

**STANDING COMMITTEE ON
ENVIRONMENT AND PUBLIC AFFAIRS**

**PETITION NO 145 — CLOSURE OF TIER 3
NARROW GAUGE RAIL LINES IN THE WHEATBELT**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
THURSDAY, 26 APRIL 2012**

SESSION ONE

Members

**Hon Brian Ellis (Chairman)
Hon Kate Doust (Deputy Chairman)
Hon Phil Edman
Hon Colin Holt
Hon Lynn MacLaren**

Hearing commenced at 10.25 am**JONES, MR KEVIN****Vice Chairman, Wheatbelt Railway Retention Alliance, sworn and examined:****COWAN, MR WILLIAM****Chairman, Wheatbelt Railway Retention Alliance, sworn and examined:****STRANGE, MR STEPHEN****Shire President, Shire of Bruce Rock, sworn and examined:**

The CHAIRMAN: Thanks for coming in today, gentlemen. Firstly, I would like to welcome you. Before I begin, I must ask you to take either the oath or affirmation.

[Witnesses took the oath or affirmation.]

The CHAIRMAN: You will have signed a document entitled “Information for Witnesses”. Have you read and understood that document?

The Witnesses: Yes.

The CHAIRMAN: These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record. Please be aware of the microphones and try to speak into them. Ensure that you do not cover them with papers or make noises near them. As there are three of you, please speak one at a time for clarification for Hansard. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

Before we do start, I have an apology from Hon Col Holt, who could not be here today.

Do not feel as though you are under interrogation; we are trying to run these hearings reasonably informally. We see this as information gathering for members of the committee who probably are not as up to speed as perhaps I am, coming from the country and maybe understanding some of the rail. I would just like to hand it over to you now to perhaps give us a statement or a submission of how you see the tier 3 debate, where it is at and where you would like to go so that we can inform the members who need to be brought up to speed on this debate. I will hand it over to you, Bill.

The Committee Clerk: I will table these documents that the alliance has provided.

The CHAIRMAN: These will all have to be named and made public. Could you just go through the titles, Bill, for Hansard’s benefit?

Mr Cowan: The first one, “Delivering WA Grain by Rail”, is just some work that we have taken from some of CBH’s documents, compiled by Kevin Jones, I do believe. The next one is the address given by Brett Hughes to the Parliament at the handing over of the petition. That was the wheatbelt grain rail public rally. The other one is the Wheatbelt Railway Retention Alliance

document. That was a PowerPoint presentation put up by Jane Fuchsbichler in order to address communities at Fremantle, Kwinana and York.

The CHAIRMAN: Thank you. I will leave it to you, Bill. We may interrupt and ask questions as we go so we can ask the relevant question at right time, but I pretty well hand it over to you now.

[10.32 am]

Mr Cowan: I will read from a thing that I have. I am probably a bit sorry that I made a bit of an assumption that everyone was a bit like Brian and knew a lot about it.

Hon KATE DOUST: No. We are not all from the wheatbelt, unfortunately.

Mr Cowan: So some of the stuff I may gloss over a little bit. If you want, I can clarify.

The CHAIRMAN: They are quite capable of asking questions of you, Bill.

Mr Cowan: Okay. Initially due to the unavailability of train sets, ARG had reduced its fleet to 10 train sets with six lots of drivers, effectively leaving only six working train sets. That was running at about 40 per cent of the contracted tonnage delivered per month.

Hon KATE DOUST: Sorry, when did this happen?

Mr Cowan: This was for this harvest coming; sorry, the harvest gone. The CBH people will tell you that ARG was contracted with CBH and prices were skyrocketing, so CBH had actually looked around and put out tenders worldwide and have a group known as Watco that has come on board and is using their expertise. This is along with their new train sets, but I will probably get on to that a bit later. So they were only running at 40 per cent of contracted tonnage delivered per month. This would mean that truck movements into Kwinana would have to increase massively. After harvest, CBH was trying to double their road transport from about 7 500 tonnes per day into Kwinana to 15 000 tonnes per day to try and keep up with shipping. This equates to approximately 540 truck movements into Kwinana, which we believe could be avoided if this was all on trains.

The Strategic Grain Network Committee report stated that costs would be similar for road upgrades and repairs compared to fixing up the tier 3 rail lines. We have, with the help of local government authorities, identified large discrepancies in these costing forecasts. An example of this was the Bruce Rock-Doodlakine Road, which was estimated to cost about \$5.8 million to make it fit for purpose from the report. A small section of that was estimated at \$12.5 million by the Merredin shire. Since then, we alerted the people who were making all the decisions and they dropped that road off. Just another example, the Narembeen shire identified its required funding to be approximately \$14.5 million but was only allocated \$900 000 on first allocation. However, after pointing out that one of the bins—the Wogarl bin—had been left out and that many other roads had been left out of the report, they have now been allocated nearly \$8.9 million. Other bins in the immediate area to be left out of the report were Bendering and Ainsworth. I believe there are more than that. This is just in our area. One would have to question the accuracy of the costings in the report, with these and many other examples of costing irregularities which appeared to be biased towards road funding by deliberately underestimating the true cost of road repairs.

