

**ECONOMICS AND INDUSTRY
STANDING COMMITTEE**

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

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 18 JUNE 2014**

SESSION ONE

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 10.04 am**Dr FRED AFFLECK****Private citizen, examined:**

The CHAIR: Good morning. 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 freight rail 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 here today. I am the chair, Ian Blayney; next to me is the deputy chair, Hon Fran Logan; and the other members are Jan Norberger, Peter Tinley and Shane Love. The Economics and Industry Standing Committee is a committee of the Legislative Assembly of the Parliament of Western Australia. This hearing is a formal procedure of the Parliament and therefore commands the same respect given to proceedings in the house itself. Even though the committee is not asking witnesses to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of the Parliament. This is a public hearing and Hansard is making a transcript of the proceedings for the public record. If you refer to any documents during your evidence it would assist Hansard if you would provide the full title for the record. Before we proceed to the inquiry-specific questions we have for you today, I need to ask you the following. Have you completed the "Details of Witness" form?

Dr Affleck: Yes.

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

Dr Affleck: Yes.

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

Dr Affleck: Yes.

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

Dr Affleck: No.

The CHAIR: Thank you very much.

Mr F.M. LOGAN: Thank you for appearing before us today, Fred. We have heard from numerous submissions and numerous groups that the strategic grain network report should not even be considered by the committee as relevant anymore on the grounds that so many things have changed since it was released that it has no credence whatsoever. This is the argument that has been put to us. Those changes include the volumes of grains being moved now and possibly in the future, the technologies over the last five to seven years that have been applied to growing grain, the technological capacity of harvesting grain, the deregulation of the purchasing sector of the wheat market and the existence of CBH running its own rail stock. Various submissions argue that all of those things combined mean that the committee should look quite critically at the outcomes of that report. What would you say in response to that?

Dr Affleck: A number of circumstances have certainly changed since the end of 2009 when that report was issued. As you have mentioned, CBH now runs its own trains. There is a number of grain traders in the market who were not present in those days, although deregulation had occurred and therefore some of the circumstances brought about by deregulation, for example, the

abandonment of standard pricing for rail transport movements across the network had already occurred. The subsequent changes made by the ACCC in relation to CBH's role had not occurred at that time and I think they were quite important. The volume of grain is a seasonal thing, of course, and it does go up and down. We have certainly had some extraordinarily good harvests over recent years, but I have no doubt that that will continue to fluctuate between highs and lows as it has done in the past. It would be amazing if they did not.

You mentioned some other changes in technology that relate to the growing of grain and so on. I could add a few more. There is a much greater prevalence of grain being carried in containers these days, which was certainly unheard of in those days. There have been a number of changes. Whether you would want to completely disregard the contents of the committee's report though, I think, is another matter. I think some of the fundamentals still apply. I do not think the cost of operating the tier 3 railway lines has changed a great deal except that the train operating costs that were brought to it in the report have now changed a little. I am unaware in what way they have changed because I personally have not had any access to CBH's railway operating costs.

[10.10 am]

The cost of maintaining and rebuilding railway lines, I would think, has gone up as everything else has. There are some other changes which relate in a different way to the report; that is, some of its findings have not been acted upon and if they had been, I think it would have changed the situation in other, perhaps, beneficial ways. At least we thought so at the time. I think it would be dangerous to disregard it; I think it is useful input to your deliberations, but you are right, there have been a number of things that have changed. I think that, probably, the single most important thing that has changed is the acquisition of trains by CBH on their own account. That has quite fundamentally changed the way in which the business is conducted.

Mr J. NORBERGER: Dr Affleck, if I can follow on from that. One of the other things that has been identified to us as a big criticism of the 2009 strategic grain network review was the assumption of the diesel price being around a dollar a litre. The feedback that we have been provided with now is that obviously that is not the case. We know that diesel is obviously a lot higher. Do you believe that the assumption of a dollar per litre is a significant flaw in the 2009 review?

Dr Affleck: Certainly, the diesel price is going up, which affects both road and rail, although I think it probably affects road more than it would do rail; their fuel consumption rates are different. Whether that has an impact on the viability of the tier 3 lines, I have not looked at the numbers in the way that you are suggesting, but I suspect it would not make a great deal of difference, because the tier 3 lines were so submarginal in terms of their economic performance that I doubt it would make very much difference, but that is a question that could be pursued. I acknowledge it is an important factor in the costs of operating both road and rail, and therefore it does need to be taken into account.

