Mr EVERINGHAM (Chief Minister): Mr Speaker, I table a copy of the Report of the Independent Economic Inquiry into Transport Services to the Northern Territory. Mr Speaker, I seek leave to move a motion relating to the report.

Leave granted.

Mr EVERINGHAM: Mr Speaker, I move that this Assembly - 1. reject the findings of the Hill Report on Transport Services to the Northern Territory because of: (a) its serious methodological errors; (b) its conclusions based in part on projections which are totally without foundation and which fail to take account of the detailed calculations presented in the Northern Territory government submission; and (c) its failure to adopt a genuine social audit approach as required by the terms of reference; 2. endorse the South Australian and Northern Territory government submissions to the Hill Inquiry; and 3. call on the federal government to honour the Prime Minister's commitment to build the Alice Springs to Darwin rail link.

Mr Speaker, all honourable members will be aware by now that the so-called Independent Economic Inquiry into Transport Services to the Northern Territory has recommended firmly against building the Alice Springs to Darwin railway. Honourable members will not need a speech from me in this Assembly to appreciate how bitterly disappointed I am at this outcome. Territorians have been cheated, not just because the railway will not be built by 1988, although the loss of the benefits that the railway would bring cannot easily be accepted not just because they have been blatantly manipulated and lied to by the federal government, but also because they have been made victims of the charade acted out without regard to their aspirations and without regard to the real facts.

I categorically reject the findings of the Hill Report. The inquiry has done a massive disservice to Territorians and all Australians. It was not independent, it was not economic and it failed to address the requirements of transport services to the Territory as it was asked to do. This is not rhetoric or politicking, Mr Speaker. The issue is too important for that. I have provided, of course, an evaluation of the Hill Report for the information of honourable members as well. I do not need to point out that the inquiry was conducted by the chief executive of a state railway system that loses every year almost as much as he says the Alice Springs to Darwin link will cost between now and the next century. I do not need to point out that the allocation of investment funds for the Alice Springs to Darwin railway may be at some cost to his own railway system.

The federal Minister for Transport has said that the report is an excellent, exhaustive, comprehensive and analytical assessment. I put it a little differently. It is biased, shallow, inaccurate, methodologically deficient, highly subjective and totally unimaginative. The federal Minister for Transport has been quick to seize on the report and to announce that the railway will not proceed, so quick that he
had done it even before I received a copy of the report and certainly before consideration of the defence implications, a very important aspect, had been undertaken. The Prime Minister had given me an undertaking that he would discuss the defence implications with Mr Bannon and myself.

It is too much to hope that the federal Minister for Transport would act sensibly but Territorians have a right to demand that he act responsibly. In embracing the report so quickly, so enthusiastically and so totally, he has been unacceptably irresponsible because the report simply does not do the job.

A major criticism of the report which should be made is of its methodological defects. As an exercise in the appraisal of the costs and benefits of the rail link, it fails to adopt universally-accepted procedures. As a result, its conclusions are wrong. The Alice to Darwin railway is not a freestanding proposal under which trains will simply run backwards and forwards between Alice Springs and Darwin, bringing benefit to no one other than those in that corridor. The line would be an integral part of the national rail system. Indeed, it is the major missing link in such a national system. It follows from this that the completion of the link would generate additional rail traffic on other sections of the national rail system outside of the Northern Territory. Indeed, the report acknowledges that rail has advantages in the area of long-haul transport. The cost benefits of this additional traffic throughout the national rail system must be attributed to the Alice Springs to Darwin railway for the simple reason that, without that rail link, they will not occur. That concept is quite fundamental in any project assessment of this type yet the inquiry chose to ignore it. More than that, it specifically rejected it.

This approach to cost-benefit analysis will come as a surprise to the Bureau of Transport Economics. The bureau published a report, just a few weeks ago, concluding that the standardisation of the railway gauge from South Dynon to the dock area of Melbourne is acceptable on economic grounds. To reach that conclusion, the BTE adopted the same methodological principle used by the Northern Territory, the same principle that the report by Hill alleges is the Ulan-Gulgong-Maryvale line and note particularly the inclusion of very significant benefits for the New South Wales rail system outside of the particular section of line under consideration.

