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**THE LEGISLATIVE COUNCIL SESSIONAL COMMITTEE GOVERNMENT
ADMINISTRATION 'B' MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE,
HOBART, ON THURSDAY 30 MAY 2019**

NORTH-EAST RAILWAY CORRIDOR INQUIRY

The Honourable PETER GUTWEIN, TREASURER, WAS CALLED AND EXAMINED, and **Mr Nic WALRON**, ADVISER, STATE GROWTH, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Ms Armitage) - Thank you for coming,

Mr GUTWEIN - Yes, at the start I want to say this has been one of the most vexed issues I have seen for a long period of time. I thank the committee for the work it has been doing. I have read most of the transcripts of evidence so far and I think the way you have dealt with witnesses, many of who have been very passionate in terms of their individual cause, has been very fair and responsible.

One of the challenges I found with this - in fact I know most of the supporters on either side of this particular issue - has been watching people who have been in many cases good friends for a long time actually get to a point where friendships have been damaged and personal relationships affected over what should be a relatively positive outcome for the community at the end of the day.

In terms of the process we went through on this as a government, it became apparent early in the piece that once the rail trail proposition was being promoted strongly by the Dorset Council and it achieved its funding - when Andrew Nic... was the member - it was keen to pursue the rail trail option. I think they see the benefits cycling has brought, albeit a different style of cycling, with Derby, and the attraction for them is that they see it as being of enormous benefit to their community.

In terms of rail trails - and when I say 'rail trails', the cycling rail trail - my first interaction with this type of trail was about eight years ago when I met some New Zealanders at Henty House. I would have to check my dates, and I was looking last night to find when we had a delegation from one of the New Zealand councils that came and spoke about what had occurred in New Zealand.

It seemed to me to be a very sensible option for disused rail lines. Again the way the rail line manages the topography - I think about a seven degree slope is the maximum they have on these - it seems to be a very sensible way to use an unused asset, but at the same time provide an option for tourists and Tasmanian families, and especially children, terms of the type of terrain a cycle rail trail would use.

That being said, I put on the record that I think some vested interests have engaged themselves in this process. I know a lot of landholders and a number of people who have property the rail line passes through have been very militant in their opposition to the cyclists. My perception, and it is only my perception, is that there are true train enthusiasts and there are those

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who would like to stop anything occurring on the line. I think you have been presented to by some -

CHAIR - Two very passionate groups.

Mr GUTWEIN - Absolutely. When I brought down the Government's position, which was to come up with a compromise, I knew I would not satisfy everybody, but I was looking to try to provide an outcome for both groups to at least be able to do something.

Interestingly I have been approached by true train enthusiasts who would just like to get on with it and actually accept the offer the Government provided and start to run a train, albeit not in what they would consider to be their ideal circumstance, but just to have the opportunity to have a train running from Lilydale to Turners Marsh because they are interested in running a train. They like working with trains; they like working in that type of industry, and it is something they have a real passion for.

Others have just done their very best to call the Government's position. It is either one or the other. In reading the report, you would be aware we asked for the option of a dual system to be looked at.

It may have been naïve at the time, but asked Treasury to look at what would happen if you actually just filled in the centre of the rail lines and allowed cyclists to be on that, and allowed trains to run while we managed the timing of trains running and cyclists.

A couple of things became apparent. First, in terms of the corridor itself, the National Safety Rules require a particular clearance between trains and people walking or riding, and the corridor doesn't lend itself to that. There are some topographical challenges in terms of the train itself and cuttings. I think that was explained. Second, we have the narrowest gauge rail in the country and therefore filling in and providing a cycle track in the middle of the rail just doesn't work.

I think the report provided an estimate - I think by Raylink - of about \$50 million to look at that option.

The long and the short of it is we reached a point where a decision had to be made. The Government needed to look at how it balanced the priorities of the different groups. For the rail trail to work, my view was it needed to start and finish near a population centre. Coming back from Scottsdale, linking to the current Tonganah Trail from Scottsdale to the Lilydale Falls with a cycle and/or walking track into Lilydale seemed to be a sensible option for the cyclists.

