

**ECONOMICS AND INDUSTRY  
STANDING COMMITTEE**

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

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
THURSDAY, 26 JUNE 2014**

**Members**

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

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**Hearing commenced at 1.08 pm****Mr RICHARD HOUSE****Self-employed farmer, examined:****Mr CAM TAYLOR****Self-employed farmer, examined:**

**The CHAIR:** On behalf of the Economics and Industry Standing Committee, I would like to thank you for your appearance before us 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 present today. I am the Chair, Ian Blayney. The other committee member with me at the moment is Jan Norberger. 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. 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 the 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.

[1.10 pm]

**The CHAIR:** We have got a number of questions that we would like to ask you, but feel free to just contribute as you go along. If something occurs to you that you think should have been said, by all means just jump in and say it. Do you have an opening statement?

**Mr House:** I am basically here representing just a grain grower from Gnowangerup—we grow about 10 000 acres, so we are quite involved in the grain industry—and also doubling up as a representative of the Gnowangerup shire. There are just a couple of things I would like to put forward as a personal point of view. I am very much thinking of the future in our industry. I have got sons that are going to come on. We have been family farming there for three generations. In the last 20 years, grain grown per millimetre of rain has doubled in grain growing, and I think in the next 20 years, it will double again. That is through necessity; that is the way our industry has been going in the last 20, and it will have to keep doing it if we are going to survive. So I think with the amount of grain we are looking at today, in 20 years' time, it is going to be twice as much. That is

why I think rail is an extremely important part of the whole infrastructure of grain handling and movement.

There is a bit of a perception that we have all got bigger trucks and we can all drive to the ports and everything, but that is a bit of a fallacy. We have increased our truck size exponentially in the last few years, but that is only to keep up with harvest pressure; we still cart to the same sites. So, we are not going any further, but we are just trying to get our grain, because we are growing so much more, off and away from the headers quicker. I have heard that come across in the media. I believe that, in the future, rising energy costs are going to stifle us in moving grain by road, and I think rail is going to be quite a lot cheaper in the future. I believe it is already starting to show that; you see sites that have got railheads compared to just trucking sites that are a similar distance from port that are already getting cheaper freight rates, so I think that is going to be very evident in the next 10 years. I think that is why we need as much rail into the countryside as possible.

I also think a major issue coming up will be the carbon footprint of carting grain on road compared to grain on rail. I do not know any numbers, but I would be very surprised if it is not probably close to 15 per cent rail compared to road. I believe that in the last 10 years, things have changed a lot in the railway line. CBH buying their own rolling stock has changed the whole dynamic of grain on rail. That is one of the issues. Growers' ability to produce more is another game changer, and obviously energy costs is the third big one. I think these need to be taken into consideration for the future planning of grain transportation, and that is why, once again, rail, to me, is the winner.

Representing the shire, Gnowangerup is in an area where the railway lines have been closed for several years. We are affected by the Nyabing spur, as well as the Gnowangerup one, because all that grain from Nyabing goes through our shire to the Albany port. With the cost of having heavy trucks on road, the road life by cars in our area has changed from roughly 20 to 23 years back to 15. A lot of the time, roads just need to be resurfaced, which is a cost of around \$150 000 to \$160 000 a kilometre, but with heavy trucks on it, it causes roads to need to be restructured because the under base is pressed down and the roads lose their shape, which then adds a cost of up to \$400 000 a kilometre. This is partly a burden on the shire but this money will have to come out of state road grants as well. If this is not done, our roads will be a public nightmare for buses and public transport and all that sort of thing. I know—I am talking very local here—the Nyabing–Badgebup–Gnowangerup sites. If the railheads go back in and freight is cheaper, that will draw a lot more freight into those instead of going down through the roads, through Chester Pass Road to Albany through our shire. CBH have got the ability to grow sites on need, and they can do that very quickly—proven issue. They can put very quick storage up. All these things need to be considered as reasons why we need rail to be, in our case, reinstated, because they have already been removed. Even though—I only found this out yesterday at a council meeting—our rail has not been used for several years, we have been trying as a shire to get a response to say that they closed. They have said they are not closed, which means that we have not been able to access extra road funding. I do not know quite how that has worked. It has been disconnected at the Tambellup end, so there is no rail going on there. They have said they are still open, but they are not.