As a consequence of the approach it has taken, the inquiry is wrong and has introduced a strong bias against the railway in the resulting assessment. That is not the only error in methodology. The approach to the attribution of costs is wrong in such areas as railway rolling stock, capital costs and the allocation of overheads. The calculations have been based on financial costs, not resource costs as required on any proper reading of the terms of reference.

Mr Speaker, if the criticism of deficient methodology was the only criticism I had of the report, it would be clearly sufficient to sustain my rejection of it. But there is more. The inquiry has been totally cavalier in its approach to freight volumes. It has blithely rejected the freight forecasts provided by the Northern Territory government in its major submission to the inquiry. It produced, instead, its own alternatives. Since a level of freight which is projected to flow along the line is clearly the most significant factor in assessing the value of the project, it is of fundamental importance that these freight forecasts be carefully produced. The figures produced by the Northern Territory government in its submission were comprehensive, very detailed and fully justified. For every item of freight, there was a detailed explanation as to how the figure was produced. While judgments will always need to be made about events 10 and 20 years into the future, the figures provided by the Territory made those judgments on the basis of full supporting evidence.

The inquiry has rejected a substantial part of the evidence presented by the Territory, without providing any justification for so doing. The report provides no working papers to show how the revised freight forecasts were derived. The inquiry has not developed its own independent projections of freight but has simply scaled down the Territory’s figures in an arbitrary and unsubstantiated way. The result is
what the inquiry terms 'illustrative projections of freight'. Mr Speaker, it is a measure of the failure of the
inquiry to come to grips with the task that it was given, that it can do no better than call its freight forecasts
'illustrative projections'. This is in the face of detailed project by project forecasts, including probability
assessments in many important areas, which were presented by the Northern Territory.

Put simply, the inquiry is saying that it has no idea what the freight level would be, but it does not
wish to accept the carefully documented figures provided by the Northern Territory because these figures
demonstrate the overwhelming viability of the railway. The inquiry's assumptions about population-
dependent, non-bulk freight are simply wrong. The forecasts of mining industry freight are monstrously
underestimated as a result of errors, arbitrary exclusion of numerous projects and wild assumptions about
inadequate mineral reserves in the Territory to sustain future freight flows.

Mr Speaker, the Territory government's submission not only detailed freight forecasts on a case-
by-case basis, it also ascribed probability forecasts to the various tonnages based on the likelihood of
future developments. As such, it was and remains the most valid and comprehensive assessment of
future freight flows yet undertaken. The inquiry's use of this information is nothing short of pathetic. The
inquiry concludes that, in about 10 years of operation, the railway would have an accumulated cash
outflow of over $1000m. That fact has been seized upon by the federal Minister for Transport. But there is
another way to look at the figures. The inquiry's own calculations indicate that revenue from the railway
would cover operating costs in its very first year of operation, and that conclusion can be drawn even
allowing the substantial anti-railway bias in the basis of the calculations made by the inquiry. Even
ignoring all the criticisms that I have made to date, it is very clear that the railway would be used and the
inquiry admits that the railway would win the overwhelming proportion of freight from the road.

Honourable members should also note that the inquiry was asked specifically to take a social
audit approach to the evaluation of the project. In short, this meant that, beyond the narrow financial
implications, the inquiry was required to assess economic, environmental, social and resource allocation
issues. The treatment of social audit in the report is a sham. This report will never become a textbook for
social audit project appraisal. In fact, the report makes no attempt to undertake a genuine social audit. It
presents a none-too-subtle, anti-railway bias in its assessment of individual benefits listed under this
category. But beyond that, it fails completely to consider the cumulative

and total benefits which would result from the project.

