

**SUBCOMMITTEE OF THE STANDING COMMITTEE ON
UNIFORM LEGISLATION AND STATUTES REVIEW**

**ROAD TRAFFIC (ADMINISTRATION) BILL 2007
ROAD TRAFFIC (VEHICLES) BILL 2007
ROAD TRAFFIC (AUTHORISATION TO DRIVE) BILL 2007
ROAD TRAFFIC (CONSEQUENTIAL PROVISIONS) BILL 2007
ROAD TRAFFIC (VEHICLES) (TAXING) BILL 2007**

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
WEDNESDAY, 16 APRIL 2008**

SESSION THREE

Members

**Hon Simon O'Brien (Convenor)
Hon Sheila Mills**

Hearing commenced at 10.52 am

HASSELL, MR JOHN

**Vice President and Transport Portfolio Representative,
Western Australian Farmers Federation,
sworn and examined:**

PRICE, MS MELISSA

**Manager, Business Development,
CBH Group,
sworn and examined:**

DAVIES, MR OWEN

**Logistics Strategy Manager,
CBH Group,
sworn and examined:**

KIRTON, MR JAMES

**Corporate Analyst,
CBH Group,
sworn and examined:**

SMITH, MR GRAEME

**Farmer and Grains Representative,
Pastoralists and Graziers Association of Western Australia,
sworn and examined:**

BROCKMAN, MR SLADE

**Policy Director,
Pastoralists and Graziers Association of Western Australia,
sworn and examined:**

Hon SIMON O'BRIEN: On behalf of the committee, I welcome you all to our meeting. Before we begin, I need to ask each of you to take the oath or the affirmation.

[Witnesses took the affirmation.]

Hon SIMON O'BRIEN: Thank you for that. I will now ask each of you in turn to state your full name, your contact address and the capacity in which you appear before the committee. Thank you. You will all have signed a document entitled "Information for Witnesses". Have you read and understood that document?

The Witnesses: Yes.

Hon SIMON O'BRIEN: All the witnesses having responded in the affirmative, I will now point out that 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 that you may refer to during the course of the hearing, for the record, and please be aware of the microphones and try to talk into them. 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 premature publication or disclosure of public evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege. I note for the record that the witnesses are currently appearing before the subcommittee, which consists of me and Hon Sheila Mills, with the assistance of our advisory-legal officer, Mr Paul Grant. You are representing between you three organisations—the Pastoralists and Graziers Association of Western Australia, CBH Group, and the Western Australian Farmers Federation. I understand that, following on from the joint written submission that you have made, you are now happy to appear as a group to aid the committee in its deliberations. Would anyone like to make an opening statement to the committee on behalf of the group?

Ms Price: Yes, please. Thank you, chairman, and Hon Sheila Mills, for giving the Western Australian grains industry the opportunity to meet with you today to discuss our recent submission on the proposed overloading of vehicles legislation. There is no need for me to introduce the members of the team, as you have already met them. The reason we are here today is that the WA grains industry has made a joint submission with respect to the Road Traffic (Vehicles) Bill 2007. This bill sets out, among other issues relating to vehicles, the regime for the loading requirements for vehicles. The grains industry submits that the bill should be amended to make provision for a mass management concessionary scheme, in particular relating to the grains industry. Such a scheme would provide concessions for the overloading of vehicles for grain growers on the basis that after a number of strikes, penalties would apply. There is currently zero flexibility in the model presented in the bill. In preparation for the introduction of the chain of responsibility and enforcement model legislation, on which this bill is based, CBH has successfully run an industry-imposed scheme over the past two harvests. This scheme is known as the harvest mass management scheme. We do not have any additional information to give to you today. We propose to identify certain aspects of the submission that we believe are important. My two colleagues from CBH will discuss various aspects of that. We will then call upon our colleagues representing the grains industry to speak from a farmers' perspective. I will now ask Owen to discuss the actual harvest mass management scheme at CBH. Thank you.

[11.00 am]

Mr Davies: The reason for introducing the harvest mass management scheme was simple in knowing that the legislation was coming and would be imminent. It is a pre-emptive approach that CBH had taken before the legislation was being enacted. The reasons for introducing it was; firstly, to set a process as a handler and a receiver of grain and to demonstrate reasonable steps of defence. Secondly, by demonstrating again responsible behaviour, it would hopefully demonstrate to the government that the industry itself could self-regulate. Additionally, we spent considerable effort in helping prepare and educate our member growers and the transport industry of the forthcoming legislation.