Mr R.S. LOVE: You mentioned before that some of the findings of the SGNR have not been fully implemented and we have also heard evidence from others that the original committee had recommendations for expenditure levels which were different than those adopted by government. Specifically in regard to the road funding as a replacement for rail in tier 3 areas, can you recall the level of funding that was recommended in your committee's deliberations as regards to the final allocations made by government?

Dr Affleck: How they compared, do you mean?

Mr R.S. LOVE: Yes.

Dr Affleck: No. Once the report was completed, we had done our job and I as chair had done my job, and we did not follow it up particularly closely to see how things matched up at that level of detail. The recommendations of the committee, of course, are in this report for all to see. The main

thing that was not followed up in the way that we would have hoped it would be is what we described as the Brookton solution, which is spending some money at Brookton to create a much more viable opportunity for grain to be transferred from road to rail at Brookton and avoid, therefore, trucks coming into the metropolitan area carrying wheat, except as they might have been doing previously. My understanding is that has not been followed up, and I think that is a fairly important factor in what has happened since.

Mr R.S. LOVE: I think we have heard from others that the Brookfield strategy did not really make a lot of sense because of the location being close to the metropolitan area. If you got grain that far, you would just continue to transfer it, so there is different ground trothing, I suppose, of where the freight has avoided that strategy, even if the implementation was facilitated by the fast loading et cetera that had been envisaged.

Dr Affleck: Yes, I can understand where that comment is coming from. Our purpose in proposing the Brookton solution was to enable farmers particularly, and their own contractors, to avoid the extra trip into the metropolitan area, which was still a fair distance. Brookton is not exactly a suburb, and therefore it would have been important as a way of intercepting that grain flow, and so that the trucks could turn around and do another trip. Whether it would have worked, I guess, is anybody's guess, but we thought the economics of it suggested that it could work. And what we are particularly concerned to do is to avoid a large increase in trucking going down Brookton Highway. It would seem to us to be quite undesirable.

Mr P.C. TINLEY: Fred, obviously as you said right at the outset, you are not here to represent or defend any other aspect of the report, and your good work in that report too. My question is for a more generalised, personal view from you. You have a unique insight into the way we get our product to market, be it road or rail. Overall, would you say that we have got the taxpayer inputs to that, be it road subsidies or any of those things. Do you think we have got that mix right, or is there another way to do it that we should be doing it?

Dr Affleck: The answer to that is quite complex, I think. If I can just go back to the beginning a little bit. The road transport industry pays road-user charges. The railway industry pays access fees that are set, at least under the auspices of the economic regulator, although they have not actually been taken to the economic regulator in the sense that might have been envisaged, and that is fine; it is better for them to be negotiated. The problem, really, is that the road-user charges have no bearing, except in the most general sort of way, to the task that the roads in the country in Western Australia are expected to perform. It is a generalised charge which is applied across the board throughout the whole of Australia and takes no particular account—it is not structured in a way that it can take any particular account—of the impact of those trucks on those roads, whereas the rail-access charges are very specific to the railway lines that are used for this particular task. I think it would be difficult to argue that the trucks are paying an adequate amount for the use of those roads. There are some proposals about at the moment under the heading of HVCI—heavy vehicle charging and investment—reform, which would seek to address that issue by having a mass distance location charge, which is much more specific to the task of the individual road and the individual truck and how many axles and all this sort of thing. That would address that issue, but at the moment I think you would have to say that the competition between road and rail is not particularly well structured in terms of the cost recovery for the infrastructure that is used. That has an inevitable outcome for the way road and rail compete with each other. I am not telling you anything new, I do not think. This is an outstanding issue, nationally, which is quite an important one. Whether we will ever get to a road charging reform that will take us in the right direction is another matter. It is not going terribly well at the moment. I do not know whether that answers your question.

Mr P.C. TINLEY: It was an opinion I was after.

Dr Affleck: I could say beyond that that when this committee commenced its deliberations, there was a fairly fractious group of people sitting around the table.

[10.20 am]

The CHAIR: Sorry, are you talking about your committee?

Dr Affleck: I am talking about the strategic grain network review committee.

The CHAIR: I thought you were talking about us!

