Mr COULTER (AustralAsia Railway): Mr Speaker, I lay on the Table the annual report of the AustraliaAsia Railway Corporation for the period ending 30 June 1998. The corporation was jointly established by the Northern Territory and South Australian governments to facilitate the completion of the Adelaide to Darwin rail link. The fulfilment of this national project is a high priority for both governments, and the corporation has made some substantial progress in making this vision a reality.

The project is now reaching the critical point. The private sector's judgment on the project's commercial viability will soon be made known to us. Detailed submissions from the 3 shortlisted consortia are due to be lodged with the corporation by 31 March this year. The competitive tension in the bidding process has been high. In my most previous statement to the Assembly on the rail project, I reported a strengthening of the 3 shortlisted consortia with:

• the Barclay Mowlem/John Holland joint venture joining the Asia Pacific consortium, which already has as its members Brown and Root, Hutchison Port Holdings and Genesee & Wyoming;

• the major French-based construction company Bouygues joining the Southern Cross consortium, which has as its founding members the Henry Walker Group, the Australian Transport Network which includes Wisconsin Central, and a Brunei financial institution; and

• Perkins Shipping having joined the Northlink consortium, with its original membership being Thiess Contractors and the Commonwealth Bank of Australia.

I am pleased to report a further strengthening of the consortia. The Northlink consortium now has the National Rail Corporation as a member. Macquarie Bank - previously only an adviser - and a French specialist track-laying firm, Tavaux du Sud-Ouest, have joined the Southern Cross consortium as full members. Furthermore, MacMahons Holdings Pty Ltd have joined the Asia Pacific Transport consortium.

I am also pleased to report further progress on some of the key challenges associated with the project. Last Thursday, on behalf of the Northern Territory Government, I signed historic agreements with the Northern and Central Land Councils for the Adelaide to Darwin railway to be built over Aboriginal land in the Territory. In return the Aboriginal communities will receive an $8.4m benefits package to compensate for the loss of land title and for the effects and impact of railway construction and operation. These agreements follow more than 2 years of hard bargaining. The issue was enormously complex because of the different land situations along the 1410 km length of railway corridor and because so many individual Aboriginal stakeholders and families were involved. Completion of these agreements, and the certainty they provide in terms of securing the rail corridor, will be viewed positively by the 3 shortlisted consortia seeking to build, own and operate the railway.

I have outlined in a previous statement the shortcomings of the access conditions applying to the project under the nation's Competition Principles Agreement which came into force in 1995. Essentially, if these conditions - designed for mature industries in the southern states - were applied to new greenfield infrastructure projects in developing regions such as the AustralAsia Railway, they could jeopardise the project's viability.

Part IIIA of the Trade Practices Act establishes a legal regime whereby third parties can gain access to
facilities of national significance. This is commonly known as the national access regime. Various options which would allow the rail project to operate within the current national access regime have been explored, whilst at the same time providing the necessary level of comfort required by consortia looking to make a long-term investment in the project. The best option within the current legislative framework is for the development of a state-based access that is certified as being ‘effective’ by the National Competition Council (NCC). The Northern Territory and South Australian governments have been working closely together to develop an appropriate state-based access regime.

I will be introducing into the Assembly in this session the AustralAsia Railway (Third Party Access) Bill. The bill will be introduced as mirror legislation in the South Australian parliament next month. This will enable one access regime to apply uniformly between Tarcoola in South Australia and Darwin. However, passage of the legislation through the 3 houses of parliament is only part of the process before the access regime can be applied. The Northern Territory and South Australia will jointly apply to the NCC seeking that it recommend to the Commonwealth Treasurer that the joint South Australia/Northern Territory access regime be certified as ‘effective’. A key aspect of the bill is that it will seek to maintain the integrity of the successful consortium’s cash flow - balanced, of course, with reasonable access to third-party train operators.

Other key issues such as the terms and conditions of government financial contributions and the lease of the existing rail line from Tarcoola to Alice Springs to the project are close to being finalised. The Commonwealth government’s decision that the $300m to be provided by the 3 governments to the project will be assessable for tax purposes is still of concern. However, alternatives continue to be pursued to maximise the tax-effectiveness of the government’s contribution. The Territory and South Australia continue to seek agreement in principle from the Commonwealth that the latter’s contribution can be ‘grossed up’ to take account of any taxation of the grants by the Commonwealth. Another alternative is to provide the government contributions through a government capital works program, by way of a contract to the successful consortium. In the absence of approval of the ‘grossing-up’ option by the Commonwealth, the capital works approach is the most likely outcome.