For the train people having a base at Lilydale and a township - again, in my mind I could see people turning up going to Lilydale to look at the workshop, to experience the train in that environment, but then also having the opportunity for what would be, to Turners Marsh, one of the longest heritage train runs in the state - I think in a large part of the country, to be honest.

I thought the other option was important for the train people, but I have never been convinced that they are capitalised to the extent they need to be. Treasury was gentle in its report, which is a reasonable way of putting it, in terms of the train people having both capital and the operating revenues to develop the train line. However, again with goodwill and volunteers, it may be possible to have a heritage train run.

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I thought that if they could get up, provide them with the opportunity to extend it to Coldwater Creek. I had discussions, including with TasRail at least once, to understand what would be needed to open up the Launceston to George Town line if they were able to get accreditation. TasRail's position was that if they held the appropriate insurances and had the necessary accreditation, that link could be opened. I thought that having a 'tourist' heritage trail option that linked Launceston and George Town on Sundays and also having a reasonable length of track as an opportunity during weekdays, was a business model that could be developed over time and would be able to be staged. First, they could get it up and running, get back to Turners Marsh and the extension to Coldwater Creek, and then, with appropriate accreditation, the option to be on TasRail's line, again subject to appropriate insurances and accreditation.

One of the key things that has surprised me and Treasury has noted it, in terms of an actual business case and business plan, I don't think that one currently exists to the extent we would understand a business plan in terms of the rail option. One of my major concerns - and we spent some time in my office looking at this both then and recently - was about insurance. Treasury makes the point it thinks the suggestion that \$20 million-worth of insurance is insufficient and manifestly inadequate and the amount should be closer to \$200 million. If we look at the Abt Railway, a different terrain and a different style of operation, our insurance costs are between \$5000 to \$6000. The most recent advice I have to hand is that the type of cover required would be around \$200 000 per year to get the level of insurance required.

My understanding from the train group is they currently have pledges of around \$450 000-worth of support; not all of that is cash, some of it is in kind, some of it cash. I think Treasury made that point in its report. To actually be in a position to do the capital work initially but then to be able to operate the service on an ongoing basis would be very challenging. What I wanted to do was not rule it out completely but to provide the opportunity. That is why the Government landed as it did with the compromise option to provide everybody with an opportunity to move forward.

CHAIR - I think there was a matter you probably wanted to -

Mr GUTWEIN - Paul Cabalzar, whom I have the greatest respect for - he is a fantastic business man and very passionate. I have to say I think his recollection of what occurred in terms of his approach prior to the election is certainly different to my recollection. Again I am mindful that this was a hard-fought campaign and what I do not want to do today is once again pit people against each other. My recollection is different: Paul contacted me prior to the election and spoke to me about his willingness to provide funding for Karoola Bridge. In fact his view was that regardless of the fact a process was in place, I should announce that he had made a very generous donation to the train group so the Government would support the train. I indicated I was not prepared to do that, that we had a process in place and that once that process was finished I would provide clarity in terms of the Government's position.

He sent me a letter - I think dated around the 14 or 15 February - as a result of that conversation. The Government responded on 21 - do you have a copy of our response to Paul?

Ms RATTRAY - We were not provided with a letter.

Mr GUTWEIN - I have a copy of his letter, which came in on 14.

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CHAIR - Are you happy to table that, Mr Treasurer?

Mr GUTWEIN - Yes, absolutely. The letters doesn't quantify his level of support, just that he would do it. We then wrote to him a week later; the letter was signed by the minister responsible, Rene Hidding, just to give you a gist - 'Thank you for your letter to my colleague, the Treasurer and member for Bass, the honourable Peter Gutwein. I have been asked to respond on his behalf as the Minister for infrastructure', he then goes on to basically say there is a process underway and the Government is in no position to accept the kind donation. I make the point the donation Paul was talking about was not to the Government, it had no bearing on the Government, this was a donation to the train people to help them to build a bridge, and therefore the Government had no involvement in that at all, other than it was something that was added to their resources.

