Question Date: 27/10/87

Question: Darwin to Alice Springs Railway

Member: Mr SMITH
To: CHIEF MINISTER

Status: Questions

Information:
I refer to the front page story in the leading Japanese financial daily yesterday which, amongst other things, stated that preference will be given for concessions relating to our rich natural resources in return for investment by Japanese companies in the railway. What concessions have been discussed and what agreement has been reached?

ANSWER

Mr Speaker, I cannot say this question comes as any surprise given that the Leader of the Opposition gave a clear indication through the media this morning that such a question would be asked. I will preface the answer by saying that I received a copy of this press report late yesterday. Honourable members will be aware that I made some public comment that I would be seeking to find out where the report came from and to verify the accuracy of the statements made in the report. We have been unable to identify the source of this particular statement and apparently the media has been unable to track down the source of the statement also.

I would like to refer to some of the comments the Leader of the Opposition made in the media today because it would be worthwhile having the matter clarified. In Territory Extra this morning, and also in news reports, the Leader of the Opposition indicated that the suggestion to include proposals, such as potential rights to develop mineral resources or other projects, is somehow a new issue that has been thrown into the ring as far as this railway is concerned.

I will not suggest that the Leader of the Opposition is either deliberately lying or deliberately misleading the people. I must work on the assumption that either he does not do his homework or, quite frankly, is simply incompetent in terms of following the debate on the railway. I would like to refer honourable members to a number of reports. I refer to a media release that I issued on 20 April 1987. It said: ‘Mr Coulter discussed mineral developments and markets with his Japanese counterpart while Dr Conn is to represent the Northern Territory government in the Japan Australia Transport Study Group’.

There was an article in the NT News of 20 April. The front page story referred to myself: ‘He said all parties involved in the $610m railway project had shown strong interest in possible allied mineral developments’. On 20 April, at a press conference in Darwin, I stated: ‘With the other industries that can be developed off that transport mode - mining, agriculture and other industries that become more viable with the rail line - you start to get an understanding of why it should be called a transport study group rather than really a railway study group’.

On 29 April, I said in answer to a question put in this Legislative Assembly: ‘I might say here that the project may involve more than a railway line. The line is really the linchpin in the development of a transportation system which involves shipping, ports and rail as related transport modes. It is possible that other projects can be mixed and matched with the railway in a consortium-backed multi-project venture that could well improve the viability of the total scheme, and provide more investment opportunities for the Northern Territory’.
Mr Speaker, I can say to the Leader of the Opposition that that is still the position. The concept of concessions is similar to the process that was used in the United States in the construction of rail services there. As I have said consistently on the railway, we may well blend in other development opportunities, as concessional rights to the consortium that would construct the railway line, to improve the overall viability of the total project. There is no suggestion of subsidies, underwriting or other special arrangements in respect of the railway line. The objective is to get a railway line built and if, in doing that, we can blend together other development opportunities that become viable with the railway or which – to use a colloquialism – can ‘sweeten the pie’ to improve the overall viability of such a business consortium, then I support that approach fully, because to use a railway line and to accelerate economic development in other areas in combination can only work to the benefit of the Northern Territory and Australia generally. There is no suggestion there of any hidden subsidies.

This railway line is a significant and fundamentally important social infrastructure and transport infrastructure facility and, as such, deserves careful consideration of any options that are available. There have been no fixed agreements on any form of concessions or otherwise. Certainly, different options have been outlined in a similar vein to the way they are being outlined in the House.

Those discussions are open for consideration by the government and consortium members and consideration is being given to how they can be brought together. There will be meetings during November which we hope will further advance the proposal. I reiterate the comment I made yesterday, that I am heartened by the interest being shown in the railway. I advise honourable members that interest is increasing on almost a weekly basis among Australian businesses. They are showing keen interest in examining the railway project with a view to possible participation in the consortium.

In case any members run the risk of being misled, I can advise that we are still working towards the creation of a consortium. The study group is the vehicle for examining opportunities and identifying potential participants in such a consortium. The consortium is not yet formed. We are working towards that and the details will be worked out as the project develops. I still feel reasonably confident that we can commence construction of the railway some time during 1988. I make no firm commitment to that date because the task is very complex and difficult. The establishment of this railway has confounded governments in the Northern Territory community since 1911, but I genuinely believe that we are far closer to the realisation of our plans than every before.

I would like to remind honourable members that the Leader of the Opposition has been an active proponent of the view that the Northern Territory should reconsider the federal government’s 60%:40% proposal, which would involve a direct capital works injection by the Northern Territory government of around $300m.

Mr Smith: No, that is wrong.

Mr HATTON: The injection would be 40% of $610m in 1986 dollars. The Leader of the Opposition can do his own sums, but it is certain that any such amount would be a very high direct cost to the Northern Territory community. I will not rule out the possibility of the Northern Territory government becoming involved in the railway, although my preferred position is that it be a 100% private enterprise project. Equally, whilst there may be some opportunity costs in encouraging private investment, the net benefit to the Northern Territory would be more than offset by those. Although I am not suggesting that it will be the case, benefits offered could
include the waiving of rights to mineral royalties. The entire project could be put together in such a way that it would generate additional business development along the rail corridor.

Mr Smith: It will be subsidised by the back door rather than the front door.

Mr HATTON: Mr Speaker, the Leader of the Opposition refers to that as subsidisation through the back door. I am talking about the possibility of giving a concession in terms of forgoing revenue from projects that would not start if there were no railway line. If there were no railway line, there would be no revenue from such projects because the projects would not commence. These matters will be considered in more detail as issues develop. We know the opposition likes to criticise and knock developments in the Northern Territory but I was really sad to see the Leader of the Opposition jump on the bandwagon and try to find some way of criticising yet again what could be one of the most exciting development projects or consortiums that the Northern Territory has seen. Our government will work with all expedition to try to have this project under way in the interests of the Northern Territory and to generate some wealth both for the Territory and Australia.