**Mr Taylor:** That is correct.

**Mr R.S. LOVE:** Would you mind saying how long ago that happened?

**Mr Taylor:** The removal of the turnouts in Tambellup, which I actually witnessed? Yes, that was about 18 months ago. The turnouts were taken away.

**Mr House:** We have not been carting —

**The CHAIR:** No. What they do is they do not say it is closed; they say it is non-operational. That is —

**Mr House:** Technically.

**The CHAIR:** Technically, yes.

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**Mr House:** I am just about to finish; sorry. In conclusion, I believe that the government have got to look at this lease and somehow break it. I think it is restrictive on the whole structure. I think the asset of the railway line should go back to the people of Western Australia and not be privatised out, or whatever has gone on in that lease, to get back control. Looking at the future, the future is not tomorrow; to me the future is 10, 20, 30, 50 years. We plan to be here forever. I think, as a government, they should be supporting the rail system that is crucial to our survival of freight costs and making getting access to the ports as cost effective as possible. Once again, to conclude, we are going to double grain production in the next 20 years. I think the game changers that have gone on in the last 10 are too important to ignore and the whole thing should be reassessed.

**The CHAIR:** Thanks very much. Cam?

**Mr Taylor:** Thank you, Mr Chairman. I would actually like to start my submission with a question to the committee.

**The CHAIR:** Submissions tend to be pretty quick. They are five minutes and then we have got questions.

**Mr Taylor:** This is probably a one-word answer from the committee. Have you seen the lease agreement that the government has with Brookfield Rail?

**The CHAIR:** Yes, we have it.

**Mr Taylor:** I was thinking you might say no to that. I believe that that lease agreement should be made public also.

I start my submission, Mr Chairman. We have arrived at a watershed moment, I believe, in the transport of bulk commodities, such as grain. In reference to Brookfield Rail—a company that can arbitrarily close rail lines as it sees fit within an integrated rail network that was built by the people of Western Australia and indeed Australia. Our rail network provides the most cost-efficient, safe and sustainable method of transport. I think we need to understand how that can happen, with that lease agreement. I agree, and I will say, that rail and road work together, but we need both. I will argue, sitting here, to watch road take over, the cost to the people of WA will be 10 times the money needed compared to the money required for our rail network.

[1.20 pm]

Also, I would like to say to the committee in a quick history lesson, as you know, Bunge has started to export grain from the port of Bunbury. As reported in the media, Don Thomson from Tincurrin—I believe he was the first grower to send grain from his place at Tincurrin to Bunbury—was asked whether that was a good thing. He said that yes it was; it is competition within the market. What worries me is how it gets from Tincurrin to Bunbury. History tells us that there were in fact three rail lines that used to go from the central wheatbelt and the great southern to the port of Bunbury once upon a time—the Narrogin–Williams–Collie run, Wagin–Darkan–Collie and Katanning–Kojonup–Boyup Brook–Donnybrook–Bunbury. There used to be three, and now they are gone. Here we are today, 26 June 2014, agriculture is finally taking its place on the world stage. There are people amongst us who cannot see how important the efficient transport of our food to the world is. While saying that we need road, it is certainly not all road. I do not know if the committee would have time, as I think we are the last submissions today, but South Australia has gone through this and lost its internal rail lines in the 1980s and 1990s. I know a few farmers over there up at Gulnare in the mid-north. A simple phone call to ask them what their freight rates are for their grain to get it to port found it is \$17 a tonne extra compared with what Western Australians pay. That is a journey of 150 kilometres to Port Adelaide. Mr Chairman, nothing is achieved by ticking people off or kicking a few heads, but I think on this issue the political parties that represent country people need to start standing up.

On Brookfield Rail, I believe that their interest is not the interests of people in Western Australia. This is a dog-eat-dog approach of the corporate world; a super fund run from Canada. I remind

people at Brookfield Rail that the people of Western Australia built our rail system, and cooperation with the major players and users of our rail network is the key—cooperation.

