

Hon John Cowdell; Hon Dr Chrissy Sharp; Hon Graham Giffard; Hon Murray Criddle; Hon Barry House; Hon Robyn McSweeney; Hon Bill Stretch

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## SOUTH WEST, TRANSPORT INFRASTRUCTURE

### *Urgency Motion*

**THE PRESIDENT** (Hon J.A. Cowdell): I received the following letter this morning -

Dear Mr President

At today's sitting it is my intention to move pursuant to SO 72 that the House at its rising adjourn until 9.00am of Friday 21st December 2001 for the purpose of discussing the lack of a strategic assessment of transport infrastructure in the South West Region, in particular with respect to the siting of the proposed blue-gum chip mill at Donnybrook and the possible resultant closure of the South West railway line and the lost job opportunities at the Manjimup Diamond chip mill.

Dr Christine Sharp, MLC

Member for South West Region

The member will require the support of four members in order to move the motion.

[At least four members rose in their places.]

**HON CHRISTINE SHARP** (South West) [3.36 pm]: I move -

That the House at its rising adjourn until 9.00 am on Friday, 21 December.

I bring this issue to the attention of the House because it is about a large commitment of public funds for the provision of transport infrastructure in the south west. The matter is urgent because the proponent of the new blue gum export woodchip-mill wants to get all the necessary approvals within a couple of months. It is important that members are able to get their heads around some of the major regional issues related to the siting of a processing plant of this magnitude and that they understand the implications that such expenditure of public money will have on various south west towns and on the long-term public interest of the south west region. The proposal is for a third chip-mill in the south west. The Diamond Chip Mill at Manjimup has been woodchipping our native forest for the past 25-odd years. That mill is owned by WA Plantation Resources Pty Ltd, which is owned by Marubeni Pty Ltd, a Japanese trading and pulp group that has been buying our native forest woodchips for many years. The company already has a woodchip-mill at Manjimup and is now proposing to build a new export chip-mill at Donnybrook. Marubeni has committed to purchase from the export berth at Bunbury 1.1 million tonnes of blue gum chips, which equates to 1.25 million tonnes of blue gum logs.

The site chosen by the proponent is just south of Donnybrook and raises many local issues, not the least being that a new vineyard is situated next door and that the site is a system 6 area - that is, it is a proposed conservation estate. The Environmental Protection Authority will undoubtedly comment on those issues.

There are other major regional issues around the development of this export chip-mill; in particular, the transport impacts. It will take 200 B-double road trains, 46 weeks of the year, six days a week, 14 hours a day to service 1.25 million tonnes of logs. The wear and tear on our local road system from these 200 B-double road trains delivering blue gum logs will be equivalent to the wear and tear from approximately 20 000 ordinary motor cars. It is intended to transport heavy tonnage to Donnybrook by road from the existing rail link, through to the port of Bunbury. These B-doubles will have huge impacts on the surrounding locations, not the least of which will be the impact on the Preston Valley, which is to the east of Donnybrook towards Boyup Brook, and will be the conduit for all plantation logs from the biggest plantation area. However, a lot of plantation material will come from the south along the South West Highway, and will have enormous transport impacts on places such as Balingup, where I live, and the towns of Nannup and Bridgetown. For the past several years Bridgetown has been involved in a transport crisis, which was the cause of some considerable activity by the previous Government trying to find an appropriate bypass for that town. That still has not been located, and Bridgetown will be severely impacted by this.

It will also have important implications for Manjimup. Although the company owns the Diamond Chip Mill, it does not intend to use that chip-mill very much. It intends to chip only 100 000 tonnes of the 1.1 million total tonnages at Manjimup. Basically, the company does not want to use Diamond Chip Mill. Although a lot of logs are growing in plantations east of Augusta, around the Scott River through to the numerous plantations between Manjimup and Rocky Gully, none of these plantation logs will go to Manjimup to be chipped; they will be taken on road trains to Donnybrook. That is a cheaper alternative for the company because if the woodchips are transported by rail from Manjimup, between \$3 and \$4 a tonne is added to the price at the port. This has a certain irony because of the effect on the timber industry in general, and Manjimup in particular, of the cessation of old-growth logging and the consequential structural adjustment. I do not need to go through that today, because it is obvious to everyone. What an irony that we are spending millions of dollars of public money on

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trying to create new jobs in Manjimup and, at the same time, if we allow the proposal to go ahead as envisaged by the Marubeni Pty Ltd, we will remove a significant part of the work force currently employed at the Diamond Chip Mill.

