the 1980s, the 'Joint Review of the Alice Springs to Darwin Rail Link' by the Commonwealth Department of Transport and Works and the Northern Territory Department of Transport and Works stated: 'Viable if not required to meet total capital cost'. No railway in Australia is required to meet its capital cost. It cannot be done. The commercial reality is that not one railway in Australia is
commercial. The 'Independent Economic Inquiry into Transport', the Hill Report, stated that it was 'not economically justified'. The 'Review of the Economic Viability of the Extension of Standard Gauge Railway Service from Alice Springs to Darwin', the study by Canadian Pacific Consulting Services, stated that the proposal was 'economically viable'. The 'Feasibility Study into the Alice Springs to Darwin Railway', which was undertaken by the NT Railway Executive Group in 1986, concluded that the railway 'would more than cover operating costs'. Since then, the studies have included the landbridge traffic.

Before the Leader of the Opposition wants to claim exclusivity for the Asia/Australia rail link, it was the Chief Minister, at the April 1991 EPAC Conference, who first mooted the completion of 'Australia's standard gauge railway system by connecting major centres in the south-east of Australia with growing Asian markets through an integrated rail port facility to Darwin'. Those were the very first words of his presentation. He concluded:

In the longer term, the proposal will create the potential for expanded economic activity and strengthen the ties with neighbouring Asian economies.

Since the inclusion of the landbridge concept, the 1988 Crooks Michell Peacock Stewart report, 'Development Plan for the Darwin to Alice Springs Railway', stated that there were 'sufficient grounds for implementing a total transport system'. There was the 'Darwin-Alice Springs Railway Project Northern Territory Regional Development and Marketing Study', Railnorth, by Nippon Koei, which referred to 'significant regional and national benefits'. The 'Darwin-Alice Springs Railway Review of Effects on South Australia' by Coopers & Lybrand stated that the proposal 'saves South Australia $95m'. The 'Feasibility Study and Business Plan, Australia Asia Integrated Transport System 1992' by Morrison Knudsen stated that it was 'commercially viable'. The 'Alice Springs-Darwin Railway - A Review of Economic Benefits and Costs' by Australian National in 1993 said that the project 'will generate continuing surpluses on an operating basis'.

We cannot attract commercial investors to this project because they cannot capture the benefits - the military benefits, the reduction in maintenance costs of the Stuart Highway, the environmental benefits etc. These are to be captured by the Commonwealth. That is why this motion is before us today. We are asking the Commonwealth not to renege on its offer under the Northern Territory Acceptance Act of 1910. It is its responsibility, and it alone can capture those benefits. It will cost less to run the Northern Territory if we have a railway. That does not mean anything to a commercial operator.

We have to get the Commonwealth even to recognise it as a national project. I have tripped the world in relation to this project, and I have been in many of the world's investment houses. The first question they ask is what the Commonwealth government thinks of the project. It took us a long time to prise a letter out of the Prime Minister. We asked him simply to say that this was a project of national importance because the international investors were asking for his opinion of this project. The letter was faxed to me in London last year as I was travelling to Idaho to meet with the Morrison Knudsen people. We must get the Commonwealth to recognise it as a major national project. If we do not have that, it will not go anywhere. No equity partners will come in until the Commonwealth recognises it. That is another reason for this motion today. Until we have a response from the Commonwealth, the investors will not touch it. Members can say what they like about the Chinese, or the Russians or the Koreans ...

Mr Parish: We did not mention them, did we?

Mr COULTER: The Leader of the Opposition mentioned the Chinese by way of interjection when he said that he had been there. We have spoken to the Chinese. We have spoken to the Russians. Let me tell members that, if they think that we can get all the steel for this project out of Australia, there are projects around the world, in particular in some of the eastern bloc countries where we can obtain the steel for this project at a 25% reduction on Whyalla steel. There is about $300m-worth of steel in this project - about $150m if one had the rail ...

Mr Parish: Keep that quiet or you will never get their support.
Mr COULTER: This project does not stack up for about $16m a year if one wants a return on the capital. If one takes that $300m, at 25% reduction, we are already looking at a $6m saving per annum simply by using Polish steel in this project.

