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**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON TRANSPORT AND REGIONAL
SERVICES

Reference: Transport networks inquiry

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON TRANSPORT AND REGIONAL SERVICES
Wednesday, 9 November 2005

Members: Mr Neville (*Chair*), Mr Gibbons (*Deputy Chair*), Ms Bird, Mr Haase, Ms Hall, Dr Jensen, Mr McArthur, Mr Richardson, Mr Ripoll and Mr Schultz

Members in attendance: Ms Bird, Mr Haase, Mr McArthur, Mr Neville and Mr Richardson

Terms of reference for the inquiry:

To inquire into and report on:

- the role of Australia's regional arterial road and rail network in the national freight transport task;
- the relationship and co-ordination between Australia's road and rail networks and their connectivity to ports;
- policies and measures required to assist in achieving greater efficiency in the Australian transport network, with particular reference to:
 - land transport access to ports;
 - capacity and operation of major ports;
 - movement of bulk export commodities, such as grain and coal;
 - the role of intermodal freight hubs in regional areas;
 - opportunities to achieve greater efficiency in the use of existing infrastructure; and
 - possible advantages from the use of intelligent tracking technology;
- the role of the three levels of Government and the private sector in providing and maintaining the regional transport network.

WITNESSES

**COMPTON, Mr Everald Ernest, Chairman of Directors, Australian Transport and Energy
Corridor Ltd..... 1**

Committee met at 9.26 am**COMPTON, Mr Everald Ernest, Chairman of Directors, Australian Transport and Energy Corridor Ltd**

CHAIR (Mr Neville)—I declare open this House of Representatives standing committee inquiry into the integration of regional rail and road networks and their interface with the ports. This is the 11th public hearing of the inquiry and is part of an extensive program of public hearings that has taken the committee to Mackay, Gladstone, Melbourne twice, Portland and Darwin, with other major cities to follow in which we hope to gather information from people directly involved with the main issues of the inquiry.

One of the key issues for the committee is whether or not there is a case for an inland rail route from Melbourne to Toowoomba and perhaps onwards to Brisbane and Gladstone. In that respect, we have before us today the Australian Transport and Energy Corridor Ltd. I welcome Mr Compton. Although the committee will not require you to give evidence under oath, I should advise you that hearings of this committee are proceedings of the parliament itself. Consequently, they warrant the same respect as proceedings of the House. It is customary to remind witnesses that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Having said that, you are most welcome, and we invite you now to make a five to 10 minute overview of your submission.

Mr Compton—I thank the committee for inviting me to attend. My company and I have been involved for almost a decade in promoting the concept of an inland railway from Melbourne to Darwin. It has been a long process of getting the project on the books of governments, but over a period of time its value has been established and accepted by all of the governments along the route in various capacities. The section of the track most likely to happen quickly—I believe in this decade—is the section from Melbourne to Gladstone, one section being Melbourne-Toowoomba and the other Toowoomba-Gladstone through the Surat coal basin.

There are five points that I would like to make to the committee, if I could, for discussion today. First, it has become obvious to us over 10 years of working as a private sector organisation endeavouring to promote a piece of national infrastructure that every project of any scope or size in Australia—any infrastructure project—is held up for five years as a matter of course by the sheer level of government bureaucracy in Australia. You deal with three levels of government and competing bureaucracies, including competing bureaucracies within themselves. I am convinced that there is a five-year delay for any project, which is very costly and very demoralising to those involved in the project, simply because of the weight of government bureaucracy. If that can be cut out for major projects it would be a significant advance in infrastructure in Australia.

My company and I believe that the Australian government should establish by legislation an Australian infrastructure authority which gives the Commonwealth the power to implement major projects of a national nature, whether they are rail, road or port or the connections between them. Until this is done, we are going to have a backlog of infrastructure in Australia. I believe that this authority needs to be set up by legislation and should have the cooperation of the Council of Australian Governments, which would submit national projects to it to be taken along. Until this happens, we are going to have state governments mainly remaining in charge of

infrastructure, with limited finances and capacities to do it and not a great deal of cooperation when projects cross state borders. I believe that an authority with legislative teeth is needed, not an advisory body. There are too many advisory bodies in Australia that achieve nothing. This needs to be established as a matter of urgency by the parliament.