On top of that, I have some real concerns about the future viability of the south west railway line if only 100 000 tonnes are transported from the Diamond chip-mill to the port. I have given some notice of a question I will ask this afternoon, when I hope the minister will indicate the minimum tonnage required on the railway line from Manjimup to keep that train line open. Although I heard the Minister Assisting the Minister for Planning and Infrastructure on ABC Radio earlier today indicating the possibility that the line is at risk due to privatisation, the line is guaranteed to remain open until at least 2006; after that there will be no guarantees. There are therefore many issues around this matter. It is probably the biggest decision on transport infrastructure for the south west that this minister will make in the current term of this Government. Clearly, the Department of Transport has studied the matter; the proposal has not come out of the blue.

The deciding factor in my moving this urgency motion this afternoon was a document titled "TIRES South West; Log Haul Road Transport Study; Stage 2". This stage 2 of the Timber Industry Road Evaluation Strategy was published only a couple of weeks ago. I had no opportunity to look at the study until Friday of last week; when I did, it blew me away. Is this what we call transport planning? The reason that I was so shocked was essentially that this in-depth study on where every plantation is and how many roads will need to be upgraded states that it will cost only \$28.8 million to upgrade the roads; that it is a bargain because it was thought in stage 1 of the study it would cost \$36 million; that we are lucky it is such a cheap proposal; and that we will save millions of dollars. However, it was determined that those in transport planning would study only local roads and no-one would study the whole strategic transport infrastructure. It has been taken for granted that we will use road trains and that we will maximise the short-term profit to the company and minimise the use of rail in the south west. The study goes on, calmly in the introduction to this bargain report of only \$28.8 million for the back roads, to say -

No work was programmed for the 'MR' roads -

Those are the main roads. The report continues -

- as the low number of truck movements only necessitates 'minimum works required' as negotiated and agreed between the Local Authority and the Bluegum Plantation Industry.

In fact, those minimum works required, according to another study by the Department of Resources Development, will cost something like \$38 million. When one adds up the local and main roads components, the total of the indicative figures is \$66.8 million. That is how much it will cost taxpayers to shift this company's resource. Whose resource is this? That is a very good question. More than half of the logs I am talking about are grown with taxation money. We the taxpayers have forgone money into the Australian Treasury. I have done a back-of-envelope estimate of how much tax money has been invested in the south west, including the great southern blue gum plantations, and calculate that taxpayers have forgone \$200 million to establish the plantations. More than half of those trees will be woodchipped. The rest belong to Marubeni Pty Ltd and Hansol Australia Pty Ltd. Only about 10 per cent will be farmer owned, on which the company is so keen to save transport money. The public is therefore asked to fork out \$66 million, in addition to its tax investment to establish the trees in the first place. In addition to that, the viability of the south west railway will be put in jeopardy and the opportunity for plantation woodchipping employment will shift from Manjimup. One would believe the community was having a fair input into that. However, the local rag, the *Donnybrook-Balingup Herald*, had three stories to publish on 12 June about whether the chip-mill was in the best interests of Donnybrook and Balingup and all three stories were pulled from that newspaper. The journalist concerned has resigned from that newspaper in protest at the lack of opportunity afforded the community to debate these matters of public interest.

