

**ECONOMICS AND INDUSTRY
STANDING COMMITTEE**

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

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

SESSION FOUR

Members

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

Hearing commenced at 4.12 pm**Mr KEN SEYMOUR****Farmer and Moora Shire Councillor, examined:****Mrs LINDSAY TUCKWELL****Grain Grower, examined:****Mr IAN LANE****Farmer, examined:****Mr ROWLIE MELLOR****Treasurer, Quairading Land Conservation District Committee, examined:**

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

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 Parliament. This is a public hearing and Hansard is making a transcript of the proceedings for the public record. If you refer to any documents during your evidence, it would assist Hansard if you would provide the full title for the record.

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

The Witnesses: Yes.

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

The Witnesses: Yes.

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

The Witnesses: Yes.

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

The Witnesses: No.

The CHAIR: Do you have a statement to make? I know that the four of you have come individually. You could each make a short statement, if you would like.

Mr Mellor: Thank you for the invitation, too, by the way; it is a privilege and an honour. I want to make a number of points—firstly, road safety; and I understand you have probably been hammered with road safety through the course of today. I am talking in particular of the Quairading–York

Road, which is in my opinion not suited to heavy traffic. Even though money is being spent on the Quairading–York Road on bandaid strips to widen it on either side, the bandaid strips are very ineffective as you will see when you are driving back through the Greenhills area, where you will see that the bandaid strip and the main tarmac is coming apart. You have multiple sites with little bits of roadwork happening on the 67 kilometres between Quairading and York, but then you combine that with the additional traffic that is running through. On the York end in particular, close to York you have all the hay trucks coming into the hay facility and the export trucks that are going out from there, combining with wheat trucks, school buses and just general freight and transport, plus all the petroleum trucks and everything else that goes along that road. I do not think that is a satisfactory way to do things. It is a concern that the government is already taking steps to reduce road congestion in the metropolitan area—it has always been talked about in that way—but why does it want to reduce the road congestion there and add to road congestion in the rural areas? The railway line is not in good condition. Close to Quairading, it is a 45-pound line manufactured in the 1890s. However, the money that is being spent on the road could be spent on what I think would be needed to repair the railway line to a standard that would take all of the traffic. It seems strange to me that many other countries in the world are expanding their railway networks and we are madly closing them down. Since my arrival in Quairading in 1995, CBH has shown great faith in the Quairading area by building five new wheat bins—one very large concrete bin and four open bins, which last season were all full. CBH obviously has confidence in the Quairading area to grow a lot of grain, but then we reduce the way that we get it out. I do not think that shows a great deal of commonsense. The major problem that I can see is the Brookfield contract. The Premier, in a radio interview on the ABC in 2013, said he was not sure what was in the contract. Our upper house member Jim Chown, at a meeting in Quairading during 2013, said he did not know what was in the contract. This is a contract that is having a large effect on our community, and I want to know who does know what is in the contract. Could I suggest that the WA government, CBH and Brookfield get together to find out what is in the contract because if we know what is in the contract—or people in the right areas know what is in the contract—then they can take steps to remedy the situation.

I have just a couple more points. It is the commonsense factor. Surely it is self-evident that to move a large quantity of grain safely in one train on a well-maintained track that crosses the Quairading–York Road in only five places, with two operators, is eminently more sensible than to provide 50 trucks with 50 operators sharing the road with all the other normal traffic. However, for commonsense to prevail, someone apart from Brookfield must be able to look at the unseen contract. I find it very strange that someone can get hold of a lease for government infrastructure—the railway line is government infrastructure—and allow it just to fall into disrepair without anyone coming down on them. If you go back to use it or lose it, that somehow should be in the contract; but no-one has seen the contract.

The final point that I make is that we are told frequently that commercial-in-confidence is the reason that nobody knows what is in the Brookfield contract, but by protecting the commercial-in-confidence factors for Brookfield, we are affecting the safety of the whole community. I just wonder which is the more important. Is the commercial thing more important than our safety? Thank you.

[4.20 pm]

Mrs Tuckwell: Thank you for the opportunity. I have been really looking forward to being able to speak as a grain grower about what I believe are the issues. I need to say that I am Deputy President of the Shire of Kondinin, and the Shire of Kondinin is very supportive of the Wheatbelt Railway Retention Alliance. Number one point I want to make is when politicians talk about CBH, they talk about CBH as if it is some entity that is a corporate entity or something to be worried about. CBH is actually the grain growers of Western Australia. It is a cooperative. I am sure all of you here know

that, but we need to remember that when politicians talk about CBH as if they are the problem, CBH is me and the other nearly 4 000 grain growers.

The next issue is the strategic grain network report. I think some of you are still looking at that, and that is okay because it is a report that was given to Parliament. I believe it is null and void and it needs to be invalid. It needs to be not looked at anymore. It has got flawed information. The cost of maintaining the roads are not fully extrapolated in that report.

