

**ECONOMICS AND INDUSTRY
STANDING COMMITTEE**

**INQUIRY INTO THE MANAGEMENT OF
WESTERN AUSTRALIA'S FREIGHT RAIL NETWORK**

**TRANSCRIPT OF EVIDENCE
TAKEN AT BRUCE ROCK
TUESDAY, 27 MAY 2014**

SESSION THREE

Members

**Mr I.C. Blayney(Chair)
Mr F.M. Logan (Deputy Chair)
Mr P.C. Tinley
Mr J. Norberger
Mr R.S. Love**

Hearing commenced at 3.05 pm

Mr RODNEY FORSYTH

Delegate, Great Eastern Country Zone, examined:

Ms RHONDA MARGARET COLE

Zone President, Great Eastern Country Zone, examined:

Mrs EILEEN O'CONNELL

President, Shire of Nungarin, examined:

Ms HELEN WESTCOTT

Executive Officer, Great Eastern Country Zone, examined:

Mr FREDERICK STORER

President, Shire of Koorda, examined:

The CHAIR: Good afternoon. On behalf of the Economics and Industry Standing Committee, I would like to thank you for your appearance before us here today. The purpose of this hearing is to assist the committee in gathering evidence for its inquiry into the management of Western Australia's rail freight network. You have been provided with a copy of the committee's specific terms of reference. At this stage, I would like to introduce myself and the other members of the committee. I am Ian Blayney, member for Geraldton; and I have with me my deputy, Hon Fran Logan, member for Cockburn; Jan Norberger, member for Joondalup; Shane Love, member for Moore; and Peter Tinley, member for Willagee, who is outside and will be in soon.

The Economics and Industry Standing Committee is a committee of the Legislative Assembly of the Parliament of Western Australia. This hearing is a formal procedure of the Parliament and therefore commands the same respect given to proceedings in the house itself. The committee welcomes those members of the public who have come to listen to the hearings and asks that you also respect these proceedings and the witnesses who have come to provide evidence today. Even though the committee is not asking witnesses to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of Parliament. This is a public hearing and Hansard is making a transcript of the proceedings for the public record. If you refer to any documents during your evidence, it would assist Hansard if you would provide the full title for the record.

Before we proceed to the inquiry-specific questions we have for you today, I need to ask you the following. Have you completed the "Details of Witness" form?

The Witnesses: Yes.

The CHAIR: Do you understand the notes at the bottom of the form about giving evidence to a parliamentary committee?

The Witnesses: Yes.

The CHAIR: Did you receive and read the information for witnesses sheet provided with the "Details of Witness" form today?

The Witnesses: Yes.

The CHAIR: Do you have any questions in relation to being a witness at today's hearing?

The Witnesses: No.

The CHAIR: Would you please state your full name and the capacity in which you appear before the committee today.

Ms Westcott: My name is Helen Westcott. I am the executive officer for the Great Eastern Country Zone.

Ms Cole: My name is Rhonda Cole. I am the deputy president of the Shire of Narembeen and the zone president of the Great Eastern Country Zone.

Mr Forsyth: I am Rod Forsyth. I am the shire president of Kellerberrin and I am also the delegate on the local government grain freight group.

Mrs O'Connell: I am Eileen O'Connell, the president of the Shire of Nungarin and also a state councillor for the Great Eastern Country Zone.

Mr Storer: I am Ricky Storer, president of the Shire of Koorda.

The CHAIR: Thanks very much. Would you like to make an opening statement today?

Mr Forsyth: Yes, I would, thank you. I would like to thank you very much for availing yourself in the country. It is great to see the committee come out here. It is very busy, because it is seeding time, so that means we have not had as far to travel—or get off our tractors—as I guess you guys have, and we appreciate your visit out here.

As detailed in the zone submission to the ERA, and by extension with reference to the committee's term of reference to investigate the recent strategic directions and policy decisions relating to the current network lease, particularly in relation to the low-traffic lines, the zone believes there needs to be far greater transparency in how decisions are made with respect to the current network lease, particularly in relation to the low-traffic lines that are found across the wheatbelt. This zone actually encompasses most of the tier 3 rail lines, which is probably the main subject of conjecture and the reason for this committee being out here.

