Mr TUXWORTH (Chief Minister)(by leave): Mr Deputy Speaker, this Assembly has properly had a very real interest in the Alice Springs to Darwin railway for a number of years. A number of ministerial statements have been made to the Assembly on this subject. Looking back, they make particularly interesting reading. There were the statements which were delivered with unbridled delight when the Fraser government announced that the railway would proceed and there were those delivered in both anger and sorrow as the Hawke government first evaded and then broke the promises it had given.

Just over 2 weeks ago, I spoke about the railway in positive and encouraging terms. I indicated that the railway project was very much alive and that a comprehensive report now in the final stages of preparation would show that the railway was justified on economic grounds and should be built. The Leader of the Opposition, running true to form, immediately accused me of fabricating a new development when in fact there was nothing new to be said. Again true to form, the Leader of the Opposition was wrong.

Mr Deputy Speaker, the Territory has been very patient. We have waited 74 years since the Commonwealth accepted a legislative commitment to build the railway. Patience may be a virtue but enough is enough. The people of this Territory want the railway and we want it now. The deceit and treachery of the Hawke government is unacceptable and intolerable. The Alice Springs to Darwin railway is a magnificent national project. It will boost Australia's social infrastructure, open up new overseas trade opportunities, provide jobs and foster development. In turning its back on the project, the government has made a sow's ear out of a silk purse.

Mr Deputy Speaker, I want to advise the Assembly today of the current situation with the railway and the actions that we have in hand at the moment. But I want to put these into a proper perspective and to do this I need to review briefly some of the railway's recent history.

I can pass over the first 70 years of the 74-year history of the railway in just 2 words: 'nothing happened'. Oh yes, Mr Deputy Speaker, the line to Alice Springs was built and, for a time, the north Australian railway operated. But the transcontinental link, the key, was never achieved and, as a consequence, the benefits of the railway could not be realised. In fact, Australians would be about the only people I know of who would build half a railway and then complain that it did not make money.

The breakthrough was in 1980 when the Fraser government agreed to proceed with the project and promised completion as a major national bicentennial project by 1988. This was a decision which recognised at long last the contribution the railway would make, not only to the Territory but to the nation. I might also add that it was not a decision which the federal government reached all by itself. At that time, the Territory government was extremely active and very persistent in arguing, cajoling, persuading and
heading off those whose limited vision did not allow them to see the benefits of this project. When the facts were properly considered, the verdict was clear and the railway was given the go-ahead.

What were those facts, Mr Deputy Speaker? Firstly, it would create jobs, not just for Territorians but for all Australians - 700 people would be directly employed in the construction phase and 300 permanent positions would be available once the railway was operational. All told, in direct and indirect employment, the railway was worth about 2000 jobs for Australia.

The project would require 156 000 t of steel rail, an enormous boost to the steel industry at Whyalla. The project is estimated to be worth $200m to the ailing steel industry alone. The rolling stock - 30 locomotives and 2000 freight wagons - would mean jobs for workers in New South Wales and an enormous boost to the concrete and construction industries.

Mr Deputy Speaker, it would be difficult to argue against the railway just in terms of its job-creation effects, and these are real jobs, not make-work schemes. Of course, the benefits of the railway are much wider. The railway would generate a new era in our nation's social cohesion and it would help establish the Territory as an integral part of Australia. This is a real consideration as we move towards statehood. The Territory's transport and infrastructural links with the rest of Australia are far too tenuous. The railway has tremendous defence implications and I will return to the defence issue shortly.

One of the historical features of railway expansion in Australia has been that economic development has followed the spread of the rail network. There is no doubt that this would be the case with the Alice Springs to Darwin railway. Territory studies have identified a number of projects which could achieve viability if the railway were in place but which, without the railway, will probably not proceed. These include the mining of limestone at Mataranka, manganese at Renner Springs, barytes at Dorisvale and phosphate at Waratah, east of Tennant Creek. In addition to these specific projects, future exploration would be boosted considerably and the viability of the silver-lead-zinc deposit at MacArthur River would be enhanced.