The next thing we are talking about, tier 3; I think we should be talking about rail, not just tier 3. The Miling line—and Ken is going to talk about that—is a tier 2 line. So, if Brookfield are talking about, as someone said today, closing all tier 3 by 30 June, what is to be the future and what is going to happen at the end of the lease? I think someone said—it could have been you, Ian, today—that at the end of the lease perhaps the infrastructure will be rundown. And that is what I believe is going to happen.

Jan talked about a holistic approach and whether farmers should be paying for the damage to the roads. We are actually paying for the use of the rail, and I believe someone else could not charge us anymore and make that rail work and still make a profit. When we look at the condition of the main roads, I have to tell you that I am actually the truck driver that carts the grain to the bin at harvest, and that there are a number of roads that I cart on because we have a number of properties. One of them is the Kondinin–Hyden Road, which is not wide enough for road trains. Main Roads has been saying they are planning to sort out some of the bends. In my opinion, Main Roads do not have enough money to upgrade the roads. They are behind in their funding for Main Roads. They have spent a lot of money on the Brookton Highway. I travel on that highway a lot. I was on it yesterday morning, and on the western end of the Brookton boundary there is a length of about 20 to 30 metres in the middle of the road which is potholed every metre; that is because of the rain. I know that is not a rail road, a tier 3 road, but what I am saying is that the government does not have enough money, it appears, to maintain the main roads. So, when you are talking about these local government roads and when we cannot afford to upgrade those roads, where is that money going to come from?

So, getting back to the holistic thing, you cannot look at closing tier 3 and not look at the expense on the main roads to start with; and all of us in the regional areas are on the road all the time. I know people in the city might think you could do without a car, but we are on the road with our trucks and our cars all the time. I have actually got some photographs of the Kondinin to Kulin road where we talk about licorice strips. Our licorice strips were about that wide. They were finished just before harvest in November, and I took pictures the day they were finished and they were already breaking up. I took pictures three days ago where we have the main road, we have a channel with water in and we have half the licorice strip which is still breaking away. So, what is the point in putting licorice strips on to try to make it wide enough for the road trains; because to my way of thinking it is a waste of money?

My perception is, because I do not know, that the PTA is not monitoring the situation. The problem is not that government should be spending more money on rail; the problem is that Brookfield are not spending the money that we are paying for an access fee to maintain the rail. It is all right for Brookfield to say, “Well, we don’t want to have these lines but we’re not going to give the lease up.” I put it to you that if they do not want the lines, give them to someone who does, perhaps CBH, which is me and all the other growers. Is it because they are worried someone mentioned about minerals and mining companies? Is it because they are worried that in the future minerals might be transported on those rail lines and they do not want to give up that ability to perhaps use them? None of us has seen the lease. I believe the original lease was on the New York Stock Exchange, so some people have seen it. I believe that the new lease or the amendments to the lease, I do not know if anybody has seen those, but it does not seem to be that the rail lines have to be maintained; and that is the whole point. As a grain grower, I am paying money for access to those lines. Brookfield

are telling CBH how they can use those lines. CBH has spent—that is, the grain growers—\$175 million for locomotives and wagons. The wagons are aluminium wagons. They are made for the purpose of carrying as much loading as they can so that we can get our grain to port.

I am sorry, I am going all over the place, but I just want you to get these points. The fact that now we have deregulation in the wheat market, most growers sell for cash. Before when we were pooling our grain, the growers were taking the risk, because until it was all sold, then we were taking the risk. Now the marketers are paying cash, they want to get it out of the country as soon as possible because they want their money. The imperative is to get the grain out much faster than it used to be, so then you are exacerbating the number of trucks on the road.

Just to reinforce, because some people have said one thing, rail is cheaper than road. If you ask CBH, they will tell you rail is cheaper than road. A question to some of the shire councils was: has Brookfield liaised with the shire council? I have been on the shire for five years. The first time I am going to meet Brookfield is next week; so, that will be an interesting discussion. I am concerned as a shire councillor at the cost of our roads. We do not have a lot of tier 3 roads—that is what we sort of call them—but that is not the point. It all comes back to the taxpayer or the ratepayers.

Let me just have my thoughts here a minute. I believe that, as you all know, Brookfield is an overseas corporate and their role is to make money for their shareholders. I do not have a problem with that, that is their role, but our government's role is to make sure the infrastructure is there so that the exporters—in this case the grain growers—can get their product to the export market. And we need the will of the politicians, yourselves and all the other politicians, to really look at that lease. It has got a long time to run and I feel that the grain growers are going to be held to ransom by Brookfield. As I said before, I actually do not believe the government should be putting money into the rail unless it can be proven that Brookfield, if they are going to keep the lease, somehow cannot maintain the rail; because what worries me is if the government puts money in, it will be a bottomless pit and part of that money goes to Canada anyway as a management fee. Local government have just been recently talking about it in the last presentation that when there is maintenance to be done on these rail lines, such as rail crossings where they are not being used, Brookfield has said, “We will maintain them and we will build the local government and you won't have any input into what that cost will be.” So, we cannot even say to them, “Well, we will maintain it.” So we are being, the local government is being, held to ransom by Brookfield, I believe. Perhaps that is all I would like to say at the moment, sorry, and hand over to you, Ken.