The scheme has developed and evolved over two years. Essentially, flexibility is allowed to vehicles mass when they deliver, to account for the unique difficulties the grain industry encounters when loading on-farm. Essentially, a grower or a transporter will not know the weight of the vehicle when leaving the farm, and only know when they reach a weighbridge. Our scheme rules are only applied if the vehicle is safe to manage that weight and is managed very carefully in our systems. If a vehicle is overloaded, they have two options: whether to forfeit the overload proportion and the forfeited portion either goes to a charitable cause or to a community cause in the past two years, or to leave site and rectify their load and re-present. The scheme itself has incurred much expense to CBH and the industry already. Our systems have been changed; there has been an extensive communication program, a big training exercise of our staff and growers in the transport industry

and we have had to face considerable opposition, initially, and certain conflict onsite in trying to police the rules strictly.

Hon SIMON O'BRIEN: Where did the opposition come from?

Mr Davies: From the industry in terms of the change in operating practice. We were introducing a rule where in the past Main Roads on-roadside weighing was the only deterrent; in our scheme, every single vehicle is captured. However, having faced wide opposition initially, the scheme is now widely supported. People have understood the consequences of the forthcoming legislation and have understood the actions that CBH in the industry are taking. Further to this, in year two, we voluntarily tightened the rules to address some of Main Roads' initial concerns. So, we have evolved the scheme to actually make it even more practical and responsible.

It has been extremely successful as a scheme. We have even had acknowledgement from Main Roads and the Minister for Planning and Infrastructure. The stats in the submission clearly demonstrate there has been a dramatic reduction in overloading from the year in 2005-06, before the introduction, to the past two years. You will see that 15 per cent overloading above our scheme rules was experienced before the scheme and that is down to one per cent overloading. This also demonstrates, we feel, that the 10 per cent tolerance was set at the correct level. In the second graph, it is also important to note that around 81 per cent of all vehicles were at or around the standard mass limits allowed on Western Australian roads. It can be demonstrated that the industry is loading responsibly within the scheme rules. The strike system that we have implemented discourages repeated infringement and should they lose all their strikes within a season, they then lose any entitlement to a tolerance or to flexibility.

One important point I would like to make about overloading is that it is not necessarily unsafe. Many vehicles are capable of carrying more than the standard limits and, indeed, gain concessions, if carrying different commodities on the same roads using the same vehicles. However, should there be no tolerance, CBH may well be forced to turn away vehicles, incurring considerable economic and social costs, which James will elaborate on.

Mr Kirton: The grain industry would like to present to the committee examples of two options that could occur under the current model legislation. If we were to take an average harvest year, for example, 2005-06, there were 394 053 loads delivered to the CBH bins during this period. Of these deliveries, 71 per cent of the trucks were over the legal VRL limit. At the extreme, this is just under 280 000 extra trips that would have to be made because CBH would have to turn away these trucks. Clearly, this is unviable, given that the current transport costs during harvest period to grain farmers is just under \$128 million. The extra costs incurred by having to travel these extra distances after being rejected is estimated, conservatively, at just under \$73 million. Clearly, that is untenable, so the second option would be to forfeit grain. Again, if we were to take an average harvest, 45 per cent of overloaded vehicles chose to forfeit their grain at an average of 0.4292 tonnes per vehicle. This is equivalent to 96 403 tonnes of grain forfeited, at an average price of \$350—which is conservative given this coming harvest—that would equal \$34 million. As you can see, both of these examples are commercially untenable for the grain industry; hence, the only viable solution as far as the grain industry sees it is under-loading.

The grain industry perceives four major effects of under-loading. The first is that there will be 44 000 more round trips made on country roads by trucks during harvest. The second is that freight prices will rise to compensate for dead freight, increased fuel consumption and driver's wages. It is conservatively estimated that this will cost an extra \$13 million. Thirdly, the environmental impact: the 44 000 extra round trips will mean that there will be extra pollution thus this legislation would almost directly affect the pollution in rural areas and rural communities. Fourthly, grain damage: because extra round trips would have to be made, grain will be exposed in paddocks and holdings for far longer, which means that there is a greater chance of weather exposure.