Road safety impacts were not considered in the report. From the work done by Brett Hughes of the Curtin-Monash Accident Research Centre, the wheatbelt south has the highest road safety trauma rate of any region in Western Australia. To add an estimated 85 000 truck movements on average per year is only going to make it worse. Already there have been a number of horrific accidents involving wheat trucks. There were two at Dumbleyung, one at Mawson and another terrible one at Mingenew. The economic impacts—initial costs for roads—are dearer than rail.

At the time of the report WALGA had done a quick assessment and found their costs to be two and a half times higher. The Wheatbelt Railway Retention Alliance did its own assessment with its members and found it to be nearly four times greater—that is, the Narembeen \$14.5 million versus \$900 000 initially. The cost of maintenance is much higher for road transport than for rail. This has

been demonstrated with the rapid deterioration of the Corrigin-Brookton road, in which only one bin—Corrigin—of several had been emptied, with the Kondinin, Kulin, Bending, South Kumminin and Bulyee bins all still to come on these roads. This road has actually broken through the bitumen in a large number of places. The York-Quairading road is yet another example of a road not being fit for purpose and being badly damaged. The rail freight into tier 3 areas is on average going to be \$4 to \$5 per tonne cheaper than road. This was a finding by CBH in its business case. The road costs are set to rise even more with the National Transport Commission's policy of equalising costs across Australia. Rail can handle the freight task as well, whereas we believe that road cannot. This has to be taken into account, as buyers will shy away from markets that cannot deliver.

The environmental impacts are very different as rail uses less than a fifth of the fuel for any given tonne of grain carted to port than road transport. The new CBH trains are likely to do even better. The social impact of road transport on communities affects not only local residents but tourists and other road users. One example is actually that during an out-loading on a road that was not sealed, the road had to be closed due to health and environmental issues because of the dust when the wind was in a certain direction. That was in the Narembeen shire out-loading from Wogarl. In the CBH business case, when first put to the government in June 2011, there were about five sites which could not compete with road transport. However, in just over six months, due to huge increases in road transport costs, rail freight is now cheaper at all sites. Factors still to make an impact are fuel price rises, the carbon tax and the National Transport Commission's road maintenance recovery for heavy vehicles. Road transport costs are set to rise even more and will swing the balance further towards rail being more viable and cheaper. The biggest change I think is probably due to CBH's—in CBH, we say the growers—investment of \$175 million in locomotives and wagons built specifically for this task. They can carry more as they are much lighter, and the locomotives are way more fuel efficient. The new partnership between CBH and Watco is a positive move forward, already demonstrating huge cost savings and efficiencies in rail freight.

[10.40 am]

In summary, the report did not fully consider safety, it did not consider more competitive and efficient train sets and it did not foresee imminent rises in road transport costs—that is, carbon tax, fuel price and maintenance recovery tax—when these measures were being discussed at the time of the Strategic Grain Network Committee meeting. One would have to question the short-sightedness of many government bodies on this committee, which failed to take these likely scenarios into proper consideration. Due diligence was not applied to deliver the best outcome for the people in the region and the state in general. The strategic grain network report, especially recommendation 12, which stated that tier 3 rail could not compete with road and should be formally closed, has been proven beyond doubt to be wrong. Thank you.

Hon KATE DOUST: Those issues that you just canvassed, Bill, that were not considered during that report period—that is, the safety issues, carbon tax, fuel costs and rail costs—why were they not considered? I note that in Jane Fuchsichler's letter to us she talks about how there was no road safety impact analysis. I would have thought, given you had such a large group of people from across the spectrum of your industry involved in that committee, that these sorts of matters would have been canvassed. I am surprised it was not considered an essential area of discussion.

Mr Cowan: I do not know why they were not—the road safety impact definitely was not. I think the only mention of it in the report was the inconvenience to motorists on the road. From what I have read—I have read it, but I do miss things, I admit—there was nothing whatsoever on road safety in that report. I think of all the issues in our area, that is the biggest issue before us.

Hon PHIL EDMAN: Earlier in your statement you mentioned tonnage increasing from 7 500 to 15 000 tonnes to Kwinana.

Mr Cowan: Per day, yes.

Hon PHIL EDMAN: What was the use of that?

Mr Cowan: From what I have been told by CBH, they were not keeping up with—CBH will know better than I—their marketing, the shipments out, so they had to increase the tonnage by road because rail was underperforming.

Hon KATE DOUST: At that point?

Mr Cowan: Yes, this was just after harvest. I was told around 40 per cent of their contracted tonnage was being delivered by rail. There was a whole range of issues why that could have occurred. Some were when the tier 3 rail was deemed to be closed, ARG sent some of its fleet or its locomotives and wagons over east where they could earn money with them.

Hon PHIL EDMAN: But you had double the amount of tonnage. That is what also gives it a bumper crop as well.

Mr Cowan: Yes, obviously. The bumper crop has to be marketed. A few years ago nearly no grain came into Kwinana by road. This is what we are looking at now. Because rail is underperforming, they are having to supplement what comes in with rail to get to the Kwinana terminal so they can ship it out.

Mr Strange: Mr Chairman, can I just add to that question as well? That has happened right throughout the wheatbelt where local government has given concessions right through to allow grain to be shifted on roads that are substandard, because we need to get our produce to port as quickly as possible. It is not just certain roads; it is pretty well every road.

The CHAIRMAN: I think, Bill, it would not hurt to explain to members that one of the reasons that it is not moving on tier 3 rails is because they can only go up to a certain speed; they cannot carry the weight because of those conditions. I think that would explain why you are only getting that 40 per cent and the rest on the rail.