Negotiations for the transfer of the existing 830 km section of railway line that connects Alice Springs/Tarcoola with the project have progressed. A draft head lease covering the Alice Springs/Tarcoola line has been negotiated with the Australian Rail Track Corporation (ARTC), the new body established to manage Australia’s interstate rail network. The head lease will give effect to the Commonwealth’s commitment to transfer the line to the project at nominal rent, and has involved detailed negotiations between the AustralAsia Railway Corporation, the ARTC and representatives of the Commonwealth, Northern Territory and South Australian governments. Issues still to be finalised with the head lease include responsibility for pre-existing environmental contamination along the existing corridor, the grant of title, native title and Aboriginal land claims. Nevertheless, I am confident these will be resolved to the Territory’s satisfaction.

The complexity of a Build, Own, Operate and Transfer back (BOOT) project such as the AustralAsia Railway should not be underestimated. Given that the project will be transferred back as a public asset at the end of the concession period, it is important that the government put in place now all the necessary safeguards to ensure that the asset is returned in good condition. Therefore, the government is giving close attention to the development of all relevant project documentation, including the myriad of interlinked deeds and contracts covering everything from the design and construction of the railway to its ongoing maintenance and upgrading. All of this documentation needs to be finalised with the successful consortium before construction can commence.

As I said in my previous statement to the House, the government is determined to put in place a consortium by the end of this year to build, own, operate and transfer back the railway.

Many important milestones have been reached towards achievement of that goal. However, much work still remains to be completed. The due date of the receipt of the detailed submissions for the short list of consortia is 31 March 1999, as I said previously. The corporation will then undertake a detailed assessment of the bids and I would hope to receive the corporations recommendation on a preferred consortium by June. Subject to approval by the 2 governments, contractual settlement will be pursued with the preferred consortium, with financial close expected to occur towards the end of the year with construction commencing shortly after.
Finally in tabling the report of the corporation I would like to pay tribute to the corporation's board and its staff for taking this proposal forward from a concept to a project that is being seriously evaluated by the private sector. In doing so, I would like pay special thanks to all the board members including the Chairman Mr Rick Allert, and a special recognition for the CEO of the corporation, Mr Paul Tyrrell.

I would also like to pay tribute to Mr Arthur Sinodinos from the Prime Minister's Office and also the previous Chief Minister, the now member for Port Darwin. Without his intervention from time to time with the Prime Minister, and also tagging along with him on many of those occasions to the Premier of South Australia, the success of this project and the place that it has now reached would have not been obtained.

I continue to report progress on the railway. Sometimes that progress is frustratingly slow and difficult, but we are getting there. A real day of truth will arrive soon, and that is the closing date of submissions by the 3 consortia. The quality and the detail of their bids will tell us all how, when and indeed if the final chapter of this big Territory story will be completed.

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

Mr STIRLING (Nhulunbuy): Mr Speaker, it is my first opportunity to address the Assembly with the responsibility for the railway from this side of the House. Like others in the Assembly I am a firm believer in the railway and the opportunity it presents not only for the Territory but for Australia because it's a very important piece of national infrastructure.

A rail link from Adelaide to Darwin is important for both trade and strategic purposes. A great feature of the project would be its potential to create jobs for many people in regions of current high unemployment, including the upper Spencer Gulf region, with up to 2000 jobs expected to be created in the construction phase alone.

I am yet to receive a briefing from the minister and his staff due to time constraints up to this point but I've been offered a briefing by the minister and I'll be taking the first available opportunity to get across all the outstanding issues.

The minister has provided the House today with another chapter in the longest running story in the Northern Territory. If the rumours are true and the minister is waiting for the railway to be built before he retires, he could well be the longest serving member in this Assembly in history by the time it occurs. But let us hope not for, of course, we continue to support the Adelaide to Darwin railway. In fact, with the level of cooperation the minister is getting from his Canberra mates I am sure that he, like us, would have preferred to have seen Kim Beazley in the Lodge from 3 October on for the railway's sake at least.

The minister's statement is fairly brief as is the annual report provided with it. Apart from financial statements, the report doesn't really provide us with any additional information and is some 8 months old. But I do have a couple of queries arising from the report which I'm sure the minister can pick up on in his closing statement.