One of the most exciting aspects of the railway would be the new opportunities for trade between Australia and South-east Asia and the railway offers an alternative transport access between South-east Asia and south-eastern Australia. It would provide a new, efficient and relatively low cost way for Australian exporters to move their goods into South-east Asia by linking the railway and the Port of Darwin and a new way for importers to avoid the ever-increasing delays and costs of the congested and usually strike bound ports in the south.

Mr Deputy Speaker, against this background as we entered the decade of the 1980s, we had every reason to believe that, by our bicentennial year the railway would at last be a reality. After all, the government was committed to it and the opposition had given its own promises. During the 1983 federal election, the then leader of the federal opposition, Bob Hawke said: 'We, if elected, will complete the Alice Springs to Darwin rail link'. The federal Labor Minister for Transport strutted the ALP transport package for the Territory which included construction of the Alice Springs to Darwin railway by 1988 and completion of the Stuart Highway by 1986. The former federal Labor member for the Territory boldly declared that only a Labor government could be trusted to build the Alice Springs to Darwin railway. Less than

2 weeks after this statesmanlike announcement, the federal Labor government walked away from the railway and the Territory. Notwithstanding the legislative commitment, including a specific commitment to fund the railway in the 1949 Railways Standardisation Act, and the solemn promises and undertakings that were given particularly during an election period, the federal Labor government simply said it would not build the railway and walked away.
The vehicle for this dishonourable action was the now infamous 60/40 offer, an offer artfully but callously constructed to ensure its rejection. There must be no doubt that the Territory had no choice but to reject that so-called offer outright. It was an outrageous abrogation by the Commonwealth of its responsibilities and commitment.

The Commonwealth argued that the railway was really a Territory project and, therefore, Territorians should pay for it. That, of course, has never been true. We have always stressed the railway as a national project and its benefits are national in their scope and impact. It was the federal Labor Minister for Transport who spoke of the importance of the railway to the ALP plans for national economic recovery. Let us not forget the fervently-held ALP doctrine that railways are a federal responsibility. Federal Labor governments have spent millions in recent years to take over the South Australian and Tasmanian railway systems and have built and rebuilt the transcontinental line to Western Australia.

The Commonwealth also suggested that the Territory is generously treated by the Commonwealth in its funding arrangements and could easily afford to pick up the bill for 40% of the railway. That has never been true and the events of recent months make it very clear just how impossible it would have been for us to meet such a financial burden. Certainly, the Territory receives more per capita from the Commonwealth than the states but that simply reflects the long years of neglect from which the Territory has suffered and the pressing needs of the Territory to catch up with the rest of Australia. The other states have built their railways and their roads, and have established their industries, their agriculture and their other services with the benefit of financial assistance. I might add, for the benefit of honourable members, that the Grants Commission's recommendations to the states this year for funding state railway losses is $3000m.

We entered self-government under a financial arrangement which was designed to allow us to build those facilities and develop those services that other parts of Australia have been taking for granted for decades. That so-called offer from the federal government would have meant an interest bill alone of something like $20 per week for every Territory family. Again, the interest bill alone would have amounted to more than our total budget for police, fire and correctional services every year forever. I could go on but I think the point is obvious even to the honourable members opposite.

Mr Deputy Speaker, the Hawke government then proceeded to justify this shameful fabrication by establishing an inquiry whose single simple purpose was to prove that the railway was not justified. I make no apology for describing the Hill Inquiry in those terms. It was supposed to be an independent economic inquiry into transport services to the Territory. It was not independent and it was not economic. It ignored the transport needs of the Northern Territory totally. Mr Deputy Speaker, the man appointed to conduct the inquiry was a favourite son of the ALP, a man who is chairman of a railway authority which is currently losing about $1000m per annum.