The railway provides an unparalleled opportunity to achieve a wide range of benefits through one
single project. This very important principle is totally ignored. Throughout the report, there are constant
attempts to establish a veneer of economic respectability for the assessment made of the project.
Comments are repeatedly made to the effect that proper project appraisal requires the setting aside of
benefits which could be achieved by investing in alternative projects. There is a constant implication that
all of the wider benefits which are identified in the railway project could in fact be achieved by other
means. That argument only has force if these alternative projects, which would produce the wide range of
benefits which the railway will produce, can, firstly, be identified and, secondly, demonstrated to be more
cost effective. The report does neither of those things. It keeps talking about benefits obtainable through
other projects but never once identifies what these projects might be, let alone provide any assessment of
how much would need to be invested to secure the broad benefits the rail project would generate. That
element of pervasive anti-railway bias in the report must be exposed and rejected.

Mr Speaker, a further point which must be mentioned is the total lack of imagination that the
report displays. I was struck particularly by one of its principal findings which goes like this:

A major factor that could alter this assessment of the railway in the
future would be the emergence of significantly higher tonnages of bulk
minerals than is currently evident. These mineral prospects would need to be definite before the economic assessments of the railway could be altered.

The conclusion is drawn by the inquiry notwithstanding the detailed evidence presented by the Territory government in respect of mineral projects. This evidence emphasised the extent to which the railway itself would be the determining factor as to whether a number of projects proceed. In other words, the inquiry has set aside the view that the existence of the railway would itself generate freight. In so doing, it has totally rewritten the history of railways and the history of economic development in Australia.

In the same vein, the report dispatches a notion of a north-south landbridge as being virtually irrelevant to the assessment of the potential for the railway. That is certainly not the way that the South Australian government, Chamber of Commerce and Industry and the United Trades and Labour Council see the railway, nor is it consistent with the interest which is currently being generated in greater economic activity between Australia and South-east Asia. Such a totally unimaginative approach to the project simply brings discredit on the report.

Mr Speaker, as far as I am concerned, the case for the railway remains as strong as ever. Despite the words and the innuendo of the report, the facts remain. It is a project which is justified on economic grounds and imperative in terms of its wider social and community benefits. The fight will go on.

We will be providing the federal government with a detailed critique of the report which will expand on the deficiencies in it which I have highlighted in this statement. We will insist that the real facts be assessed when the report is being further considered, not the fabrications on which the so-called principal conclusions of the report were based. There remains the Prime Minister's personal commitment to me and to the South Australian Premier that he would discuss jointly with us the defence issues which were excluded from the inquiry's terms of reference.

I know that, in continuing the fight, the Territory government has the overwhelming support of the people of the Territory, but it seems that I have to make a special appeal to the Leader of the Opposition to support these further efforts to secure the railway. If he cannot do that, he might at least stop the process of undermining the aspirations of the Territory. Just a few days ago, the Leader of the Opposition said that the findings of the Hill Report confirm what most realistic people knew about the project, namely, that the railway could not be justified. He went on to say that the report was the first exhaustive independent economic inquiry into the project. It will be clear from what I said this morning that the Leader of the Opposition is wrong on both counts. I am appalled at his apparent ready acceptance of the report which clearly he has failed to understand and see through - a ready acceptance which presumably stems not from any real interest in the project or the Territory, but his desire to satisfy his political masters in Canberra.

Mr B. Collins: I said nothing of the sort.

Mr EVERINGHAM: Perhaps the honourable member for Millner, now the Deputy Leader of the Opposition, will explain to the honourable Leader of the Opposition that the Territory Labor Party is on public record as being committed to the railway, convinced that it is justified, and supportive of the Northern Territory government's submission. The honourable member for Millner said in evidence to the inquiry: 'The purpose of the Territory Labor Party submission is to reinforce the detailed information provided by the Northern Territory government. The future freight task required to justify a railway line is now not unrealistic and the construction of the railway is an important part of the future development of the region'.
I value the support of the Territory ALP on this vital issue. That support would be rather more effective, however, if the Leader of the Opposition knew what the party position was. So far as I am concerned and so far as this government is concerned, there is only one acceptable conclusion: the railway must be built. Territorians want it and the facts justify its construction. Mr Speaker, the Alice Springs to Darwin railway will be built and this government will not rest until it is.

Debate adjourned.