I note in relation to the membership of the board, Mr Nick Paspaley was appointed on 4 December 1997 and resigned on the 27 February 1998 apparently without attending any of the 3 meetings held during that period when he was a member. I'd be interested to hear a brief explanation concerning Mr Paspaley's absence and subsequent resignation and, if there was a problem in him attending, why in fact he was appointed in the first place.

I note also that the major expense of the corporation was more than $2m worth of consultants' fees. There aren't details provided as to who got what between the 4 main consultants in the various professions, but it is a lot of money. I hope the minister is satisfied that we are in fact getting the best quality advice and value for money on the tax payers' behalf.

Another brief point I would raise with the minister is on page 24. It lists contributions from the South Australian and Northern Territory governments. In total, it would appear that the Northern Territory government provided $1 823 000 and South Australia contributed in total $1 533 000. I ask the minister to outline in his response why the Territory's contribution would seem to be almost $300 000.
more than South Australia’s to this point. I am assuming these figures don’t include the additional value of the work performed by Territory government departments such as Transport and Works and NT Treasury, which I imagine will be ongoing.

Turning to the minister’s statement in general, it is clear that the railway is getting very little support from Canberra. The minister’s statement is as interesting for what it doesn’t say in this matter as for what it does. Page 1 of the minister’s report records that the project is a high priority for both the South Australian and Northern Territory governments but we can hardly say the same for the Howard/Costello federal government.

The minister updated us on a couple of matters relating to land corridor agreements and consortia arrangements. I must say that it was very pleasing to see the minister and his staff at the Northern Land Council office very recently signing off with Aboriginal people on the corridor. I know that negotiations were complex and challenging over a period of time.

I do have a query in relation to the compensation package. In October in his statement the minister outlined an $8.8m package but today’s statement refers to an amount of $8.4m, $400,000 difference which the minister can pick up on in his reply. It is a pity, though, that the Northern Territory government did complete these negotiations with the big stick approach. This was not because of the minister responsible for the railway, I might add. It was the former Chief Minister who was again very aggressive in his stance towards Aboriginal stake-holders in this project threatening federal intervention and compulsory acquisition and threatening, of course, to call off all negotiations all together, when in fact there had been steady progress and discussions were continuing. Threatened by the former Chief Minister’s bluff and intimidatory threats, I pay tribute to the cooler heads that prevailed on both sides of the negotiating table that brought the historic deal to fruition. Like statehood, progress was set back on this project every time the former Chief Minister opened his mouth and went on the attack, and no doubt causing grief to those involved in delicate sensitive negotiations and particularly those who had put in the most work to get the project this far.

As the statement reports, there are still a number of issues still to be resolved. In fact, I am surprised just how many critical components of this project are still in the air.

Turning to the most significant and controversial issue in the statement, where again the heavy-handed former Chief Minister looms large, it is that related to the taxation of government grants. On page 7 the minister said that the Commonwealth government’s decision that the $300m to be provided by the 3 governments to the project will be assessable for taxation purposes is still of great concern. Still a concern! That is breathtaking in its level of understatement by the minister. When is a government grant not a government grant? Apparently, it seems, when it is Howard and Costello who are making the promise. The history of this political grandstanding is worth revisiting.

The Prime Minister announced on 23 August 1997 that the Commonwealth government would contribute $100m to the rail project. No mistake about that. The money was allocated from the Federation fund, the bucket of cash from the partial sale of Telstra for projects. The rail project had been promised a cash contribution from Howard’s slush bucket of $100m.

The rail minister has, of course, been on record for years indicating at least $300m of public funds was required for the project. From this point on, we are told, Nick Dondas campaigned long and hard, as did Country Liberal Party members in this Chamber, about the $100m Howard had given the railway. ‘Look what Nick got you’, the direct mail letters squealed, pumped out in the federal campaign. ‘Look what Nick got you’. It was 5 days after the federal election before the minister, for the first time, told this House that the Commonwealth government was likely to recover over $100m in taxation from the railway project. ‘This is a good deal,’ they said, ‘We will get the Northern Territory to put in $100m, and we will get the South Australian government to put in $100m, and we are just going to nick $108m back’. That’s not bad. That’s an $8m windfall for the Commonwealth government. ‘We will give you $100m and we are going to snaffle $108m back’. It was 5 days after the federal election before we heard any of this for the first time. I am really quite sure that this advice was available before the election on 3 October, but it was clearly withheld for political purposes. It ultimately, of course, didn’t help the hapless Dondas, and Snowdon was on his way back to Canberra.