Mr Deputy Speaker, the inquiry's approach ignored the fundamental methodology for economic analysis of a project of this kind. It adopted its own methodology which subsequently has been repudiated by all who have examined it. It can only have been done for one reason and that is to ensure that the inquiry produced the agreed and predetermined result. It was clearly not interested in transport services to the Northern Territory. It made no freight projections; it produced no working papers. It was superficial and relied totally on unsubstantiated and snide treatment of the important matters it was supposed to address. The inquiry was a total failure as a path-breaking study into the social audit analysis which the ALP had trumpeted. The inquiry ignored 3 volumes of evidence presented by the Northern Territory, just as it ignored the other major contributors, all of whom supported the railway project - contributors such as the South Australian government, the South Australian Trades and Labour Council, the South Australian Chamber of Commerce and Industry, and the Australian Confederation of Construction Contractors.
The Hawke government moved with breathtaking speed to accept and endorse this put-up job. Indeed, the federal Minister for Transport had endorsed the report's findings before the Territory government had even received a copy. Territorians are accustomed to fighting for their interests. We expect to have to fight but, when we are right, we sometimes expect to win. There is no doubt that, on the subject of the railway, we have always been right and we should win. We will win.

Mr Deputy Speaker, the Hawke government considered the Hill Inquiry to be the end of the matter, and said so. Prime Minister Hawke said we could have a few dollars for the Stuart Highway, but his Minister for Transport has reneged on that offer too. Against this background of dishonesty and deceit, the Territory government decided to take the case for the railway more firmly into its own hands. The Territory government has commissioned Z studies. The first is a study of the defence implications of the project by the Australian National University Centre for Strategic and Defence Studies. The second is a review of the economic viability of the project by Canadian Pacific. It is important to note the credentials of these 2 organisations.

The Centre for Strategic and Defence Studies is certainly not in the Territory's pocket. Its director, who was involved in the railway study in a major way, has a view quite opposite to that of the Territory government on such important issues as the mining and export of uranium. The centre is, however, the only credible alternative source of advice to the defence establishment in Australia. I remind members that defence matters had been excluded from the Hill Inquiry on the basis that the government would make its own assessment of them. How convenient! Mr Deputy Speaker, that assessment amounted to a 1½ page letter from the Minister for Defence to the Prime Minister. In it, he said that defence priorities did not favour the railway over other projects committed already. It would be interesting to find out what they are. Incidentally, the letter was based on a Defence Department document which we received some time later and which does not support the extraordinary conclusions which the minister chose to draw. The document says that, in circumstances requiring a build-up of defence strength, the railway would have inestimable value. The document says that, in peace-time circumstances alone, there would be advantages. I quote:

'Defence studies are being directed towards consolidating supply from Sydney, and maximising the use of rail transport between Sydney and Alice Springs with movement onwards to Darwin being effected by road transport in the absence of a rail system. This preference for rail is supported by the significant improvement in the rail reliability in all-weather conditions since the opening of the Tarcoola to Alice Springs rail link and by the provision of an almost daily rail freight service between Sydney and Alice Springs and by cost'.

Mr Deputy Speaker, the official defence position is quite clear. The defence forces support the railway but do not want to have to pay for it out of their budget. The ANU report put the issue into its own proper perspective. It said that the defence value of the railway is undoubtedly very substantial. It would contribute significantly to the deterrence of any major threat to Australia, and it would be essential if the ADF was ever required to meet any medium or high-level threat in northern Australia. As the Department of Defence submitted to the Prime Minister in 1984, in the circumstances of a major defence contingency in the north, and in particular one in which coastal shipping could not be guaranteed, a durable inland route could have inestimable value and, in these circumstances, the Alice Springs railway would provide greater defence value than would be available from upgrading the existing road route. The defence value is extremely high and the proposed railway warrants strong national endorsement. That was the conclusion of the report. The report has been published as a book and copies are available for those honourable members who would like to study it. I commend it to honourable members. It is well worth the effort to read. On the defence issue, there was one strike against the veracity of the Hawke government.
Mr Deputy Speaker, the Canadian Pacific report is strike 2. Canadian Pacific is a major north American railway operator of worldwide reputation. Its operations include transcontinental freight services and it moves about 86 000 000 t of freight per annum - not exactly small beer. More importantly, it makes a profit. No current railway system in Australia can make that claim. It is reasonable to assume that, when it comes to running profitable railways, Canadian Pacific would probably know more about it than David Hill.