Mr Parish: It would be nice to have South Australia's support though, wouldn't it?

Mr COULTER: It would be, but I am telling you what the commercial reality of the world is. Steel is available in the eastern bloc countries today at far cheaper prices than it is available in Australia. If one is looking at commercial reality - and that is what the investors are doing - one needs to think about that.

What do members think that the Chinese will bring to this project? They want to bring the steel with them because they are looking at their balance-of-trade as well. That is why we have to get it back into Whyalla. There will be things that South Australia cannot do. For example, they cannot invest in this project over the border. They say that they can only invest in South Australia, and rightly so. However, because of the obvious benefits that would flow to South Australian industry and business in general, they have to look, for example, at this steel pour. Will they drop payroll tax for that particular steel pour? That would be considerable. If the Commonwealth is involved in it, it captures the benefits of sales tax. However, there is one obvious benefit that the South Australian government would have to forgo even if it only wanted to be internationally competitive in supplying the steel, and that has to happen.

The Commonwealth took the Northern Territory back from South Australia under legislation which stated that it would build the railway. That is what we are discussing in this motion today, and we want the Commonwealth to recognise that that is exactly what it said. Only the Commonwealth can capture the benefits. I think that I have demonstrated that today. By way of interjection, the member for Millner said that he did not disagree with anything I have said in that regard.

Mr Parish: I said that in my speech as well.

Mr COULTER: Mr Speaker, the 300 km of surveying remains to be done at a cost of $3m. It is not good enough for us to sit back and think that, because it is a term promise, the federal government will do that work within this term. I do not believe that it will honour its election promise. If it could not honour its promise to build the complete railway in 1983, I doubt very much whether it will advance the $3m to complete the survey work. That is the reason for the second point of the motion:

Honour the promise made by the Prime Minister to commence forthwith the survey of the remaining 300 km of the line from Alice Springs to Darwin.

The third point of the motion is:

Actively pursue commercial proposals following the completion of the survey work and reaffirm recent undertakings to facilitate approval and construction and provide investment support for financially viable proposals.

I heard what the Leader of the Opposition said, but One Nation does not provide the incentives for these kinds of projects.

Mr Parish: You have to work on the infrastructure bonds.

Mr COULTER: No. The problem with the infrastructure bonds is that, if a company is making a profit and wants then to put its bonds into this railway project, the Prime Minister will not allow that to happen. He will not allow that kind of investment because he has said that it will distort the capital works program for Australia because people will invest in duds simply to get them up and running so as to take the tax benefits. I can assure the member opposite that he would not do it as Treasurer and he will not do it as Prime Minister. I have spoken to him about it on many occasions.
The facts are that One Nation does not provide the financial incentives, the taxation breaks, to build this project. Therefore, we have to give up on One Nation for this project. We have done the figures many times in Treasury to see exactly what One Nation does for this type of project. However, it does not do too much for it at all.

Do not worry about the rolling stock and the Rolls Royce locomotives. For $14m, one can obtain second-hand locomotives. Morrison Knudsen's own locomotive workshop can supply them. $14m in a $1000m project is nothing. The signalling was to cost $15m but we omitted that the other day because we had satellite GBS systems in the trains and these have been omitted. In fact, the signalling was to have cost more than the rolling stock. There is a great deal of it around and it is not a big worry, even the locomotives.

However, what is a worry is that the Commonwealth will not recognise this as a national project and will not support it in writing. We cannot obtain that commitment from the Commonwealth. Hopefully, with the support of both sides of the House, as occurred in the Legislative Council in South Australia, this motion will advance the development of this particular railway by another millimetre. I would like to thank all those people from both sides of the House who are supporting this motion today. I am confident that it will be supported unanimously once everyone has had the opportunity of doing some politicking and saying a few words. If this motion advances the railway by another millimetre, that is important.

Mr Donald Wing MLC

Mr SPEAKER: I draw honourable members' attention to the presence in the gallery of Mr Donald Wing, an alderman of the Launceston City Council and also a member of the Legislative Council of Tasmania. I welcome him on behalf of honourable members.