I ask the minister to advise exactly when he did learn from Canberra that the cash contributions were
taxable. Perhaps in the interests of open and accountable government, taking the lead from his Chief Minister, he will table the letter with the bad news from Canberra so we can be sure of the date. As the minister pointed out in this House on 8 October, the railway tax position was absurd and, of course, we couldn't agree more with him. But, not to worry. The next time Territorians hear anything about the $300m for the funding is when the former Chief Minister, Shane Stone, jetted off to see Little John to try and fix up the statehood debacle and the rail money on a joint trip.

Saturday morning, 14 November 1998, we learn from the *NT News* that, indeed, the former Chief Minister had sorted things out with his good mate, the Prime Minister. `$300m Rail Funding Safe', ran the story. It said:

*The federal government will not tax $300m worth of grants to the Darwin/Adelaide railway project, it emerged yesterday. Chief Minister, Shane Stone, received the assurance directly from the Prime Minister, John Howard, during a meeting in Canberra.*

The story went on:

*Mr Stone said: “The railway decision sends a message that the 3 governments are serious”. Mr Stone said it was a good result, adding: “We came down here in a fairly broad vacuum”.*

I have no doubt he did. He had just lost the unlosable referendum and put Snowdon back in as the federal member.

The *Centralian Advocate* ran a similar story reporting the railway's grants would not be taxed, on 17 November 1998, 'thanks to an assurance from the Prime Minister'. That's the last thing Territorians, indeed, Australians, have heard about the funding for the project until today when it is revealed that the grants are still taxable. So, questions do have to be answered and it's unfortunate that it is the minister responsible for the railway left with the little task of answering them. Did the Prime Minister lie to Chief Minister Stone? Did the Chief Minister lie about his conversation with the Prime Minister? Certainly the Prime Minister never took the opportunity to make any correction to the story put out by the Chief Minister.

Clearly, the Howard Liberal government isn't interested in the railway. With the stroke of a pen the government grants could be deemed tax exempt by Costello and Howard. It's been done before. The truth is there simply isn't the political will to do so. Notwithstanding the porkies the Chief Minister told when he returned from Canberra, clearly the minister has lost the battle so far to have these grants declared tax free.

Instead, we now have plan B, this absurd proposal to gross up the Commonwealth's contribution to the project to take account of any taxation of grants. While the minister's endeavours to save the project are worthy of support, it is outrageous that a national infrastructure project of more than $1m relies essentially on running 2 sets of books. It is something out of the Dodgy Brothers school of accounting. Can't you hear the deal? ’So you reckon you are going to tax us?’. Well, I've got a deal for you. I'll pay if you pretend to give us $200m instead of $100m, and then there will be enough for you to pay yourself back $150m in tax and everyone should be happy with that.’ It is just absurd - it is grossing up, inflating contributions to take a count of tax grabs. It must be something of a joke with the consortia, and it is little wonder rumours abounded before Christmas that one or more of them were about to walk away. It would seem there is little good will in Canberra to help the minister out with the suspect plan B.

So we turn to plan C - a capital works program awarded to the winning consortia, thereby avoiding taxation liability. Receiving a $300m cash contribution and a contract for $300m worth of work is obviously not the same thing. Quite literally, a $300m grant is cash for the bank, the deposit needed to enable the bidders to raise the balance of the funds from the private sector. With $300m from government in the back pocket, $500m or $600m or $700m could be levered up in private finance. The financiers of the project would hardly feel the same way about the prospect of work to the value of $300m. The minister knows it is a poor option, the consortia know it is a poor option and their financiers would certainly know it is poor option.

What are Howard and Costello up to? Are they hell-bent on making this project unviable? The railway project has been dudged, and we are talking about a national infrastructure project of more than $1000m. Quite clearly, Costello, Fahey, Fisher and Howard have gone cold on the whole deal. At the
time there was a slight hiccup in the rail project. We heard plenty about it in the media, particularly if it related to Aboriginal issues, but there was not one whisper if it was about federal government ineptitude or stone-walling on the whole process.