The final point that the grain industry would like to make with regards to the model legislation is road safety. Main Roads has made two assertions during negotiations and conversations with them that overloaded vehicles cause more accidents than vehicles that are equal to or below the VRL limit. They, furthermore, say that road damage is caused by vehicles that are equal to or below the VRL limit. We have not seen evidence presented to this fact, so we have actually gone out and we have tried to ascertain evidence to show what we believe will be the actual result. In January 2007, Monash University's Accident Research Centre published a comprehensive study titled "The Influence of Trends in Heavy Vehicle Travel on Road Trauma in the Light Vehicle Fleet". This publication—sorry, is there an issue, chairman?

Hon SIMON O'BRIEN: No, not at all. I am comparing this with your written submission in order to follow it.

Mr Kirton: .Sorry, my apologies.

This publication identified the following three major points. By 2010, there will be a significant increase in heavy vehicle traffic on non-metropolitan roads. The second point is the increase in volume is considered a large road safety issue, nationally, as there are direct correlations between the volume of heavy vehicles travelling on roads and road accidents with light passenger vehicles. Thirdly and finally, for every 1 347 190 kilometres travelled on rural roads by a heavy vehicle, there is a reportable accident. Based on the 44 000 more round trips that will be made, there is approximately 7 005 387 kilometres extra that will be travelled during harvest period. According to Monash's report, the Bureau of Infrastructure, Transport and Regional Economics and the department of transport figures, there will be 5.2 extra heavy vehicle accidents during the harvest period based on the current model legislation.

I would now like to pass on to my colleagues at PGA and WAFF to give a perspective from a farmer's point of view.

[11.10 am]

Hon SIMON O'BRIEN: Okay, who would like to lead off with that—Mr Hassell?

Mr Hassell: Thank you. There are a few points that I would like to make, and they are mainly to back up CBH. From a farmer's perspective, we need to look at several things including the perishability of grain. The longer the grain is out in the weather, the greater the chance it will get weather damaged. We can go from a situation in which the grain is worth, as James said, an average of \$350 a tonne. If it gets weather damaged, it may be worth less than \$100 a tonne. That is a significant economic loss due to under-loading, which not only increases the time of harvest as result of increased turnaround times but also increases the number of trucks on the road.

I think another very important point stated in Owen's submission is that throughout the state there are approximately 600 loading points for the mining industry. Recently we had a meeting with Minister MacTiernan. Also, she stated in a recent letter to us that the farmers' position on loading grain is not unique. We contend, on a conservative basis, that our position is absolutely unique. I have a very small farm with 40-odd paddocks going into crop and I will be out-loading from each of those paddocks. I took a conservative figure of 10 out-loading points per farm, and given CBH has 5 500 shareholders, that makes for 55 000 out-loading points. It is impossible to have 55 000 weighbridge points around the state. It makes it absolutely unique.

Minister MacTiernan's advisor, Rob Giles, made another point at that meeting. He suggested that if we have a good season the potential for this year—given people are going out of sheep because grain is more profitable—is for 20 million tonnes of grain to come off the state's grain growing areas. The previous record through CBH was 15 or 16 million tonnes of grain. If we increase the number of loads by 10 per cent and slow it down, it will draw harvest time well out to the end of January. That could almost be disastrous in terms of the dollars lost to growers. It has been shown that we are drastically reducing overloading. In fact, the state government is getting 100 per cent

policing out of this legislation, which it could never have achieved before. This legislation has really reduced overloading and that should have made the roads much safer.

The final point that I would like to make is that the harvest mass management scheme is asking for a 10 per cent tolerance; that is, the ability to load an additional 10 per cent of grain. However, if you go over the 10 per cent tolerance you get your strikes and you lose your load. The Department for Planning and Infrastructure's policy planning on concessional loading cites cases in which trucks are allowed to overload on a regular basis up to a certain level if they are measured on a weighbridge. Is that correct, Slade?

Mr Brockman: Yes.

Mr Hassell: I cannot see the difference between loading up to 10 per cent in a paddock without a weighbridge and loading absolutely to the 10 per cent, or whatever higher figure it might be, if you have a weighbridge. That is it for me, thank you.

Hon SIMON O'BRIEN: Thanks for, Mr Hassell. Mr Smith, did you want to comment from the PGA point of view?