[4.30 pm]

Mr Seymour: Living at Miling, which is 200 kays north of Perth, I have been farming and carting grain for the last 30 years there. Miling is slightly unique; it is the end of a line, and it is a tier 2 line, but over the last 12 months or so it is in as bad a condition as a lot of the tier 3s. CBH were keen—this is after a decade of planning and pushing by growers such as myself in the area—to spend \$9 million to \$10 million upgrading the Miling site from a 90 000-tonne site to a 180 000-tonne site, which would hopefully last 30 to 50 years. They were ready to start dismantling the site the day after harvest finished in 2013. Last August–September, Brookfield informed CBH that that line may close in two years' time, so those extensions have been put on hold, which was really disappointing. The most disappointing thing about that is that the Miling site has two fast loaders. Quite simply, it has 2 000-tonne bins above the railway line. They fill them up throughout the day, fill them up at night, a train pulls in, loads in under two hours and it is out of there; whereas if that was not there, it would take 12 hours to load a train with a complete crew of people. So all those plans have just been put on hold, which is a detriment.

On questioning Brookfield when we met with them last October—three other farmers plus myself—they said the Bolgart–Miling line is in disrepair and it needed upgrading and it was probably cheaper for them to close the line. That was when we met with Brookfield. On doing research from then on, approximately 40 per cent of that railway line is gravel ballast with a number

of steel sleepers. Basically, with the steel ballast, nothing sinks much at all. We have got photographs of the steel ballast and the gravel. Every time a train goes, it literally pumps the gravel out, and so your railway line ends up like that. So you have got wooden sleepers there, the steel sleeper just goes up and down, up and down. Forty per cent of that line, basically, should be re-ballasted for it to be upgraded. As a farmer in that area, we get the feeling that Brookfield would be keen to close that line because they believe that we would cart elsewhere. There is a line either side. The Moora–Three Springs line goes all the way up to Geraldton, and there is the Dalwallinu line, which goes up to Perenjori. They are quite confident that if they close that line, they would not lose much money. Most of our grain would go to the side. We would have to cart it and we would have problems carting it to other bins just because of the distances. It is just difficult. Our harvest is getting compounded every year—bigger machinery. That is a good thing because we get it under cover at CBH quicker. It is a perishable commodity. They are probably two words we have not heard enough today. It is a perishable commodity; you can cart it only at a certain time of the year. You can cart iron ore and sand 24/7 every day of the year; you can cart your grain only when it is harvested, and it is being compounded. Many farmers in this room today would be taking off 100 tonnes an hour. It is difficult. If you have got to cart 60, 70 or 80 kays, you have got to call in a contractor. There are not enough contractors in the state, nor will there ever be, because it is only an opportune time to shift that commodity. I have been truck driving for 30 years and we have gone from 10-tonne trucks to 60-tonne trucks. That is good in a way, but the toll on the roads is just absolutely enormous. For all of us, the least time we spend on the roads, the better.

As far as the costs go, the Miling freight rate in last year's harvest was \$20.55. I rang a local contractor two hours ago and asked him how much the rate would be from Miling to Kwinana and he said \$26.50, so it is \$6 dearer to cart the grain down to Kwinana, but it is basically impossible for most farmers to do that because there are just not enough trucks to do that.

Also, that tier 2 line from Bolgart to Miling is in such a bad state that every time a train wants to use that line, a Brookfield Rail pilot vehicle has to go on that line beforehand to check it all. They have got their gauges on there which measure the up and down. If it is not safe, they stop the train. It is in poor condition. If we had to cart our grain elsewhere, it would add many thousands of dollars each year to harvest, and that will just keep adding up. The good thing about that site in particular is those bins above the line. You can fill a 2 200-tonne train in two hours. Most of the wheatbelt wants that.

Mr Lane: Mr Chairman, members of the committee, I would like to use my time to actually answer some of the questions that have been raised here today by yourselves and different people. Mr Logan, I see that you are flicking through the strategic grain network report. It is interesting, if you look through that deeply enough, to the York to Quairading to Bruce Rock to Merredin line allocation—zero. On the ag department submission, you talked about the forward planning and the growing of the crop. The ag department submission to that report was: “Don't worry about tier 3 railway lines. Under climate change, they'll be gone. Don't worry about them in 20 years; they'll be gone.” As Councillor Forsyth in a previous submission stated, the farmers are so far ahead of the game that we are literally breaking all the rules. In 1994, if you grew 20 kilos of grain per millimetre of rainfall, you were considered an exceptional producer. The state average in 1994 was 25 kilos per millimetre of rainfall. In 1997, it was 28 kilos per millimetre of rainfall. They ripped up the formula and threw it away. The ag department claims that we will be gone because of diminishing winter rains and all the rest of it. What they have not seen is that we are now going into grazing crops. With our ability to use stored summer moisture, feed it off, get it through the frost period and harvest it, as proven last year, and will be proven this year and next year, we are the most efficient dryland farmers in the world and we will continue to be that because we have to to survive.