The manipulation of the project by some, in particular the former Chief Minister, for political purpose has been appalling. The tragedy for the rail project is to contrast the Howard government's attitude to that of Kim Beazley. In 1996, Labor committed $300m of federal funds to the project - that was $300m clear, not before tax or any other nonsense. Since then, of course, Howard claimed that $100m from the federal government was sufficient to enable the project to commence. Kim Beazley immediately announced that his government would match the Howard commitment of $100m in the first term of his government and beyond that Beazley committed to providing an additional $200m clear if required. This matter could be fixed by Costello and Howard in minutes. The consortia is spending millions of dollars putting bids together - it is only a matter of weeks now from the close. Today we find out that they are working on their bids without knowing the detail of how much, or in what form, government contributions will be. We also find out today that we are again relying on Peter Costello to approve an appropriate pricing and access regime for the railway line.

We agree with the minister. The application of national competition principles to this greenfield project would be entirely inappropriate. No-one in their right mind would build the railway without an appropriate level of protection for their investment over a substantial period of time. I am amazed again, however, that the consortia are able to prepare their bids without knowing this crucial piece of information which again affects the viability of the project. It is disappointing that legislation could not have been put to Parliament in the November sittings. I must say it is cold comfort to know that again, ultimately, we are in the hands of Treasurer Costello - he is not a friendly person and he has made that very clear. They continue to move at snail's pace in Canberra.

I support the minister's comments that it is vital that the complex arrangements of deeds and contracts, protecting Territory taxpayers who will ultimately inherit the railway, are as water-tight as possible. The millions we are spending on consultants and advice will be a worthwhile investment only if at transfer time Territorians gain infrastructure which is well maintained and profitable.

We give thanks to the corporation's board, its staff and Mr Paul Tyrrell. Quite clearly the AustralAsia Railway Corporation and the minister have done a tremendous amount of work to bring the project to this point, closer than at any other time in history. It is just a pity about the result of the 3 October election. I think we would have been quite a few steps closer again under a Kim Beazley government.

Mr BALCH (Jingili): Mr Speaker, I stand here today to speak about the report by the minister. Much has been spoken and many platitudes been given to the minister about the great work that has been done on this project in the past. I guess we feel that we are as close to being in the home straight with this project as we have ever been. In fact, a clear story is emerging about the progress of the Adelaide to Darwin railway project, and that is that without the considerable efforts of the Northern Territory, the project would be a long way back from where it is today.

The corporation was jointly established by the Northern Territory and South Australian governments to facilitate the completion of the Adelaide to Darwin rail link. The South Australian government is a $100m cash contributor to the project, along with the Northern Territory government and the Commonwealth. That is all very good. In fact, it is vital. But as a careful listener to the minister's regular progress reports to this Assembly on the railway project, I cannot help but form a view that it is the Territory which does the vast bulk of the work required to get this project up to the mark.

South Australia follows us in terms of approving and signing off documentation, and in terms of enacting necessary legislation. The Commonwealth, while largely retaining a positive attitude to the railway, responds to the various issues which are raised in its own measured and contemplative time, and often after considerable urging and prodding.

However, it is very pleasing to note in the minister's statement that, finally, the detailed submissions from the 3 short-listed consortia are due to be lodged with the corporation on 31 March 1999. Despite the claims by the member for Nhulunbuy to the contrary, I am pleased to note in the minister's statement that there has been a strengthening of the 3 short-listed consortia. This is excellent news and demonstrates that the level of interest in this project is very high.
It is pleasing to note the progress on some of the key challenges that were associated with the project. I find it interesting that the member for Nhulunbuy would perhaps expect that such a complex project as this was going to slip through the system with minimal problems. A project of this nature was always going to encounter many hurdles, both legislative and otherwise.

I was pleased to note the historic day when the minister signed off on the agreements with the Northern and Central Land Councils last week. Certainly, these agreements were essential to providing the security for the rail corridor which would be required by the consortia involved in building such a project. The National Access Regime is also an issue which has had to be worked through. I note that the Northern Territory and South Australian governments will jointly apply to the National Competition Council seeking the NCC recommendation to the Commonwealth Treasurer that the joint South Australia/Northern Territory Access Regime be certified as effective. Again, this is another one of those things which has had to be worked through, although they have not been insurmountable problems. It certainly does not ring of the kind of conspiracy argument that the member for Nhulunbuy was raising. They are in fact the obstacles and hurdles that will always come up in a complex project such as this, and are things that simply have to be worked through.