Is there a solution? Yes, there is. It is very important that this solution integrate what we all agree is a long-term strategic need in the south west; that is, that any downstream processing is undertaken in the south west, not in Japan. Wilson Tuckey, the federal Minister for Forestry and Conservation, goes on about the money we spend importing forestry products. Three-quarters of that - \$2.3 billion a year - is spent exporting woodchips and importing paper. Clearly, everyone agrees it would be good to have a pulp mill in the south west. We cannot build a pulp mill at Donnybrook for various reasons. The Department of Resources Development and others who have investigated the situation agree that we should be looking at a site closer to the plantations to the east. Why do we not build the chip-mill there? We do not do that because we have a meccano set mentality. It does not appear to matter if we build a chip-mill in Donnybrook now because we will be able to shift it down the road later; they are like meccano sets - no worries! The worry is that, if we decide to shift the mill in five years, we will not be able to shift the roads, the bridges and the transport infrastructure we have built around the mill. That

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is why the community, the Greens (WA) and everyone else involved in this agree that the Government should think about the long-term scenario. It should have in mind what will benefit the region and the public interest. We are talking about a great deal of public money.

I am concerned. The minister is not answering my correspondence and I do not think she understands the issue. I have just heard her speaking on the radio and it appears that she does not know how many woodchip-mills we have in the south west.

**HON G.T. GIFFARD** (North Metropolitan) [3.57 pm]: I oppose the motion. Its purpose is to allow the House to debate a letter from Hon Christine Sharp that contains a general statement about an alleged lack of strategic assessment of transport infrastructure in the south west. The letter also asks the House to examine three particular issues: first, the impact of the siting of the proposed blue gum chip-mill at Donnybrook; secondly, the possible closure of the south west rail line and, thirdly, the lost job opportunities at the Manjimup Diamond Chip Mill.

Blue gum plantation development is a rapidly growing industry. It represents a major economic opportunity for the State and the great southern and the south west regions. I acknowledge from the outset the efforts of the previous Government. The former Ministers for Transport and Regional Development established the timber industry road evaluation strategy committee. The purpose of that committee was threefold: first, to coordinate an assessment of road funding needs in the south west and great southern regions arising from the projected growth in the plantation timber industry; secondly, to develop a case for additional road funding to meet those needs; and, thirdly, to obtain the required funds. In May 2000, the committee released its first report, which provided estimates of road funding needs for state and local roads and identified areas in which funding should be allocated to the region. Indeed, during 2000 the State Government made representations to the Commonwealth on a number of occasions. However, the Commonwealth's Roads to Recovery program announced in November last year did not, unfortunately, include any specific consideration of funding for roads. Nevertheless, I recognise and acknowledge that the previous Government comprehended the need for a strategy for the region and made genuine efforts to obtain funding from the federal Government.

I now refer to the proposed blue gum chip-mill at Donnybrook. In May this year, WA Plantation Resources Pty Ltd announced that it had a preferred site for its one million tonne per annum woodchip-mill at Donnybrook. On the day that was announced by WA Plantation Resources, the Minister for the Environment and Heritage and the Minister for Forestry and Fisheries issued a joint statement, and they welcomed that decision. I understand that there were probably four reasons for WA Plantation Resources' decision to select that site out of the five sites that were under consideration. First, it was adjacent to the existing Manjimup-Bunbury railway line, allowing for train transport of woodchip product to the port of Bunbury; secondly, it was central to the timber resources, and accordingly would reduce log road transport distances and resulting risks in emissions; thirdly, it was well serviced by major roads; and, fourthly, it would minimise truck traffic through Donnybrook, Boyanup and the city of Bunbury. I understand they are the reasons that WA Plantation Resources chose that site. That company is now preparing an environmental referral document for submission to the Environmental Protection Authority and a development application for submission to the shire. I understand that it has not yet submitted either of those documents to those bodies. I anticipate that the level of environmental assessment to be determined by the EPA will take into consideration the consequences of transport arrangements.

The transport considerations in the local site are obviously very important. The Donnybrook site is adjacent to the existing railway line, and it is consistent with government policy that the use of rail be maximised and that reliance on heavy vehicle road transport be reduced.

Hon Christine Sharp: That is not what you are doing. That is what I am asking for.