One of the key findings of the Auditor General's 2013 report on the management of the rail freight network lease was that limited information is available to the Parliament and the public regarding the lease or the network or its condition. Given the rail freight network is a public asset, this zone considers this an unacceptable situation. With lines closed, placed in care and maintenance, or operating with speed and weight restrictions in place, information on the lease should be open to public scrutiny. Public scrutiny would allow thorough examination of access charges and their appropriateness. The zone believes that Parliament should have greater access to information that relates to the structure and management of leases that govern the management of the rail freight network. With regard to the decision to close these lines, Brookfield has stated at a meeting that I was at of the grain freight network that on 30 June, all tier 3 rail lines will be closed. This has a flow-on effect to those local governments outside the tier 3 network. It is unlikely that this effect has been factored into any strategic or policy decisions made relating to the tier 3 network. The zone believes this matter should be investigated by the committee.

I am actually, as I said, from the Shire of Kellerberrin. We are on the standard gauge. We have received quite a bit of money for grain freight routes. I cart wheat for my son with a fairly big truck, and at that bin, we have got trucks from Wyalkatchem, Trayning, Nungarin, Bruce Rock and Quairading—they all come to Kellerberrin. That is determined by CBH's segregations in Kellerberrin. A lot of those trucks are contractors—a lot of the farmers have contractors—and they are all big trucks, and I would suggest that a lot of the roads are not fit for those big trucks. To get from the farm gate to the local bin, a lot of the roads are not up to scratch, and even though we have had money allocated for those grain freight routes, as in the Cunderdin–Quairading case, Kellerberrin has got money for Kellerberrin to Shackleton, but that is not finished either, and it is in a fairly bad state of disrepair. We think that this committee should look at those types of things and have some way that the shires are compensated for the other shires' trucks coming into their roads. That is going to be exacerbated even more by the introduction of Bunge to the equation. Originally

it was thought that their 500 000 tonne of wheat would come mainly from the western part of the great southern and the wheatbelt. We have heard now that it is actually coming from north of the Great Eastern Highway. They are a huge company, with 35 000 employees. So I would suggest that for the first two years, they are allowed 500 000 tonne, and after that it could be anything—1.5 million or two million tonne. To collect that sort of grain it is going to have to be carted from the eastern wheatbelt, and in a lot of cases there is no rail access to align with the Bunbury port, even closer to the coast. So the road infrastructure certainly needs supplementing with some funds.

[3.10 pm]

In providing recommendations for possible changes to the network leases and in particular low-traffic lines, the zone believes that the current artificially low price for road infrastructure should be incorporated into any method used to determine access charges, not just for Brookfield Rail but for any future lessee. One issue not referred to in the zone's submission is that of interface agreements. Under the Rail Safety Act 2010, new legislation has come into effect that requires road managers and rail infrastructure managers to enter into an interface agreement for all road-rail interfaces. Almost 80 local governments have interfaces to Brookfield Rail's network. Whilst negotiations on these agreements are proceeding well, with considerable support from WALGA for all local governments affected by this new legislation, the zone believes the committee should be made aware of the agreement and in particular those interface agreements that will apply to non-operational lines. This is a matter that the zone will look to provide the committee with further information on in a written submission to follow today's committee hearing.

Local governments across the agricultural region are interested in the viability and sustainability of their communities. Thus an efficient, cost-effective and safe transport system to allow for farm to port delivery of grain is essential. We believe this will be a combination of rail and road infrastructure. We need to ensure the infrastructure we plan and build, or renovate, will be viable for the next 50 years at least. In the short term, we are looking at grain freight. However, we need to consider other activities occurring across the region. The zone would urge the committee to consider future uses for the rail freight network in developing any recommendations around strategic planning and regulation for the network. Thank you again for your time.

The CHAIR: Do members have any questions?

Mr J. NORBERGER: Yes. From the outset, because it ties in with some of the questions that were asked of the Wheatbelt Railway Retention Alliance, in your submission you indicate that you believe that road freight is artificially low. Yet we have just heard from the Wheatbelt Railway Retention Alliance that their opinion is that road freight is significantly higher than rail freight. What is your opinion? How do you guys see it? Is road freighting the wheat cheaper than just putting it on rail, or is it the other way around?