Mr Smith: Yes. Thank you very much for allowing the PGA to be here. The harvest mass management scheme has been very successful during the past two years and, from a farmer's perspective, I have seen the success of the scheme. I would like to give members an example of the difficulties associated with the variations in the hectolitre weight of grain.

Last year I took part in a secondary scheme with CBH in which we actually measured the hectolitre weight of grain on a regular basis so that we could determine if it were possible to load trucks to the correct weight. We harvested in one paddock, went to the next paddock, took a correct hectolitre weight of the grain and the harvesters then went to the other side of the paddock, on the same day—as they will—and the grain weight increased from 74 hectolitres to 82 hectolitres. We did not actually have a hectolitre weight for the other side of the paddock and suddenly we had an additional nine tonnes of grain on the truck. It is very, very difficult to accurately weigh grain 100 per cent of the time. What we are saying is that this scheme is most probably not the be-all and the end-all of all scenarios. As technology catches up, and we can actually get accurate weights in the paddock, the scheme may be discontinued or changed in some manner. However, until such times as we have that improved technology we really need a scheme that will work otherwise we end up with a criteria of having a lot more trucks on the road for a longer period of time during the harvest period. That is not a good scenario. On the statistics that have been presented, we are looking at an increase of 5.2 more accidents in the system; meaning every two years we are possibly going to have a fatal accident as the result of that scenario. It is not necessarily the weight that kills; it is the speed that kills. As it is now, the harvest mass management scheme has been very, very successful.

The other area that we really need to look at is the acceptable standard of risk. The aircraft industry has an acceptable standard of risk. It does not matter if we are a pedestrian walking out on the road, a truck driver or a farmer; we have an acceptable standard of risk. The state government's acceptable level of risk on its contribution to country roads is, give or take, \$106 million. The state government could quite easily put two or three billion dollars into country roads, but that is not an acceptable risk for the government. The acceptable standard of risk is \$106 million. We say that there is an acceptable level of risk at a 10 per cent tolerance and that that will be a good balance in the system. That is really where that part of our argument is at.

On a personal basis, I would like to see this happen because, in my case, I will just go out and buy another trailer to go behind my truck. Currently, I have a four-axle truck with a six-axle trailer behind, capable of carrying about 72 metric tonnes gross. If I stick another trailer on the back, I am going to have to under-load if there is a zero tolerance. That suddenly will take me to 108 tonnes gross. I am just a farmer. I am not a professional truck driver. That is actually going to put more risk

into the system. I will not be the only farmer doing that because we have to get this crop off in a given time because of the risk factor of weather.

When we look at trucks: my truck is a late-model truck. It is a very good truck. However, by the same token, that same truck could be working the off-season in the mining industry. The truck has not changed one skerrick, but it could go to the mining industry and be allowed to carry a much higher load characteristic under concessional loading. The truck has not changed. A lot of farmers have very good trucks, but the acceptable level of risk for the truck changes when the farmer uses it to cart in the mining industry. In many cases, trucks in the northern wheatbelt will go to be used in the mining industry. I cannot understand why, in the grain industry, we cannot get this tolerance, yet in the mining industry we can. Thank you very much.

Hon SIMON O'BRIEN: Thank you very much, Mr Smith.

Thanks to you all for your presentations. They have communicated a great deal of information and views in a very concise and digestible way.

Some questions do arise. Firstly—I might put this to you, Mr Davies, if you are able to answer it—you pointed out that with the harvest mass management scheme, every single load of grain that is trucked will be weighed because that is what happens at the destination or the receival point; is that correct?

[11.20 am]

Mr Davies: If it comes into a CBH site, that is correct.

Hon SIMON O'BRIEN: Into a CBH site, yes. Would that be the vast majority of the grain?

Mr Davies: Yes. In the past it would have been nearly all the grain. Competition has taken some grain away from the CBH network but the vast majority, yes.

Hon SIMON O'BRIEN: Does it then follow that the concern about mass is effectively an issue from the paddock to your receival point, rather than beyond your receival point?

Mr Davies: Absolutely! There are currently some schemes in place which allow for concession under strict terms, but between weighbridges. If you are going on certain routes and you have certain characteristics in the combination of the vehicle, you are entitled to a concession, sometimes up to 17.5 per cent for one of the schemes that we operate. That is if it is going between two weighbridges. The harvest mass management scheme is unique really, because we are going from a paddock to a weighbridge, and there are a small number of people who have the technology to be able to assess what is on board before getting to a weighbridge.