You asked about the cost of grain. For myself, from my farm gate to Kwinana it is \$26.75. From my receipt point in Merredin, it is \$19.50, of which 40 per cent is a track access fee, remembering that

the trains pay full tote odds for diesel; they do not get the diesel fuel rebate back. So they actually pay the same price for diesel that the trucks do. We have heard it several times today. Minister Barnett, Minister Grylls and Minister Nalder have all been quoting farmers are buying road trains and carting their own fertiliser. On my farm, we use 500 tonnes of compound fertiliser. We use approximately 1 000 tonnes of soil ameliorants—aka lime. We grow between 7 000 and 10 000 tonnes of grain. The lime comes from Lancelin. It is quicker to go straight to Lancelin and back than it is to backtrack through Perth, and I cannot do it cheaper by road. My immediate next-door neighbours on my eastern side—there are three cousins—all have a road train each. My immediate neighbour on my western side also has a road train. Not one of those road trains has ever been down Greenmount with a load of grain on it. This furphy that has been perpetrated—I will go further; I will call it an outright lie—really gets my goat when it is perpetuated across public airways as being the gospel truth, because it is actually completely totally and utterly.

You talk about the cost of paying for trucks. When we use our trucks on the road, we pay full tote diesel odds. We pay licence fees and, like you say, we are the ratepayers so we pay for it anyway. Why should the hairdresser in Bruce Rock or the hairdresser in Merredin or the publican at Corrigin subsidise, because that is what is happening? In the Shire of Trayning, the road between Kellerberrin and Trayning is being upgraded, supposedly to take the rail. There is a seven-kilometre stretch in the middle that is particularly harsh because it goes through granite outcrops and whatever else. The Shire of Trayning are talking about a 32 per cent rate increase to cover the cost—not maintenance—at \$1 million a kay. As you say, it has all got to be dug up, refurbished, reculverted—the whole box and dice. It is not just the grain grower who pays that; it is the publican and the grader driver at the shire. This cost shifting from state government or Brookfield—whoever is paying it—back to local government is unsustainable. With 30 per cent rate increases, it would be bad enough for me as a businessperson, let alone for anyone else in this room who works for the local stock agency or whatever else. If the City of Joondalup put up the rates by 30 per cent, they get lynched, and quite rightfully so. I just wanted to reinforce that, so I will leave it there, Mr Chairman, if you do not mind, but I just wanted to correct and answer some of the questions that have been asked here today.

Sorry; it is the cost—the interface. As Lindsay has said, Brookfield are charging whatever they think of at the time is their right. The reason they will not give up the corridor, Mr Tinley, is because in the Wickepin shire there is the kaolin deposit, east of Kondinin there are two known iron ore deposits, and there is another kaolin deposit out near Hyden somewhere. They want the corridor so that one day when those things come on board, they have still got control of it. They could hit the mining company for a share of the cost, but they are still getting their take out of it in the meantime. That is why they want the corridor. They have got a lease to 2050, from memory—2049. The world is an ever-changing place; who knows what we are going to discover before then? Thank you, Mr Chairman.

[4.40 pm]

The CHAIR: I will now throw it open for the committee to ask whoever. Whoever you ask a question of, you better name them first because otherwise it might get a bit mixed up.

Mr J. NORBERGER: First of all, I was going to reciprocate and thank you guys for hosting us. I think we consider it to be a privilege. I was saying on the way down here that the last time I was in the wheatbelt was when I was in primary school. I think it is probably important for some more of us city slickers to come out here and see what is going on. It is beautiful countryside. I am absolutely delighted to be here. Thank you for the hospitality that has been shown already. Each one of you has made fantastic statements. I am looking forward to going back over the transcripts again, with a highlighter.

Putting aside the variables of rainfall, you have mentioned some of the challenges and the drying climate and whatnot; hats off to you guys for being at the forefront of technology. How do you see the current freight situation being a restriction in regard to growing capacity?