Mr Chairman, I will finish off: the findings of this committee's report to the state government will be of major significance for the future of bulk transport in this state. I would never pre-empt your committee's findings, but I give a promise to the committee and to the people who farm in our part of the world that we will do everything in our power to make sure that the Tambellup–Gnowangerup and the Katanning–Nyabing lines are reopened for the transport of grain. Although we do not have a formed association yet—I think that is the next cab off the rank—we will work closely with the Wheatbelt Rail Retention Alliance, and I know of their efforts in bringing this matter to the attention of government. The last thing I will say in my presentation is that I would like us all to remember that if we can save our rail, we will save our roads. That is the key message—save our rail, save our roads.

**Mr J. NORBERGER:** Cam and Richard, thank you so much for coming in and seeing us today and for your opening statements as well. We really appreciate it. Cam, as part of your opening statement, you led off in relation to the lease and indicated that you feel the lease should be made public. Obviously, that is a view that is shared by a number of other people who have come before the committee as well. In relation to that could you maybe explain how either of you feel the publication of the lease would actually benefit growers?

**Mr Taylor:** As I said, a lease that lets the lessee arbitrarily close railway lines, I do not think is in the best interests of Western Australian taxpayers. There is something fundamentally wrong that a transport method is being curtailed, and I do not understand why that happens. To me, within cooperation, it should not only have been fixed up and used, but also be expanded as well. I think that is where the benefit would be. There has got to be something wrong in a lease agreement that lets you curtail or close lines.

**Mr House:** Can I say something? We know where we are at. What we have to do is go forward. Opening up the lease agreement cannot change the past, but we can probably go forward and change the future. There are a lot of sceptical people out there about what is going on. As soon as you do not give information, everyone jumps to conclusions. I believe if we just put the cards on the table and let us solve the problem going forward. If there has been a mistake, or something has been written wrong, or times and things have changed, then the lease agreement, back when it was written, was probably fine, but we have moved on. We should put the cards on the table and actually solve this problem as a team, as a whole state—growers, politicians, both sides of the party—because it is beyond politics, I believe.

**Mr Taylor:** That is how we do it in the bush.

**The CHAIR:** What aspects of the lease arrangement do you think are the most important? It is a bit hard to ask you a question about aspects of a lease agreement that you have not seen; is it not?

**Mr House:** I could tell you what I think. With all leases, there are obviously two parties. From what I can gather the lease sounds like it is very much weighted to Brookfield's favour and the government has lost control of the asset, basically. I am a simple person and I relate it back to simple things, but if I leased my farm to someone and said, "You do what you like on the farm, it is my asset; you strip it bare, you do what you like", I would never sign that. If that is the way the lease is that is why we have to pull it back. You can break a lease and then renegotiate, but something has got to be done. Without knowing the exact set-up of the lease, where we are going from here is not right. Closure of lines is the wrong way to go for the future. Sometimes we have to take a bit of pain on the way through, and if that is what has to be done, let us take the pain and go forward.

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**Mr R.S. LOVE:** If money was available for investment in your area for transport infrastructure, given the fact that government has a limited amount of money to invest, where would you like to see that money invested—in road or in rail?

**Mr House:** Exactly as in Cam's closing statement—rail will save the roads. If you can take vehicles off roads, you might end up with a little more cost at the beginning but your long-term cost will be—I do not know the exact numbers—probably halved in the road infrastructure, because you are just taking thousands of tonnes off those roads.

**Mr R.S. LOVE:** As growers, you have mentioned that Murray has no rail to the Bunbury port. Is that a consideration for you in marketing or it makes no difference whatsoever because you will send your grain where the most economic advantage is as a grower? Presumably, at least some of the grain will be on road in your area anyway because even if the rail is fixed it goes to Kwinana and not Bunbury, does it not?

**Mr House:** Albany.

**Mr R.S. LOVE:** What do you see as the likely impact of that change? I know you mentioned it. Does that change your view of where the money should be invested?

**Mr House:** Can I answer that, Cam? It is very simple: fix the rails up and railhead freight gets cheaper and cheaper. It is all economics at the end of the day, but if I am sending grain from my place to Bunbury at X amount of dollars by truck, and I can halve my freight to go to Albany, I think you have got to come up with \$15 more a tonne to get me to drive my truck there. We are not advocating that there will not be a truck on the road, and we are all economic people; we are going to sell grain all over the place. The lion's share of grain will be on rail. We almost all use the CBH system—90 per cent of the grains are in the CBH system.

