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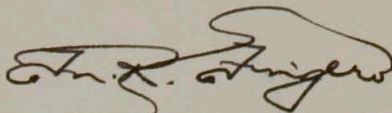
CABINET DECISION

NO. 584

Submission No.: 499

Title: ALICE SPRINGS STANDARD GAUGE RAIL
TERMINAL LOCATION (DEFERRED SUBMISSION)

Cabinet decided to support the modified Town site as the preferred site for the establishment of standard gauge Rail Terminal facilities for the Tarcoola to Alice Springs rail service.



(M.R. FINGER),
Secretary to Cabinet.

7 February, 1979.

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THE NORTHERN TERRITORY OF AUSTRALIA

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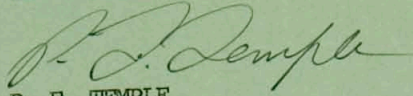
FOR CABINET

SUBMISSION No. 499

Title:	ALICE SPRINGS STANDARD GAUGE RAIL TERMINAL LOCATION
Cabinet Member	Joint submission - Mr Marshall Perron, Minister for Lands and Housing and Mr Roger Steele, Minister for Transport and Works;
Purpose:	To determine government policy in regard to the location of the new Rail Terminal in Alice Springs.
Relation to existing policy:	No previous business on this issue.
Timing/ legislative priority:	Urgent.
Announcement of decision, tabling, etc.:	No announcement pending further negotiations with the Commonwealth Government.
Action required before announcement:	Further negotiations with the Commonwealth Government.
Staffing implications, numbers and costs, etc.:	No extra Public Service staff will be required.
Total cost:	Approximately \$2M, which may be reduced after negotiations with the Commonwealth Government

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<p>Comment by Under Treasurer:</p> <p>Signed:</p> <p>Date:</p>	<p>Alice Springs Standard Grade Rail Terminal Location.</p> <p>1. In view of the fact that the Australian National Railway supported by the Department of Transport, objects to the siting of the terminal at MacDonnells Siding, it is extremely unlikely that the Commonwealth would reimburse us for extensions associated with that site, were we successful in having the terminal sited there. It would then be a question of whether Cabinet was prepared to meet those costs from the Territory Budget. The submission estimates the costs to be \$1.3M for Capital costs less about \$500,000 for additional net land revenue.</p> <p>2. The figure \$500,000 estimated for net land revenue will probably be received over three to five years and will thus not provide an immediate offset to the \$1.3M capital costs associated with the MacDonnell site.</p> <p>Approved/Not Approved</p> <p>3. It does seem important to take into account long term considerations of ultimately developing a rail link right through to Darwin and in this context it seems desirable to retain the railway reserve that presently exists in Alice Springs.</p>
<p>Comment by Public Service Commissioner:</p> <p>Signed:</p> <p>Date:</p>	<p>4. We are inclined to support the Australian National Railways' and the Department of Transport's commercial judgement that the terminal should be in Alice Springs. Siting at MacDonnells siding, may still require bulk transport of goods by road to an Australian National Railways depot in Alice Springs.</p> <p>5. The submission quotes a net contingent liability to the N.T. Government of \$1.3M on account of possible relocation and compensation costs. The need for such compensation is questioned. I understand that no such compensation was paid when the Darwin to Larramah link was closed.</p> <p> P. F. TEMPLE Deputy Under-Treasurer Approved/Not Approved 15/1/79</p>

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ALICE SPRINGS STANDARD GAUGE RAIL TERMINAL LOCATION

ISSUES

1. This submission concerns the siting of the Alice Springs Terminal facilities for the commencement of Standard Gauge Rail services from Tarcoola between November 1980 and April 1981.
2. A unique opportunity is now presented to consider the best possible future site for Rail Terminal facilities for Alice Springs, taking into consideration urban development implications, financial considerations for the Commonwealth Government, Australian National Railways (A.N.R.), and the Northern Territory Government and the benefits and costs to the Alice Springs people and the Northern Territory as a whole.
3. This opportunity to re-view the siting for a Standard Gauge terminal is afforded by the necessity for A.N.R. to rebuild all rail tracks to standard gauge and substantially rebuild or relocate the associated yard, marshalling, and freight handling facilities at a projected cost of approximately \$5 million.
4. The apparent major conflicting issues are the urban development implications on the one hand and the commercial judgement of A.N.R. to achieve and maintain a viable transport facility on the other. There is also conflict within the Alice Springs community on the preferred locations (see para. 19).
5. The serious problem is that the full implications of a town-site terminal location, having regard to urban growth and opportunity costs of alternative urban development, cannot be fully realized or determined except with the efflux of time. Similarly, the commercial judgement of A.N.R. favouring a town-site terminal, as opposed to a non-town site terminal, cannot be verified or tested prior to commitment.