Obviously, as pointed out in the minister's statement on page 7, the Commonwealth Taxation Office's decision that the $300m to be provided by the 3 governments to the project would be assessable for tax purposes is also a great concern. Any reasonable person, you would think, would see that a Commonwealth proposal to tax government grants to the project is stupid and illogical. If it takes $300m in public cash injection to get the private sector to start spending millions of dollars working up submission bids, why would an arm of the Commonwealth then destroy the viability of the project by taxing government grants, including its own portion of the grant?

However, as the minister quite clearly pointed out, there are already 2 or 3 options which have been worked up, and these have been done with the complete cooperation of the federal government. We certainly welcome the undertaking by the Prime Minister that the taxation can be avoided by treating the grants as capital works contributions to the project. Clearly this is support from the Prime Minister. That is, in fact, only one answer, but clearly it is not the best answer. A first step cash contribution would be of great benefit to the consortium selected to build, own and operate the railway. The consortium would be able to stretch the value of a cash contribution to the maximum advantage, thereby reducing the eventual amount of public input.

The option is available for the Commonwealth, through the grossing-up arrangement outlined by the minister. This simply means that the Commonwealth increases its nominal contribution by the amount of the tax it intended to collect, and then pays itself back. In other words, it is no more than a book entry, and one which is being currently considered. I know the matter is still being considered by the Commonwealth, and I urge the Commonwealth Treasurer and the Minister for Finance, to come to a priority decision on it. It is, after all, only common sense.

As the minister pointed out, there is much work still to be done on this particular project, and a number of issues still to be finalised. I note in the minister's statement that the government is in fact determined to put in place a consortium by the end of the year to build, own and operate and transfer back the railway. This gives me a good sense that we are indeed in the home stretch on this particular project.

Finally, I would hope and trust that the successful consortium will maximise benefits in the construction phase for local businesses. It is a part of the bid documentation, including Aboriginal participation, for opportunities for smaller spin-off construction projects such as access routes, and for the supply of construction material. Because this has been a project which Territorians have lived with for many years, have great feeling and ambition for, we want to make sure that everyone who can, will share in the benefits of such a project.

Mr BAILEY (Wanguri): Mr Speaker, I would like to make a couple of comments. The first is that quite clearly the $300m contribution by the 3 governments is a major issue, and one that I think we have to accept that there have been some quite misleading statements made over the last year or 2 in relation to that money, in the context of when promises were made in relation to elections etc. It is unfortunate that again, like issues of statehood, this issue that the opposition has fully supported in a bipartisan way has been used by this government to try to get political gain in a way that I believe was
quite deceiving to the people of the Northern Territory. However, I for one do look forward to the
building of the Alice Springs to Darwin section of the Darwin to Adelaide railway.

I want now to place on the record briefly some information about a study tour I undertook to South
Africa as part of a trip I took under my entitlement in the new year. As shadow spokesman on tourism,
part of my trip to South Africa included a train trip on the Shongololo Safari Express. This is a trip that
goes from Cape Town to Johannesburg.

Mr Elferink: Is that the old Blue Train?

Mr BAILEY: No, the Blue Train is still running. It's a very expensive luxury train that I think takes a
night or 2 to cover the distance.

Let me outline the development of the Shongololo and why I saw it as relevant to the Northern
Territory. The idea started 8 to 10 years ago when a restaurateur in Johannesburg, who walked past the
railway station on his way home each night, saw the accumulation of old rolling stock as the railway
system in South Africa slowly sank into decline because more and more people were using buses and
cars or flying to their destinations. He saw the potential for a business.

For the Shongololo they have refurbished older stock. There are sleeping carriages like those seen in
Australia in the 1960s, sleeping 2 to a compartment with a handbasin and a little table, with shared
showers and toilets down the corridor, a saloon car and a dining car. That's the basis of the train but it
also has 2 flat-top carriages at the back carrying 8 or 9 vehicles - VW Kombi vans and small Mercedes
buses. The train zigzags through different areas of South Africa and each day you decide which trips
you want to go on around the place and the buses take you out, returning to the train each evening. If it
has moved on during the day, the buses catch up with it.

That train is currently booked 18 months in advance, I believe. We were lucky to secure bookings
because of some cancellations. It's only advertised widely in Germany and Holland. When I was
planning to go to South Africa following an invitation from a parliamentarian there to discuss
constitutional issues, I looked at literature to find out the things one should see. Of about 20
information magazines, only one listed this train ride. There's an agent in Australia and they get a few
people from here. Currently there are 2 routes, one between Cape Town and Johannesburg and another
that goes from Johannesburg into Namibia. They are negotiating a Cape Town to Cairo route. I
understanding that these are the only trips in the world that cater for touring away from the train.