The private sector needs to be more involved in meeting the cost of infrastructure. Infrastructure bonds in this country were removed for valid reasons; people were abusing them for taxation purposes. The concept of Australians investing in infrastructure and having tax-deductible infrastructure bonds is an important issue provided that the tax-deductibility is only available to the original contributor and is not able to be manipulated by successive contributors to obtain a tax deduction. There is every bit of reason to suggest that a tax deduction should happen for infrastructure as it does for trees and agriculture and all of the other things that you can get a tax deduction for. There are many major infrastructure projects which I have put in my submission—I will not refer to them now, but I have listed some—that could benefit from the establishment of an Australian infrastructure authority.

I want to refer to three projects which are important. The first is the opening of the Surat coal basin railway. You will be aware that the Surat coal basin in Queensland is not connected to a viable port. It has very limited access to Brisbane and no access by rail to Gladstone unless the missing link is built. There are seven coal mines that could open right now if the Surat coal basin railway, which I call the Dawson Valley railway, could be opened. There are 3.5 billion tonnes of thermal coal in the Surat coal basin not being sold to the world, and there is a particular market for thermal coal. My company has made submissions to the Queensland government to build this railway as part of our overall project of a Melbourne-to-Darwin railway, because it can be viable in its own right. But it needs the cooperation of the Commonwealth and state governments to ensure that it happens. I believe it is a national project that should have been built a long time ago and cannot be deferred any longer. It would be part of what I would call a Melbourne-to-Gladstone inland railway. That is the most viable part of the inland railway that could start.

There is a study at the present time into the linking of the port of Melbourne with the port of Brisbane, and we are cooperating quite readily and happily with that study. It will find that it is a reasonably easy task to get from Melbourne to Toowoomba but a very difficult task to get down the Toowoomba Range and through the heavily populated areas of south-east Queensland to the port of Brisbane, and it will be the subject of great political interfering in the electorates in those areas. We believe that Melbourne to Toowoomba could be established with a freight hub at Toowoomba, and then to Toowoomba to Gladstone established as a result of the Surat coal basin opening. There can be a dual gauge railway in Queensland, standard gauge everywhere else, between Melbourne and Gladstone, which would provide a major infrastructure route through the inland of Australia going through Parkes, Dubbo, Moree, Goondiwindi and on that way.

We have done enough homework to know that both of those projects could start by 2007 and be completed by 2009, which is the time frame that it took to build the Adelaide to Darwin railway. We believe that Melbourne to Gladstone could be implemented as a matter of urgency and provide tremendous regional growth in Australia as a result. We believe that this would make possible major inland freight hubs at both Parkes and Toowoomba. We believe that container traffic could come into either Melbourne or Gladstone and then, by the inland railway connection, hook up to freight centres at Parkes and Toowoomba. We have done a considerable

amount of homework on that and believe it could go ahead. I made a declaration in my submission that my company is developing a freight centre at Toowoomba for this purpose.

Finally, one of the things that I have found in promoting the inland railway is that infrastructure has not been on the agenda of the Australian voter for a fair while. All the polling that was ever taken showed that it was not high on the list, but in recent years that has changed. In the past 12 months there has been an enormous surge of interest in the lack of infrastructure in Australia, so I believe now that major national projects making use of the ports of Australia would have the warm endorsement of the Australian people. All it requires is the political will of governments. And if there was a national infrastructure plan created which was the task of a federal infrastructure authority this would be a major step forward in overcoming all the years of neglect. I will finish my remarks there and be happy to discuss any issues with the committee.

CHAIR—Mr Compton, you have proposed a route from Melbourne initially to Toowoomba and then on to either Gladstone or Brisbane, or both. What would be the transit time from Brisbane to Melbourne along your route as compared with the east coast route at present?

Mr Compton—The east coast route is naturally slow because it has to go through the logjam of traffic in Sydney—and it is incredible that freight not destined for Sydney has to clog up the Sydney framework anyway. There are varying estimates of the time taken depending upon the time of day that you go through and the traffic in Sydney. We are working at the task of having freight trains able to run from Melbourne to Brisbane in 24 hours, which we believe is a 12-hour improvement on going through Sydney, depending on the time of day, and it will remove congestion in Sydney which should not be there.

CHAIR—Does that then make it competitive with trucking?

Mr Compton—Absolutely. The plan is to have freight trains that will go at 110 kilometres an hour, a speed which trucks are not supposed to exceed, although I think they might. A train going at that speed, up to 2 kilometres long and double stacked would obviously not only get there in a better time than a truck but it would have less staff. There would be a major reduction in staff for a train compared with all the trucks that that train replaces. It would also remove a great deal of the crushing of highways by too many trucks travelling on the highways because the Australian rail system up till now has been so antiquated it could not compete, although that is changing as a result of work by the Australian Rail Track Corporation. A modern standard gauge railway providing those speeds and that size of train will revolutionise the way freight is carried between the capital cities.