Mr Storer: Perhaps if I can on that one. In our instance, from our rail in Koorda—I think it was pretty similar to Bruce Rock—rail freight from Koorda is \$22, where road freight would be \$27 minimum. In that, there is just not the volume; we need to have storage facilities because there is not the capacity to get 100 000 tonnes through the Koorda district. There is not that capacity to get it to port in that month or six-week period, so we need to have that storage facility as well. But yes, there is certainly a big discrepancy.

Ms Cole: If I may, thank you for coming and thank you for being allowed to speak. It is not as simple as \$20, \$25, \$27, because you are never taking into account the whole logistics of the time span and the infrastructure itself to do it: what is it? "Lies, lies and damned statistics", or something. You could just about name your own figure, because unless you can quantify that downtime or the fact that there just are not enough contractor trucks to get it out as we need, you cannot possibly just look at it in isolation of the dollar factor, because it just is not that simple. It is almost a rubbery figure that you can make it say what you want to, depending on what you put in there. The bottom line is we cannot physically move all our grain just with contractors on trucks; there just is not

enough trucks. It would be okay if, theoretically, you were like a logger and could move it over the whole year, but with our grain that just is not the fact; it needs to come off at certain times of the year in the same sense that CBH, or whomever the buyer is, needs to load the ships at certain times of the year. It is not as simple as stacking a whole lot of logs at a port.

Mr R.S. LOVE: You represent a variety of councils, and some of you will be in areas where you have bins on standard-gauge lines.

Mr Forsyth: Kellerberrin definitely has, yes.

Mr R.S. LOVE: And others will be affected by tier 3.

Ms Cole: We actually also have some bins that do not have a rail link at all, which requires them to be roaded to our rail links, which is a third criterion, if you like.

Mr R.S. LOVE: Yes. We are talking here about the rail freight, not the grain freight network as such.

Ms Cole: Well, it still has to end up on rail, that is the thing.

Mr R.S. LOVE: When you are doing your costings for your asset management going forward—I asked this question, I think, at Bruce Rock—amongst the rest of you, have you been looking closely at the possible extra costs that you anticipate facing with the closure of the tier 3 rail; and, if so, have you put some figures on it?

Mr Forsyth: At the moment we are in the process. Merredin instigated it, but we can get those figures to you within a week or two. We will do that as a zone and just give you the one lot of figures. But it is certainly underway.

Mr Storer: Could I add to that? Koorda does not actually have a tier 3 rail line; we have got tier 2. The instance in 2011, which was quite a good season up our way, the Beacon–Burrakin line was closed; it was not suitable and needed work. So to make way for the 2012 harvest, CBH roaded close on 100 000 tonnes into Koorda from Beacon. Over that 100 000 tonnes, which equates to, I think, about 2 000 truck movements, we had five kilometres of road that we had to have total reconstruction on at a cost of \$560 000, so that is about as close as we could get. That road was fine before, and it was outside our harvest period, so we know it was directly affected. We had potholes two metres across where the surface had broken, so we had a direct, I guess, correlation of what it would cost, and that was just for 100 000 tonnes in one year.

[3.20 pm]

Mrs O'Connell: Nungarin had a tier 3; we are on the Trayning–Merredin line, and from Nungarin to Merredin last year, all our grain was actually taken by rail. We had a lot of Trayning and Kununoppin go through our town to Merredin because the tier 3 from Nungarin to Merredin was upgraded from Merredin nearly to Nungarin, and then we had a flood, which took out about five kilometres of our rail. We actually have new rail line from Nungarin to about five or 10 kilometres heading towards Merredin. It was actually used last year to take all our grain from there. We obviously thought that the same thing was going to happen this year, but of course it has been closed, so we have a perfectly good tier 3 rail line that is not going to be used. There is damage to the roads, as a safety issue, which is what is really concerning. It is not just the Nungarin to Merredin bit; you will get photos, but I would anticipate that the same thing is happening to all the roads. Nungarin, Trayning and Merredin shires are lucky in the fact that the roads that they are using is Main Roads road, so the only effect on Nungarin is the fact that they did, about 2011, up what the farmers were paying. It was cheaper for them to then travel to Mukinbudin or Merredin, which was further, and of course then they used our gravel roads, which are totally unsuitable to moving grain with the size of trucks they were using.