I see this as important, and I've spoken to some people in the local touristy industry. Imagine what it
would be like to do such a trip from Darwin down through the Northern Territory! You could ride the
train to Batchelor, go into Litchfield Park for the day, move down to Adelaide River and do the War
Cemetery and the area down there, move down to Pine Creek, overnight into Kakadu and back
again ...

Mr Elferink: Maybe a hunting safari.

Mr BAILEY: A hunting safari - that's appropriate. I believe there are some being operated out in the
Cobourg area by the traditional owners. Then there's the Edith Gorge area, Katherine, stopping all
along the way.

We know the initial expectation for the railway is one service each week backwards and forwards. So
the amount of traffic on the line isn't going to be huge. The minister has always said we don't want
things with legs on the train. He doesn't want passengers, he doesn't want livestock. I don't think he
wants to carry furniture either because it falls apart by the time it gets there. I understand the logic
behind not wanting to run a straight passenger service. Most of them don't seem to make much of a
profit, just running up and down in competition with buses and planes. But you can promote them to a
degree. I'm not sure whether the Ghan is running at a profit or not. I imagine it may be getting close to
it with the amount of promotion it's getting. There's some resurgence in train travel.

The minister may like to consider the information I have about the way the South African trips operate.
I have suggested to one of the partners that he or a colleague may like to make arrangements to come to
the Northern Territory and talk with the minister, talk with Rail North, about the potential for some
similar type of operation to occur on our new line when it is built. I will be writing a report on my trip and putting together other information to table in this Parliament. I am raising the matter now and flagging it with the minister because the most cost-effective way to incorporate the option of doing this, I would think, would be to include in the initial construction phase for sidings where the train could be pulled off the main track. The amount of other infrastructure required would be almost nil - possibly some septic tanks for emptying the toilets on the train. I see the potential for a unique tourist experience that could extend for the length of the Northern Territory and even continue into South Australia. There are many, many places along the way.

It is my understanding, too, that in Australia there are possibly old sleeper and saloon carriages that aren't being used.

Mr Manzie: They all belong to heritage societies.

Mr BAILEY: Many of them would have gone to heritage societies. But I have read in Track and Signal magazine that a Victorian company recently won an award for refurbishing and recommissioning rolling stock. I understand it is cost-effective to recommission older stock rather than starting from scratch.

Whether the bidding consortia would be interested in building extra sidings, or whether the government would do it, possibly in conjunction with a tourist operator, it would be cheaper to install them when the railway is built than to add them later. I thought it was a potential that the minister may like to consider and talk to the South African operators about. It could be something the Northern Territory would be proud of, showing visitors a vast cross-section of the Territory in such a way that they would go home to other parts of Australia or overseas and tell people what a great experience they had. I commend the suggestion to the minister.

Mr COULTER (AustralAsia Railway): Mr Speaker, in response to the question by the member for Nhulunbuy with regard to the $2m consultancy, most of that money or at least half of it would have gone to Clayton Utz for legal work which was carried out. To Deutsche Bank, the financial advisers to the project, I suggest $250 000 to $300 000. To the probity auditor, Price Waterhouse, I think somewhere near $100 000. This is a legal minefield, and our financial advisers and technical advisers are also very expensive people who have put in a lot of hours on the project. I will provide a more detailed breakdown of that $2m, but at least half of it would have been just to our legal advisers.

'Grossing-up' is not a dead issue in terms of a solution coming from the federal government. It is a matter under active consideration and documentation is before them at the moment. I do stress, though, that there is a solution to the problem by way of the capital works and this was hard earned by the previous Chief Minister, with the Premier of South Australia. It does provide a solution and the consortia are being asked to bid on that basis. If there is a betterment, if we reach a solution to the taxation issue by way of grossing up or whatever, then they can opt for that during the bid process. I have had a bit of difficulty trying to find out just what the betterment would be, and some of the consortia people I have spoken to don't think there is much difference at all. Others think there is.

The same goes for the access arrangements. The access arrangements have to be signed off by the Treasurer under the proposal that we are putting before the parliament here today, and that is that we do have a legislation, which the NCC can agree to, that it is a fair and reasonable access regime, but it does need the endorsement of the Federal Treasurer. Unfortunately, you cannot sit down and talk with the ACCC. The ACCC will only talk to the successful bidder and that is not a very good situation because we don't know who the successful bidder is, so that is why we have opted for this line. However, there are some consortia which believe that there is no jurisdiction for the NCC or ACCC on this particular proposal and they will be putting their bids saying they do not think those bodies can control this issue in this way. That is up to them. Once again they will bid on that process.