[1.30 pm]

**Mr R.S. LOVE:** I guess that is, not under threat—that is the wrong word—but that will change now that there are other operators?

**Mr Taylor:** Other players in the market.

**Mr R.S. LOVE:** Do you think it would still be wise to adopt that approach in the future given that there is likely to be more and more grain going to other operators?

**Mr Taylor:** I do not think that would preclude other players using rail transport whatsoever; in actual fact, I think it should be encouraged. The trouble with Bunbury port is that it has to come—well, it can get there, but not very well. I think it does not preclude anyone whatsoever. I think it should be open and available for all users.

**Mr House:** And the fact that we are going to keep growing more and more grain, so if the Bunbury port is taking 500 000 tonne and the state grows another two or three million, that two and a half million tonne, or maybe not even all that—what I am getting at is that the growth in grain production is coming. It is not going to stop. We might get 80 per cent on rail, maybe, but we have to give ourselves the opportunity to put as much on the rail as possible. Okay, we are still going to cart to Bunbury. Other players, Viterro or whoever, might set up more; they might set up Kwinana, Albany, wherever, but guess what? The rail lines are already going there so that is why the state has got to go back and own the railway line. Anyone can use it, not just CBH; CBH might sublease out their trains too, but we have got to use the railway lines.

**Mr J. NORBERGER:** We heard from the PTA yesterday; we had a meeting with the PTA. Obviously, a lot of the reasons why some of the tier 3 lines are closed is —

**The CHAIR:** Do you know who the PTA is?

**Mr Taylor:** Public Transport Authority.

**The CHAIR:** Yes.

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**Mr Taylor:** I was just curious because it is sort of a structure, you know. It is the umbrella group they all sit under, is it not?

**Mr J. NORBERGER:** It is because these lines have been deemed uneconomical by Brookfield and they are in need of capital injection, basically. They need upgrade, they need re-sleepering, they need works done to them. Because they have been deemed uneconomical, Brookfield is basically saying it should not be up to them to put their capital in. So, more or less, without saying much more, what they are basically saying is the government ought to put that money in. Given that we are in tight fiscal circumstances, obviously, you guys are a very strong advocate for rail and you prosecute good argument. What is the viewpoint of the farmers? Would you see that as a prudent investment by the state government to bring those rails back to standard? So, it would be the government to invest those millions of dollars, which may or may not result in higher access fees, because, obviously, then you have got a depreciating asset, which—you guys are businessmen as well. Is that something with the farmers saying, “Look, we can accept the fact that you invest some money in the rail and go back up to speed”—within reason, obviously they still need to be able to compete against road. Are the farmers willing to say, “We will pay for the ongoing maintenance”? Obviously it would be Brookfield that is doing it, but, in essence, by using it and paying access fees, you are in essence paying for the continued maintenance of the rail once it is brought back up to speed.

**Mr Taylor:** You would think so. A couple of things there. Name me a road that makes a profit? For some reason rail has to. You talk of cost investment into the maintenance of our so-called tier 3 lines. I will say to the committee right now: there is no such thing. It is an integrated transport network, not tier 1, 2 or 3. Whoever came up with that idea does not understand an integrated transport network. The cost is insignificant compared to the road maintenance that will have to happen. It has already been pointed out. Resealing, resheeting, construction, the lifespan. I will just say that the Tambellup–Gnowangerup line, which was arbitrarily closed 18 months ago or whenever it was, was built in 1910 and is still there; the Katanning–Nyabing line a little bit later. That goes right on through the wheatbelt—York, Quairading, Merredin, Trayning, Yelbeni, the Miling line—they have all been there a very long time, and just for the lack of maintenance; that is all it is. It is expected to return a profit and I will say, you name me a road.

**Mr J. NORBERGER:** I have no issue with that. Good answer. You raise maintenance and it is something the committee has been dealing with because there are very different definitions among the different parties of what is defined as maintenance. When you say it is just for the lack of maintenance, would you consider re-sleepering maintenance or capital work?

**Mr Taylor:** I know that the Tambellup–Gnowangerup line needs 18 sleepers per kilometre replaced. That needs to be done to get it back up to speed.