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6. Once commitment has been given to a Standard Gauge Terminal site, the opportunity to further re-view the siting will be virtually impossible, due to the heavy A.N.R. expenditure required to establish the selected site, and the expected accompanying private enterprise investment in capital works to take full advantage of the new terminal facilities.
7. A number of alternatives have been considered and discarded and now there are two remaining. These are:
 - . Modified town site as designed and favoured by A.N.R. (called Town Site).
 - . MacDonnell Siding site as favoured by the Department of Lands and Housing and Department of Transport and Works (called MacDonnell Site).
8. The effect on land use in Alice Springs of each of these sites is shown in Appendices A and B.

BACKGROUND

9. A Joint Committee of Officials comprising the Federal Department of Transport, Australian National Railways (A.N.R.) Department of Finance and Northern Territory Government representatives from Treasury, Transport and Works and Lands and Housing has since been formed to examine the issues with a view to reporting back concurrently to both Governments. This was agreed by an exchange of correspondence between the Chief Minister and the Prime Minister in October 1978. At that time, the Prime Minister and the Chief Minister expressed the hope of reaching a Government to Government decision on the siting of the Alice Springs Standard Gauge Rail Terminal.

CONSIDERATION OF THE ISSUES

10. Several major aspects relating to the selection and establishment of a Standard Gauge Rail Terminal need to be considered.

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These are:

- (a) The desirable urban development strategy and requirements for urban growth, including the essential north/south and east/west arterial traffic links.
 - (b) The availability of land for the development of essential and desirable growth of Alice Springs, with reference to alternative development strategies in the event of non-availability of land.
 - (c) The opportunity and real costs, and offsetting revenue, associated with the acceptance of either of the major options for a Rail Terminal site and the effects on A.N.R. and the Northern Territory Government.
 - (d) The environmental impact on Heavitree Gap because of competing claims for space by rail and road with resultant flooding implications and mitigation costs.
 - (e) The impact on the community.
11. The Rail Terminal site preferred by the Town Planning Board, the Department of Lands and Housing and the Department of Transport and Works, is located at MacDonnell Siding to the north of the Alice Springs Aerodrome and to the west of the new Cemetery, off the South Road. This is approximately 9.8 kilometres (6.1 miles) south of the existing Railway Station site.
12. The reasons for the preference, over and above the advantages of maintaining a town site terminal, are as follows:
- Additional 51 hectares of high value industrial, commercial and residential land would become available close to the town centre. Town Site would release only 5.9 hectares.

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- . The resulting land availability close to the town centre represents a cost saving in local travel times and development costs when compared with developing land away from the town centre.
 - . The alternative land use of the existing Railway Terminal site would be far more intensive (more than double) than the use of the land for Rail Terminal and rail industry purposes and is therefore a far more efficient utilization of a prime urban development location.
 - . The Alice Springs Corporation will benefit by increased rating of \$65,000 per year - see Financial Considerations.
 - . Cost savings of not less than \$50,000 to \$80,000 on construction of an upgraded road through Heavitree Gap.
 - . Deletion of two major road/rail level crossings (at Bradshaw Terrace and Larapinta Drive) and other rail nuisance from a confined urban area.
 - . Long term deferment of additional urban development. Plan was to develop Undoolya - estimated present-day cost \$11 million.
 - . Virtually unlimited expansion potential for rail-served industries at MacDonnell Siding at minimal development cost due to low servicing costs.
 - . Greater flexibility within the Alice Springs urban development strategy to accommodate changing needs for expansion and growth.
 - . The removal of Oil industry fuel storage from the Alice Springs urban area.
13. The disadvantages of a MacDonnell Siding Terminal are as follows:
- . Additional establishment cost to A.N.R. above town-site costs due to necessity to rebuild some facilities which are otherwise useful on the existing town-site. This cost is offset by

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reducing railway construction by about 10 kilometres (see Financial Considerations).