CHAIR—What is your estimate of the freight task on the eastern corridor capable of being taken by rail? We are told that the east coast line is now taking about 17 per cent but that it has a capped capacity of about 35 per cent. What is your ambition for the inland rail in terms of the percentage of freight task that could be handled on it?

Mr Compton—The initial study we did some years ago—and conditions had changed since then—showed that we could get at least 47 per cent. Our latest estimates are that that could go up to at least 60 per cent. As this committee would be aware, on the Adelaide to Perth line, 75 per cent of the traffic between the two cities used to be by road and 25 per cent by rail. Now, that is exactly reversed on that line, so they have achieved figures in excess of 75 per cent. We

believe that one day that can happen on our track. Our estimates have varied. We started with 47 per cent and are now reaching up to 60 per cent. I think that can be exceeded. The problem is that no matter what is done to the coastal railway between Brisbane and Sydney, it can never, in my view, achieve much more than 33 per cent. The task of modernising that railway, with all its inherent problems—the growth of population along the coast, the rivers to be crossed and the appalling state of the bridges on the track—is such that, even if there were a lot of money thrown at it, it would still not achieve the freight task. There cannot be any possible justification of improving railways that go through Sydney so that the freight task of Australia further clogs up a network in Sydney that simply does not work.

Mr RICHARDSON—I am interested in your opinion on, as you say in your submission, the formulation of an Australian infrastructure authority as opposed to a proposal to establish a national advisory committee. You obviously see that providing instantaneous power and authority to that body is the way to go, as opposed to an advisory board which then goes through the process of bureaucracy, as you mentioned, and there is still a question as to whether their recommendations will receive consent. How do you think that could be structured if that is your desired method?

Mr Compton—Thank you for the question. First of all, I have never seen an advisory body of any government anywhere in the world ever achieving anything except utter frustration for the people on the advisory body. There was a logistics council established here in Australia which looked at the logistical task of moving freight in Australia. You can talk to any member of that council and, if they have not already resigned, they would like to because they make recommendations and nothing happens. That is the case with all advisory bodies. Progress can only be achieved if people are given the legislative teeth to do something. The aim would be to have legislation to establish such an authority with the ability to tackle national projects. They would have to have the authority of the parliament to do certain things. They would have to have the ability to raise funds and powers to negotiate with state and local government bodies.

The states would obviously have to cooperate in saying, ‘We will pass over certain major projects to the Commonwealth.’ The states are not going to pass over all of the infrastructure projects they have, but there are quite a number that could be listed as major projects in rail, road, ports, water and all of those things. There could be an initial list of major projects for which the states would say, ‘These cross state boundaries’ or ‘These are of a size that is too great for us.’ They could be agreed upon and, therefore, the Council of Australian Governments would authorise this infrastructure authority to tackle those, so that staff and board of that authority have to produce some results.

The amount of wastage of funds through endless bureaucracy is enormous. When you look at infrastructure projects everywhere, you see the amount of charges that go to federal, state and local governments before the project ever gets underway. Most of it is some sort of means of getting extra revenue for those bodies so that they can take a slice of what is allocated to a project. I hold the belief that, when a federal government grant is made, if 50 per cent of it actually gets to the project eventually, that is probably an Australian record for which we should break open some champagne.

We need to have an authority that has the power to act and harness the private sector into doing that. There is a lot of criticism of PPPs because of the Sydney tunnel and a number of

other things. That does not mean they are bad; that just happens to have been a PPP that was not terribly well handled. I know that there are people in the private sector willing to invest in infrastructure provided (a) their money is not going to be wasted, (b) they do not spend years bashing their heads against a brick wall to get somewhere and find the cost of the thing out of all proportion and (c) that they can go to one authority to get it happening.

I went to see the department of transport of one state government here, which I will leave nameless, about this inland railway. On my way out of the meeting, I ran into a fellow from treasury who said to me: 'What are you dealing with those creeps in transport for? They've got no authority. You come in and see us about it.' You go and see them and the department of public works then says: 'What are you dealing with all of those fellows for? Why haven't you come to me?' And they will have a demarcation dispute about your project in front of your very eyes. Then if you tell them you are dealing with a similar body interstate, it is almost the equivalent of dealing with the devil in religious terms. We need a situation in which we can cut through all of that nonsense and achieve some results in infrastructure for the Australian people, which is simply not being done now.