Paul then wrote to me end of May - there is a notation on this which I can leave on it if I table it; I do not think it is going to be problematic, - in fact I will read it, 'The Treasury's briefing not indicates ... Treasury met with LNBR including Mr Cabalzar on 14 May 2018.' He was involved in a discussion with Treasury, and on 30 May he wrote a letter saying -

I'm writing to follow up due to lapse of time during I have not received any response from you albeit I have just provided you the Government's response back in February, I am withdrawing my offer.

Which I thought was pre-emptive, to be frank, at the time.

But as I say, Paul is very passionate; he has been a very solid businessman, and is well respected in the Launceston community and certainly in my interactions with him, nothing has changed my view on that.

I want to make a point, too. He suggested - and I will not use the words he used; actually, I will use the words - he nobbled Wendy McClennan. Wendy is someone for whom I have the greatest respect - a very passionate north-easterner. I do not always agree with Wendy's views, and we had a discussion that day, in my view, on some of the commentary around at that time, which I did not think was helping anybody's case in terms of where the process was at. I made the point to Paul that a Treasury process was underway that needed to run its course.

I thought he agreed with me that day in terms of those sentiments and we left on good terms, and I remain on good terms with Paul.

That is the long and the short of it. The Government's view - and I come back to where I started - is that this is a vexed issue. People on both sides are passionate. We tried to provide an opportunity for both groups to have a model that could work.

CHAIR - Thank you, Treasurer. Questions, members?

Mr DEAN - We had a discussion about this quite a long time ago. When you first raised that option with me, I thought it was a good compromise, which should satisfy people. However the more I have gone into it, the more discussion I have had, the more concerns I have.

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We have seen what the heritage rail people have done in Yarra Valley and New Zealand in particular. I am very pleased the Chair took us on that trip because we learned a lot from it.

Is it as vital for heritage rail to have a scenic trip, a scenic part of their area? From Lilydale to Turners Marsh, about all you will see are ferns and paddocks, nothing more. There is nothing there that is attractive, or would be attractive, to a person riding a heritage train.

The position I will compromise now it has been discussed with us, has been the Heritage Rail from Lilydale to Wyena, which would pick up the tunnel, which would pick up the Denison Gorge, and would bring in that very scenic area.

In addition there is now, as you would be aware, the issue of sewage - grey water - being used for irrigation on a private property. Part of that track is now cut off from a rail trail but, as those people told us, a heritage train could still run through that area. I think the Government would be aware of this.

Mr GUTWEIN - No, I am not. I am aware of the view they would like to run to Wyena. Only on what I have read publicly. I have not been personally briefed on it, nor on any private investment that might be made available, or utilised.

Mr DEAN - This needs to be discussed because it has been indicated there would need to be a deviation in certain areas with the rail trail.

CHAIR - It was an in camera briefing, member. We do need to be careful.

Mr DEAN - I thought the Government would have been aware of this, having looked closely at the track and the TasRail position. Am I out of order? It has to be brought out. This issue has to be raised

Mr GUTWEIN - I am happy to have a conversation with the committee about it. In terms of the work Treasury has done, that is the Treasury report. I am aware that since the report was brought down there has been some discussion about some certain matters - only from what I have read either on Facebook or in papers - such as the need for the train to proceed via the tunnel and Denison Gorge. My sense of the commentary is that even that is not sufficient for the train. My understanding is that is still being pushed, that it needs to go from point to point from Lilydale to Scottsdale. In terms of private business, I note Robert Ravens has provided some evidence, I'm not sure whether -

Mr DEAN - That is not confidential; Robert Ravens was open publicly.

Mr GUTWEIN - The difficulty is that - if I can make this point - in terms of a train and running to a certain point on the line, you know that the train will then take you back. The challenge for a cyclist leaving Scottsdale and ending up - I do not know the kilometre distances in respect of that particular area with Denison or with this private option you are talking about -

Mr DEAN - I think it is about 17 kilometres.