Dr Affleck: No, no, I would not dare make any comment on your committee. There were representatives from all sides of the argument that was occurring. It seemed to me that we should apply our minds to the specific case that we had in front of us—namely, these railway lines and how they were functioning in the economic and institutional environment that we had in front of us. One would have been tempted to introduce the issue of road-user charges, because it is certainly an important one but it seemed to me that if I put that on the table, the committee would find it almost impossible to go forward with its deliberations, so I deliberately did not raise that. Whether that was right or wrong, I do not know, but I do not think we would have had a report at all if I had done.

Mr P.C. TINLEY: If you were to do this again—this SGNC report—what would you do differently?

Dr Affleck: The question of the road-user charge regime is a national issue, which is pervasive across the entire transport system; therefore, I do not think it is appropriate that a committee inquiring into something which is more local and geographically specific and specific to a particular industry should raise it in that context, because there is absolutely no way that a committee of that sort could make any credible recommendations on that topic that would be given any attention by anyone. So it would seem to me to be a diversion and a waste of time and, possibly—the view I took—it would be fairly destructive to any outcome we might come up with. It is a worthwhile subject to tackle but not in that context I do not think.

Mr F.M. LOGAN: Just as an observer of freight movements in Western Australia—I can only speak from that—logistics companies that move particularly container freight have no quibble about whether it goes on road or rail because in many cases they use both; they do not seem to have a preference for one over the other in terms of pricing and costs. It is simply about the quickest and the most economically effective way of delivering those containers to wherever they are supposed to go. That does not seem to be occurring in grain movements, particularly in road. For example, the large logistics companies have not knocked the doors down to get into moving grain in Australia—never mind Western Australia. It tends to be done locally with regional companies and subcontractors. There is no Toll Holdings or anybody else trying to bust the door down to get into moving freight, which I find unusual, and maybe you could comment on that and also the issue about the road-user charges and the impact on roads. For example, the committee has heard that one local government faces a \$560 000 road maintenance bill for reconstructing a road supporting grain freight trucks when the grain was not even coming from that local grain area. That is one of the issues—a big issue—that continues to get put to this committee about the impact of the closure of tier 3 rail, and the impact now of road users by freight movements on local roads and the likely impact, following the closure of tier 3 rail on 30 June. Do have you any comments about those two issues?

Dr Affleck: I have seen these reports as well and I have no reason to disbelieve them. The fact is that there are quite a few local government areas out there and some of them are generators of the crop and some of them are just a transit point along the way. And inevitably the impact of the road traffic falls differently on them. There really is not any way in the present system of things, other than another area which the committee got involved in—and I will come back to that in a moment—where that could be addressed. One of the things that the committee looked at was the all-pervasive nature of the road transport network and the permits that are applied to it in the

transport of grain. There are RAV permits issued pretty willy-nilly across the network, so that trucks can go virtually anywhere. A finding that we came to was this is fairly unsatisfactory for a lot of local governments and it also spreads the load of damage on the roads quite widely. We suggested that the network of roads that are used for the transport of grain should be rationalised; that is to say, consolidated into a much smaller number of roads on which the expenditure could occur and leave the rest of them alone. I know that there was a great deal of work done by the Local Government Association and by CBH and the Main Roads department to try to identify a network, a much slimmed-down network of RAV roads so that they could beef them up, so to speak, and leave the others alone. My impression, and it is only an impression, is that while there was a great deal of work done on that, it has not really eventuated in any real substantial change in the way the road system works. And I think it is quite an important thing to have regard to for the future, because there is no real attempt being made to channel these large volumes of truck traffic over a small number of genuinely trunk roads. And when the new private traders come into the market, as they will be doing shortly, particularly those that are going to be moving grain to Bunbury, that will be an issue. I understand that Main Roads and local government have conferred about that and have given out specific permits for that grain to move on a more selective grouping of roads, but I am not aware of the detail. But it is an ongoing issue which needs to be given more attention, I think.

Mr F.M. LOGAN: And, Fred, the first question is to the role of the larger logistics companies and why they are not into grain movements.

Dr Affleck: The grain business is a difficult one to build up capacity for because it varies so much from one season to the next, and therefore it is a very high-risk business for anybody investing in large amounts of trucking capacity. In any case these large national carriers have some quite specialist trades that they are in. You mentioned containers, and that is not all they do by any means at all, but they do tend to serve very large customers, the supermarkets, the hardware stores and the department stores and a variety of other people. The grain industry is very diffuse and fragmented and difficult for them to work with, I think, and therefore they have never really taken any interest in it.