Mr RICHARDSON—Mr Compton, I thank you. You talk from a wealth of experience and knowledge. Unlike Mr McArthur and Mr Neville I have not been on this committee very long and, in the short space of time, I have seen the frustrations over state governments not putting the finances towards infrastructure where they perhaps should be, so I certainly would like to pursue that suggestion of the formulation of an authority with power. Thank you.

Mr Compton—Thank you. I am personally very happy as a private citizen to put some time into meeting with people who have a mind to get such legislation up to work out some of the framework in which it might happen. I have not come here today to make a statement and then walk out and say, 'I hope somebody fixes it.' I am prepared to put some time into ensuring that a thing like this will happen, which I think will absolutely revolutionise infrastructure in Australia.

CHAIR—Have you done studies into feasibilities and pre-feasibilities for sections of this line?

Mr Compton—Over the past 10 years, we have done 22 feasibility studies and business cases for the line overall and for sections of the inland railway. They were paid for through a combination of private funding, which we have gone out and raised from sections of the community plus some government funding. The department of transport here had a financial role in contributing part of the funds for some of the studies, as have some government authorities such as the port and railway authorities, but the majority of it has been raised privately.

There are 22 studies. We have met with the Minister for Transport and Regional Services, Warren Truss, to advise him that those 22 studies that we have done are available for this latest study that the federal government is doing. We wanted to ensure that all the work we had done over 10 years was not going to be ignored by a new study covering a lot of the ground that we have already covered. Take, for instance, determining the route between Melbourne and Brisbane and between Brisbane and Gladstone. We have done an enormous amount of work on that with very competent engineers and with the cooperation of the ARTC, QR and the ports, so we have offered to make those 22 studies available. All of the studies have shown that there is an underinvestment in rail in this country and that rail has never been allowed to compete on a level

playing field with road transport, which gets subsidies. If the equivalent of those was given to rail, that would make an enormous difference. It is very strange that in Australia roads get built without anybody saying, 'Are they economically viable?' yet when you go government with a rail project, they say, 'Prove to me that it will pay from day one'—a demand not made of any other infrastructure in Australia but seems to be a penalty that rail has to carry in the country.

An additional study—beyond the 22 that we have done—by the Australian Bureau of Transport Economics with our cooperation showed that for every dollar that would be spent on the inland railway there would be an economic benefit of \$8 to the community through which it would pass. That report has sat around for eight years, by my count, without anyone taking action on it. Massive numbers of reports are done by governments and sit on shelves gathering cobwebs. When I go into the offices of public servants and say, 'We want to do this,' they say, 'We did a study on that.' They go over and knock some cobwebs off the wall, get a report out and say, 'We did this in 1968.' I say, 'What did you do about it?' and they will say, 'It's been sitting there since 1968 and nothing has happened.' I believe all of that now has to be harnessed to some political will.

Mr McARTHUR—I have a few issues to raise. Firstly, what is your ballpark figure for the cost of this project from Melbourne to Brisbane?

Mr Compton—We can get from Melbourne to Toowoomba for \$800 million. That is an upgrading of existing rail tracks and the building of the new connecting parts which would cross the border into Queensland and would go from Inglewood to Millmerran. That can be done and be economically viable. Varying costs have been put forward for the track between Toowoomba and Brisbane. I have seen widely differing costs, depending upon who does it. There has to be a major tunnel built through the Toowoomba range—some 25 kilometres long, although arguments are held about the length of the tunnel. Then it has to get through the Minden range and around the south of Ipswich, through heavily populated country, in towards the freight depot at Acacia Ridge and then find a way to the port. The cost of getting from Toowoomba to the port of Brisbane could be anything up to \$2 billion, depending upon who you are talking to, how many people are removed from their houses and what other issues come up. It is my belief that getting from Toowoomba to Brisbane will prove to be an impossible task politically because neither side of the Queensland parliament wants to be the one that disturbs the massive population between Toowoomba and Brisbane in putting in a piece of infrastructure like this.

I believe that there is only one way around it—and I have sat on a platform with Premier Peter Beattie, who says that Gladstone, not Brisbane, has to become the major port of Queensland simply because of issues to do with accessibility and the fact that Gladstone has got a better harbour to start off with. So we are looking at the upgrading of the railway line from Toowoomba to Wandoan—which takes you out into the Surat coal basin—the building of a new section of track from Wandoan to Banana and then the upgrading of the track from Moura to Gladstone. I will give you the estimate for that drawn up by the people who built the Adelaide to Darwin line.