The CHAIR: Obviously, government does not insure commercially for damage like that.

Mrs O'Connell: I do not know who paid for it.

The CHAIR: Well, it sounds like it has not been fixed, the five kilometres that got washed away.

Mrs O'Connell: No, it has been fixed, because the whole of the rail that went through town was taken away; the sleepers were found up to five kilometres away, south of Nungarin. They actually replaced it; we have brand-new rail. They just upgraded the whole thing.

Mr J. NORBERGER: Did Brookfield do that?

Mrs O'Connell: I have no idea who did it, but they just turned up and did it. Once they started doing it, the quickness that they actually repaired it, you would wonder why it takes them so long to just upgrade a rail line after that, because there was nothing left when the flood went through. It was a flash flood, so it was just straight through.

Mr Storer: Can I just add on another thing that will bring things into a little bit of perspective about your question about what it might cost? With regard to the \$560 000-odd, our total budget for our roads is only \$1.8 million, so it was 25 per cent of our budget from a specific event. What hurt even more was that it was not locally produced grain; that is fine, but our ratepayers had picked up the bill for somebody else's grain.

Mr R.S. LOVE: We heard earlier from, I think, the Quairading council that they had been overruled on ratings on some of their roads. As councils, do you attempt to use those ratings and the permit systems to ensure the grain follows certain paths; and, if not, have you considered doing that, or have you been overruled in the way that Quairading has?

Ms Cole: We had an instance with the grain being carted from Mt Walker by Marleys, contracted to CBH, into Narembeen or Merredin, and we do not have any Main Roads at all within the Narembeen shire, as my colleague Councillor Cowan said. We put a restriction on of 27.5 and specific configurations of trucks and trailers; they move differently, as you will understand, so the damage to the road can be different, apart from the weight and the length. We were overruled by the minister at the time and told that, "Yes, they are your roads, but no, you cannot have the final say on what they are." Even though without them coming out to look at this, basically, we do not have the final say on what can go on the roads that we mend. We do not have that right, apparently.

Mr Forsyth: Kellerberrin has a limit of 27.5 metres, and at this stage we have not been overruled, but certainly we find CBH a little difficult to work with on trying to get them to go onto certain routes. We have a bin that is not on any rail, Kodj Kodjin, and tier 3 used to go back out to Trayning. That is closed now, so the wheat coming from Kodj Kodjin into Kellerberrin can go via two routes: the Bencubbin road or the Doodlakine road. Sometimes CBH prefers to use the Doodlakine road because it is a lot shorter, and they have done a lot of damage on that. They virtually had to stop using it because the ruts were so big and it was extremely dangerous.

Mr Storer: If I can just add to that, in that 2012 transport, we had been in discussions with CBH about how much grain they would be bringing in the quarter and it started off at 70 000 tonne they were going to bring in and then it went out to 100 000 and then we got word that the 100 000 had been reached and they had another 20 000 to go and they were going to keep doing it. We rang Colin—I think it was Colin Tutt at the time—and we shut it down. We were successful in shutting down the bin-to-bin transfers using those examples that we were able to, even though they were complying with our category—we are only cat 4s—we were still able to put restrictions on there. I mean, it was not tested because I guess they were getting to the end and if we had done that after 5 000 tonne, it might have been a different story, but they did adhere to that. But, interestingly enough, today when I was coming over here I stopped over at the shire office—we are cat 4, as I said—we had two C-trains heading down the main street of town, which is way out of permit, and last seen the local constabulary were chasing them, so I am not sure what happened there.

Mr F.M. LOGAN: Can I just come back to some of the things we heard earlier from Steve from the Shire of Bruce Rock, which talked about the fantastic season you had last year and possible

good season, but on top of that, the point that Steve was making was the breakthroughs that continue to occur through science and technology in terms of the volumes of grain that can be harvested with lower rainfall. I have noticed that there are arguments that there is a possibility that that could lead to an increase in grain harvested of up to 15 per cent. So, you have got that situation and then, of course, the situation that because of the size of the machinery being used in harvesting, it is coming off quicker than ever before and can be transported in greater volumes to bins and then on to port. Do you think any of those issues, continuing changing technology in the wheatbelt and thereby leading to greater volumes of grain, were acknowledged—because it does not seem to me they were—in the strategic grain network committee? Do you think it has been acknowledged by any minister?