Members: Hear, hear!

Mr COLLINS (Greatorex): Mr Speaker, what the Northern Territory government is asking the federal government to do today is to honour the promise made in 1911 when the Northern Territory was ceded back to the Commonwealth. It is holding the stick of history over the federal government's head and demanding that the Commonwealth honour its promise. As the member for MacDonnell said, Hon Tom Playford tried to bring this about by taking the Commonwealth to court, but the court said that, although the Commonwealth did make the promise, it did not say when it would fulfil it. What a wonderful cop-out! They could keep waving that back at us.

My message today is to say that the Commonwealth government does not have to renege on its promise. The reason it sees that it has to renege on its promise is because it would have to borrow the money and then it would have to be repaid with interest. Weighing it all up in these uncertain times, perhaps the Commonwealth is unsure whether it would recoup its money and is worried that it would add to the national debt. If the Commonwealth is not interested in the national debt, then it jolly well ought to be. That is the dilemma for the Commonwealth. However, this dilemma is not real because the Commonwealth could use the power it has under our Constitution to solve the problem tomorrow. Section 51 of our Constitution states: 'The Parliament shall, subject to this Constitution, have power to make laws for the peace, order and good government of the Commonwealth with respect to ...' I turn to section 12 which simply refers to 'currency, coinage and legal tender'. The Commonwealth can make laws for the peace, order and good government of the Commonwealth with respect to currency, coinage and legal tender.

That is not as well put as the Constitution of the United States which spells it out rather more clearly. The power of the Congress under article 1, section 8, paragraph 5 of the United States Constitution is: 'Congress shall have the power to coin the money and regulate the value thereof'. That is what Abraham Lincoln did during the civil war. It is amazing how the only times when money is created beneficially for countries seem to be associated with war. The Bradburys, the notes printed in Britain during World War I, were used by Denison Miller and the Commonwealth Bank to create credit for the
Australian war effort. They continued for a few years afterwards before Denison Miller's very untimely death. In the United States, the power exists to make those laws.

It is a question of what laws should be made by the Commonwealth. Money is an artificial substance. It is a creation of man and the power to create it belongs to the government. The laws make the government the only creator of this artificial substance called money. Why is money important? I dare say we have become fairly used to it. We do not like working unless we receive a reward. While money is intrinsically useless pieces of paper in one sense, it allows us to obtain a share of other people's goods and services. We produce our goods and services for money and the money that we receive can be used to obtain a share of other people's goods and services. It is streamlined bartering. That is what money should be. However, as this Assembly ought to know by now, one of most stupid actions that ever could happen is that we have allowed a group of private individuals to be the creators of the country's money in the form that is commonly known as credit. They put it into circulation as loans which are debts.

It is all owed back to them, and then they ask for interest.

A member interjecting.

Mr COLLINS: It is certainly about that because money is the problem. We cannot build the railway line without money and that is ...

A member interjecting.

Mr COLLINS: They are tight certainly. I am simply saying that if these ...

A member: Do you want me to move a motion that he no longer be heard?

Mr COLLINS: Try your luck.

A member: We would probably have the numbers.

Mr COLLINS: You might get more than the numbers. You might be very successful.

The power exists for the Commonwealth to create money. It has to be created by somebody so why are we allowing a group of people whom we do not even know, private financiers, create it? To add to the stupidity, we borrow from them that which the government has the right to create in the first place. The nub of the argument is that the government has the power to create the laws, to put itself in the position that the United States is in, but it does not use that power. It is amazing that politicians do not use a power that they have. Certainly, it is spelt out clearly in the United States Constitution. All we need do is say that we will go the same way and create the money, not anybody else. We can then put it into circulation by spending it and producing assets.