Mr Lane: As Lindsay stated, the Northern Hemisphere harvest is about to start. So what happens is the marketers would like all our grain shipped basically by the end of June. If we go back to trucks, we are not going to be able to meet market capacity. That has been proven this year alone where growers at Hyden, Holt Rock, Lake Camm and others have been restricted in the price they have been offered, because it cannot get to market. It is going to be stuck in the bin; the market is going to drop. The Northern Hemisphere crops are coming on board. There was plenty of other wheat in the world competitively to go for it. That has already had a direct impact. The trucks that are up here have taken the place of tier 3 lines, they are road bins anyway but they are not available to cart to those areas. It restricts competition which therefore restricts the amount that you get for your crop. Twenty-nine dollars a tonne has been quoted on the radio. I do not know whether that is a public figure or whether this guy plucked it out of the air. He thinks that he is worse off this year because he cannot get his grain to market in an acceptable time frame. Seven thousand tonnes at \$29 is roughly 210 grand—\$203 000, to be precise. Two hundred and three thousand dollars out of my budget, I am sorry, I am gone. That is just cream. That is not cost; that is actual.

Mr J. NORBERGER: That is your bottom line.

Mr Lane: That is straight off the bottom line. There is a market. That is the worry—you have heard it continually throughout the day—that access to markets, not only the growers selling for cash but the marketers, whether it is Bunge or CBH, they have all got these deadlines and contracts that they would like to meet. They are all focused January, February, March, April and May. They can get it all out. They can get to Saudi; they can get to Asia before the Northern Hemisphere crop comes online. It will have a major impact. As we get better and produce more, who knows what could happen? You could find yourself with a carry out of one to two million tonnes spread across the state. In a 15-million tonne storage system, that is a fair swag. As Ken quite rightly said, it is a perishable commodity. We have seen that if it gets wet at harvest time, it is useless.

Mr F.M. LOGAN: Thanks very much indeed for your views. In terms of the lease, one partner of the lease is Brookfield but there is another partner to that lease, and that is the PTA. What role do you think PTA should play as a co-signatory to the lease? Have any of you ever had any dealings with the PTA, or has PTA had any dealings with you about the lease?

Mr Mellor: No.

Mrs Tuckwell: I would not know who would come and talk to me from the PTA. I believe that the PTA either have sold us out by making the lease conditions such that Brookfield do not have to maintain our lines. That would concern me greatly if they did do that, particularly as we were still using the lines and we are paying an access fee. I would be quite happy for the PTA to come and I could ask those questions about what is in the lease. Either they sold us out by changing the conditions or they are not enforcing the conditions. They are the only two things that could be happening here. I do not know, but as a grain grower that is what I believe. I just wanted to say, too, you were talking about farmers using their trucks: in 2010 Gary Repacholi, who unfortunately could not be here today, asked the growers in Kondinin, “Where is the place you would cart your grain?” Every one of those growers said they would cart it to their local bin. They have signed—I have a copy of that which I would like to give you. Some politicians say these things: we had over 5 000 tonnes of grain this year. For us to actually physically cart that to Perth, which is what has been implied by Minister Grylls, when he was a minister, is just ludicrous. Either they do not understand or they are not telling the truth. I did not want to say that but —

Mr J. NORBERGER: You just did!

Mrs Tuckwell: Yes.

Mr F.M. LOGAN: That is okay—it is parliamentary privilege; you can say what you like!

Mrs Tuckwell: It is one of two things: they either do not know—it concerns me if politicians do not know because the grain industry is worth a lot of money to WA. That is something that needs to be remembered as well when people are saying farmers should pay more. Let us look at what we actually produce as farmers for this state, as export. I just wanted to make a point, which I forgot about before, if I may: the Bunge in Bunbury—which is good; growers have a choice—I have noticed that the government is very proud of the fact of the amount of money they are spending on the road to make sure that the grain can get to Bunbury on the Coalfields highway. I do not have a problem with that, but why is our government not standing up for the grain growers out here and making sure that we have access to our rail lines that we want to have access to? Why can we not have a voice as well? Why is Bunge being heard or the grain growers who want to go to Bunge being heard, but we do not seem to be listened to? That is my perception. I stand to be corrected if that is not the case.

The other thing I have is a little video for you to look at some time when you go home. I have three USB sticks. I did not realise there would be so many members. It is taken from my truck—my husband was driving and I was taking it—of the road out of Kondinin. You can see how bad that is in the truck. My head hit the roof as I was doing it. When people drive around in cars, they do not notice the condition of the road.

The lease being commercial-in-confidence: there are no competitors, so what is the commercial-in-confidence thing with Brookfield? It is a nonsense. We should be able to know what is in the lease. We should need to know whether our rail lines are supposed to be maintained. I feel absolutely adamant that we have been shafted too long.

The CHAIR: Did you want to say something, Ken?

Mr Seymour: Yes, if I can just add to that. If Brookfield feel that some of these lines are unviable, such as the tier 2 Bolgart–Miling or any of the tier 3s, that may be the case for them, but if that is the case, why can someone else not attempt to make that line viable? I am absolutely sure there are a number of organisations in this state that can make those lines viable—CBH being the obvious one, with their own trains, but there could be other people as well who could make those lines viable.

[4.50 pm]

Mr J. NORBERGER: We have discovered before in previous inquiries in different subject matters that “viability” is a very subjective term. Viability for different organisations comes down to what they are happy with in regard to a rate of return.