Honourable members would have seen the initial Canadian Pacific report. It concluded that, based on a review of available evidence - and that means evidence available to Hill - the railway was likely to be a break-even proposition in economic terms. I repeat that that cannot be said of any current railway system in Australia. The Canadian Pacific report confirmed the Territory's assessment of the Hill report. It was a powerful validation of the Territory's case for the railway and, I might add, Canadian Pacific offered to meet Hill to discuss their differing findings but Hill refused.

Mr Deputy Speaker, I come now to the current situation. On the basis of its earlier work, Canadian Pacific was asked to undertake further detailed work on the economic viability of the railway. This further work included economic and engineering studies in the field earlier this year. It included detailed investigation of the route and discussions with railway authorities in Australia and other relevant parties. Over more recent weeks, the detailed analysis of this work has been proceeding at Canadian Pacific headquarters in Montreal. I understand that the final report will be available by the end of September. It will be made available to members. Indeed, it will be made very widely available.

I am able to advise this Assembly, in general terms, of the conclusions reached in this very comprehensive report by the experts. The earlier analysis establishing the economic viability of the Alice Springs to Darwin railway is confirmed but the detailed work allows more specific conclusions to be drawn. The railway is a very much better than break-even proposition. The report indicates that the railway would generate substantial savings to the Australian community. This is in sharp contrast to Hill who said it would be an enormous waste of taxpayers' money. He would know, because he wastes more of it in the New South Wales railways than any other person whom you can think of in this country. To those who have been sceptical about this project all along, this conclusion may appear implausible. The point is very simple: this is the first time that a genuinely independent and genuinely expert assessment has been made. It is a conclusion which flows from an honest look at the facts.

The Canadian Pacific report points out that the design and construction standards proposed by Australian National Railways and accepted by Hill are unnecessarily extravagant. I might add that this assessment is also shared by a major Australian construction company which has submitted its own very detailed report to the government on the construction of the railway. Its conclusions on the savings possible through more appropriate design and construction standards are virtually identical to those of Canadian Pacific.

The report also shows that significant savings could be achieved by shortening the construction period from 9 years to 4 years. If ever there was an example of how you can have savings in fast tracking, the Territory gas pipeline is a fantastic one. A shorter construction period allows income to be generated so much earlier, and has an obvious impact on the viability of a project.

The report also identifies substantial savings in the capital cost of the railway. These can be achieved by using the existing north Australian railway alignment between Katherine and Darwin in the early years of operation. Canadian Pacific's engineering assessment is that this alignment can be used. The existing bridges will take the standard gauge track with very little buttressing. Certainly, the trains
would have to operate at average speeds less than the normal Australian national standards but, at the traffic level required, this is hardly likely to impose a major timetabling problem.

The report also identifies other major areas of saving, including the use of steel sleepers and fuel consumption for the projected transport task. Savings have also been identified in operating costs through improved running procedures, such as 2-man crews for trains. The effect of these changes would be to reduce capital costs in 1983 dollars from just on $600m to $500m. This has significant implications in respect of financing costs.