Hon G.T. GIFFARD: I will go on. The site is located central to blue gum plantations and will allow chips to be railed from Donnybrook to Bunbury. I am advised that the location of the site will avoid large volumes of trucks being required to travel through Donnybrook. I again emphasise the importance of siting chip-mills on or adjacent to the rail network to maximise the use of rail. Hon Christine Sharp reflected some of those sentiments in her speech today. Hon Christine Sharp claimed that she is worried that the Government is entering into a massive commitment to transport infrastructure, supporting some \$67 million worth of road upgrades. If Hon Christine Sharp is suggesting that the \$67 million of which she speaks is for the Donnybrook mill, with respect, that is not my understanding of the situation. I understand that the \$67 million is an estimation of the local road needs for the south west and great southern, and it is for all roads to access all mills. It is not simply a matter of allocating \$67 million to this mill; it is an estimation of the needs of that whole region.

Hon Christine Sharp: That is for the local roads, and then you have the main roads.

Hon G.T. GIFFARD: That is for the local roads. I am pointing out that it is not specifically for this mill.

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Hon Christine Sharp then said the remainder of the south west blue gums will be chipped at Donnybrook. She talked about trucking the logs on double road trains from Scott River and other areas that are much closer to Manjimup. I understand the proposed mill will take plantation logs from the Donnybrook area and is considered to be centrally located for that purpose. The Diamond Chip Mill in Manjimup will continue to produce woodchips for export through the port of Bunbury. I understand that the phasing out of chip logs from native forest will probably be the major cause of the reduction in the volume of woodchips railed from Manjimup. I understand also that the Government, the company and the rail operator intend to retain traffic on rail, and there is no suggestion that the Manjimup-Bunbury railway line will close. The member is jumping the gun a bit.

[The member's time expired.]

**HON M.J. CRIDDLE** (Agricultural) [4.03pm]: I just want to cover a few points about the transport system, which is an area in which I have had some experience. I have spent an enormous amount of time trying to understand the transport system in the great southern and south west through the timber industry road evaluation strategy, which was contributed to by local people and was chaired by a local shire president. The input from those people was very important in helping us to understand the requirements of the road network in that area. I believe the requirement for road funding is substantially more than \$67 million.

Hon Christine Sharp: Yes, if you include the great southern.

Hon M.J. CRIDDLE: Yes. It is a substantial amount, and we did try to get some assistance from the Commonwealth Government. The member is right. The roads to recovery program provided funds for local government, and that will assist the road network in that area.

The trucking industry does not appreciate the continual talk about the impact of heavy transport on the roads. If we want industry to develop in this area, we must allow heavy transport on our roads. We cannot build a railway to every grain bulkhead, chip-mill or port, because it costs about \$1 million per kilometre to build a rail track. We are talking about \$28 million for a total road network

Hon Dee Margetts: What does it cost per kilometre for road?

Hon M.J. CRIDDLE: It is substantially less than that. The cost varies. In the south west, it is very expensive, but it can be as low as \$50 000.

Hon Dee Margetts: To take road trains?

Hon M.J. CRIDDLE: Yes. It can get as high as \$300 000 for a seven-metre sealed road, which is very expensive. We need to remember that many of these roads are already formed, so we benefit from having that base; and if we want to develop from there, the cost will vary. Members should not say that heavy haulage cannot be allowed, because it must go from the plantation to the distribution point, whether it be to a chip-mill or whatever. We cannot build railways right throughout the south west; it would be far too expensive. It is important that there be an understanding of the intermodal transport system required in this State. The previous Government tried to establish that when the TIRES group was set up. It is no good having a resurrection policy; it is no good entering the argument afterwards. This has been going on for three or four years. The Donnybrook mill has been talked about for quite some time; it has been on the agenda for a long time. It is no good putting forward the suggestion now, after having had a choice of five locations. I have not had the opportunity to study this urgency motion, because I did not know about it earlier. The site for the chip-mill was chosen by these people after an enormous amount of study.