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Mr GUTWEIN - From Lilydale to Wyena, which would mean you then have a break for cyclists and there is no point to point for a cyclist to actually go from parking their car at Lilydale, accommodation in Scottsdale and -

CHAIR - They have to break.

Mr GUTWEIN - I just cannot see how that might work.

Mr DEAN - Well, with that, or during that part, there could be another route for rail trail. The New Zealand position was that the two complement one another and work very well together - rail trail and heritage rail. You see that throughout New Zealand.

CHAIR - And Yarra Valley as well.

Mr DEAN - And Yarra Valley as well. They worked very hard to get the two working together. My view is we have to try to do that here; whether we can, I do not know. There could be a way, I would have thought for rail trail to work next to, probably alongside, heritage rail. I think it could be sold to them. You are right - they want it from Launceston to Scottsdale, and that is not acceptable in my position. I do not know what the rest of the committee feels about that, and in my view they will not get that other option.

CHAIR - Perhaps we could provide the Treasurer with the maps and information to do with the break in that part of land, and you can have that letter and we can give you further information on that.

Mr DEAN - Can we do that in confidence? The Government has to nail that.

CHAIR - That is what I am saying - well, the Government does; obviously the Treasurer is not aware.

Mr GUTWEIN - I am not aware of that particular option. I make the point - and this is certainly something that has exercised my mind right through this - that the option the cyclists have put forward broadly speaking is funded. As I understand it, we have not been asked for any funding at all from the cyclists. Could I also make the point that the rail heritage people have not asked for any funding either? I have a major concern as the Treasurer that they are under-capitalised, that their operating model is weak and that at some stage the state will be asked to underpin it, as we currently do with the Abt railway. We have made funding available to some very developed models of heritage rail in Tasmania, as well as you would be aware from the Treasury brief. I also point out that in the time we have been in parliament, the Ida Bay railway has not been able to -

CHAIR - We have the Derwent Valley railway.

Mr DEAN - The funding is an issue. I think Yarra Valley had exactly the same situation with the government identifying the costs and it identifying its own costs and so on. It turned out they were able to build the volunteers and the heritage rail people built a trail for, I think, a fifth or sixth of what the government said it would cost them. For the second phase, the Government would not even quote them, or give them a quote, because of what had previously happened.

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CHAIR - Still millions of dollars. I'll come back to the member, but I know some of the other members have questions and the Treasurer has to go.

Ms RATTRAY - Thank you, Treasurer. In fairness to the train people, I need to ask you about your position on the rail trail business case and the fact \$1.47 million from the federal government is sitting somewhere with a time frame possibly on it. We have been informed that there will not be very much maintenance and they will generate some funds from signage along the rail trail, so do you have a view about whether is sustainable as well into the long term?

Mr GUTWEIN - I can only refer back to the work Treasury did and my understanding was that the Dorset Council had proposed it would cost around \$25 000 a year for ongoing maintenance cost, which I understand they were happy to cover. The capital costs associated with managing a rail trail without infrastructure on it designed for cyclists as opposed to managing capital infrastructure to run a train are vastly different.

My understanding is that the money provided by the federal government is available until around April 2020 when the program finishes. Certainly over time I have written to both the Treasurer and the relevant minister seeking extensions whilst this process takes its course. I also understand that in terms of that funding, both Labor and Liberal made commitments at the recent election that they would find or look for ways to ensure that funding could be maintained into the future if it took longer to meet the requirements of the deed.

I do not see the extension by the Commonwealth Government in an amount of \$1.5 million or thereabout as a particularly difficult issue as long as the project is started. Governments, whether state or federal, if goodwill exists and people are doing their very best to bring forward a project, will normally find a way to ensure they can facilitate that even if it has taken a longer time. In this case the time frame is one that has been out of the hands of the proponents of the cycle rail trail because of the processes of government.

Ms RATTRAY - We also heard there was some possibly reliance on volunteers perhaps with the trail from Scottsdale to the top of Billy Cock, which relies heavily on Rotary volunteers. We spoke to some of those volunteers, who you would know well, and they indicated they were struggling with numbers to actually do that work now. Their demographics are a tad older than they were in the past even though they are very enthusiastic and do great things.