Mr Forsyth: Farming is evolving that fast. What you have not mentioned is that sheep are disappearing. So, just the percentage of the properties going into crop is so much bigger and in some cases now it is 100 per cent. In a lot of cases it is not only a small percentage of the district; it is a big percentage of the district that is 100 per cent cropping —

Mr F.M. LOGAN: Which is adding further to the problem.

Mr Forsyth: And with technology, yes. I was thinking about it before I sort of wrote this up, but farmers are ahead of the game. They are innovators and that is why they are still here. I am a farmer. We are probably just a bit ahead of CBH. CBH is probably a bit ahead of the shires with their roads and the government. Unfortunately, the rail has been left behind whether that has been on purpose or the government shoved it off when they gave the lease to Brookfield, and, sort of, they seem to have done what they have with it and it has not been to the advantage of most farmers. There has been a slip-up somewhere for sure, and it has not been recognised that farmers are so quick on increasing production.

Mr F.M. LOGAN: That is right. Do you think that those innovations and the increase in production have clearly slipped past government and ministers?

Mr Forsyth: I am sure it has.

Ms Cole: Obviously, we are doing things so much better. I mean, we have grown some of our best crops out here on six inches, which is really not what we should do. But we are very good at what we do. Even if the mix between canola and wheat varies, you have instantly got a variation because wheat produces more, generally, than what you would expect to get off a canola crop. Even without the innovation, it depends on the mix of the grains that are beneficial to Australia as an economic exporter and what we are growing, even without the fact that we are very good at what we do and we are improving our yields.

[3.30 pm]

Mr R.S. LOVE: You mentioned before your role—I think it is the Grain Infrastructure Group that you are a delegate to.

Mr Forsyth: That is right, yes.

Mr R.S. LOVE: Could you perhaps just outline what that group does and your role in that?

Mr Forsyth: Members are from the metropolitan area and most of the zones within the outer metropolitan area as well. I have only been the delegate for—I was proxy delegate for a little while and now I am the delegate, so I have only been to one meeting. At the last meeting we actually had Brookfield there and that was where they indicated that as of 30 June they would be closing all tier 3s down. The other interesting point they brought up was that they are not so much interested in some of the rail lines; they are interested in the corridor. So, they own the corridor and it is going to make it difficult for someone else to transport the grain, I guess, or whatever. But it is mainly a WALGA initiative, I think, to get a local government input into—from the zones into WALGA.

Mr P.C. TINLEY: So you are suggesting that the value of the network is the corridor and not necessarily what is constructed on it?

Mr Forsyth: From what the chap from Brookfield indicated to us, that would be the case, yes.

Mr F.M. LOGAN: From WALGA's perspective, what has been the response from local government ministers to your issues that you have been raising?

Mr Forsyth: I honestly could not answer that. I have not been in the group long enough to know whether we have had —

Mrs O'Connell: I will speak. WALGA and our officers involved in this area have had continuous discussion with people in the department as well as through the minister over time, but, obviously, we are not getting the answers that we would like or are getting the answers. But they have been continually —

Mr F.M. LOGAN: They are aware of it —

Mrs O'Connell: Ever since we have started on it and it does come up very regularly at state council. You have got to inform state councillors.

Ms Cole: Can I also say that I believe it is the nature of the beast that it tends to be the local government minister is a junior minister to what the Minister for Transport is, and I think perhaps that has some bearing on the noises that we hear back.

Mr R.S. LOVE: Looking at the relationship between the zone and Brookfield itself, do you as councils have regular communication with Brookfield? Do they talk to you about issues that are coming up, their maintenance programs or anything at all?

Ms Cole: We have some limited communication with them, usually on specifics, but I would not have said about maintenance programs, no.

Mr F.M. LOGAN: What about the PTA? Has there been any direct dialogue between WALGA eastern zone reps and the PTA as the owners?

Ms Cole: Not as far as I am aware.

Mr R.S. LOVE: The other regulator involved here is the ERA and you have made a submission to the ERA.