Hon Christine Sharp interjected.

Hon M.J. CRIDDLE: I understand what the member is saying, but she must understand the process of getting the product from each individual plantation to the chip-mill. A railway cannot be built to every plantation. It is very simple. We have an intermodal system, and the member must understand that system.

Hon Christine Sharp interjected.

Hon M.J. CRIDDLE: I am pleased to hear the member say that. An enormous amount of benefit can be gained, not just by the environment or by roads. People are being asked to grow trees right throughout the wheatbelt and elsewhere, so there must be some benefit in jobs and in other areas. There must be an alternative plan. I heard the member say that we should export the pulp, and I would be happy if the pulp and the paper were exported. It would be of enormous benefit to be able to process it through to the final paper stage. However, the product will still need to be brought to a central point.

Hon Christine Sharp interjected.

Hon M.J. CRIDDLE: Any of five sites could have been chosen for this mill and this site was chosen. If we had put it anywhere else, the argument would have been the same - why did we not put it somewhere else and why

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did we not build a railway to the site? The best thing about this site is that it is on a railway line, so the product can be shipped to the port.

We could argue this point forever; however, people should enter the discussion as soon as possible so that their point is heard. They can then be involved in the planning process and have an opportunity to provide some input.

Hon Dee Margetts: Hasn't the decision already been made? Isn't that what you are indicating?

Hon M.J. CRIDDLE: The TIRES group was set up three years ago, and people should have been involved in the process then. That is the problem with these issues - people get involved in these issues far too late. Industry must go on; it must get its product to the port. We need a strategy. We put in place a future projects initiative for the mines right throughout Western Australia, and I can see what will happen with this issue. When an initiative is started and a project gets up and running, complaints will be made about where it is and about its being too far away. People should be involved from the start of the planning process.

**HON BARRY HOUSE** (South West) [4.08 pm]: Mr President, forgive my suspicious nature, but when I became aware that a motion would be moved by Hon Christine Sharp on the forest industry in general, I wanted to know exactly what was contained in that motion. I first wondered whether it was a continuation of an attack on forest industries by the architects of the demise of the industry in recent times or whether it was another shift of the goalposts. Having achieved one outcome - that is, the discontinuation of logging in old-growth forests - will they now move to another aspect of the industry; that is, plantation timber and value adding? I am pleased to say that I am convinced that Hon Christine Sharp has moved a motion in the interests of achieving the best outcome for the south west from the timber industry; I am happy to support the motion on that basis.

Hon Peter Foss: Hon Dee Margetts thought you would criticise it; she shoots from the hip.

Hon BARRY HOUSE: Quite right. I am convinced that Hon Christine Sharp is genuinely concerned about achieving the right outcome for the south west. All members would welcome an outcome that adds to the forest products industries in that area. Let us not denigrate the value of that industry; it generates as much income as tourism in the south west, which is often glibly overlooked by many commentators on the forest industry issue. The economic value of the industry is still enormously important to the south west, and will be for a long time.

Although this debate focuses on the Donnybrook mill, it is interesting to note some of the developments over recent years. About five years ago, Wesfarmers conducted a feasibility study on the location of a pulp mill. The investigation centred around two sites: Kemerton and Wilga, near Donnybrook. Disappointingly, that study came to nothing - I say disappointingly because it was rejected supposedly on the grounds that it was not viable. Many members were disappointed by that outcome because they wanted the industry to move into the next stage of downstream processing to produce pulp. I am sure that all members want to see the industry move towards value adding. No argument was raised about the process involved, even from the most extreme environmentalists. The use of chlorine bleach in pulp mills has been eliminated as an option in Australia and around the world. The study centred on the location and the viability of the mill. Arguments were raised about whether Kemerton or Wilga would have been the most appropriate locations for the mill; nevertheless, that did not come to pass.