Mr Cowan: A major contributor is the fact that they are down in train sets and train-set drivers.

Hon LYNN MacLAREN: Yes, from 10 to six.

Hon KATE DOUST: What is the speed requirement and the weight restriction that you have to deal with on tier 3?

Mr Cowan: There are people better able to answer that than I. Kevin will probably know that. CBH will know those figures better. As far as I know, there are patches where speeds drop down to ridiculous levels of two and three kilometres an hour. The standard speed is 20 kilometres in some areas and the tonnage is—we hope to get our railway lines increased to a 19-tonne axle loading. If we can do, and if they can at least go to 70 kilometres an hour, railway will be a fantastic asset.

Hon LYNN MacLAREN: Sorry, that was a 19-tonne axle load?

Mr Cowan: We would like to have rail lines put up to 19-tonne axle loading.

Mr Jones: Chairman Brian, if I can just go back with your permission and for the benefit of Kate, Phil and Lynn. This all blew up in June 2009. Paul Larsen, the CEO of WestNet as it was then, was having problems keeping the line up to an efficient standard with the revenue he was getting off it, with reduced crops at the time. In the initial requirement—I have the sale agreement and the lease agreement, but we will not go into that detail today because there are nearly 500 pages there—there was an overriding commitment in the sale agreement for the initial performance standard of the lines to be maintained all the way through. If we take the section of the line which goes from Bruce Rock down to Yilliminning, which is down towards Narrogin, virtually nothing has been done to that line in 12 years. I have press releases here from Michael Chaney from Wesfarmers saying that they would put in \$400 million, and also a press release from Murray Criddle, who was Minister for Transport at the time, saying the same thing. I can leave those for some light reading for you. If you can tell me anywhere in those documents that anything is documented about an ongoing

commitment to put that \$400 million in, it did not happen. As a consequence, if we pick that line from Bruce Rock to Yilliminning, it is basically all wooden sleepers that have not been maintained, and that brings the rail speed down. I have all the information from WestNet. I have information on its axle loads, sleeper types and rail sizes. Following Paul Larsen withdrawing the services, which were the words used, Simon O'Brien wrote Paul Larsen a letter suggesting that they get together to solve the impasse. As a result of that, Paul Larsen put out an estimated cost to repair the rail line back to two steel sleepers in four, which was the way he saw it. That document can be copied. Then Simon O'Brien set up the strategic directions committee. A chap called Neil Matthews from New South Wales came over. There were 25 members on the committee, but only two were farmers. I was on the Grains Council and the Western Australian Farmers Federation at the time, but the Grains Council never had any input into the deliberations of this report. Subsequent to that, I have another letter from Mr O'Brien saying that the initial report that the people signed off on was not the one that ended up as presented in the business case to Parliament on 11 June the following year.

[10.50 am]

So, in this mix there have been a lot of decisions made that have not even been brought to the attention of the people who are most concerned about it, primarily the people who grow the grain out in the wheatbelt. The decision was made on their behalf without sufficient input from people like Stephen, who represents the Bruce Rock shire; Bill, the Narembeen shire. What we are saying, and you can quote me, is that we regard it as a flawed desktop study—nothing else. As Kate mentioned, there is no social impact; there is no environmental. You can go through it; it is not in there.

They quote 736 kays of railway line. If you take it in its true context—that is, being able to link Albany with virtually Geraldton, with a couple of bits that are not used in the system now—that is the length of the tier 3 railway line. It is not an insignificant amount of rail infrastructure, but it has got the perception about it that it is a piece of back line out there that is no good to anybody and never will be. The fact of the matter is that there are nearly 2 000 growers who deliver in that area to a rail system that is linking bins—the infrastructure is already there—and we will be denied the use of these. I put these photos of these trains in here because they are a good look. But the people in this so-called tier 3 area will not be availed with the use of those trains.

At that point I think I want to say that although we have got lower speed restrictions on some of these lines, CBH have done a magnificent job in getting us a train fleet now. In the case of wheat, QR National could shift about 2 000 tonnes; these guys will get up close to two and a half thousand. This is on 16-tonne lines. In the case of barley, they can shift another 529 tonnes on the same train. That is an increase in productivity. If you happen to be growing oats, you can get up to another 800, nearly 900, tonnes on a train set. This is all productivity that comes back to improve the bottom line for growers.

Hon KATE DOUST: This is all at different times of the year as well?

Mr Jones: Yes. The harvest comes in in probably six weeks, and CBH deliver that to port over 12 months, Kate. That is the way it works. Good point.

The CHAIRMAN: Just on that, it has changed a little bit now under deregulation. I think they are slow in sorting it out, but most of the demand was maybe in that February to April period.

Mr Jones: You are right, Brian.

The CHAIRMAN: So there was a concentration and that is —

Mr Jones: The first year of deregulation, people sort of jumped off the chain a bit and all tried to get the wheat out in three months, which created huge logistical problems for the CBH staff, but since then they have realised that the customers still take grain over 12 months. Generally, they take a cargo just in time—nobody stockpiles it these days—and that has rationalised. They have put up shipping stems to take the—how shall I say—doubt out of getting a berth to get a ship in to out-load

cargo. That is all rationalised now. I do not want to hold the floor. You people should be asking the questions.