I initially spoke to the Lions Club at Lilydale when there was a suggestion they would be part of the volunteer maintenance group that would look after that. Do you have a view on whether we can rely on volunteers to do these maintenance roles in the future?

Mr GUTWEIN - In terms of both projects, I make this point: I think the reliance on volunteers and the role of volunteers in terms of managing a rail way is massively more work than looking at volunteers to manage a cycleway at a starting point. I think the point you raised is a valid one. There is no doubt that many of our service clubs and clubs of all description, whether they be heritage rail of rotary or in terms of cyclists, the level of volunteerism is always a challenge and people are getting older.

In terms of the business case the council has put up, I take some comfort that it is a reasonably sized economic unit - in fact, one of the largest economic units in the north-east. They

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are backing this project and I think they have made perfectly clear that their expectation of costs is around \$25 000 per year, which I understand they are happy to pay.

Mr DEAN - We spoke to the people at Lilydale in Victoria on their rail trail - and their rail trail I do not think is as long as the Scottsdale to Lilydale one would be. They said - and I think I have this right and members will correct me if I am wrong - they have \$250 000 aside for annual maintenance for their rail trail, which has a gravel surface. They also went on to say that in the event of torrential downpours of rain, washouts occur and it requires substantially more funds to maintain the trail. I question \$25 000 to maintain a rail trail from Scottsdale to Lilydale.

CHAIR - That is your question?

Mr DEAN - Yes, that is my question.

Mr GUTWEIN - That is a question you should more appropriately put to the Dorset Council. They are the ones providing that number. I think you raise an issue that should be front and centre for this committee. If there is a view that the costs of maintaining a cyclists rail trail -

Mr DEAN - I'm a cyclist too.

Mr GUTWEIN - I notice you mentioned that you weren't one of the lycra ones in the transcripts; nothing to be ashamed of there, Ivan.

If the view of the committee is that the costs associated with maintaining a cyclist trail might be more excessive than the \$25 000, I think that the committee should have grave concerns about the ability of a volunteer group to manage a heritage rail track because the costs associated with that would have to be significantly higher.

Mr ARMSTRONG - More of a comment, thanks.

CHAIR - Turn it into a question: do you agree it is always good in the end?

Mr ARMSTRONG - Where we have been and particularly in New Zealand, they say that rail trails and heritage rail work together. They said you need to bring people together in this group and put the personalities -

Ms RATTRAY - You need a champion.

Mr ARMSTRONG - Yes, you need a champion. What are your comments? I imagine you would support that, because you have the personalities on each side and we have witnessed some of the personalities -

CHAIR - You are talking about a joint committee with a champion.

Mr GUTWEIN - As a committee, if you were able to bring the two parties together, I think you have certainly been able to achieve more than what I have been able to at this point. It appears to me that the challenge is that the positions people have taken are almost intractable. My other point is I believe that in the heritage rail group there are quite clearly subgroups. I think that there are those who have joined that cause simply because they want to see no activity on the line.

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I make the point, as I did in my opening comments, that I have been approached by people who want to see the option that the Government put forward for the train take shape. They just want to get on with it - the true train buffs, if I could say that. Then there are others who simply appear to be looking to do whatever they can to ensure that very little occurs. That is the difficulty.

People bring to the table all sorts of motivations. What I have looked at in terms of this is that on one side I have a group of cyclists who see an opportunity, and on the other I have a group of heritage train people who see an opportunity. I tried to arrive at an option that provides both of them with a way forward without significant cost to the public purse. That is where the Government has landed.

Ms HOWLETT - Has a costing ever been done on the bridge?

Mr GUTWEIN - No. That would be a matter for an engineer to consider. I think that is part and parcel of the challenge in terms of the heritage rail option is that people hold a view as to what it might cost and how they might be able to manage through things. My understanding at this time is, apart from the views of engineers, I do not think formal quotes or processes have been engaged in. To do an assessment of a bridge like that has a cost associated with it. It would need an engineer to go through the process they need to go through to assess it. I do not think that has been done yet. I think inspections have been done and it has been looked at and a view has been raised, but I do not think formal costings have been done. Has that been raised with the committee or not? Have they brought formal costings?