Perhaps because of my suspicious mind, in hindsight I suspect that was the first major sign from Wesfarmers that it wanted to move out of the forest products industry, and that is disappointing. Wesfarmers indicated that it was not prepared to invest in the industry while so much political uncertainty existed over the industry's stability. The change of Bunnings' name to Sotico was a further sign of Wesfarmers withdrawal of support for its involvement in the industry. For 100 years or so, the name Bunnings is and has been synonymous with the timber industry in Western Australia. Over the years, that company was responsible for opening many communities in the south west, and it provided a livelihood for literally thousands of people.

The company faced criticism, perhaps with some justification that, in some instances, it was not prepared to move with the times. It was slow to adjust to some of the changes that were necessary in the industry, particularly its percentage of recovery of sawn logs and its reduction of waste, both on the forest floor and in the timber mill. It was also slower than some of the smaller mills to move into kiln drying and value adding. In later years it moved towards that, but it was perhaps a little late.

Hon B.K. Donaldson: It was a lot smarter on the retail side.

Hon BARRY HOUSE: Now, through Bunnings, Wesfarmers has moved its operations into the board room and into hardware operations. Its proposed takeover of Howard Smith Ltd, which was announced recently, combined with Bunnings, will create an enormous hardware operation throughout Australia. That organisation has also announced its intention to quit Sotico, which in many respects is a little unfortunate for the timber industry in the south west.

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While a lot of debate has occurred in recent years about the location of chip-mills and the viability or otherwise of pulp mills, the Donnybrook chip-mill seems to have just been announced - I agree with Hon Christine Sharp - without much public consultation or notification. As a local member, maybe I share some of the blame, but I am less aware of the information surrounding the Donnybrook chip-mill than I have been about many other recent proposals. I know valuable work has been done in recent years by the timber industry road evaluation strategy group to set the stage for some of the big questions that must be answered. Hon Murray Criddle today referred to transporting the product from the source to the mill and from the mill to the port, and so on. There is a paucity of information about exactly what is happening with the chip-mill at Donnybrook. It is of potentially major importance to the south west for its infrastructure and employment prospects. When these things happen we get only one chance to get them right and, while I welcome a chip-mill at Donnybrook to supplement the one already at Albany, I do not welcome it if it comes at the expense of the Manjimup chip-mill. That community is suffering enough pain at the moment. These issues should be thoroughly thought through. While this motion focuses on the transport infrastructure, a host of other factors need to be considered.

**HON ROBYN McSWEENEY** (South West) [4.17 pm]: The word "Bridgetown" was mentioned and Hon Christine Sharp said there was virtually a transport crisis. I was on council for six years and involved in the strategy to get a bypass around Bridgetown. We almost got it - we gained resumptions, we had the whole works, and Main Roads was ready to go - but a lot of green activists tried to stop the bypass. I probably made one mistake while I was on council by calling for a referendum, which produced a 50-50 result. I think we won by about three votes and it was overturned, so no bypass was built. It is laughable that the greens are worried about lost job opportunities in Manjimup, because the activities of the greens in the forests disgusted me. The demonstrations by the green activists against the decent, hardworking timber community was absolutely appalling. The families living down there are losing jobs and a lifestyle; they cannot work any more, and the greens have a lot to do with that - I would say 99 per cent.

I welcome a mill at Donnybrook. I understand that we should look at the transport strategy. Like Hon Christine Sharp, I want to see a lot more freight transported by rail than is being transported at the moment. As for public consultation, continuous transport strategies have been in existence ever since I can remember - I was on the South West Development Commission eight years ago - and there is another strategy out at the moment. I welcome progress. I welcome the chip-mill in Donnybrook. Anything that alleviates job losses is a good thing. I support an ongoing industry.