CHAIR—Colleagues, there is a map of that in your papers.

Mr Compton—It is \$800 million. In the submission, we have made another \$800 million. So we can get from Melbourne to Gladstone for \$1.6 billion. If it is to go into Brisbane, it will be at

least another \$2 billion. I have seen one engineering firm make an estimate of \$4 billion, depending upon the route you take and the housing you have to knock over.

Mr McARTHUR—You would be aware that the east-west traffic between Adelaide and Perth is about 70 per cent on rail. If your plan came to fruition, what percentage of the long-haul traffic do you think you might attract on this north-south line?

Mr Compton—We are not budgeting for 70 per cent; there are special conditions that apply to that one. But I believe we can achieve a rate of 60 per cent of that traffic once the line is established and its efficiency in getting freight to Brisbane through that corridor is established. It would be good if it could achieve the same rate as Adelaide to Perth, but there are special conditions that apply there. It is very hard to get truck drivers who want to drive back and forth across the Nullarbor and therefore there is a greater incentive to put freight on rail in that part of Australia. But I believe we can reach 60 per cent.

Mr McARTHUR—I want to go to a couple of other issues. You mentioned double tracks in QR. My observation is that the railway people do not like double tracks.

CHAIR—You mean dual tracks.

Mr Compton—Dual gauge, you mean.

Mr McARTHUR—Double gauge.

Mr Compton—We are going to put three pieces of steel down. You put down standard gauge sleepers and put three pieces of steel on them so that you can run a narrow gauge train or a standard gauge train. That is what is called dual gauge.

Mr McARTHUR—Firstly, my impression was that the railway proprietors did not like dual gauge operations. Secondly, how would you have a standard gauge on the narrow gauge of the Queensland rail system?

Mr Compton—You have to rebuild. You have to take up the Queensland rail system and put down sleepers for standard gauge and put three pieces of steel on them. That is a major part of the cost in getting there. I have not had any opposition from freight operators to the concept of dual gauge tracks on which you run either narrow gauge or standard gauge trains. I have had nothing but cooperation in relation to the concept of doing that. The current proposals we have made to the Queensland government are for that, and there have been no objections raised at this point.

Mr McARTHUR—My final question is: what is the state of play with regard to the land acquisition from Melbourne to Toowoomba in terms of redoing that track or taking a couple of the new options on your map to Narrandera or Coonamble?

Mr Compton—There has been no land acquisition done, except what we have done in the Surat coal basin to negotiate for land to enable us to start there. We have not had the authority to acquire land as yet because we are not the government. No approval to build the Melbourne to Brisbane railway will be given until the current feasibility study has been completed. We have

travelled the route considerably and worked out what the land acquisition problems are. The only major impediment we have come across is that, if you build the line across the Pilliga scrub to Narrabri and do not go around the long-haul way through Werris Creek and Gunnedah, you save two hours of time.

CHAIR—That is going from Dubbo to Coonamble?

Mr Compton—Dubbo to Coonamble and across the Pilliga scrub to Narrabri saves two hours of travel time between Melbourne and Brisbane for a freight train. The only problem is the environmental problem in the Pilliga scrub. We do not believe there is any environmental problem there but there are some environmentalists who do. But there are roads through the Pilliga scrub now and, basically, their course could be followed. So the only problem is the acquisition of land in the Pilliga scrub.

Mr McARTHUR—So you are saying to us that Dubbo-Coonamble-Narrabri is a possibility? It is for real?

Mr Compton—It is a good possibility. It will save two hours of travel for freight travelling between the two cities, which in competition with road is important, and it is commonsense. I believe that, if the problems of finding the right path through the Pilliga scrub are overcome—and we have worked out a path through which follows some existing roads—there will not be a problem. With the other land acquisition, the path that we want to follow in getting across the Queensland border would go from North Star to Yetman and up to Yelarbon. There are wide dirt roads there where a rail corridor could be fitted in and get across the border without going through expensive cotton country at Goondiwindi. For the track from Inglewood to Millmerran there is a power corridor that could be followed, so we do not see major land acquisitions from private people in the process. The big problem with land acquisition will be getting from Toowoomba to Brisbane. In my view, several thousand homes will have to be moved, and I do not know that the politician in Queensland who will move them has been born.

Mr McARTHUR—Would you be prepared to run your project from Melbourne to Toowoomba to get it off the ground and then argue about the huge cost of getting to Brisbane?