One further point raised in the Canadian Pacific report should be mentioned. The Territory and Commonwealth governments have been at loggerheads over the methodology used to assess the benefits of the railway in the Hill report. As I have previously indicated, the methodology adopted by Hill has been repudiated by experts in the field, including the Bureau of Transport Economics. The issue is whether the benefits to be attributed to the line are only those benefits which arise within the Alice to Darwin transport corridor or whether they are the benefits which will accrue to the national transport system as a whole with the completion of this last sector of the system. The Territory has always argued that wider national benefits will flow from the railway. Any effort to discount these wider benefits causes an incorrect bias against the railway.

I am pleased to note that the Canadian Pacific report confirms the Territory's view and contributes quite clearly to exposing the dishonesty of the Hill Inquiry. There is no doubt that the Commonwealth has been caught out. The case for the railway has been clearly established and the task which is ahead of us now is to determine how we can achieve it as quickly as possible. It is now quite clear that, when it comes to dealing with the federal Labor government, being correct is not enough. There seems to be no prospect of the Hawke government honouring its promises. I am encouraged, however, by the continuing commitment of the federal coalition parties to the railway. In recent statements, the federal Leader of the Opposition has clearly and firmly reiterated that commitment. However, I believe the Territory can and should take the lead. I believe we need to show how the completed railway project can be achieved with greater certainty and greater efficiency. That means, as I said in my address to the Country Liberal Party conference in Katherine, that we must look to the private sector.

The pattern has been established with the consortium approach adopted for the gas pipeline. I see no reason why it could not be repeated for the railway. All members will be interested to know that preliminary discussions have already been held with major Australian companies in the transport, construction and finance industries, with a view to establishing just such a consortium. These discussions have been very encouraging and the parties are enthusiastic about the railway and the possibility of their participation in it. Further discussions will be held when the final Canadian Pacific report is available.

Mr Deputy Speaker, to get ready for those discussions and to make sure that we are in a position to develop a sound proposition, work is proceeding to develop a possible financing profile for the railway based on the economic analysis conducted by Canadian Pacific. These financing profiles will demonstrate how private sector capital can be raised and serviced in such a way as to attract and satisfy investors in the project. Assuming current inflation and interest rates at this stage, it seems we are looking at a project which would produce a cash-operating surplus in its first year of operation and which could service and repay privately-raised capital over a period which, while long term, is within the appropriate time horizon for those financial institutions who lend long term for these types of projects. With an appropriate government contribution - for example, by way of a construction grant - the project is even more attractive in financial terms.

Mr Deputy Speaker, these projections serve to illustrate one simple point: the railway is a serious project which deserves serious consideration and support. It will clearly not get that from the present federal government but I am confident that the private sector will see it in the proper perspective. This is
not to say that we intend to excuse the federal government from its obligations. The railway is a major national project and has been recognised as such by federal Labor leaders. We will expect substantial support from the federal government, particularly in the light of the defence significance of the railway, the savings to the Australian community through lower transport costs and the generation of business for public railways elsewhere in Australia. I also accept that the Territory would benefit in direct financial terms such as through the reduced financing requirements for road maintenance. We will have those direct financial benefits in mind in determining our own position as the consortium proceeds.

Sometimes there are ideas which will not die because they are so patently right. The railway is one of those ideas. It is true that, to date, for every promise made, there has been a promise broken. It is true that the dead hand of vested interests has sought to ridicule and frustrate the project, but the idea just keeps coming back and it is getting stronger and stronger. I believe that we are now very close to that point in time when the railway will be built. That time will be the culmination of hard work and persistence by a large number of people but, more importantly, it will open up new prospects and horizons, not just for Territorians but for this nation as a whole. I would expect honourable members on both sides of the Assembly to support the efforts and directions the government is taking to achieve finally this long-awaited project. Mr Deputy Speaker, I move that the Assembly take note of the statement.

Mr B. COLLINS (Opposition Leader): Mr Deputy Speaker, once again we are faced with a ministerial statement that is very difficult to debate as there is nothing in it to debate. I look forward very much to the substantive debate, and that is the debate on the report which will be tabled in the Assembly, presumably in November.