Hon KATE DOUST: No, no. It is very useful for you to give us that background.

Mr Cowan: Can I make a point, please, Brian? Just on that point you made about how long it takes to get it there, I think in the last crop just gone it was actually over 15 million tonnes, and to actually get that to port, CBH are going to run short, I believe, and you can ask them this when their turn comes. I do not think they can physically get all of that to port in the 12 months.

Hon KATE DOUST: That is using the road.

Mr Cowan: That is using road and rail, as it is —

Hon KATE DOUST: Road and rail?

Mr Cowan: Yes, as they are doing it now. I do not think they can get all of that to port in the 12 months, so there will be a backlog. If we do grow another bumper crop—and it is possible to grow a crop of over 20 million tonnes. We have grown 15. The north had a wonderful season, but where we are from, it was not really that good a season. We are probably the heartland, and it is just coincidental that this heartland happens to be where the tier 3 rails are. We are the heartland, and we have had quite bad seasons in the past few years. That can all turn around very quickly, as you can see what has happened over east. People started to think they could never grow a crop in some areas. Then all of a sudden they have had their best areas. If we do grow a 20-million-tonne crop, wheat will actually be lost, because we will not have the capacity to put it in the bins, because in the 12 months, if they have a backlog of three million tonnes, or whatever number of tonnes they have a backlog of, which I think is about the figure, they will actually—if we have another big crop, we will possibly lose millions of tonnes of wheat.

The CHAIRMAN: You are probably right, Bill. I just want to clarify that a bit. Even if the tier 3 was not tier 3 and it was brought up to the standard of tier 1, I think that could happen anyway, and that is probably why you are seeing more on-farm storage. As we head towards that, we are getting more efficient. So I do not know that fixing the tier 3 is going to solve that problem in particular. If we have a good year, we are going to have a problem shifting grain anyway.

Hon PHIL EDMAN: Not being a farmer, Brian, and I know you are: so why will we lose the grain? Is it because if it sits in the area, it just rots away or something?

Mr Cowan: There will not be a place for it to be stored, yes. That could be a scenario; that is, if we did grow the big crop.

Hon PHIL EDMAN: Because I have been to the CBH terminal as well, and they have got this —

Mr Cowan: Yes. Well, the CBH terminals will fill up. Say we even probably have another 15 million or 16-million-tonne crop, CBH terminals could all be full, and there could be three or four million tonnes left over; that is, unless we have an efficient rail system that can cart it. I disagree with you a little bit, Brian, if you let me. I think that if tier 3s are brought up to standard, there will be a much greater capacity to shift grain.

The CHAIRMAN: Yes. I take that point. I just think that if we have a bumper year, it has always been the case that it is a harder effort for CBH to move that grain. Of course, then you have the multiplying effect: if it does not get moved one year, you will get a bigger problem the next year.

Mr Cowan: Yes.

Hon KATE DOUST: I know we are limited with time with you today, unfortunately. I just want to get a couple of things clear in my own head. I note that the Pastoralists and Graziers and the Farmers Federation were on that committee in 2009, and I make the assumption that they are still advocating on your behalf for an upgrade of tier 3; is that correct?

Mr Cowan: I do not know about the Pastoralists and Graziers Association; I cannot speak on their behalf, but I can speak on behalf of the WA Farmers Federation, and they are pushing as hard as they can to have the tier 3 upgraded.

Hon KATE DOUST: So, at the end of the day, your group—you can tell me whether I am right—you would like to see, in the first case, the tier 3 lines upgraded and sustained on an ongoing basis —

Mr Cowan: Yes.

Hon KATE DOUST: — and you want to see those additional train sets on track so that you can cope with the extra grain that you need to get to port. Those are the two key things that you want dealt with in relation to this petition that has been given to us.

Mr Cowan: Yes; and the train sets are already organised.

Hon KATE DOUST: Right.

Mr Cowan: The train sets are not here, but they are coming. It is a huge, long process, and CBH would be able to tell you much more about that than I can. But just talking to CBH, they are hoping that the first narrow-gauge trains will be up and ready by mid-June or something like that.

The CHAIRMAN: If I can just jump in quickly, I just wanted to query you about 540 extra truck movements to Kwinana. Why would that change, because at the moment —

Mr Cowan: Okay. It will change because trains will actually get it there. The trains will take it there rather than trucks. See, the thing with CBH, once they get their train sets—the train sets they have now, they will be able to tell you how many there are—they will be able to shift more than an average crop in every month. They have invested \$175 million, I believe, into them. Kevin might know the figures—the number of locomotives and the wagons they have. It is very substantial—much, much greater than what we have now.

The CHAIRMAN: I take that point, but I am just saying—I am looking at the map where the tier 3s go, and you are really connecting up with the Albany line. How do you get extra trucks going into Kwinana if the tier 3 is closed? They will still deliver, will they not, to Quairading and Corrigin—the farmers, I mean? How do you get the extra trucks —

Mr Cowan: No, no. It will not be farmers' trucks; sorry. The trucks that are carting to Kwinana now—I will make that clear because people do seem to have the misapprehension that it is farmers' trucks that will go in. There will be no farmers' trucks going into the Kwinana zone.