CHAIR - I have not seen any formal costings, no. Only approximates.

Mr DEAN - Just on the comment about a champion being identified here or a board, that is what New Zealand made to clear to us. For any of this to work, you have to have a good, strong board in place - one that can bring people together and so on. In fact two names have been mentioned here. I think the rail trail people at the last meeting we had with them - it was a public meeting - were drawn to that idea. I think they are drawn to that idea. Paul Griffin's name was mentioned of course. Is it Paul?

Ms RATTRAY - Chris.

Mr DEAN - Chris Griffin's and also David Adams' name were mentioned as probably being suitable people to chair such a position. Obviously they are saying that could happen, then you would support, I guess, bringing it all together.

Mr GUTWEIN - I would on the basis, and I want to be clear on this: I spent months on this and tried to understand it -

Ms RATTRAY - Some of us have been involved for years.

Mr GUTWEIN - I did not want to overstretch but it has been four or five years.

Ms RATTRAY - I met with the Launceston City Council and the Lilydale community three years ago.

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Mr GUTWEIN - I believe that. In fact as I said, I think this conversation started eight years ago or thereabouts when the New Zealanders first came.

I cannot see an option other than the one we have put on the table which will not come with significant cost to the public purse. If you extend the train past Lilydale through the tunnel and to Wyena, somebody will need to fund the infrastructure to enable the cyclists to be able to go from point to point.

Mr DEAN - That is commencing at Lilydale to Wyena, not Turners Marsh.

Mr GUTWEIN - Whereas at the moment the option is there for the train to start in the heart of a town, at Lilydale, and then have the opportunity, should they be successful, to extend their run and then potentially to go onto the main line.

Can I make this point as well? At the moment there is no heritage train. It is a diesel locomotive. We are all aware of that. To get to a Puffing Billy-type heritage train will cost funds and money, which would need to come from somewhere. My view as the father of young children is: would I go to Lilydale to get on a train to run 40 kilometres and give my kids something to do? The simple answer is that when they were a little younger than they are now - they are teenagers and at the moment they are most interested in mobile phones than other things - yes, I would have. I would have put them on that train to run back to Turners Marsh to give them a Sunday afternoon out. I think there is an interest in trains. You do not necessarily have to have the Abt Railway and the most brilliant scenery that we have in the country for that railway to be a drawcard. The Abt has challenges because of its geographical location. People will come to look at working trains. I am fascinated if I go to a train workshop. If that were established at Lilydale, that in itself becomes a tourism asset and a drawcard. The opportunity is there for them as they build that business to extend it into having a longer run. I am not convinced it needs the tunnel or Denison Gorge. I think it is an attraction in itself.

Mr DEAN - People are telling us, and rail trail people have mentioned this as well, that on the rail trail the obvious position would be a good starting point, a very strong starting point, which would be Launceston. Launceston riding through the rail trail to Lilydale to Scottsdale. They are saying, I think, that their ultimate position is a rail trail that they would want extended from Lilydale into Launceston, and that you need that central starting point to move from.

CHAIR - The train are you talking about?

Mr DEAN - No, I am talking about rail trail bikes. I am talking about bikes now. That has been raised as well as being critical to them.

Mr GUTWEIN - Both groups would like to have a Launceston to Scottsdale run. I can understand that and it is perfectly fine for both groups to hold those aspirations. In the same way I had to go through the process, this committee has to look at the aspiration but then try to understand what is practically deliverable. I arrived, in terms of being able to provide an outcome for both parties, at the option the Government brought forward.

I wish the train people all the very best. I hope they can get an operating model for which the costs of upgrading the tracks and fixing the bridge are not excessive, and they can arrive at a

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sustainable operating model. They can then build on that sustainable model back to Coldwater Creek, back to Launceston.