The CHAIR: In my time farming I saw a number of times the bigger transport operators in Geraldton being bought out by one another. I remember Wesfarmers Transport buying one of them out and you could see the business decline straightaway because it just is not suited to being run by a big company, and the people who sold out, in seven years' time were allowed to set up again, which they did and basically re-established their business and then Wesfarmers just walked away from it.

Dr Affleck: It is a pity this, but I think the facts of life are that it is not going to happen. There are other people, as you have just suggested, who are quite happy to be in that business, but it tends to be a business which is ancillary to other farming or general trucking in the wheatbelt and elsewhere, rather than on the sort of scale of the big nationals.

The CHAIR: I think it needs the flexibility of small business, rather than it being of the scale and inflexibility of big business.

Dr Affleck: Yes, it does.

[10.30 am]

Mr R.S. LOVE: Something that I detected is that there seems to be a bit of confusion amongst some commentators about the various roles of grain transport. So, in specific terms when we are talking about the replacement methodology of transport from inter-bin transfer systems, which is what the line is being used for at the moment, I think CBH do still use large contractors in those campaign-type of movements. So, it is not quite so clear in that sense. I am just wondering, when you did the report, was the feeling that people would avoid some of these up country bins and drive

to a closer point or drive to port with their produce at harvest; or was most of the discussion about inter-bin transfer movements or both? What was the view of the world going forward for some of those up country bins? Were you considering they would be closed or become redundant because of the changes to the transport system?

Dr Affleck: We did not really address that issue at that level of detail, I do not think, but we did hear from the industry, and I think it makes sense from anyone's experience alongside this, that the economics of the business of hauling grain depends on getting a high rate of utilisation of the capital invested in trucks. And if there is going to be a lot of short movements and empty turnarounds and so on, that diminishes their utilisation rates, and they are much better to have a long haul to a distant point and then come back, probably at night when the loading out of grain and so on is not so easily done. And I think that is why they do it; they just want to keep their truck moving with a load on it rather than doing short shuttles. And those who specialise in the grain trade in the trucking sense, they do commit quite a bit of capital to it but they also have a number of other businesses. They haul superphosphate, there is a variety of different grain, they can move from Queensland to Western Australia to Victoria during the seasons, which tend to be slightly different, and so forth. So, I think it is mainly about the capital utilisation factor; they like to keep their truck moving with a load on it rather than doing short shuttles.

Mr R.S. LOVE: So, the committee did not really consider what effect changes to the transport system would have on the infrastructure for grain handling in Western Australia.

Dr Affleck: We did to the extent that it seemed to be necessary to determine which railway lines were likely to be viable and which were not; which I do not think would have been affected by the sort of factors that we are talking about because they were so far submarginal that that sort of factor was not going to make any significant difference. But we did not get into the level of detail that you are describing, no.

Mr R.S. LOVE: Because this is where the conflict I was talking about seems to come about in some of the commentary that we have had from farmers in the actual wheatbelt area themselves. It was said that given the speed of operations that they now have on their farms, they cannot possibly truck direct to port or any sort of distance during the harvest period, but have to deliver as close as possible to the farm simply to keep up to the grain harvest. And that seems to be something different than what was envisaged at the time when this report was written. Am I right in that or not?

Dr Affleck: One thing we did take account of, or tried to, was that the business of moving grain from farm gate, shall we say, to bins is a bit of a different business than moving grain from bins to port or from bin to bin, and it tends to be the large contractors who are involved in the latter and the farmers themselves and the carriers that they individually hire who do the farm gate to bin. We were not attempting any sort of rationalisation of bins or envisaging there would be any great change in that, in the configuration of those bins across the countryside. We were more concerned with the major load-out points at the bins themselves and what happened after that. The transport of grain from farm gate to bin is an extremely complex business, and we did not think it was really worthwhile to envisage any change there. Maybe some changes have happened. There have been a lot of changes, as you said earlier on, and there are some changes because there is more and more on-farm storage and there is containerisation of grain. As the grain trade gets much more international, there is much more pressure for peak flows to occur early in the season and therefore there is a lot more pressure on the system and so forth. I think it is partly a matter that it was not something that we thought was in our patch to look at, and the other was that there has been a lot of change even since 2009 and how that works, from what I can tell.