[11.00 am]

Just to let you know, I am a farmer, and we try to get our grain off as quick as we can. In order to do that, we cart to the closest siding that our grain will be received at. To give you an example, I could cart eight loads in a week if I went to Kwinana, if I was lucky. I would probably struggle at eight; I might only get six. I can do more than that in one day to my local siding. If we lose our wheat or it gets damaged through hail or fire damages it, we have an insurance system and we can get back, but we have to pay for that. If we get a rainstorm and the crop goes down or the crop is spoiled, that is a total loss, so we go as fast as we can to get our crop off. In order to ensure that we get it off as quick as we can, it is taken to the local bin. I can cart, in one day, much more than I can cart in a week to the port.

Hon LYNN MacLAREN: So the trucks are coming from the local bins, and you say there are 38 bins on this tier 3 line?

Mr Cowan: There are 38, yes. At the moment it is a bit different now. This number of trucks is coming in now because of the shortage of train sets.

Hon KATE DOUST: And they are private trucks?

Mr Cowan: They are companies that are contracted out, as far as I know, to CBH to cart from the bins to the port. This is to supplement what the trains cannot get to the port.

The CHAIRMAN: I just do not see that being any different. Even if the tier 3s are upgraded, they still have to get to the port, do they not?

Mr Cowan: Yes, but the train will do it instead of the trucks. That is what we are saying.

Mr Strange: Bin to bin, port to port.

The CHAIRMAN: The train will bring it to the bins, but to get to Kwinana it is still going to have to go by road.

Mr Cowan: No, it is all by train, totally.

Hon LYNN MacLAREN: They are saying the train will take it from the bin to Kwinana.

The CHAIRMAN: You would have to go back to Avon to do that.

Mr Strange: To Merredin.

Mr Jones: To Merredin.

Mr Cowan: Yes, they can come from Merredin, or they can go to Avon. Look, until a few years ago there was almost no road transport into Kwinana. You can ask the CBH guys and they will tell you the truth of that—I do not know. In fact, as far as I know, three years ago there was not even a grid for truck transport into Kwinana; it was all done by train. Going back to Avon is not a problem, and coming from Merredin or anywhere up north is not a problem. That is the way —

The CHAIRMAN: But you do recognise that you are not going to do away with road transport? Even with a good rail system, CBH is still going to use road transport as well?

Mr Cowan: I think they will use very minimal. They will only use road transport—Steve will know better.

Mr Strange: Mr Chair, there seems to be some confusion there. If there are enough train sets—again, CBH will be able to come in with the figures—at least 90 per cent of the grain will be on rail to port through the tier 3 system, whether it be the Narembeen–Bruce Rock to Merredin or the Quairading line around to Avon, which are not operating at the moment. All of that grain from those lines is being put on road, which has an immediate effect to local governments within the area.

Hon KATE DOUST: It would not be terribly pleasant driving around the backwoods of the wheatbelt with those massive grain trucks on the roads, would it?

Mr Jones: Mr Chair, I would just like to raise a point there. Several years ago my wife was unfortunate to go off on a bend with a drop off—three children and a brand-new Ford Fairmont wagon. It was nobody's fault, except they were driving on a sub six-metre road. Unfortunately, with the traffic that is on there at the moment, when you get two road trains pass, one has to get off. They chew away the gravel and the bitumen. Now, Heather just made room because there was a vehicle coming the other way. She overcorrected, came back on road, and the chap in the truck saw the car flying through the air into the neighbour's paddock; he picked the family up and brought them home. The point you are talking about is something that is probably the most important one in this debate. At the moment there is a photo of one truck there in some of the stuff that has been presented to you; there are probably four that we can document—there are others that have been close. The situation is that we believe, as this document says, which is why we presented it because we believe it demonstrates the case very simply, it is efficient. It is increasing tonnages, and we have provided the figures there. The ownership of the rail assets will go into the growers' hands—that is, these 22 wagons and the locos and all the wagons that go with them, and it is more competitive on freight rate. A new road train now will cost you \$1 million; as Bill said, if you get an eight-wheeler to pull it. It is going up threefold. Rail is far safer. Trains kill less people than

trucks—I will argue that anywhere at any time. It is sustainable. The future for rail is sustainable, but that comes with a proviso. We believe that some sections of this grain network have been neglected for probably the last 10 or 12 years, and I believe, as the Auditor General said, that we need \$400 million for road and \$400 million for rail. If that had been spent, we probably would not be having this debate.

But I want to end up on the point that Brian has raised—it is a good one—about the trucks going to Kwinana. In this report here they talk about what they call the “Brookton strategy”. That was to close down the bins on the tier 3 lines for whatever reasons, and then direct that grain from inland to Brookton, Avon, York, Merredin, Cunderdin and so on, which would be fine for people who were close to those situations, but anybody who had to transport it some distance would be up for the extra cost of road transport. Now, the gentlemen behind you will tell me that there is probably a \$4 to \$6 saving on rail at the moment, and if the standard of the lines are brought up, that will increase. We believe the world is shifting to rail, and whatever is written in that report, that was about a different set of circumstances that prevailed at the time, going on three years ago. We have moved into a completely new transport era with these new trains, which we are very proud of. They talk about CBH, but it is growers’ CBH; it is all those men and women out there who grow the grain. They prefer to put it on rail to get it to port because it is cheaper and safer, because their wives, their kids, their school buses are competing with these big trucks—it is no fault of the trucks—on these substandard roads that are less than six metres. The money that has been put forward—I have the printout here—\$105 million, is not going to bring that standard of road up in the time required to negate all the trauma risks that are there.