So those are 2 comments I would like to make to the honourable member for Nhulunbuy. The taxation matter is under active consideration, there is an alternative, and bidders are being asked to put in their submissions based on that alternative; and with regards to the access regime, some people believe there are answers other than the NCC. We know the NCC will at least work, and we are asking people to bid on that process, or whatever they believe is relevant. It will be important, for that legislation to progress through this parliament and also the South Australian parliament, to ensure that at least we have a basis
on which to proceed with regard to an access regime.

I see nothing wrong with the honourable member for Wanguri's proposal for tourist train. It is just that the government is not going to be in the tourist train business ...

Mr Bailey: I would suggest you need to look into it.

Mr COULTER: Well, with this access regime, the more tonnage you can get on it, the more access you can get on it, the more cash flows that can come from it ...

Mr Bailey: You have to have sidings to get off a long the way at tourist locations.

Mr COULTER: Sidings are very expensive ...

Mr Bailey: It is simpler to put them in first up, though.

Mr COULTER: Perhaps, but it would add considerable expense to the railway project. I can get you a figure on a basic siding, for example at Barrow Creek.

Mr Bailey: I do not know how many you have already planned along the way. You must have some.

Mr COULTER: Yes, there are a few passing loops and so on but I will get you the design estimates for these lay-bys and provide them to you. However, the Ghan is now running, I think you can now go from Sydney through to Alice Springs. Great Southern Railways would be very keen, I'm sure, to continue the journey from Sydney to Darwin and ...

Mr Bailey: There is a difference though. That is like a bus just going from point A to point B ...

Mr SPEAKER: Order!

Mr COULTER: But once again we are not going to direct people to do that and, as I said, I think the capital infrastructure required to enable people to get off at Larrimah would be quite considerable, but I will provide to the honourable member an average siding cost ...

Mr Bailey: I do not need any station bits alongside or anything.

Mr COULTER: I realise that. I thank my colleague for his comments on the project. It is a project that he has followed closely. We are entering a very exciting phase - that is whether, in the judgment of the commercial sector, we have a project or not, and if we do, what are the capital grants required, and whether they believe it is commercially viable. I think the documentation would be sent out to the consortia today or tomorrow, at the latest, and they can sit down and put in their conforming bids. It will be an anxious mail opening, I'm sure, on 31 March or 1 April, to see whether or not we have a project that does stack up.

I might say that it will take a considerable time to do the assessment on those bids and legal, financial and technical advisors will have to plough through the enormous documentation that we expect to be delivered to us on 31 March to sort out the winning consortium. Then, I would remind honourable members, once we have reached that stage, which will probably take us through to June, that we then have to get into a contractual arrangement with that winning consortium and that would also take 2 or 3 months. As I said in my statement, you could see the signing of an agreement with the winning consortium towards the end of this year with construction to start shortly after that.

If the construction was to start it would be an enormous capital works program right across the Northern Territory. Every community, every contractor in the Northern Territory would get a slice of this action if they are competitive, and local industry input into this project would be enormous. It would be the largest capital works program ever undertaken in the Northern Territory. Just to shift 17 million cubic metres of dirt in 3 or 4 years is in itself an enormous task. The minister for resources would probably know better than me, but I think a goldmine like Cosmo Howley would shift about 1 million cubic metres of dirt, and so we are talking 17 Cosmo Howleys in terms of the amount of dirt that would need to be shifted.
Think of the 2.3 million sleepers that would have to be put in place, the 2 million tonnes of ballast that has to be acquired and taken out there, the 9 million spring fasteners that would be required and the 155,000 tonnes of steel. It would be one of Australia's largest steel orders for some time, to make this project possible. It is indeed very exciting.

The spin-off benefits to the Northern Territory, and what it would provide us in terms of taking our rightful place as the front door of Australia, can be satisfied with the completion of this project. In closing, I reiterate what I said in my speech - I would like to pay particular gratitude to Paul Tyrrell for his work in this project, to the previous Chief Minister for his valuable intervention from time to time and also to the Prime Minister, without whom it would not have got to the stage that it has today.

Motion agreed to; paper noted.