- . Additional operating costs to business sector generated by the trip length increase. This is not expected to exceed 0.5 cents per kilogramme on goods passing through MacDonnell Siding.
 - . Some small additional operating costs to A.N.R. because of the higher cost of labour in the out of town site.
 - . Potential commercial disadvantages attaching to a MacDonnell Siding Terminal resulting from road competitiveness.
 - . Higher traffic flows through Heavitree Gap and on arterial traffic routes.
 - . Railway employees tenanted forty houses on the Railway Reserve will eventually need to be re-housed.
 - . The need to relocate Railway based business already established in the town (see Financial Considerations).
14. The Department of Transport and Works and Department of Lands and Housing, are concerned that the adoption of the Town Site is certain to have long-term cost repercussions for the Northern Territory Government arising from the necessity to develop and use alternative more distant and more costly land for the growth of essential land use elements of a more intensive nature than the Railways use generates.
15. It is agreed that the Railway should play an important part in the development and growth of the Northern Territory and Alice Springs in particular. However, this should not be at the expense of the overall costs and benefits of the growth of Alice Springs which represents the centre of the most significant tourist income to the Northern Territory.

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At the same time, the two Departments consider that the business sector, townspeople and A.N.R. would not be seriously disadvantaged by a move to MacDonnell Siding, as the freight cost increases represent a maximum of 0.5 cents per kilogramme of delivered goods using the highest possible cost components of the additional trip requirements which could easily be absorbed by the consumer. The freight cost increase is a very small price to pay for the advantages of a rail free town area and of the availability of 51 hectares of freed land in the centre of the town.

16. The unrestricted land availability at MacDonnell Siding is considered to be a considerable long-term advantage as it provides for substantially more rail-served industry growth than could be accommodated on the town site or in close proximity thereto. At the same time, a shift of existing rail-served industry to MacDonnell Siding, would free up considerable land for alternative industrial, commercial and other land demands, thus more efficiently utilizing the scarce land resources which will face Alice Springs growth over the next 10 - 20 years.
17. In summary, the adoption of a town site Rail Terminal will inflict a considerable cost penalty on the growth of Alice Springs and represents a sizeable planning constraint to the Alice Springs urban development strategy.

OPTIONS

18. The options open to the Northern Territory Government are:
 - . To accept the proposals of A.N.R. which will undoubtedly be backed by the Commonwealth Department of Transport to proceed with the Town Site. The Treasury have recommended an addition to this option that the Northern Territory

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Government should obtain a Commonwealth guarantee regarding funding of a future Undoolya development,

- . or to express to the Commonwealth Government its support of the MacDonnell Site as the preferred location and to seek a satisfactory financial arrangement with the Commonwealth Government.

PUBLIC IMPACT OF THE RECOMMENDATIONS

19. The Alice Springs community is divided on the issue of the Rail Terminal location:
 - . The Alice Springs Corporation is in favour of the MacDonnell Site (60:40 majority). This is also supported by a report by McCloskey & Associates who carried out a study on behalf of the Council.
 - . The Tourist bodies including the Alice Springs Tourist Promotion Association are in favour of a town-based Rail Passenger Terminal and a MacDonnell Siding Freight Terminal. The small volume of passenger traffic does not favour this option as an economic proposition and a far larger number of passengers use an airport situated much further from the town than MacDonnell.
 - . The Business and Industrial sector including the Chamber of Industries and the Cattlemen's Association was biased towards redevelopment of the Town Site.
20. Whichever option is agreed there will be some public controversy - probably the rail-served business interests will be more vocal than any other group should the MacDonnell Site be selected.