I will just go back to the last point. Paul Larsen put out a wish list just after he had the stand-off with the government on withdrawing the services; he put out a list of \$249 393 000. The total cost of so-called tier 3 lines before this report came out was set at \$77.8 million over 619 kilometres of line, and that included a little bit of extra line that is not in here, that included the Yoting to Quairading line, and that was to bring it all up to every second sleeper being steel, and that worked out at \$126 000 a kay, which is a lot cheaper than you will even get near a road, as Stephen will tell you here.

The CHAIRMAN: We are going to be running out of time, and there are obviously a lot of questions. I have not given Lynn a chance to ask any.

Hon LYNN MacLAREN: I had two questions. First of all, you do not need to convince me that rail is a more efficient and better-for-the-environment option. What I do not understand is why this government, at this point in time, has made the decision to close it. Could you help me to understand why all of a sudden we see the closure of the tier 3 lines? They have been obviously, as you have given us the evidence, allowed to deteriorate over many years. Why now? What support is there to close this? It seems to me like there is tremendous opposition to close tier 3; I do not understand what the driver is.

Mr Jones: I cannot answer that in simple terms. I mean, we went and met the Minister for Transport, Mr Buswell, on 28 June. We explained to him at that particular time in the company of Graeme Fardon, the shire clerk from Quairading, that the preferred government route here was from Quairading across to Cunderdin; it had a seven-tonne restriction on culverts, so that road was out. We presented our case to Minister Buswell, and he knew then, on 28 June, that the only way out of Quairading to York was down what we call the Quairading–Bruce Rock–Merredin road, which is not fit for purpose for that sort of traffic. No upgrade prices whatsoever were mentioned in here.

[11.10 am]

He then, two days later, closed the lines. Subsequent to that, with mounting pressure, he reopened the lines, but by that time Queensland Rail had sent some of their trains back east, because they cannot have them parked up getting rusty. So, by the time that they were reopened again, harvest was virtually on us and with the diminished fleet that we had—as has been said around the table

here today, it was a good harvest and I hope next year is better. If we have problems, we will endure them. We had a situation where we had a record crop, but we had diminishing above-rail service. CBH have done an excellent job to get as much grain as they have to port, and they have had to use trucks to take it, where normally it would have gone on trains.

Mr Strange: Can I just follow that up? We are just very unsure why governments make certain decisions anyway. I will give you an example. In the 1990s, a rail section between Bruce Rock and Shackleton was closed. Eric Charlton was the Minister for Transport at the time—a very good minister—but the decision was made on very similar grounds to the one that has been made now; around \$5 million was allocated or promised to upgrade the road network from Shackleton right through to Kellerberrin into the standard gauge. Not one cent of the money was forthcoming. The rail link was closed and now we have the situation in my shire where we are going to have grain from 90 kilometres away coming through the middle of our shire, along that road that should have been upgraded, to Kellerberrin. That is only a 3.5-metre strip of bitumen and it could be up to 250 000 tonne a year or 10 000 road train movements. So, it has happened before with governments and it is up to us to say, “This is wrong.”

Hon LYNN MacLAREN: We are trying to grapple with what you would like as far as capacity on the roads. The government is talking about a certain weight tonnage of truck that can be on the road and they are talking about upgrading to, I think it is, RAV 7. As shire president, you have probably put in lots of applications for what kind of upgrade you want. What is a reasonable upgrade to ensure safety? Even if we do not have these grain trucks on the roads, if we do not have this additional trucking and we do get the tier 3 lines up, what would you upgrade your roads to? I think we do need to address the safety issues of people on our wheatbelt roads and it would be nice at this point to be able to say what we need those roads upgraded to. Is it 7.5 metres and RAV 3 or would you go to RAV 7?

Mr Strange: With the RAV system and the current state of the roads, in my own Shire of Bruce Rock we have allowed it to go from RAV 3 to RAV 4, but that still restricts it to 27.5 metres in length, instead of RAV 7, which is 36.5 metres. Because of the road condition and the geometry of the road, there would have to be hundreds and hundreds of millions of dollars poured into the roads to get it to a standard of eight metres and a RAV 7. It will not happen.

Hon LYNN MacLAREN: What is a more practical goal, if we wanted to upgrade the roads to ensure road safety?

Mr Strange: Go straight back to rail. You cannot do it, unless you would spend something like the Forrest Highway. You are talking about major multiple lanes, overtaking lanes and a lot different style of pavement and the geometry of a lot of corners, resumption of land. It is just not even practical to think to a RAV 7 in our area.

Hon PHIL EDMAN: Just two questions. What other industries benefit apart from grain farmers in relation to the tier 3? Is anybody else benefiting from it or using it, or is it just grain farmers that it is solely used for?

Mr Cowan: Grain farmers would be the main beneficiaries; however, the other beneficiaries are everybody in the community who uses the roads.

Hon PHIL EDMAN: Answering that, when I went down to CBH, I was educated that the actual port that was built was actually paid by CBH, not the government, even though I am led to believe that the Fremantle Port Authority, it is theirs, but CBH has to pay for the ongoing maintenance of it. I am not here to debate whether that is wrong or right; it happened a long time ago, apparently. But I just want to know if there was ever some sort of discussion or an idea—this is probably coming a bit out of left field—that out of this \$93.5 million that is needed to upgrade this tier 3 rail, that CBH may be looked at coming to some sort of negotiation with the state government, whether that has

ever been looked at or talked about. I understand, too, that every grain farmer owns a share of CBH, so it is yours. Has that ever been something that has been thought about?