Mr R.S. LOVE: You would have to say that the report had some fairly basic assumptions which obviously have changed very quickly if they did not pan out. You assumed that things would remain the same with infrastructure in the area.

Dr Affleck: We tried to foresee any things that were fairly obvious, but there was such a lot of change taking place at the time. Whether or not this has a material bearing on the value that the report still carries, I cannot comment on that.

The CHAIR: I was just going to follow on. This is just an observation: one thing that seems to have come in with deregulation is that people who buy grain want to try to get it onto a ship and sold within six months whereas under single desk they tended to spread over 12 months. It sort of collapsed the time line to get the grain literally off the farm onto a ship. That can mean, if you are putting heavy loads onto roads for a period, the heavy loads will be on the roads in winter when everything is wet and that really exacerbates any damage to the roads. The other observation would be that those roads out there, as people continuously reminded us, were mostly built for eight-tonne trucks and now they have 60-tonne trucks or 80-tonne trucks.

Dr Affleck: Hence the proposal that there should be substantial investment in some of those roads. I think you are just emphasising that there have been a lot of changes over this period when we were going through changes in the network and changes in the trade. The deregulation of the trade has meant that there is a lot more volatile price environment in which the farmers are selling grain; therefore a lot of pressure to move that grain earlier in the season so they can take advantage of those price spikes. None of this was around when we were doing this before, nor could it really have been envisaged. I come back to something else I said earlier, if you do not mind: the advent of the trains owned by CBH I think is the single most important factor that has caused change. They are more modern trains, they are operated at a lower cost level, they are much more easily controlled by CBH and they seem to be doing, from what I can tell, a very good job of coping with even two very large harvests in a row. I think that is probably the one factor that really does change things a great deal. We have no ability to foresee that or even to envisage that it might at some stage occur. The economics of the above rail operation have changed considerably. I think that bears some investigation.

Mr F.M. LOGAN: Along with other changes, along with the assumed price of diesel at \$1 a litre, which was in the SGN report. Of course that has dramatically changed since then. What weight would you put on the fact that since 2009 the price of diesel has changed so dramatically and its impact on supply chain logistics or any review of tier 3 or road versus rail?

Dr Affleck: One thing we did do in the report is a sensitivity analysis of the economic performance of all of the railway lines—tiers 1, 2 and 3. To assess what the impact might be of a carbon price, for example—which, in 2009 was still very much out there—and changes in the price of fuel generally. What it demonstrated to us was that the tier 3 lines would still be uneconomic at a substantially higher fuel price than those present in 2009. I think we did, in a way which is not quite the way that you might envisage now, a sensitivity test to see whether or not the conclusions might change with the higher fuel price. It did not. I think that is fairly conclusive in that regard.

[10.40 am]

Mr F.M. LOGAN: Was that based on the state and condition of the tier 3 lines as they were in 2009?

Dr Affleck: Yes, it was. And the whole question was: is it worthwhile spending money on those tier 3 lines? Could you, by spending that money, make them viable once more? Our assessment was no, you could not.

Mr P.C. TINLEY: Just going back to the SGN report and the Brookton strategy, which you have already talked about in relation to upgrading the Brookton bin site, you also mentioned in the strategy that you lock in rail pricing for the Brookton site. How do you think that would happen? Under the current arrangements, what would need to happen to allow us to lock in a particular price?

Dr Affleck: I think an honest answer to that is that I do not remember. I think what we had in mind was that once some investment was made in Brookton, that it would be possible to stabilise a price there that would be attractive to trucks that might wish to offload their grain in Brookton. I do not honestly remember what we had in mind as a price. I am not sure that it is stated in the report.

Mr P.C. TINLEY: I know the price, but the mechanism. As you are aware it is fairly prescriptive in terms of the way the lease is maintained with Brookfield and not transparent to market about how they are cost structuring. I am intrigued if the committee contemplated what methodology or what mechanism might be available. I can only assume a variation to the lease arrangement.

Dr Affleck: Not necessarily, but a —

Mr P.C. TINLEY: Or an agreement between partners or something.

Dr Affleck: An agreement that CBH would come to with its clientele that would stabilise that price and therefore give them some certainty about using that facility—I think that is what we had in mind.