The CHAIR: I think that was a statement. Do you want to ask a question?

Mr P.C. TINLEY: It might be a silly question, but if you road haul to a particular point in the rail network, are your access fees the same or different?

Mrs Tuckwell: They are quite similar because CBH has never gone down the path—because it is a cooperative, it is much —

Mr P.C. TINLEY: It is a single access fee, pretty much?

Mrs Tuckwell: Yes; it does vary a bit, but I think that is part of being a cooperative.

The CHAIR: I think the best thing for us to find out how that works is to talk to CBH, because it is quite complicated.

Mr P.C. TINLEY: What I am driving at is: is there any incentive for you to truck it closer? Even though the commentary of the Premier and others that you are all buying trucks and you are taking it all the way to Kwinana is obviously patently not true, is there any incentive for you to get it partway down the line?

Mr Seymour: There is, obviously, for the freight rate because the closer you get to port, the less the freight rate is.

Mr P.C. TINLEY: Okay, but that is the balance between your capacity to rotate the crop off and get it off.

Mr Seymour: Yes, the logistics of carting that extra 20 kilometres, you get back to the paddock and you are overflowing with grain and the harvest has stopped, so usually the quicker you can get it back and forth back and forth.

Mr Lane: Further to that, Mr Tinley, some receipt points can unload faster than others because of the infrastructure they have got, and so the freight rate will be cheaper at the ones that can unload faster, so, you know, it depends. Like, Bruce Rock, for example, might have very good fast unloading facilities like Ken is talking about at Miling, whereas Narembeen on the other side might not be quite as good, so they will have different rates even though they are roughly the same distance.

Mr P.C. TINLEY: It is part of this complex thing that —

Mr Lane: Just to go back to Mr Logan's question before about the PTA, I was the inaugural chairman of the Wheatbelt Railway Retention Alliance. I presented the initial petition to Parliament with 3 000 signatures—never met or spoke to anyone from the PTA.

The CHAIR: Parliamentary rules—you are going to Parliament, you are sort of dealing with members of Parliament; you are not dealing with bureaucrats.

Mr Lane: As the Wheatbelt Railway Retention Alliance we met with a lot of parliamentarians, a lot of bodies, a lot of different groups and we were never —

The CHAIR: The PTA would have to be instructed by the minister to meet with you —

Mr Lane: And Hon Simon O'Brien never mentioned their existence.

The CHAIR: No, but that is where that fits. It is sort of not the PTA; it is the minister who would direct, and if he does not direct, you do not get to talk to them.

Mr Lane: But it was never suggested by Mr O'Brien that we meet.

Mr F.M. LOGAN: Can I ask a question about your opinions on the logistics of the overall movements of grains in WA? Last year was the biggest grain harvest, I think, ever, was it not? It was 15 million or 16 million tonnes. If this harvest—hopefully, for you it is as big as that and possibly bigger. Again, I know I am putting these propositions to you. If Brookfield goes ahead with its further closure of tier 3 and some tier 2 lines, surely, ultimately—regardless of CBH's investment in the capacity of the port and various other pieces of infrastructure they have, like bins around the state—those other elements of the infrastructure chain, the logistics chain, are going to lead to further delays and an incapacity of WA to export those volumes of wheat, surely?

Mrs Tuckwell: It is going to impact on our competitiveness. A lot of farmers around the world are subsidised. WA grain growers do not ask for subsidies and do not get subsidies but we need to get our product to market as fast as possible and it is very competitive overseas. One of the things in our favour at the moment is that the Ukraine is in political chaos, but it is really a fine line between the price that we get offered and the fact that the marketers can get it to the buyer. Along the way we cannot have any hold-ups. We have to have our infrastructure absolutely A-1 to get it to port and get it out. The ports are working well. But it is quite difficult for CBH, I believe, to—you know, they have to really work hard to get it all to port. If it is going to be more on road—another factor is that with the fuel excise will there be more or less trucking contractors? I mean, there are a lot of things that are changing all the time. For a trucking contractor, his or her margins are pretty tight and if you make it more difficult, they may be less. That is a hypothetical.

The CHAIR: So you are south of here?

Mrs Tuckwell: I am south east of here.

The CHAIR: So, your third-tier lines closed some time back, did they not?

Mrs Tuckwell: Yes.

The CHAIR: How long ago did they close?

Mrs Tuckwell: Last year.

The CHAIR: Only last year. Are all these third-tier lines gravel, not blue metal? Some of them are blue metal, are they not?

Mr Lane: Bits and pieces, part and part. Some are all wooden sleepers. Some are one steel and three wood. Some are gravel ballasts; some are part gravel ballasts; some are part blue metal. They have been through different stages but they are all—it is the actual rail that is the biggest, because most of it is mid-1890s.