Mr Compton—Yes. We believe that Melbourne-Toowoomba with a freight depot at Toowoomba and then on to Gladstone through the Surat coal basin would work, and two major ports would be linked in doing it that way. There is a road interchange will be needed around Toowoomba. At the moment all the trucks would have to go through the main streets of Toowoomba, which they do right now. There are too many trucks going through the main streets of Toowoomba. There is a project on the books of the Commonwealth government now to have a bypass highway which goes to the north of Toowoomba and misses the city. They plan for it to be a toll road. The government were reluctant to make it a toll road for fear of electoral backlash, but I have interviewed a lot of people in that region and I do not believe that there will be an electoral backlash.

People are willing to pay money to save time. Trucks would save half an hour by going on the toll road. When you add the wages, the petrol and the cost of going down the steep Toowoomba range, it would be cheaper for them to pay a toll to go around, and they would save half an hour plus a lot of fuel and wages. Most motorists in a hurry will pay a reasonable toll. They pay \$5.50

a car now to bypass Brisbane around the local motorway, which makes me wonder why people do not want to pay the toll in Sydney. We have a clogged up motorway now, with people paying \$5.50 to get around it. They would pay it to get around Toowoomba as well.

CHAIR—Following Mr McArthur's question, if the Toowoomba thing is such a problem, why hasn't the possibility of going from Inglewood to Warwick and Beaudesert been reinvestigated? There wouldn't be an acquisition problem there, surely.

Mr Compton—There are some problems. I have looked very carefully at a couple of routes. You could renew the old New England railway up through Tamworth and Armidale and up to Warwick, but you would miss a lot of the grain freight out in the west if you did that. There is an existing railway that could be rebuilt to go from Inglewood through to Warwick. But there are massive problems in going from Warwick to Boonah. The costs of getting down the range are more than they are at the Toowoomba range and there are four national parks in the vicinity, which I believe would create a lot of political protest. It will still have to go south of Ipswich, but it could meet up with the coastal railway somewhere near Beaudesert. But you would still have to have a new railway to get to the port. The existing railway to the port goes through the suburbs of Brisbane, and at night-time people in Dutton Park and all that have to listen to the rattling of those trains. That is because the line is so bad. To fix it up you would have to knock over hundreds of homes in that area.

Mr HAASE—I am looking at the papers prepared for us by the secretariat but I am thinking outside that square. Given your long association with this plan, have you changed any of your basic thinking following the implementation and the opening of the Alice to Darwin railway line? Has it said anything to you? The pessimistic reality right now is that it is not getting the freight that it expected to and not producing the revenue that it expected to. Has that impacted your original theories?

Mr Compton—Thank you for the question. It has not changed my mind at all, but I would be naive if I did not say that there were plenty of journalists and politicians running around saying that it ought to. It is true that the Adelaide to Darwin line does not have the amount of traffic that it ought to have, but it was never going to have the amount of traffic that it ought to have. It was built for a whole range of political reasons that we do not need to go into now, not the least of which was that it was promised to the South Australian government at the time of Federation and it took the federal government 100 years to honour the promise. I was all in favour of it simply because I believe that political promises should not take 100 years to implement. So there needed to be a link through.

Because of the heavy cost of doing it, it is not actually a good railway. It has not been built to carry heavy trains. It is a railway that can carry trains of limited weight. We have looked at linking up the north-west mineral province of Queensland from Mount Isa across to somewhere near Tennant Creek. There are massive iron ore deposits in that area that need to get out to the world, and boats cannot come into the Gulf of Carpentaria to pick the ore up because the gulf is too shallow. It has to go to a deeper port. We would not be able to carry that iron ore once it got to Tennant Creek because the line is not strong enough to carry it. There would have to be some rebuilding of it to do it. It is a tragedy that, when they built the railway line, governments put in the least money they could to solve a delicate political problem and so built a railway that is not designed to do the job.

Having said that, I believe that project showed that Australia ought to be building infrastructure and I see it as a light for other things to follow. There was never any possibility that people in Victoria, New South Wales and Queensland were going to send their freight all the way over to Adelaide to go up that way. That was never a possibility. Every study we found showed very little interest in going that way. The inland railway that we are following goes through the great productive areas of eastern Australia and through coal-mining regions, so you get regional freight to help the railway line—for example, stuff from Surat to Gladstone. It is not going to go all the way to Darwin but it makes that part of the line viable, and there are all sorts of instances of that all the way along.