Ms Cole: Thank you for the opportunity to do that.

Mr R.S. LOVE: We are not the ERA but —

Ms Cole: No, but we do thank you.

Mr R.S. LOVE: You are reiterating that here and that is good. What is your understanding of the role of the ERA in regulation of the network? What prompted you to want to make that submission in the first place?

Ms Cole: I think it was an opportunity to voice some of our frustration, I have to say, would be my reading of it. After various organisations, like CBH and others, going for freedom of information to understand more of the agreement with Brookfield, it was an avenue that we could see of getting some voice where we seemed to be getting stonewalled at other places.

Mr F.M. LOGAN: In your submission to the ERA you talked about the freight costs in WA versus the eastern states. In coming to those conclusions, did you have statistics to back those up at all?

Ms Cole: Our executive officer who did the research for us is very thorough in what she does and I would suggest that that information can be backed up.

Mr F.M. LOGAN: If you have that information, Helen, could you provide that information to the committee?

Ms Westcott: That information was researched from other documentation. I can easily provide the research staff with that.

Mr F.M. LOGAN: Given that you have summarised it, it would be great if you could provide it!

Ms Westcott: I certainly can.

Mr F.M. LOGAN: Thank you.

Mr R.S. LOVE: I will jump in again. Are there any aspects of the framework around the management of the network where you think the development of the eastern wheatbelt in particular could be enhanced if changes were made? That is a pretty broad question.

Ms Cole: It is a very broad question, and probably as equally as broad an answer, then. The history of our area, if you like, is that there were sandalwood cutters; then there were the graziers; then the goldfields people were here; then they came out here with grain; and then they brought the sheep. We have evolved very successfully over that time. Who knows what is coming next? Certainly with the mining east of Kondinin, surely that should not be forgotten. If we take away what infrastructure we have got, how are we ever going to go to this future place that may be available, because the infrastructure cannot be put there as quickly and perhaps the looking-ahead is not there? We cannot answer that, because who knows what is ahead. But certainly limiting the rail, or our roads deteriorating, is going to impact on any future industry or world that may be out there. If there is no infrastructure here, nothing will come. Certainly with the rail being left to deteriorate in the way it has, and no true prospect for the maintenance on our roads to be funded, where does that leave any hope for the future?

Mr Forsyth: In addition to that, as I heard Councillor Strange say at the previous submission, the freight has got to go west. It has got to be the cheapest way. If the rail is going to go, it has got to go west. This is what the National Party thought. You cannot bring grain back from Bulyee, as Mr Grylls said, to Merredin. That is ridiculous. That is why grain in some cases is a lot more expensive on the rail, because it goes a long way to Merredin to get onto the standard gauge. The rail lines that are heading west have got to be reopened and kept going with. At the moment, it is just too fragmented. I know from what CBH have said and what Brookfield have said that the standard gauge is virtually limited to capacity, with the mines that are coming and the wheat. We have to wait at harvest time to get the bins emptied overnight, and we have to wait for trains.

Mr R.S. LOVE: Two of you now have spoken about mines. Have you any firm indication of any tonnages that might be generated by mining in the area?

Mr Forsyth: No.

Ms Cole: It would be available, and obviously most people's focus has been on the grain aspect, but looking to the future, yes. I could not answer the amount of grain going by rail. Certainly there is on Great Eastern Highway, as we all know—on the main line. But the others are probably more influenced by the vagaries of world pricing and everything. But, yes, the mines are very real and very happening. But any prospective use of the rail would only be conjecture on my part.

The CHAIR: Any more questions?

Mr F.M. LOGAN: Your opening submission answered a lot of things for us, which is good. Do other members have any questions? Most of you have been sitting here all day, listening. Are there any gaps that you have seen?

Mr P.C. TINLEY: Have we missed anything?