Mr F.M. LOGAN: As you said. I cannot believe that. You still can use it.

Mrs Tuckwell: Another sort of side issue is that Brookfield have the monopoly on steel sleepers in WA, so they might be happy to put more steel sleepers in, but maybe not the right ballast for the steel sleepers. I do not know; it is not my field of expertise.

Mr F.M. LOGAN: This is a question I should have asked the rail alliance, but, Ian, seeing as you have been involved for a long time—the reason I was looking at this 2009 report, Ian, was because, obviously, the rail maps are in here. With the expansion of grain handling in Bunbury, there were lines that went all the way to Bunbury from here. How long ago did they close?

Mr Mellor: Thirty years ago.

Mr F.M. LOGAN: Thirty years ago. So, you would have to rebuild the entire lines.

Mr Lane: There is still a rail corridor between Corrigin and Brookton.

Mrs Tuckwell: There is one between Kondinin and Kulin.

Mr Lane: There is actually a designated corridor between Corrigin and Brookton, which would not take a lot to link up with one of the ones that runs into Kwinana.

Mr F.M. LOGAN: From the south.

Mr Lane: That was the only recommendation on that report that made any sense whatsoever.

Mr F.M. LOGAN: I notice they talk about the line from Kwinana south.

The CHAIR: Of course, your line is in Shane's electorate, so he brought this issue to the committee, which sort of triggered this whole thing because when we heard of tier 2, a couple of red lights went off.

Mr R.S. LOVE: As farmers you represent a fairly diverse area in the northern area.

Mr Mellor: I am not a farmer, Shane.

Mr R.S. LOVE: You are not a farmer, right, but the other three of you are, and from sort of all areas—east, south east and to the north. So, with the advent of something like Bunge, which has got limited storage on-site, are you seeing changes to the way farmers are thinking about doing business? Are some, that you are aware of, putting in extra farm storage to change and adapt to those different marketers and being able to supply those as people themselves? How do you see that affecting the viability of the existing freight handling system?

[5.00 pm]

Mrs Tuckwell: If I could answer, no-one in my area that I know of is putting in extra storage. To put in extra storage is not an easy thing to do. You can build a shed and you can put your grain in there, but you have to actually make sure that you do not get any insects. Once you take your

grain to, in this case CBH or it could be Bunge's, that is their problem, to make sure that the grain stays safe. If you have one insect in a shipment, the buyer will reject the shipment. So, it is not an easy thing for a farmer, even if they wanted to expend the money, to actually —

Mr P.C. TINLEY: Carry the risk.

Mrs Tuckwell: Carry the risk, because, you are right: we are carrying the risk. Until that grain is owned by the marketer, we carry the risk if something happens, if the malt barley becomes unviable. So, it is not a simple thing.

Mr R.S. LOVE: So you do not think there would be a move to having more storage and then spreading the logistics of that transport throughout the —

Mrs Tuckwell: Personally, I want to sell my grain at harvest and I want the money in my bank because I actually need it in my bank. I cannot speak for all growers.

Mr Seymour: I am sure north there might be a slight increase each year, but only slight, because all that has to be carted by road and by yourself or by a contractor. So I cannot see it being a major increase of farm storage.

Mr Lane: There is actually a swing back the other way, as in a lot people went with the bags. They were what they call silo bags, like oversize sausages that held around 200 tonne. And, guys, five or six years ago, they were all the rage. You can now buy a bagging machine at the local second-hand shop, because people have gone away from them. They were not as cost effective; they were a lot more time consuming; and they were only suitable for wheat. You could not put malt barley in them, because the marketers would not touch it after it had been in a bag. There is some storage being done for the stockfeed industries, but it might account for a half to one per cent of the total. There are two big ones at Cunderdin. There is another big one at Tammin that I have seen and that you can see just driving down the road. But it is certainly not common. In fact, the biggest grain planter in Western Australia has his yard for sale in Merredin, with 10 silos in it that hold 1 000 tonne each, so there is 10 000 tonne of storage there, and for three million bucks you go and buy it if you want.

Mr R.S. LOVE: Yes, because once it is in the warehouse, you are paid for it, whereas if it is on the farm, you are not paid until you deliver it.

Mr Lane: And keeping the hygiene is the most critical part, because you can seal them and gas them and do all you like, but the moment you crack them, they have got to be emptied within a few hours.

Mr R.S. LOVE: There is one other question I just want to ask you. I forget which person it was who said this, but they said that there was a survey that said that, if possible, people wanted to deliver to their own site. But one of the problems that we hear about is that there are too many segregations for a lot of the smaller sites, and you end up having to go to various other sites. So in the future do you think there will be a move to having more supersites, as exist in Northampton and Mingenew and the like, and, as these assets become older, less emphasis on a site every 30 miles and more emphasis on a central point somewhere?