That railway line should be built in the same way as the railway line between Port Augusta and Kalgoorlie was built - at no cost under Denison Miller as the Governor of the Commonwealth Bank of Australia. That may sound hard to believe. Sometimes I have a few doubts myself but, on analysis, one cannot see it in any other way. Miller created the money and it was spent into circulation. The people of Australia did the work and they were rewarded. That is why people work. They are given a reward that enables them to obtain a share of other people's goods and services as and when required. That railway line was built by that means. Mr Speaker, you know that I am 100% gung ho in wanting this railway line to be built, and not only the railway line but also the container port in Darwin. Shipping from Singapore could offload its containers in Darwin and have them in Perth 4 days before the ship could travel to Fremantle, and it would be much quicker to transport it to Adelaide, Melbourne and Sydney. It would save huge freight costs for this country. That is the truth of the matter.

It is only a matter of waking up to the powers that the government has on behalf of the people. Obviously, some people do not want to lose the power of creating money. They will use every dirty trick in the book to deceive the people and convey a wrong idea about the nature of money. Money should serve us not enslave us. That is the simple matter. In what was for me a rather famous interview in 1921, when Denison Miller was the Governor of the Commonwealth Bank, some journalists asked
him whether he funded the war effort for 350m. He said that he had and, what was more, that he believed that, if the war had continued, he could have funded it for a similar sum. I do not know why they did not ask him how he did it. Perhaps they did, and perhaps he ducked the question because he was not prepared to state the truth, possibly because of threats against him, which was that he was creating money and the government was spending it into the system so that it was able to send away the troops well armed and well prepared in World War I. That was in absolute contrast to World War II when our troops went away very ill-prepared after only 6 weeks training.

That is about as much as I want to say on this matter. I support the railway line and the container port totally, but I am dead against them being built with debt money - money that is borrowed from people who have usurped the power of the federal government to create the money in the first place. I offer the federal government a solution that I have not heard from anybody here today. Members have spoken only about the many difficulties during these hard times. All we are asking for is the miserable sum of $3m to have the survey completed. That will not provide the line.

At the end of the interview to which I referred, Denison Miller made a statement about the Commonwealth Bank. It took me a while to grasp its significance but what he said was to the effect that the Commonwealth Bank was extremely strong and could finance anything that the Australian people wanted to undertake and see through to completion. In essence, he was saying that money should not be the issue that determines whether we can or cannot undertake a project. Money should be seen as a public utility that can be created, put into circulation in a fair way and used to achieve all kinds of projects.

The railway line and container port are a very sensible project. I estimate that it would save $1000m a year on freight costs. It would put a heap of debt free money into the system, and that would help people to pay off the interest on their loans and get the country out of debt. It would not be a ball and chain on the country if it was financed properly, but it would be if it was financed with debt money. In the latter case, it would only increase our debt and drag us further into the mire. It should be a dynamic program which uplifts this country and leads us to understand money and the way that it should be regarded. The solution is there. Why won't the federal government, Liberal, Labor or otherwise, use it? Is it because it does not understand it? Is it because someone has a hold over it in some particular way? I do not care. It is up to the people of Australia to wake up and decide to elect a government which will create money for them so that these projects are completed. The people must decide to put money in its place - as their servant, not their master.

Mr HATTON (Aboriginal Development): Mr Speaker, I rise to speak in support of the motion. We sit in this House from time to time and listen to debates about railway lines, and we become ...

Mr Stirling: At regular intervals.

Mr HATTON: That is true. I feel a sense of deja vu about the debates that occur. Everybody expresses it as an article of faith that we support the proposal for the railway line, but we each propose different means to obtain it and each side criticises the other for what it has not done to obtain it. That summarises what we have been doing about the railway line, and sometimes we tend to lose sight of the basic points. I do not think that I need to restate my strong support for the construction of the railway. I worked to support the railway project long before I was elected to this House in my role as Executive Director of the Northern Territory Confederation of Industries and Commerce. In fact, I well remember, in November 1983, during that critical 19-day period when we were fighting the election ...

Mr Ede: Federal or Territory?