**HON W.N. STRETCH** (South West) [4.20 pm]: I am torn two ways on this motion, which may have been the intention of the mover. Like my colleague who just resumed her seat, I believe that it was inevitable that this stage of the plantation timber industry would go forward. If I have any regrets, they are about the amount of time and effort that has been wasted in endless studies over the past 10 years. Councils have in some instances sent delegates hundreds of miles for those studies. As long as I can remember, groups have been looking at how to lobby to get a chip-mill in their area. The reality is that one organisation decides where a project of this size will be located - not the shire, the Greens (WA) or the Government, but the proponent, because at the end of the day, the proponent puts up the millions of dollars to make this infrastructure possible. I was not comfortable with the time that people were called upon to put into those studies. I chaired the Warren-Blackwood region study. The enthusiasm of some of the bureaucrats in government departments was not matched by the shires or the chairman, who had to spend a lot of time poring over and preparing reports in the certain knowledge that at the end of the day, the decision would be made by the proponent. It is the Government's role to be as prepared as it can be to accommodate such industries; however, the timber industry, like any other primary industry, is fluid. Many factors influence where a project will ultimately be sited.

The great southern and eastern edge of the south west region recently experienced one of the driest winters on record. That has had a devastating effect on many blue gum plantations. When planning was carried out, many of the projects and prospectuses put forward by plantation companies were predicated on a harvest of between 180 and 230 cubic metres a hectare. Some may have been higher than that. Some of those plantations now being harvested have yields as low as 120 cubic metres a hectare, which is about 60 per cent of estimated production. That will have a major effect on the transport routes that have been planned and prepared. For argument's sake, much of the eastern area along the upper Tone River will probably not yield anything like even 60 per cent of the projected yield. The transport task set for that area will be far less than anticipated. In many ways we can thank God that a railway infrastructure for that area was not planned, as that region could face another season with equal losses in production. It would look silly to cart trainloads of matchsticks to a pulp mill when the yield for that area was expected to be 30 to 50 per cent greater.

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There are emotional objections to road transport; however, it is here to stay. The Greens (WA) and many others, including the Minister for Planning and Infrastructure, Hon Alannah MacTiernan, seem to have a mindset against modern transport of that scale.

Hon Peter Foss: It doesn't go fast enough.

Hon W.N. STRETCH: I will let that one go through to the keeper.

Hon Ken Travers: Very wise!

Hon Kim Chance: Sound decision.

Hon W.N. STRETCH: It may be wise, but it is an interesting point. The challenge is not to restrict modern transport because that would be like trying to beat back the waves.

Hon Christine Sharp: What is modern transport? Don't you think the future trend should be for the role of rail to increase at the expense of road?

Hon W.N. STRETCH: I see a different future from that which Hon Christine Sharp sees. I do not consider projection of the future to be as important as consideration of the task, which, in this case, is the ability to move, with the greatest efficiency, the maximum tonnage at the lowest cost per unit from A to B, which should be as close as possible to the final destination.

Hon J.A. Scott: You would therefore be pleased to receive full cost recovery from the owners of the heavy trucks that are damaging the roads.

Hon W.N. STRETCH: At the end of the day the issue boils down to what people pay for their tin of baked beans.

Hon Dee Margetts interjected.

Hon W.N. STRETCH: Hon Dee Margetts can argue that way for as long as she likes. History shows that in an isolated place such as Western Australia, it is impossible to build a rail infrastructure that will allow for optimum performance.

Hon Dee Margetts: We have never really had proper integrated transport planning.

Hon W.N. STRETCH: What does Hon Dee Margetts mean by that?

Hon Dee Margetts: I mean exactly what I said.

The PRESIDENT: Order! Perhaps this should not be question and answer time.

Hon W.N. STRETCH: I am intrigued that people send unsubstantiated theories into the ether and expect someone else to find an answer to them. Our problem is that, as a Parliament, irrespective of which side of the chalk line we sit that somebody said runs down the middle of the Chamber -

Hon Peter Foss: It doesn't exist.

Hon W.N. STRETCH: That is right. Our task is to consider today what will be the best solution for the next five years. In reality, with all due respect to the Greens (WA), we cannot plan for much more than five or seven years when developing a structure of this nature. We can project all sorts of population growths for Perth and various increases in the production of wood lots in the great southern region, but as I have just demonstrated, two dry seasons can alter projections. I hope the situation recovers. However, it is interesting that some companies that have purchased and set aside land for planting are not doing so because they cannot rely on the production of tonnages to match the projections in their prospectuses. They have said, therefore, that they will wait until they harvest more wood and can test the yields.