**Mr J. NORBERGER:** The rail itself is still okay?

**Mr Taylor:** It has axle load limitations on it because it is older steel, that is true. On that particular line, there are a couple of culverts and a bridge that need maintenance done to it. The Katanning–Hyden line is the same, so, yes, it does need money spent on it. I will re-emphasise that that initial investment and then the usage of the line paying access fees—surely that is the way of generating maintenance revenue, even if it is just a portion just to keep it going.

**Mr House:** I would have said sleeper replacement is maintenance.

**Mr Taylor:** That is how I see it.

**Mr House:** It is like changing the points on a seeder.

**Mr J. NORBERGER:** You do it as a seeder; you replace individual sleepers as identified.

**Mr House:** You have to keep the maintenance up. It is no different from a road. You cannot let the shoulders disappear. When it is identified; there are people checking it. You have access fees and

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usage fees that are hopefully covering those sorts of costs. To build a railway line, I do not think you should expect the users to have enough fat in there to build. Did Sir John Forrest charge everyone per drop when the water went to Kalgoorlie? The whole state paid for it but the whole state in the end benefited. It is exactly the same as the rail. Maintenance should be user pays. Construction should come out of the federal–state coffers.

**Mr R.S. LOVE:** Talking about the wider state influences rather than ag factors and other bits of transport that go on in the regions. If all the grain were conveyed to port by rail, there would still be requirements for transporting in the regions and one of those major things is lime. Where do you guys source your lime from in your area?

**Mr House:** South and west coast both—either or.

**Mr R.S. LOVE:** That comes by road. Is it a challenge to get sufficient to you by road through that process?

**Mr Taylor:** It is. The most expensive part is the road transport. The lime is actually cheap.

**Mr R.S. LOVE:** In terms of the road infrastructure, is there an issue with that infrastructure? It is all very well to put the money into rail, but farmers also need infrastructure for a lot of reasons.

**Mr Taylor:** I can see where you are going with this question, Shane.

**Mr R.S. LOVE:** I am not going anywhere in particular, I am just trying to explore where —

**Mr Taylor:** No; but it is a good point.

**Mr R.S. LOVE:** So we do need those other links.

**Mr Taylor:** I agree—fertiliser.

**Mr House:** We are not saying stop. It is exactly what Cam said at the beginning: road and rail are hand in glove. We still need road to service rail and designated points like lime pits that we have to access, but when you start talking massive volumes of grain—14, 15, 18, 20 million tonnes—we are not carting that much lime around. If we carted 20 million tonne of lime and 20 million tonne of grain on road, God help the road bill! All we are saying is let us make sure we have infrastructure that is in place and hold it so that we can —

[1.40 pm]

**Mr R.S. LOVE:** We have a legacy, though, of acidity in the wheatbelt and the ag department does estimate that two million tonne or thereabouts needs to be brought out by lime. It is a significant amount, especially from the source on the coast where there often is not rail infrastructure or any other way. As a government, there has to be a look at not just the grain freight task in your region but at the total freight task and that is where I guess those decisions have to be made. One of the fundamental reasons we are having this inquiry is to ascertain whether or not the current freight situation was hampering the development of the state. There is a difference between nice to have and need to have. It might be nice to have road and rail but in terms of the actual state development of your great southern region, do you think the rail is absolutely essential? If you were paying for it yourselves, where would you put the money? If it was your bucket of money, would you put it in the rail or, truly, would you put it in the roads?

**Mr Taylor:** As I have said, Mr Chairman, I can argue that the system actually gets expanded, not curtailed. I would like to see, as history has shown where the rail lines went once upon a time. I envisage Gnowangerup going to Mindarabin to Pingrup or Nyabing, expanding it, Borden even. Curtailing it is absolutely the wrong way to go. I make that clear: it is absolutely the wrong way to go. You raise very good points about lime fertiliser. I encourage companies like CSBP to come up with something with a rail operator to have a depot out at Hyden. I see that as good competition. You cannot make them do it; they have got to say, “Righto, let’s get into that fertiliser market.”

**Mr R.S. LOVE:** They used to do it a long time ago, but they do not do it anymore.

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**Mr Taylor:** That is true and it is a good opportunity. I am sure that there are people within CSBP and other fertiliser manufacturers who would look at that.