[3.40 pm]

Ms Cole: The only one I want to make a comment on, having grown up in the wheatbelt and having gone to school here and having had children go to the school here, and now being a grandparent of children here, the school bus and the trucks is very, very real. As a child growing up—I did the

same for my children—if the roads looked a bit icky on that day, you would run them to school. But the trouble is that when the trucks are potentially emptying the bins, as well as at harvest, it is not feasible to do that. You cannot just avoid that dangerous week or so when the roads might be busy. It is an all-year-round thing. It is a very real risk. You have seen the photos of the bus and the truck. They are sort of designed to be emotive. But that is not the same as knowing that your child is passing that truck going along; and the drops on the side of the bitumen are like this. As councils, we can do our very best, particularly on the school bus routes. But there is a limit to what you can do, and those roads deteriorate very, very quickly when they are being used at those busy seasonal times.

The other question that you asked everyone else is what we feel we could get if we were to see the agreement. I think in some ways it is an act of faith, to know that we are not being forgotten and shafted. It is almost a conspiracy theory—“Why can’t we see it?” I do not want to know what they pay and I do not think any of us do. It is just who the hell is supposed to look after these railway lines? It is as basic as that. When you are not being privy to something like that, you sort of think there is a problem. But there very likely is not. It is just that whilst you are not able to know the answer, that question just leaves a really gut-wrenching feeling there as to, “Why won’t they say?”

Mr F.M. LOGAN: Can I just ask one further question about road funding. Steve talked before about the funding sources for road upgrades and maintenance. Some of that funding comes through Main Roads, correct?

Mr Forsyth: Yes.

Mr F.M. LOGAN: And some of the funding comes through special-purpose grants, I presume?

Mr Forsyth: Yes.

Mr F.M. LOGAN: When royalties for regions had their local government regional council funding—shire funding—which no longer exists, was there funding available from that?

Mrs O’Connell: It did not fit into the criteria that we were given.

Mr F.M. LOGAN: The criteria for the shires?

Mrs O’Connell: Yes.

Mr F.M. LOGAN: Not royalties for regions generally?

Mr Storer: Through royalties for regions. My understanding is that under royalties for regions, we were not able to allocate any of our CLGF—whatever—into road funding. That was my understanding. Whether that is correct or not, I am not 100 per cent sure.

Mr R.S. LOVE: It is actually incorrect, because I know of two councils in my electorate that did spend significant amounts of country local government funding—in fact, three—on roads.

Mrs O’Connell: If I can just make a comment, at one stage Brendon had actually suggested to Trayning and Nungarin shires that if we believed in the tier 3 so greatly, we should spend our money on the rail; and that is where I may be getting mixed up, I think, because if that did not fit the criteria —

Ms Cole: The criteria did actually change. The royalties for regions with the country local government was an evolving beast, and, as I understand it, initially, it was not, but then it did change. The other thing is that unless it is important, it is a case of priorities. But a lot of the infrastructure had deteriorated to such an extent that it is: where do you put your dollar? And, yes, safety and the importance of this cannot be overlooked. But I do not believe that our councils out here squandered it, either. But the short answer is the criteria have changed throughout the life of this beast.

Mr F.M. LOGAN: I had to ask you that question, because I think it is an obvious question that most people would ask.

Ms Cole: It is a perfectly logical question. But, initially, it did not fit.

Mr F.M. LOGAN: Okay.

The CHAIR: Rod, you were talking about the interface agreements; are they potentially a bargaining tool from the rail operator's point of view? You are saying that there are 80 local governments, that negotiations are continuing and that the negotiations have to be over rail lines that are not being used. Is that right?

Mr Forsyth: Some definitely will not be used. That is right; yes.

The CHAIR: Is there an overarching agreement that will do this or does each one have to be negotiated by itself? Tell us about these things.

Mr Forsyth: I am not particularly sure. I was speaking to our CEO only yesterday; we are still approaching and liaising with Brookfield about the agreement, so I am at a bit of a loss. I honestly cannot see that it will be a bargaining tool. Would you know any more, Helen?

Ms Westcott: The issue just came up only in the last fortnight or so since I spoke to Dr Abernethie about appearing before the committee. It is something that I have not had a chance to delve into in too much detail, but as you would know, the act came into being in 2010; the agreements were meant to have been signed in February this year, but negotiations are ongoing. Whilst there is obviously a lot of good faith, nothing has yet been signed. I do know that some councils do not want to sign them.

The CHAIR: Is that to do with legal liability; that is, if there is an accident, who is responsible?