Mr P.C. TINLEY: Surely CBH is only one component; obviously not when you did the report —

Dr Affleck: Nowadays that is true. Then, it was the sole handler of grain. We did not envisage that that would change. In fact it has, but it was not envisaged at the time. The ACCC's decision that took away their monopoly status as a grain handler came a long time after we did that report.

Mr R.S. LOVE: The basic classification of tier 1, 2 and 3 of the grain freight network is based upon its viability going forward. I think you said that even with some injection of capital the tier 3 line would not have been in your committee's estimation of a viable prospect going forward. To what extent was the classification of tier 2 expected that that rail would be self-supporting going forward or was there an expectation that this particular injection of money which came on the back of the SGNR would only be one of a cyclical series of capital injections necessary into the rail system going forward?

Dr Affleck: The classification of quite a number of lines as tier 2 was aimed at taking account of the uncertainty about future prices. I think it derives in part from our sensitivity analysis in which it appeared to us that if certain things changed, like higher fuel prices and so forth, there was a chance that those lines could compete with road, even with the cost of the investment factored in. If my memory serves me, we suggested that there be a subsequent review as to whether the tier 2 lines continued to show that sort of promise into the future. Tier 2 was sort of a halfway house, which we could not be so certain would survive, nor could we be so bold as to say they would not; therefore, we said that this was something that needed to be kept under watch for the future. I think it is probably the case that most of those lines now would be showing that they have a fairly robust future, especially with the CBH trains operating on them.

Mr R.S. LOVE: Was the expectation that for a line to be viable the operation of the line would sustain its ongoing use throughout the rest of the lease period, or was the expectation, again, that with a review there may be a need for more capital from the government to keep that line open?

Dr Affleck: In those days the lease still had 40 years to run—not much different from now.

Mr R.S. LOVE: It is still a long time.

Dr Affleck: The fact is that railway lines do not last that long, so there would have to be at least one and possibly more rounds of subsequent investment to keep those railway lines in a sufficiently good state that they could be used for the task. I think the view that we took was that in subsequent reviews things might change for tier 1 and tier 2. Our view, though, about the tier 3 lines was that they were so far from being viable in a competitive sense with road that there was—if I can put it this way—no hope that in 10 years' time that that might change.

The CHAIR: We are going to have to call it quits, but I wanted to ask about the lines that we have heard about in Saskatchewan and the United States that had been in a similar sort of situation where they have been handed over from the big operators to the small operators. Have you any background in that area?

Dr Affleck: Little—apart from the fact that my grandfather was a grain grower in Saskatchewan and one of the founders of the Saskatchewan wheat pool.

Mr P.C. TINLEY: A mild connection, then.

Dr Affleck: Yes. The short lines, as they are called, have a degree of promise to them because they do not have the overheads. They do not have to spread their costs across a large enterprise. They are much more attached to the locality and the particular task that it operates. I think the operator of the above-rail service here is on a similar scale to most of those so-called short-line operators. CBH has compacted that even more, because Aurizon, which was the inheritor of WA above-rail, is quite a big company, whereas CBH is much more of a boutique rail operator, so the chances that they could make a go of some of these lines, with a quite different cost structure, is something that needs to be carefully examined. Now, whether they could also take over responsibility for the below-rail, as it is called, operation is another matter. I understand that the terms of the lease are not such that that is likely to happen, but I think the economics of the proposition are probably fairly promising, if they were pushed to that degree.

The CHAIR: If any references to work in that area occur to you, I am sure we would appreciate you passing them back to us.

Dr Affleck: All right.

The CHAIR: With that, I would like to thank you for your attendance today. We thank you for your evidence before the committee. 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 of the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections, and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. There is a possibility that other questions may arise, and the committee might write to you over that, if that is all right?

Dr Affleck: Yes. Can I just ask, Chairman, when the transcript might be available for correction—approximately?

The CHAIR: It will be by the end of the month. Parliament is sitting at the moment, which means that Hansard is quite busy.

Dr Affleck: I ask that question because I will be going overseas at the end of the first week in July.

The CHAIR: Will you be checking email?

Dr Affleck: From time to time, yes.

The CHAIR: We will make an effort to make sure you get it before then.

Dr Affleck: Thank you.

The CHAIR: Thanks very much.

Hearing concluded at 10.50 am