**Mr House:** I think back to your lime, if you look at where lime is coming from —

**The CHAIR:** So, you said you get some from the west coast, some from the south coast. Where does it come from, whereabouts actually on the coast?

**Mr House:** We are just east of Albany and just out of Margaret River. That is the two points. We are close to the south coast—less quality. So, we buy less from the west coast to get the same neutralising effect. When you look at where the lime is coming from, Bunbury has got—what are they going to talk about—half a million tonne. That is where the lime is coming from. So, half a million tonne, maybe grain both ways, this is what you are talking about with road—great reason; that is why you need roads. But it is half a million tonne and then we have got another 13.5 million tonne of grain—not just wheat, but other grains as well—are going other ways to the major ports: Kwinana, Albany, Esperance, Geraldton. I am not saying you would not have good roads, but you have got to look at where your roads are going and what they are servicing.

**Mr R.S. LOVE:** So you use CBH facilities now. Is your area one of increasing grain production? Sorry, I missed the very start of your presentation. Are there discussions going on about the need for changes to the infrastructure that they have for the grain handling and where they might —

**Mr House:** On-site are you talking about?

**Mr R.S. LOVE:** Yes, in terms of where they might be putting facilities and how they might be planning to load out of them and that sort of thing. Do you know whether they are ongoing discussions in your area?

**Mr House:** Yes. CBH is a company that is quite flexible. Where the grain is growing—big state, drought in the north, good in Esperance—it moves around every year. CBH have a fantastic capacity to build quick storage where the grain is being grown that year. They have obviously got the solid infrastructure of the major primary sites and what they have already got now, so if areas are growing more grain, they put the infrastructure in. Take railheads, like a Nyabing or something, if that price is cheaper to cart grain out of there on a railhead than it is by road from further down, guess where everyone is going to take their grain? To the railhead. So, that will draw more off. If you know the demographics, you have got Borden as a primary site; a lot of grain goes down that Chester Pass Road. That road is absolutely stuffed. If you had a good railhead at Nyabing, you would pinch 10 or 15 per cent of that grain off the road tonight. That is where I am coming from. You were not here when I first started, but in the last 20 years we have doubled grain production per millimetre of winter rain and we will double it again. So, you are talking 14, 15 million tonne now, we will be in 20s in the future, 30s.

**Mr J. NORBERGER:** One of the comebacks, if you like, that have come from the below-rail operators is the investment that is required to bring the rail back up to speed. You mentioned yourself the longevity you would normally get out of rail. You mentioned that some of these rails have been around for a hundred years. So, you put these tens and tens of millions of dollars in and you obviously want it to be used for a while. One of the arguments has been that there has been a bit of a resistance by some of the people who want access to the rail to sign up to a long-term user agreement where there seems to be a desire to just sign up for a shorter-term access agreement. Can you see that point of the argument as well? They are saying, “Hang on, if you came to us and said we will sign a 15-year contract to access the rail”—whatever it might be—there might be a lot greater desire to inject capital into the rail.

**Mr House:** Sounds like a logical solution. Just as a grower, if longer term you can get a lease that both parties are happy with, everyone has got security. That is sort of what you are talking about—is it not—that security of use?

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**Mr Taylor:** There is one major player that has invested a lot of money into their own infrastructure, their own method. Well, if I was making an investment like that, I would want to use it. It is like me buying a big tractor and saying, “I will use my 9G, the old Chamberlain.”

**Mr R.S. LOVE:** It might run cheaper.

**Mr House:** You might be on the seat for a while.

**Mr Taylor:** That is the thing. I am not here to advocate one over the other, but there is one deliverer of grain to our ports that wants to use it, let them use it. Do whatever you can to cooperate. Get it up and running; use it. I am sure they want to use it. That does not preclude anyone else who wants to use it as well. Crikey, bring it on—competition! I just think that with a little bit of cooperation I think we can achieve a better outcome for everyone, for all the taxpayers in Western Australia.

**The CHAIR:** So when your line closed a couple of years ago, did you notice an obvious deterioration in your roads?

**Mr House:** The Gnowangerup site is about 60 000 tonne. It goes out to Borden or down Formby Road South. I have only been on council for six months—October—so I have not been in the system to know exactly the extra maintenance on those particular roads.