Ms Westcott: I am not sure. In my conversations with Dr Abernethie, I said that the zone would consider providing information in its submission on that and provide its own perspective on the good, the bad and the ugly of the agreement.

The CHAIR: Is it true that none of these have been signed yet?

Ms Westcott: My understanding is that they have not.

Mr R.S. LOVE: I have had dealing with my constituents who are farmers with private crossings et cetera, especially over active railway lines. It is a concerning issue for them.

Ms Westcott: Through the Chair, it is an issue that has just been drawn to my attention by one of the zone councils. I have not had a chance to look at it. I know that WALGA is looking at it and that it has been working on it. I do not have a full grasp of what work has been done, but I think it should be drawn to the committee's attention so that it has an understanding of it as well. I guess, if I am allowed to say, this probably goes back to the whole core of the zone submission to the ERA about transparency and what is being paid for what.

Mr F.M. LOGAN: That is a good point.

Ms Westcott: Some things will have to be commercial-in-confidence, but if you know the parameters of why things are being done, that is okay. The zone will have more information from its perspective in the next fortnight or so.

The CHAIR: I suppose the obvious one is that a disused railway line is a bit less of an issue than if you are on the standard gauge.

Mr Forsyth: For sure. Speaking to the CEO yesterday—he must have already had a talk in trying to make arrangements with Brookfield—he said that there will certainly be who owns what; that is, where Brookfield's responsibility stops and where the shire's starts and whatever, and be with private farmers or whatever if rail goes through their property.

The CHAIR: Do the negotiations and everything lie with Brookfield? Is the state government involved?

Mr Forsyth: I believe it is with Brookfield.

The CHAIR: That sounds like fun!

We have come to the end of our questions. Do you have any final issues that you would like to raise?

Mrs O'Connell: I totally support what Councillor Cole said about the safety issue with school buses. I will go a bit local; we have a small hospital in our area at Kununoppin, which is between Trayning and Nungarin. We do a lot of transfers from Kununoppin to Merredin or from Nungarin to Merredin. It is quite dangerous on that road, particularly if you are dealing with a spinal victim who is also a priority 1, which is life-threatening. At night-time it is not too bad because you can drive on the wrong side of the road until you see a vehicle coming. The road has deteriorated so badly. I assume that that is happening to other roads. The safety issue over the whole of the road infrastructure in our area is not good. The community is very concerned about it. We have five school buses that travel on that road—it is five or six; I am not sure whether the sixth one is still running on that road. But certainly between Trayning and Merredin there are high school buses as well as primary school buses and that is just for two small shires; what the bigger shires have got with bigger schools and the number of school buses that must be running on there, but then you get emergencies with ambulances and at times we are under pressure to get there—I am an ambulance officer—and being in a situation in which we have had to slow down, which puts more pressure on volunteers.

[3.50 pm]

Mr Forsyth: If I can just add to the safety issue, the Quairading chap was saying that this road south has the highest fatality rate in the state; north of that line in our zone is the second highest. They are not good. Safety is of paramount importance.

Mr Storer: I will add one more thing on funding. I do not know the capacity of councils to cope with increased road maintenance and stuff. We have lost \$70 million over the next three years through regional road group funding, which would have been able to be spent on road maintenance, reconstruction and whatever. Anywhere that there are trucks on the road now, it will exacerbate the whole system—and we have less money to pay for it.

The CHAIR: Was that \$70 million to Western Australia?

Mr Storer: That was from the state government to deal with local government with the Western Australian Local Government Association. It had an agreement that it would pay 27 per cent for road from 20 per cent of licensing, and that has now been capped as at 2012–13. It was capped at whatever the figure was and it will not be a percentage figure. Even though licensing has increased, it will be capped. Potentially, we could be at 20 per cent in a very short period of time.

The CHAIR: Thank you for talking to us today. It has been very interesting.

I thank you for your evidence before the committee today. A transcript of this hearing will be forwarded to you for correction of minor errors. Any such corrections must be made and the transcript returned within 10 days from the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. It is possible the committee will write to you again to ask additional questions; would that be okay?

The Witnesses: Yes.

The CHAIR: I remind you, as I did with the others, that in here you are covered by parliamentary privilege, but that ceases pretty much now! Thank you very much.

Hearing concluded at 3.53 pm