We can see the railway line being viable as far as Emerald in economic terms because there is enough freight to justify it. Coal coming back from Emerald to Gladstone justifies getting to Emerald. It is going to require some government money to get from Emerald to Cloncurry because the population is very thin on the ground and there are no minerals there. Once you get to Cloncurry there are minerals coming out of your ears that could get taken up to the port of Darwin if, in fact, there were a decent railway line to get them there. So there is only one part of it that is not justifiable.

None of the freight that we are looking at was ever going to go from Adelaide to Darwin. For journalists wanting to put some headlines in the paper, it is very easy to pick on the Adelaide-Darwin line and say it is a dud or to pick on the Sydney tunnel and say it should not have been made. It is easy to argue about various pieces of infrastructure in isolation. The facts of the matter are that this country has massively underinvested in rail compared with other countries in the world. We have enormous distances. To have freight being carried by trucks that crush up roads and need one driver per truck at a time when the world's fuel prices are blowing out is crazy. To have all that going up into the air and wrecking the greenhouse system is another piece of nonsense.

There is absolutely no doubt that long-distance freight in Australia has to be carried by rail. If that costs the nation something, so be it. The development of industries will keep happening once that goes. I do not believe that Adelaide-Darwin has hurt us. I do not believe there is any justification to say it did, but it is a good thing for journalists to write about, and they will continue to do so. The tragedy is that it was not built properly in the first place.

Mr HAASE—I wonder if you could elaborate a little more. You talked about the iron ore from north-western Queensland. We know a little about that as a committee because we visited Darwin port and had some evidence in that regard. Would you, as a railway man, have any idea of the cost of upgrading Tennant Creek-Darwin to facilitate the carriage of iron ore?

Mr Compton—I cannot give you an accurate estimate.

Mr HAASE—My question comes from my surprise to learn that that rail was not capable of carrying iron ore. Perhaps you could give us more detail as to why you believe that it is insufficiently engineered.

Mr Compton—First of all, I am not a railway man, other than having been a railway buff all my life—a bit like Tim Fischer, except I do not have as many trains in my dining room as Tim does. My role in life has been to negotiate for projects, and that is where my skill starts and ends.

I rely on advice. We have on our team for the Dawson Valley railway the people who built the Adelaide to Darwin line. Barclay Mowlem are partners of ours in the Surat coal basin railway in Queensland, and they constructed that line. When I raised with them the issue of carrying the iron ore they quite simply said to me, 'Everald, we built it, and it's not built to carry iron ore.' It was built at a budget and it had to be built to that budget.

A couple of mines of various types are opening along the Adelaide to Darwin tracks, but they are going to have to run quite small trains in order to handle the weight problem of the lack of axle loads. When Barclay Mowlem made that comment, I checked up with a number of people who I know in some of the major freight companies of Australia. They verified that Barclay Mowlem were right. I am going on the advice that I have been given. I have interviewed the owners of the several potential mines in the region and they verified that there would be a problem, because it is such a long way to Darwin. Most of the iron ore railways in the Pilbara are short runs. This is a massive run. To make it pay, so that the mine does not go broke, you have to have the heaviest and the longest trains because of the sheer distance. If you put those on the line, they will break up the line in a very short time. My rough estimate of what it would cost to upgrade it—from Tennant Creek north, not the whole lot—from discussions with people privately is that it would take at least \$500 million.

Mr HAASE—Good God! Thank you very much for your information.

CHAIR—I am not sure if the map of the proposed Australian inland rail expressway is yours or a conglomerate of other proposals, but from Seymour two different routes are shown on it. One goes Seymour-Albury-Wagga-Stockinbingal, and the other one goes Seymour-Shepparton-Narrandera-Stockinbingal. Could you give us a comment on that and what would be hoped to be achieved with that? Another thing the committee is as follows. We took evidence in Melbourne and Portland recently. Victoria has a unique rail system. All the train lines spray out like a fan out of Melbourne. They are all individual lines; they are not arterial or crisscrossing, or only in very few instances.

Witnesses were telling us that upgrading the grain lines—even the one most used, from Mildura and Swan Hill down to Portland—are going to cost a tremendous amount of money. One of the suggestions we heard was that any route that is taken from Melbourne to the New South Wales border endeavour to follow one of those routes, so at least one of those lines is upgraded as a fortuitous circumstance of any other rail infrastructure. Do you have a comment on that and a comment on why the alternate route is identified here?