FINANCIAL CONSIDERATIONS

21. A summary of the financial effects of the two options is attached as Appendix C.
In summary, the selection of the MacDonnell Site will result in:

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- . A.N.R. (with Commonwealth funding) surplus \$525,000
- . Northern Territory Government nett additional capital expenditure \$835,000
- . Contingent liability for relocation and compensation costs over and above those costs for which A.N.R. is clearly responsible \$1,255,000
- . Additional rates payable to Alice Springs Corporation (over and above rates which would accrue if the Town Site is selected) \$ 65,000 per year
- . Additional operating costs to be borne by the Community \$278,000 per year

22. In short, the selection of the MacDonnell Site will cost the Northern Territory Government a nett \$835,000 with a further contingent liability of up to \$1.23M for relocation and compensation. It is anticipated that when each claim is dealt with, the total amount payable will fall short of this amount (say \$800,000 to \$900,000)

23. In view of the A.N.R./Commonwealth surplus of \$525,000 it may be possible to negotiate a contribution by the Commonwealth towards the relocation and compensation costs, and this action is recommended.

EMPLOYMENT CONSIDERATIONS

24. There are no direct Public Service staffing implications likely to attach to any of the options. If the MacDonnell Site option is adopted then the availability of the existing Town Site for Central Area and Industrial uses would create a potential for greatly increased employment opportunities in the private sector in close proximity to the centre of Alice Springs and the major residential areas.

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GOVERNMENT RELATIONS

25. As the Commonwealth Government is funding the construction of the Standard Gauge railway by way of loan to A.N.R., support of the recommendations of this Submission by Cabinet will have a bearing on inter-governmental financial arrangements. We believe that this should not influence an initial attitude adopted by the Northern Territory Government.

CO-ORDINATION

26. The Departments of Lands and Housing and Transport and Works have prepared this submission jointly and will be responsible for co-ordination.

LEGISLATION

27. No immediate legislation is required.

PUBLICITY

28. No publicity is recommended at this stage, pending full consideration with the Commonwealth Government, as indicated in a letter from the Prime Minister to the Chief Minister on 26 October 1978.

TIMING

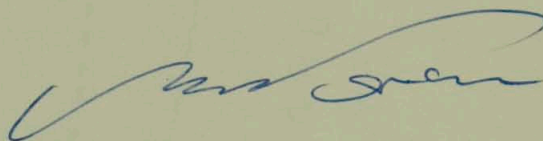
29. Consideration of this Submission is urgent as construction of the Rail Terminal must be commenced by May 1979 for the project schedule to be maintained and for standard gauge services to commence between November 1980 and April 1981.

RECOMMENDATIONS

30. It is recommended that the Northern Territory Cabinet:
- supports the MacDonnell Siding location as the preferred site for the establishment of standard gauge Rail Terminal facilities for the Tarcoola to Alice Springs rail service, and

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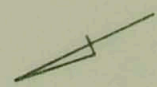
- seeks to negotiate a satisfactory financial arrangement with the Commonwealth Government for the establishment of a MacDonnell Siding Rail Terminal location.

A handwritten signature in blue ink, appearing to read "M. J. Green", is written in a cursive style across the middle of the page.

PLAN 'A'



TOWNSITE AS DESIGNED BY A.N.R.



Approx Scale: 600' to 1"

PLAN 'B'



MacDONNELL SIDING
OPTION



Approx. Scale: 600' to 1"

A.N.R. ADDITIONAL CAPITAL COSTS FOR MACDONNELL SITE

\$000's

Passenger Station	160	
Barracks	300	
Amenities	<u>100</u>	
	560	
Rail Construction Savings		1300
Acquisition of Land in Alice Springs		<u>90</u>
		1210
Nett Capital Saving	650	
Possible relocation costs from C.3		<u>125</u>
		<u>525</u>

NORTHERN TERRITORY GOVERNMENT ADDITIONAL CAPITAL
COSTS FOR MACDONNELL SITE

	<u>\$000's</u>	
Industrial Estate	60	
Access Road etc	80	
Sewer & Water Supply	820	
Power Station Pipeline	<u>370</u>	
	1330	
Additional Nett Land Revenue		495
Nett additional cost	<u>835</u>	

POSSIBLE RELOCATION AND COMPENSATION COSTS\$000's

	<u>Town Site</u>	<u>MacDonnell Site</u>
Cement		300
Shell	30	
B.P.)	
Caltex)	750
Ampol)	
Mobil)	
Dring	50	50
Golden North & Coke		60
Keegan		25
TNT		50
Tully	45	60
NT Freight	—	60
	125	1355
Less amount payable by A.N.R.		<u>125</u>
Additional freight cost to Alice Springs Abattoir (possible freight subsidy payable by N.T. Government)		25
Contingency liability for N.T. Government		<u>1255</u>