Mr Deputy Speaker, I am certainly not prepared to debate selective extracts from the Chief Minister's interpretation of the draft, which is what we have in front of us today. The only result available to poor people like me so far from Canadian Pacific is the preliminary report which indicated that indeed the railway could be a viable proposition. That report indicated that the railway could be viable on a break-even basis - it would not make any money but it would not lose any. Then we had a press release from the Chief Minister which spoke about a draft Canadian Pacific report which, as it turned out, I inaccurately thought was the report that I had. I did not realise that he would be discussing a further draft after the preliminary report before the final report. That is what this statement is all about: bits and pieces of the Chief Minister's interpretation of the draft Canadian Pacific report. Frankly, I do not see the point in wasting the Assembly's time. We canvassed the issue broadly with the Hill report, as we quite properly should have. The time when we will have a major debate, in which I will participate, is when the report itself lands on the deck, presumably at our next sittings.

There are pages and pages of statements with which I fully concur. They have all been delivered before - the benefits to the Territory, the specifics of what is going to happen and the defence implications. No one would argue with any of those. I did not rush off to the newspapers but indeed I had a long meeting, over 2 hours, with the federal Minister for Defence this month. I lobbied him to take up the issue of the defence implications of the railway in Cabinet once again. The problem is, of course - and he said it to me and it is here in the statement - that the Defence Department recognises the defence implications but it has no intention of paying for it. That is the problem, as the Chief Minister quite rightly says. The defence implications are obvious.

Mr Robertson: But you admit that was distorted.

Mr B. COLLINS: Absolutely! As I say, there is very little in here that we disagree with. The defence implications certainly were distorted. I had a long meeting with the federal Minister for Defence to
ask him specifically to raise the issue in Cabinet at every opportunity possible and to emphasise the benefit of the railway not just to the Territory but to Australia.

Mr Deputy Speaker, I went to South Australia at the time that the railway looked as though it was in the balance. I sought assistance from the South Australian government and we received that. In fact, John Bannon was extremely forthright and public in his attacks on the federal government. I visited the plants where the steel was produced. I had meetings with the union and with the management and did everything possible to put pressure on the federal government, through unions, management and the relevant ministers who supported the proposal. We all know the result of that. Obviously, that pressure has to continue because I believe that the railway will eventually be built.

There are obvious concerns about the viability or desirability of the procedure that has now been put in front of us. I am hesitant to enter into the debate until I have the final report and its recommendations in front of me. No doubt, there will be a full debate on it then. No less eminent a person than the federal member for the Northern Territory, Paul Everingham, has publicly attacked this proposal in very forthright terms. The federal member said that he disagreed with the proposition that the railway should be privately funded and he gave a number of reasons. He said that it would let the federal government off the hook and he had general concerns about such a major freight infrastructure being put into the hands of private entrepreneurs and so on, and perhaps that the government may lose some control over it.

If Paul Everingham raises those concerns, I believe that we should consider the full detail of the actual proposal when we finally receive it. All we have in front of us so far is this statement, 90% of which simply consists of advancing the reasons why we should have a railway. We do not disagree with that. After his performance this morning and during this sittings, I would not believe the Chief Minister if he told me the time of day. I would much rather debate the substance rather than the statement that we have in front of us this morning.

The member for Millner has a number of specific concerns that he will touch on. Perhaps assurances need to be sought from this government in respect of the proposition of a privately-owned railway. We may well end up with a joint public and private venture and I have nothing against that in principle.

Mr Deputy Speaker, in order to use the Assembly's time usefully, the opposition is not prepared to give any commitment on the basis of this statement. That would be premature indeed before the final report is available. I remain committed to the railway for the Northern Territory and I will continue to pursue the matter with federal ministers at every opportunity, as I have already done this month. I look forward to debating the report itself when it is tabled at the next sittings of the Legislative Assembly.

Debate adjourned.