Mr DEAN - You mentioned insurance. I was interested in your comments on that because Yarra Valley gave us some costings on insurance - the committee members might help me here - but it was substantially less than that. Can you remember what it was?

Ms RATTRAY - Twenty dollars a year in New Zealand to belong to the Heritage Rail and Vehicle organisation to cover your insurance costs.

Mr DEAN - But in Yarra Valley in Victoria their insurance cost was substantive; I would need to go back to *Hansard* -

CHAIR - I think it was about \$9000 from memory.

Mr DEAN - I would have to go back to *Hansard* to pick it up. It was nowhere near the \$200 000 mark for insurance.

Mr GUTWEIN - Certainly the advice I have received is that the cover would need to be around \$200 million and the cost would be closer to \$200 000. Based on the cost associated with the Abt railway, which I accept is a different business model, that is significantly higher. I also make the point - and I think you have spoken to the Rail Regulator - that it was clear in the Treasury report that there appears to have been very little engagement by the train group and the regulator. That was my sense of the advice I received at the time. I do not know if that has changed, but I know the rules changed in terms of the National Rail Safety boards back in 2012. Grandfathering was applied to operations at that time, but now things are a little more robust.

CHAIR - We are having the Rail Regulator Safety Officer as an engineer come with us to look at the track in the not too distant future.

Mr GUTWEIN - My other point is that I spent a day with one of the train proponents; I walked for several hours and I thought the scenery between Turners Marsh and Lilydale was of a much higher standard than you might have given it credit in your opening remark.

Ms RATTRAY - To get it clearly on the record, Treasurer, do you and your Government absolutely believe that there will never be a need for railway use out of the north-east into the northern part ever again?

CHAIR - Are you talking freight or passenger, or both?

Ms RATTRAY - Yes, both.

Mr GUTWEIN - I personally believe that, and the advice I have received is that it is something that has been ruled out.

Ms RATTRAY - Even though we still have all those plantations and that resource and we have plenty of opportunities for potential in growing businesses out of that area with the irrigation? Are you absolutely certain that in the future it will not be needed?

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Mr GUTWEIN - My understanding in terms of transport economics is that to be efficient on rail, you need to pull larger numbers of carriages, and as you would well be aware that train line winds its way through the north-east. The reason we have had so many derailments over time in the Midlands is that when rail was first introduced to Tasmania, it used to travel through the Midlands to the big farm gates and it zig-zagged through the Midlands.

To get the economy to scale out of running a train, you have to pull lots of carriages. What happens when you are trying to turn is that the torque on the line pulls the train off and therefore, in terms of the narrow gage we have, and the way that line traverses through the north-east, it won't ever be an option to transport goods out of the north east again.

Mr DEAN - We were told once that the north-south line would never be used for log transport again. We were told that only a few years ago and now that line is being used to transport of timber logs north and south in some big way.

Mr GUTWEIN - Interestingly enough, you would be well be aware, if you look back at my last five or six budgets and budgets prior to that, that the below-rail expenditure has been substantial with a view to ensuring the line is appropriate for hauling large numbers of carriages. Without that level of investment, the north-east line will never stack up.

CHAIR - Thank you, Treasurer. You would be happy if we forward you the information with regard to the question on the bit of a break in front of the line? As mentioned, we prefer not to talk about it this morning because it was an in-camera briefing. If we forward you a map and some of the information, perhaps you could get back to us.

Mr GUTWEIN - I would be happy to respond to you. I am not aware and the comment was in terms of private infrastructure or water and sewerage or other things -

Mr DEAN - I didn't mention names.

CHAIR - We will forward you the information and the maps.

Mr DEAN - TasWater has the details.

Mr GUTWEIN - It certainly is not front of mind and I have never received a briefing on it, so I would be pleased to look at it.

CHAIR - We really appreciate the time you have given this morning. Thank you for tabling the documents; it was much appreciated.

Mr GUTWEIN - I wish you all the best with what is a very challenging issue.

CHAIR - Thank you very much. Very passionate people on both sides.

THE WITNESSES WITHDREW.