**The CHAIR:** What is sort of the talk locally?

[1.50 pm]

**Mr House:** The councillors who have been on there for a while—the grain coming out of Nyabing, which is a bigger site with 80 000, 90 000 tonne that is going through from top to bottom of our shire—talk about these other roads that are just getting absolutely destroyed from 70-tonne trucks handing these roads because they have got to go both ways. I got that information off the main guy that does all the road pricing, structuring and building and that sort of stuff. It is a true fact: they ruin the substructure of a road. And you guys probably know all about it. I am just stating a few numbers that have come out of our local council, but that is only a small site.

**Mr Taylor:** I agree with that, Mr Chair, in the nine years that I did on the Tambellup shire council, before they had a friendly amalgamation with their neighbours to the north in Broomehill, it was exactly that. The cost each year was increasing in road maintenance. Whether it is CPI, the cost of doing things, the quality of bitumen that they were getting—that sort of stuff—it is just on an incremental rise every year. Now, there used to be a system of Main Roads for our part of the world. A lot of those roads have been handed back to the local governments, so they bear the costs of repairing these roads. Tambellup West Road to the highway used to be a main road. It is no longer a main road. The Gnowangerup–Tambellup Road—it will only be a matter of time before the Broomehill–Gnowangerup Road becomes a local road and you guys will have to pick up the cost of that. See, this is what is happening. This cost shifting has been put back onto the local ratepayers and there is only so much money in the pot in regional road groups, the federal government Grants Commission, which has a road increment for funding for shire councils. The way things are travelling, I would not be surprised if that is curtailed within the whole national framework of funding local governments. So, although to clarify those comments as fact, it would not take much to actually find out, but that is the case, I find.

**Mr R.S. LOVE:** Just one last shot. So, you grow the grain and put it out there and have the roads, and your trucks eventually—whether it is you or CBH, but it is the trucks moving your grain or trains moving your grain. So where do you think the responsibility of the state government lies? To ask a provocative question, should the grower not pay for all those costs themselves if they are conducting their business?

**Mr House:** Can I ask one question?

**The CHAIR:** Believe it or not he is a farmer!

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**Mr Taylor:** It is a good question and I am going to answer it too.

**Mr R.S. LOVE:** Just giving you the option to put something on the record; that is all.

**Mr Taylor:** In our freight rates that we pay, there is a charge already and on road, the operator, the truck driver, they pay it too. We are already paying, and you know that.

**Mr R.S. LOVE:** I am just wondering why you think the state government should be investing in what is, basically, your business.

**Mr House:** It is a state business, is it not?

**Mr R.S. LOVE:** I do not know. I am asking you.

**Mr House:** Who invested in that railway line down the freeway to cart people into the city and out again? Just because we live out there, we are actually creating a lot of wealth for the country. The state government should be actually not digging their hand deep into their pocket but probably just trying to keep it up and running, and no-one is asking for —

**Mr R.S. LOVE:** Because we come back to that macroeconomic fact that we were trying to investigate—the effect of all this on state development and whether or not really it is a state matter or a local matter.

**Mr Taylor:** State can—curtailment.

**Mr House:** That is why, as I said earlier on, we should just put it all on the table and let us use CBH who is going to be the biggest user. Let us all say, “How can we get this up and running and be beneficial for all?” We do not want to burden the state. We do not want a cost that looks so big that they are not going to do anything. That is a no-win anyway. Let us just put it all out there and have every stakeholder involved. Get the politics out of it and say, “Right let us get the right result.” Let us get a usage set-up so there are ongoing dollars coming in so that it can pay for the maintenance and everything, and work on the lease agreements for a longer term to give everyone a bit of security. The state government is actually not going to get off scot-free; in the short-term, there will be a bit of cost, but the savings might be in the roads later and the future. Let us look a bit bigger and work together.

**Mr Taylor:** Cooperation.

**The CHAIR:** I am going to have to draw this to a close at this point because we have question time at two o'clock. I would like to 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.

There is a chance that questions might occur to us and we might actually write to you to get a response. Is that okay?

**The Witnesses:** Yes.

**The CHAIR:** I would very much like to thank you for making the time and the effort to come up and appear before us.

**Hearing concluded at 1.55 pm**

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