It would be a great waste of taxpayers' money to build a rail line at a cost of \$1 million a kilometre - I think that is the figure Hon Murray Criddle provided - for a plantation that may never be developed. However, the advantage of road transport is its flexibility; it can move from sector to sector with very little -

Hon J.A. Scott: Providing it is subsidised.

Hon W.N. STRETCH: That is a point of view with which one could argue. If that is Hon Jim Scott's big hang up about road transport, so be it. However, I can assure him that at this stage of the game, road transport is the most efficient way of delivering goods to the scattered population of Western Australia. I would be very surprised if the resources could be found to develop the rail infrastructure of which he is dreaming. I would like to see the Greens provide some solid projections for managing rail transport in the south west over the next five to seven years. The capital input alone will not be available.

Hon John Cowdell; Hon Dr Chrissy Sharp; Hon Graham Giffard; Hon Murray Criddle; Hon Barry House; Hon Robyn McSweeney; Hon Bill Stretch

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Hon Christine Sharp interjected.

Hon W.N. STRETCH: Hon Christine Sharp should be quiet. We are all aware of the financial problems that have arisen from our rail network, although it is a very good main line rail system. Members opposite are living in fairyland if they think we can afford to implement their dream-world projection of a rail network of short tracks throughout the south west.

Hon Dee Margetts interjected.

Hon W.N. STRETCH: Hon Dee Margetts can also be quiet; she will have her chance to speak later.

**HON CHRISTINE SHARP** (South West) [4.30 pm] - by leave: One of the issues that has arisen in this debate that has not been considered closely thus far is that of competitive neutrality between road and rail transport in this State. As has been revealed in the debate, WA Plantation Resources Pty Ltd agrees with me that Wilga would be the best site, and that it would be good to do more chipping at the Diamond mill. However, the company does not want to spend the money, because it would be too expensive to put the production of the mill on the railway at Manjimup, let alone build a new railway to Wilga. It is not a matter of the railway being too expensive, but rather the road trains being too cheap. They are not paying their true cost. Each B-double road train is the equivalent in road wear of 20 000 ordinary motor cars. Murdoch University carried out a study two years ago of the hidden subsidies paid to road transport operators in Western Australia. The study was very comprehensive, and included the cost to the State of transport fatalities and public safety. The study produced a figure - I hope I have it correct; if not, Hon Jim Scott may be able to correct me - which priced the annual hidden subsidy to the road transport industry at \$236 million. Can Hon Jim Scott confirm whether that is the right figure?

Hon J.A. Scott: Yes, a round figure of \$240 million.

Hon CHRISTINE SHARP: The simplest thing from Main Roads' point of view would be for this new chip-mill to be placed at Donnybrook. However, if it were placed at Wilga to maximise the use of rail transport, it would give a real boost to Manjimup. An easement already exists for reinstating the rail link between Wilga and Donnybrook, and it is downhill all the way to Bunbury. This option would cost about \$35 million, as opposed to the \$38 million that is proposed to be spent on the South Western Highway from the Main Roads budget. If this strategic assessment were done fully and comprehensively, the alternative that I am proposing would be not only more sustainable, have less impact on the community and meet all the public interest requirements, but also it would be cheaper and safer. This proposal would also prevent some of the environmental impacts the Greens (WA) are concerned about, as well as coming to terms with the issue of energy conservation. I thank members for their contributions. This is an important debate for the south west.

I regret that the One Nation member who was unfortunately taken sick today was unable to make his contribution. I am hoping that the minister will get to read this debate and be able to get her head around some of these issues so that she understands some of the strategic decisions. Her being put in charge of a superministry offers an enormous amount of opportunity to use synergy for combining planning and transport. I hope that she uses the opportunity wisely to maximise the long-term benefits for the south west.

Motion lapsed, pursuant to standing orders.