Mr Cowan: It has. There are a few things I would ask you if we did. It is thought of and we have actually kicked it around, but the one thing you must remember is the guys on the tier 1 and tier 2 rail did not have to pay for theirs. It can be said of the rail system and the metropolitan transport authority in Perth, I believe that \$800 million almost is lost every year on that and we are asking for around \$100 million of one-off spending. We do not begrudge the \$800 million spent every year, because I think it makes Perth a much better place to live in and we want just a \$100 million one-off payment to make our area a much better place to live in. Can I just make one other point, Brian, because I think you are still a bit confused on the rail into Kwinana. There are figures out on how much grain went to port from the Kwinana south zone, which is virtually the tier 3 area, and the highest is 98 per cent. Just lately, because train has gone off, and before this year—I am not including this year because I do not know the figures for this year just gone—the lowest ever is 92 per cent. So, 97 to 98 per cent is normal and 92 per cent, I think, is the low end. So, that clears up all these mysteries and that about how much grain goes into port by truck. It is very little.

Hon KATE DOUST: All of our discussion today has been pretty much focused around that central wheatbelt area. We have talked about Quairading and Kellerberrin and Merredin and access points and that. I am looking at this map in this report and looking at that other end—Geraldton, Mullewa, Mingenew and those sorts of areas. Do they have similar types of issues with access or are they all tier 1? If we are focusing on your area, what happens to the people working up that end? Do they have tier 3 issues as well?

Mr Cowan: Mostly it is tier 1 or 2, as far as I know. There is a little section near Wongan Hills that I believe is McLevie. There is a little section of tier 3 area there. That is the only section there. There is a further section down around Gnowangerup, which is a tier 3, and that line has not been used, I believe, for a number of years—two or three years even.

Hon KATE DOUST: So it really is more of a central wheatbelt issue?

Mr Cowan: It is virtually the central wheatbelt, yes.

The CHAIRMAN: To be fair though, it was put to me the other day that north of Geraldton—Binnu, Northampton—they do not have rail at all. They cart their grain straight in, in a lot of cases, to Geraldton. All the problems you have spoken about, they encountered the same problems with school bus routes, whatever—they do not have a problem. They are used to doing it on their roads.

Mr Jones: Chairman, if I could just make a point on that, Esperance is much the same too. A lot of their grain, although they are only 1.6 million tonnes compared to 7 million or so around here—most of their infrastructure has been built in the last 50 years. Most of ours was built before 50 years. The road past my place was put in in 1949. It was never six metres. It is a good road. Basically, the job they did was fine, but it was never built for the configuration of vehicles we have got today. That is why road trains have to get off to allow the others to pass. I get off in my car to give the road train the bitumen that he is entitled to. I think it was Kate asked the question and just coincidentally, Brian, I have got a letter here you wrote to Mr O'Brien back in 2010 regarding pavement widths. With your diligence, I will just read it. This is Simon O'Brien's words.

[11.20 am]

The CHAIRMAN: You are not going to read the whole thing, I hope; we are running out of time.

Mr Jones: No, no; just to the width of the pavement —

With respect to the minimum seal width upgrade of 7.5 metres, MRWA advises that its calculations are based on the 8 metres seal width for highways and main roads and 7 metres for significant local roads. However, local roads with large volumes ... may be considered for seal ... to 7.4 ...

The road that we came down on this morning—a state road—does not come anywhere near eight metres; a lot of it is six. Where Steven Strange is, out of Bruce Rock, it is less than six in places. My road, Bruce Rock–Merredin, is less than six. It is 5.6 in places. This is the basic fundamental problem that we have. We know, as Steven said, that although money is promised, it does not go onto the road. People are still at risk driving on not-fit-for-purpose roads. Quite simply, as these figures from Paul Larsen said, with \$80 million we can bring this rail track—this is over four years, not one year—back to where it can cart grain like it used to. We have had 14-million-tonne crops before and it all got to port without trucks. So, basically, it is just a recognition that if this money is put into the rail system across the total grain transport infrastructure that we have got now, we will probably get another 100 years out of it, which we have had up to now. You will not get that out of any road. So, we can argue all day, but the amount of money that is purported—I have the spreadsheet here if the girls want to take a note of it —

Hon KATE DOUST: If you could table that.

The CHAIRMAN: That is tabled.

Mr Jones: It is \$105 million—I have another edition, which is a little bit later than that—but that is nowhere near significant enough amount of money to do the job that is required to cater for the modern transport fleet that we have got today.

The CHAIRMAN: I will give you a chance to sum up in a minute, Bill. We have gone a bit over time, but it is important that we get all the information. If members have a quick question, I ask them to ask it now.

Hon LYNN MacLAREN: The Minister for Transport has also written to us and he has made the point that the business case that the Department of Transport created tried to look at the least-cost pathway for the grower. And I note that the grower has recently had to fork out to buy the trains, has he not? So I would be interested in the cost to the grower currently. So the grower has actually put in additional money through CBH to buy the extra trains that are necessary—the upgraded trains—and so I guess I would like that factored into the business case: the fact that the grower has already forked out some money. That would be, I think, important in the total picture to look at. And noting that tier 1 and 2 growers have not had to fork out that amount—is that correct?