Additional rates payable to Alice Springs Corporation (over and above rates which would accrue if the Town Site is selected) \$ 65,000 per year

Additional operating costs to be borne by the Community \$278,000 per year

If the Alice Springs Abattoir is relocated then the additional freight cost to truck to MacDonnell Siding ceases, reducing operating costs to \$253,000 per year
(a reduction of \$25,000 - see Appendix C.3)

TO: DIRECTOR GENERAL

MEMORANDUM

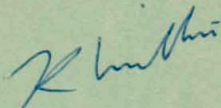
DATE: 15/1/79

FROM: CONTROLLER, OFFICE OF POLICY & PLANNING

REF:

RE: CABINET SUBMISSION - ALICE SPRINGS STANDARD GAUGE
RAIL TERMINAL LOCATION.

Mr Coutts' comments on the above matter are attached.
I would like to draw your attention to Mr Coutts' comment (page 2)
that the MacDonnell site should be supported because the chance
to realise urban development ambitions is too good to miss, and
the costs (maximum \$2 million) would be regarded in the future as
a wise investment in town planning.



(K. WILLETT)

DEPARTMENT OF THE CHIEF MINISTER
OFFICE OF POLICY PLANNING

COMMENT

SUBJECT	Alice Springs Standard Gauge Rail Terminal Location.
DOCUMENTATION AND FILE NUMBER	Cabinet Submission.
MAIN CONCERN	The ANR standard guage work and the consequent rebuilding of existing yard facilities offers the chance to review the whole matter. Town planning considerations have given rise to an alternative which removes the railway to a terminal 9.8 km out of the town.
COMMENT ON DOCUMENTATION	Background material is extensive but there is little from ANR. The Cabinet Submission paper puts the issues accurately and fairly. All the issues seem to have been covered and the discussion of them seems to have the right emphasis.
INVOLVEMENT	<p>I have been supplied with background material including a file of press cuttings. I have attended two meetings of a joint committee on the subject as an observer and commentator.</p> <p>In the short period of my involvement, senior officers of the Department of Lands and Housing and the Department of Transport and Works have been participants in the joint committee. I understand, however, that Treasury has also been involved to some extent.</p> <p>Earlier, discussions were held with relevant Federal Officers.</p> <p>If any criticism could be levelled at all it is over the level of involvement of the Alice Springs community. Some misunderstandings still seem to exist. The Alice Springs Corporation and the Tourist bodies could both have benefitted from further issue identification. I am unsure of the opinion of the community at large.</p>
ISSUES	The issues listed in the Cabinet Submission seem to be complete and accurate.
DECISION POINTS	For the Northern Territory Government the decision rests on one choice: are the town planning benefits of removing the railway and acquiring 51 hectares of prime land worth (up to) two million dollars.

RESOURCES

LAND. There is unrestricted land availability at the MacDonnell site. The land-use issues are clear in the submission.

PERSONNEL. There are no implications for Northern Territory public servants. Note that ANR claims dislocation of its employees (at present housed on-site) as a disadvantage.

FINANCIAL. So far as I am competent, the costs seem to have been thoroughly examined. Note the reservation at paragraph 5.

COMMENT ON
RECOMMENDATION

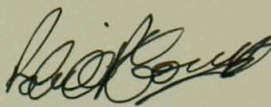
I concur. The chance to realize urban development ambitions is too good to miss and the objections of ANR seem nebulous by comparison. The costs, even at the extreme of two million dollars, would in the future be regarded as a wise investment in town planning.

IMPLICATIONS
OF THE
RECOMMENDATIONS

The implications for the Government are essentially political:

- . ALICE SPRINGS, some reaction can be expected from some industry and (perhaps) some residents. A careful public relations exercise will be necessary.
- . FEDERAL GOVERNMENT, the Federal Government could be expected to support ANR.

Other implications could involve the Australian Railways Union over the issue of re-location and increased pressure from conservationists over the siting of tracks through the ranges.



R.N. COUTTS

SENIOR EXECUTIVE OFFICER
OFFICE OF POLICY PLANNING