Mr HATTON: The Northern Territory election in which the Leader of the Opposition and myself were both elected as members of the Legislative Assembly. In the middle of that campaign, I was called on to appear on behalf of the Confederation of Industries and Commerce before David Hill whilst he was conducting his inquiry into the construction of the railway line. Every time a railway is mentioned, I have this incredibly clear image in my mind of the then federal Leader of the Opposition as he appeared on television in February 1983. Robert Hawke had held that position for only about a week. He appeared on television, sitting on a chair against a blank background, looking out from the screen and, in the most sincere voice possible, he said: 'You can only trust a Labor government to build the
Mr Ede: One would not have wanted to wait for a Liberal one.

Mr HATTON: The Leader of the Opposition is trying to rewrite history again. I am sure the member for MacDonnell will take him to task over that, given his recent speech.

The fact is that the railway line was well on track at that time. I remind members that, at the time, the construction of the Tarcoola to Alice Springs railway line was coming to a conclusion. A construction crew was already there. That railway line was not opened until 1984. It was opened by Peter Morris ...

Mr Ede: You are thinking of the road.

Mr HATTON: I am talking about the Tarcoola to Alice Springs standard gauge. The crew was still in place and, if nothing had been done, the world-efficient railway construction crew would have been disbanded.

Mr Ede: You are wrong. It was 1980.

Mr HATTON: I think you will find that I am correct.

Mr Bell: The railway?

Mr Ede: Yes.

A member: Ask Roger, he will know.

Mr HATTON: He will know.

Mr Ede: Roger, was the Tarcoola to Alice Springs railway line opened in 1980?

Mr Vale: Yes. October 1980.

Mr Ede: I should have had a carton on it.

Mr HATTON: You should have, but you did not.

I still remember very well that, in 1982-83, the project was well on track with the federal government. The survey work had been completed for the construction of the first couple of hundred kilometres of the railway line north of Alice Springs, and the construction was on track to be committed in the 1983-84 budget. The design work was proceeding, the survey work had been completed and they were proceeding to let contracts in 1983-84 to start construction of the line north of Alice Springs. There was a clear, continuing commitment for the construction of the railway link in 1983. Everyone understood that. That was why Bob Hawke went on television and told Territorians that they could 'only trust a Labor government to build the railway line'. It was very clear. Of course, the reality was that, a few weeks after the election, that promise was broken. We are used to that now because it has happened after each of the federal elections which Labor has won.

It is only 11 weeks now since the last federal election and election promises are being broken on a daily basis. People do not even worry about it any longer. Every election, Labor does it. It circulates the stories and breaks the promises. This year, we had the grandaddy of them all. Labor told us that it would solve the world's problems. It would cut our taxes and it passed legislation to cut taxes. It would provide tax relief and dental services for pensioners, and child-care assistance. Those are the promises that have been broken so far. There are books of them. We have a list of all the promises that were made, and we are simply ticking them off every day as they are broken.

The extraordinary situation exists now where members of the press in Canberra are criticising the opposition for daring to insist that the federal government should meet its election promises. The opposition is being accused of being irresponsible for saying that the federal government has to honour its election promises that it would not impose extra indirect taxes or a GST and that it would make tax
cuts. In other words, it should meet its undertakings also to cut the budget deficit and to cut expenditure. Suddenly, the federal opposition is judged irresponsible for saying that the federal government should do what it said it would do. I find that extraordinary, but it dates back to early 1983 when Labor began this practice and started to cultivate this attitude within the community.

No wonder politicians are regarded very cynically by the community. The railway is a good example. Labor said that it would build the railway and that it was the only government that could be trusted to build it. Once elected, it began to wonder whether or not the project was viable. About a month after the election, it was suggested that the Territory government contribute 40% of the costs. The proposition was for a 40:60 split in the costs between the Territory and federal governments. We pointed to the election promise that the federal Labor government would pay for the entire project. After all, the federal government had had a legal obligation to do it since 1911 and the High Court said that.

At that point, the federal government engaged Mr Hill to conduct an inquiry. Informal advice given to us said that there were 3 reports written on the Hill Inquiry. The first was sent back because it was in favour of the railway, the second was sent back because it was neutral and it was only the third that the government would accept. I understand that some of the researchers refused to have their names attached to the report because it was doctored so much. Years after the report, I have spoken with ministers who confirmed that it was designed to kill the railway, which it did. For years, the federal Labor government's lapdogs opposite waved that report in front of people's noses and said that the railway was a good idea but was not a financially viable proposition.