Mr Jones: Yes; a very good point.

Mr Strange: Yes, that was probably more of a comment, but the terms of reference were just far too shallow and things have changed considerably.

Hon KATE DOUST: Has there been any request put to the minister to perhaps reconsider that strategy document or to reconvene? I know that it is time consuming—committee after committee—but I would have thought that there would have been a request to ask you to update the details at some point.

Mr Jones: At the moment, Mr Chairman, there is another revision taking place, out of private resources, to not so much refute that report because it was made three years ago, but to give a statement of fact where the grain freight industry is at the moment with the new trains and so on. So, yes, that is happening, but at the same time we are well aware of the fact that it is nearly three years since Paul Larsen procured those services and time is sneaking on. There has been no CAPEX expended into the tier 3. They are deteriorating at a rate where it really impinges on productivity. Although they have said given the life CBH has—another year to prove that they can run on them—that is like putting a horse in the Melbourne Cup with three legs: he is going to be handicapped to a certain extent. Somebody asked the question, it might have been Phil, about whether CBH contributes to the cost of the line. No, they do not and nor should they have to. It is a government infrastructure. The sale agreement and the lease agreement here quite clearly stipulate that the owners or the lessees of the infrastructure have to maintain it to initial performance standards. There is an Auditor General's audit department that is supposed to see that this happens. They put in

reports to say that it is fit for purpose, but I and my neighbours can walk down the railway line and we can pick up the bolts that have come out of the lines, which the audit has not picked up. So all these things come to impact upon the efficiency which CBH will be judged on. If they have 19-tonne lines with this new train fleet that they have got here, we would be going past world standard—it is as simple as that—and we would be competing internationally with the competitors with the best freight task operators that we have got.

Hon KATE DOUST: Since the tier 3 was shut down, how many fatalities have occurred on your roads directly related to grain freight trucks?

Hon LYNN MacLAREN: It has not stopped yet.

Hon KATE DOUST: Just in the last couple of years.

Mr Jones: It is a good question, Kate. I will not enter into that except that the daughter-in-law of one of our neighbours was killed on the Great Eastern Highway by a grain truck, but it was nothing to do with tier 3. It is very hard to isolate. The grain truck was going another way; it was empty. But quite simply, we are looking at another report that came out the other day from the WA transport safety gentleman—I forget his name for the moment, but he collates history. He collates statistics, which are the determination of deaths and accidents. What we are about is to make sure that he does not get any more information to collate; that is, to reduce the risk of trauma on our roads, which is only escalating every time one of these trucks goes on the road.

The CHAIRMAN: Look, we are going to have to wind it up soon. I will give you more time. But you have mentioned that independent report. I was going to ask about that because I knew that there was another report being done. Who is doing that and where is it at?

Mr Jones: Quite simply, it is Max Trenorden and Phil Gardiner researching data with the shires, going around to see how the cost impact will eventually sheet home to local government, because once the roads are done up, it will become the province of the ratepayers to maintain it into the future, and this is what is worrying them. The other point is that, quite simply, there has not been a valid reason given, apart from the fact that Mr Buswell said to us that the CBH business case, which was presented in the middle of last year, was not a compelling enough case—or words to that effect. Now those gentlemen then had a pretty watertight case. They are now in the process of making another one, which will be even better. So at what point, how high does the hurdle have to go, before these guys will say it is high enough and we will walk under it instead of making you jump over it?

Mr Strange: Mr Chairman, if the minister had said we need another report now—and we did have a meeting in York three or four weeks ago, and the cost of the report was going to be around a quarter of a million dollars—you would have got that in the room in five minutes: if the minister needs another report, or would take any notice. But I would like to issue an invitation to the committee to come up and to have a look. It is one thing talking about these things but to actually see it is another.

Hon KATE DOUST: I am always happy to come to Bruce Rock; it is a lovely place.

The CHAIRMAN: We will discuss that in our deliberations, but I really do have to wind up. I will give you the opportunity, Bill, if you can, to make a quick summary.

Mr Cowan: Yes. Look, I think in all of it—just one point. You did ask why they do not have the problems up in Geraldton and Binu and those areas. I will just point out that more than half the grain grown in the state is grown in the Kwinana region, so you are not talking about the same tonnages for a start. So that is one of the big things. The biggest factor of why we are having the problem is, I think, because of the tonnages that are going there. I think, in a quick summary, the most important thing since the strategic grain network report came out is that there has been a number of huge changes. And the changes are that CBH and the growers have invested in these new, more efficient train sets and the locomotives and the wagons that are much lighter. There have

been changes—huge changes, I think—to the way these train sets are run. The efficiencies will be quite marked. And I think the other things were that in that report I do not think that they looked enough into the safety of the areas. And not only that, they did not look into the possibility that circumstances could change. They looked at what was there at the time as far as rail went. The trucking industry went through huge changes and they became more efficient—road transport did—but what everyone forgot about was what was left behind in that, and that is the maintenance factor.

The CHAIRMAN: I thank you very much. It was a very informative hearing and I am only sorry that we did not have more time. We were a little late starting, but we have had over an hour. I thank you for coming in and we will have to close this hearing off and move onto the next one.

The Witnesses: Thank you.

Hearing concluded at 11.30 am