Mrs Tuckwell: But we would still have the problem of getting our grain off and getting it to that central site. We are talking about a lot of kilometres to drive. I mean, food-grade Hindmarsh barley gets stored at Corrigin, but with the extra money that I would get to deliver it, it is not worth the time for me to drive to Corrigin. So there are a lot of things that come into play when you say that. To have just three or four—I do not know how many strategic sites you were talking about, but we would not be able to afford the time or the money to get to those sites. Our freight contractor that we normally use when we have too much for our own truck said to us this year that because of the big harvest, he could not cart our grain, and we actually had to get someone from down south, and we were lucky because it had rained at Kojonup so we were able to do that. So what I am saying is the contractors are not there to avail yourself of the time to travel that number of kilometres.

Mr Seymour: Shane, that theory works well in low-production years, but in high-production years, the state needs every bit of storage it can get. To CBH's credit, they can build a storage over a weekend, a 20 000-tonne open bulkhead, which they tarp up in a week's time, gas it, and it is secure. So that works well in low years, but in 15 million tonne years —

Mr Lane: If I can elaborate, there are two bins north of me, at Kununoppin and Nukarni, and in the middle you have Nungarin, which is a second one, and you have Trayning and Merredin either side that are strategic ones. Nukarni has not been open for six or seven years. Kununoppin is a lupin bin. As Ken has said, the cooperative will go to the next level and they will maintain these things in care and maintenance, and then when they need them in certain years, they will be opened and used, and they will be what they call open or fill. They will take a certain grade of grain through there, like a feed barley or something like that, that is simple and does not require a lot of staff. Nukarni holds 14 000 tonne. They will have it for 10 days, they will open it, fill it chock-a-block, and away they go, lock it up and run away.

Mr R.S. LOVE: But those bins would have to be serviced by road?

Mr Lane: No. That is on a tier 3 line. It has got slow outloading facilities. But because it is feed barley or something along those lines that is not critical, they will use it, fill it and forget it, lock it up, move on, and they will use that to take the pressure off the strategic sites or the bigger sites where they have lot of segregations.

Mr P.C. TINLEY: What is the viable grain acreage for a farm in your districts?

Mr Lane: Good question!

Mr P.C. TINLEY: I am told it is about 7 000 acres here.

Mr Lane: In my area, it is 3 000 hectares or seven and a half.

Mr P.C. TINLEY: So thereabouts?

Mrs Tuckwell: It is about 3 000 to 3 500 hectares.

Mr P.C. TINLEY: We have seen a lot, even from the 70s onwards, of consolidation of farm size, and that has obviously impacted on towns and had all these other social impacts. But do you see scale continuing? Do you see bigger farm sizes? Fran was talking about the advent of technology and how you are getting more and more out of a millimetre of rain. How do you predict the future? By farm scale size and capacity to reap, is that going to impact on our network, because you are agribusinesses in every sense of the word now?

Mrs Tuckwell: It is a bit like farming, is it not? You throw the balls up in the air and you are not sure where they are going to land!

Mr Lane: Can I have first crack at that? In my personal scenario, I farm with my brother-in-law and my nephew. We have worked out that roughly 8 000 to 10 000 hectares of total farm will be the maximum that we can manage with one unit.

Mr P.C. TINLEY: Sorry. What do you mean by "one unit"?

Mr Lane: One family unit.

Mr P.C. TINLEY: Right; got it—as a business unit, yes.

Mr Lane: And maybe one permanent staff and one casual. Once you get over that size—we have all seen the economic curves and your cost of production and that sort of stuff—you reach a critical mass where you are super-efficient, and then you buy that extra cloth and all of a sudden you drop off the top of the curve and you go down, just because you are not quite able to do it. The consolidation bit does worry a lot of us because of schools and all this infrastructure stuff that you talk about; they all need critical mass. But as Lindsay and Ken have said, it is typical balls in the air sort of stuff, and your capacity to work. Are you a 24/7 guy who has nothing else but tunnel

vision? Do you want to play a game of footy once a week? Do you want to play tennis? Are you prepared to be on the shire and help on the P&C? Then your capacity drops.

The CHAIR: We can probably get some data on that. Did you want to have a go at that, Ken?

Mr Seymour: No; Ian has answered it well.

The CHAIR: It is an interesting thing to look at.

I will have to draw it to a close now. 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. We may have some extra questions that we might approach you with. You are probably agreeable to that. I also want to remind you again that parliamentary privilege applies just while you are in here talking to us.

With that, I would very much like to thank the Shire of Bruce Rock for looking after us so well today. Whoever is responsible for the catering did a very good job. I would like to thank Hansard for coming out and faithfully taking the record. As someone said—I think it was you, Steve—we all know that a good season is in the last month. So I hope it is kind to you. CBH is actually planning to take 20 million tonnes of grain in 20 days. That is what their golden sort of target is. I do not want to come out here if you have got 20 million tonnes of grain, because I think it will be a nightmare! So thank you very much.

Hearing concluded at 5.11 pm