This government decided that we had to do something to get the railway up and going. This federal government is not prepared to look at it. It has an obligation to build the railway, and we will keep yelling, screaming and arguing with it in an attempt to have it build the railway. However, if that does not work, as another string to our bow we decided to determine what could be done through private enterprise and whether we could obtain a privately constructed railway line. We conducted the Canadian Pacific study and we have had other studies done since then. We have talked with people. The Deputy Chief Minister has been backwards and forwards to Japan, and the Railnorth consortium attempted to put together a package to build it privately. The only reason that we did that was because the federal government has reneged on its obligation. What did the federal government do? It said that, unless we could find private investors to do it, the railway line would not be built. Suddenly, it was all our fault because we could not come up with a commercially-viable proposal.

Today, the member for MacDonnell reminded members that the High Court said that this federal government has a responsibility to build the line. It has nothing to do with economic viability. It is compensation for taking over all the assets of the South Australian people on the acquisition of the Northern Territory in 1911. The federal government is required to pay just terms under the Australian Constitution, and that agreement was on just terms. That is why the federal government has to build the line. The line was constructed to Alice Springs by the 1930s but, with the Depression and the Second World War, the project was dropped. Nevertheless, the federal government still has an obligation to complete it. We should never allow the federal government to forget that.

If the federal government would prefer to do it by using private commercial development rather than tax moneys, it should prepare tax packages and seek private investors. It has an obligation. It is all very well for members opposite to say that we should sort it out by one means or another. We have been trying to do that. At one stage, we asked the federal government to guarantee that it would not change the tax rules in relation to this project for the duration of the project. It would not give us even that undertaking. The Commonwealth has a legal obligation. I hope that this motion is a step towards its taking responsibility for the survey and then fulfilling its legal obligation. As representatives of the people of the Northern Territory, we must continue to remind the federal government of its responsibility.

I could discuss whether or not the member for Millner's financial calculations are viable and whether or not the member for MacDonnell is simply playing politics, but the reality is that we want to talk about a railway line. We should all be telling the federal government to meet its obligations. It happens to be good for Australia and is part of an Australia/Asia trade link. It will help to build on our work in developing trade into Indonesia and South-East Asia. It will provide all those opportunities. The major initial economic benefit will flow to South Australia and Victoria. South Australian industry will gain
from the supply of construction materials such as steel and concrete.

Mr Parish: You did not listen to Barry, did you? He wants to bring it from China.

Mr HATTON: If he has to. However, the railway would represent 3 years production from Whyalla. That would be good for South Australia. If that trade link works, manufacturers in Melbourne and Adelaide will be assisted in reaching the Asian market by riding on the back of our initiative.

Certainly, the Territory will benefit because it will make more economic a range of deposits and other resources that are not economic at the moment. In the long term, our role as an entrepot and a trading port will increase our infrastructure and provide facilities for development and manufacturing to serve both north and south. However, the immediate and short-term advantages will flow to the southern and south-eastern parts of this country. The federal government should be reminded of that. It might even gain some votes in those areas. The Northern Territory is the major proponent of the project because we can see its advantages. However, it is a national project.

The federal government has an unlimited obligation to build the railway. It could be argued that it has a constitutional obligation to build it as just terms for the acquisition of the Northern Territory. The Northern Territory people themselves paid the price for this railway line over 70 years by their loss of constitutional and democratic rights as the mendicants of a Canberra bureaucracy in the period before self-government. Even though we do not have full constitutional rights now, prior to 1974 effectively we did not have a say in issues that affected the Northern Territory. That was a fairly high price for Territorians to pay for a railway line. The compensation has never been paid. The federal government has to be reminded of that continually. The opposition claims to have the ear of the ministers in Canberra. It should use that to keep saying that it must meet its obligations and not walk away from them. Territorians deserve the compensation and Australian deserve the project. The Commonwealth must set to work and stop squibbing on its debts.

Motion agreed to.