Mr Compton—First of all, I am not an authority on the Victorian rail system, but I have heard the same comments that you have made about how that rail system was set up. One of the sad things is that, anywhere in Australia, grain by itself will never make a railway line pay, because it is seasonal. It just simply will not make it pay. The reason grain trains will use the Surat coal basin railway line is that the coal is going to pay for it, and grain is cream on the pudding when it comes to freight in that situation. I have grave doubts that a line for carrying grain alone will ever pay any money.

The reason for those two proposals is that there is an existing railway line, of course, from Seymour through to Albury and up to Stockinbingal, which is the main Melbourne-Sydney line. That is in there before the upgrade, which ARTC is doing now. They have let out contracts to do

that. There is a very strong lobby in the Goulburn valley and Riverina that approached us 10 years ago and said, 'We want a railway line to come up through this area and we want the Riverina to be connected to the Perth-Sydney railway.' It would hit it at a little town called Roto, which is west of Parkes. They wanted the possibility of having grain from the Riverina go down to Melbourne. For the fruit, rice and everything else they grow, they wanted to have access to the rest of Australia by hooking up to Perth-Sydney line and therefore connecting up to Brisbane or wherever they want it to go.

At the moment there is a broad gauge track all the way to a place called Tocumwal, right on the border of Victoria, and it would have to be changed to dual gauge so as to accommodate both types of train. The railway line from Tocumwal to Narrandera is in a derelict state, and the bridge is even knocked over. That would have to be reinstated to Narrandera. You would upgrade the line to Griffith and then upgrade the line to Hillston. There is a little 30 or 40 kilometre link that has to be built from Hillston across to the Perth-Adelaide line. That would connect the whole of the Riverina, western New South Wales and the Goulburn valley in Victoria into the national rail system.

All the shires there have been actively lobbying for that. I included it in our plan, saying: 'It is not an either/or situation. There is one line there already. We are hoping that one day the other one will go.' There are people in that region who are willing to put some money into it—not enough to do the job, but there is a very powerful lobby of local governments for that track. We have included it in all our work so that governments are aware that it is there to be done.

CHAIR—I see.

Mr McARTHUR—Can I just get this clear: in your 22 feasibility studies, can you tell us what your model is? It is similar to the ARTC model, in that you would construct the track, maintain it and the signalling system and et cetera, and allow other operators to run on your track. Is that the model you are proposing?

Mr Compton—Absolutely. My understanding from discussions I have had with competition councils everywhere is that the principle in Australia should be that the people who own the infrastructure are not allowed to run trains. You have to be either an infrastructure owner or an operator. We have never aspired to run a train. All we want to do was build infrastructure and, in simple terms, charge people rent to put trains on the infrastructure. My company is not interested in running—

Mr McARTHUR—Do your feasibility studies suggest that you will be able to charge sufficient to the operators to make a return on capital for your project?

Mr Compton—There are varying scenarios in which that could be done. To make it pay in the first instance we would have to charge a premium on certain things. If we were a single operator, owning the railway and running the trains, we could run it profitably. But because in Australia you must have an open access rail system—which I agree with—the profits of all that are dissipated and do not come in to one project. We have said to governments that we could do it without money as a single owner-operator, but that is never going to be acceptable in competition terms in Australia—never, ever—and I personally believe it is wrong. So what we have said is that, to have an open access system, there is either going to need to be a premium

toll charged for a certain number of years until the volume is sufficient or the government may need to provide a shadow toll for a certain number of years until the volume is there. The principle of it being an open access railway in which the owners are not allowed to run trains is the principle upon which we have based it.

Ms BIRD—I apologise for arriving late. It was very interesting.

CHAIR—As my colleagues have no other questions, do you have any closing remarks, Mr Compton?

Mr Compton—I thank the committee for meeting with me. I am confident that with political will we can get the Melbourne to Gladstone section of the inland railway started in 2007 and opened by 2009. I believe that is an opportunity that should not fail. We need the utmost cooperation between the federal and state governments under the current system for it to happen, but I believe we can do it by 2009. The remainder of the vision we have of going to Darwin will happen at some time beyond that. I believe that, if the federal government can get into a position of taking an active, legislative role in the organisation and funding of infrastructure like this, a lot more projects like ours can get on the books in a hurry.

CHAIR—We would like to thank you for your evidence. As always, you are well versed in your subject. You do your homework and you are an enthusiast for infrastructure in this country, and that is why the committee have valued your evidence on a number of occasions.

Resolved (on motion by **Mr McArthur**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 10.22 am