Hon SIMON O'BRIEN: A significant amount of grain is transported between weighbridges, as you put it, by road and also a significant amount by rail. Can you give us a feel for what the ratio is, road versus rail?

Mr Davies: Once the grain is in our network—on average around about 60 per cent of the grain that comes in is transported by rail—obviously grain is harvested and delivered into our network and is then picked up and moved again. So everything that is grown—and John mentioned there were 20 million tonnes grown this year, that is easily a 40 million tonne movement task—20 million of it is into our network from fields. The rest of it is either on rail or between certified weighbridges. So the harvest mass management scheme is purely for this unique period of time, and goes specifically between the farm gate and the receival point.

Hon SIMON O'BRIEN: Putting to one side grain moved by rail, because that is not what we are discussing here today, in the case of grain being freighted between the weighbridges—to pick up on that vernacular because I think that is what we all understand—are those loads often subject to roadside checks by Main Roads heavy vehicle officers?

Mr Davies: Yes, a small number in the scheme of things, and we understand about one per cent of all loads, or one or two per cent, by Main Roads; and when stopped, a driver must provide the correct permits and licensing information.

Hon SIMON O'BRIEN: Just the same as any other heavy vehicle operator on the roads.

Mr Davies: Yes.

Hon SIMON O'BRIEN: So, given the volume of individual journeys that Mr Kirton gave us information about, probably quite a few vehicles are stopped, but it is not a very large percentage.

Mr Davies: That is correct. At the moment at harvest some vehicles are stopped.

Hon SIMON O'BRIEN: Let us go back to the area of concern now, and that is from the paddock to the first weighbridge, the receival point. What would be the level of roadside inspection by government in that sector?

Mr Davies: We have no evidence but we believe that that has actually reduced since the introduction of our scheme, because our scheme is so robust that it is capturing all vehicles. We have heard that it is around about one per cent—one to two per cent.

Hon SIMON O'BRIEN: The government has not adopted the harvest mass management scheme, but it seems fairly obvious that plenty of their officers see some benefit in it. Why will the government not support the harvest mass management scheme, to the extent that I can ask you to answer that?

Mr Davies: My understanding is the legislation itself and their interpretation of the legislation, and there being no ability to offer any flexibility.

Hon SIMON O'BRIEN: But that is under the existing legislation?

Ms Price: The proposed bill.

Mr Davies: The bill proposed.

Hon SHEILA MILLS: So you are saying that because it is a uniform piece of legislation, therefore, the government does not feel that it has flexibility to move beyond or amend the legislation to suit your particular scheme?

Hon SIMON O'BRIEN: Right, because of the uniform nature; in this case the mass load provisions?

Ms Price: Yes.

Hon SIMON O'BRIEN: Mr Hassell, did you want to say something?

Mr Hassell: I believe that they see the grains industry as not being unique. They think that the problems we have in terms of interpreting the weight of the grain and the volumes of the grain are not unique to agriculture; and I think that we can show that they are absolutely unique. For instance, what I said to your earlier with regards to the 600 out loading points for mining, and this is an extraordinarily guess at 55 000 out loading points for agriculture, it is absolutely unique. I think that is the biggest sticking point of all. They think that we are just the same as any other industry. We are not; we are unique. I think that they cannot see past the fact that we have a very variable product. You cannot put 55 000—or however many—weighbridges around, even 5 500 weighbridges you still have to get the grain back to your weighbridge on your farm, if you had one, 5 500 being the number of shareholders in CBH who deliver grain to CBH. It is such a unique situation that they have not taken that into account, and I think that we really need to show that it is extraordinarily unique and that needs to be taken into account.

Hon SHEILA MILLS: So, it is a one-size-fits-all scenario.

Mr Hassell: And it does not.

Hon SHEILA MILLS: We have also had similar comments to this committee—not quite the same—by the livestock industry about their weights.

Hon SIMON O'BRIEN: While there is some uniqueness about grain versus other types of bulk commodities being carried, the same uniqueness would apply, say, in New South Wales or some other grain-producing state.

Mr Hassell: Yes.

Hon SIMON O'BRIEN: Are you able to advise the committee as to how they operate in those states?

Mr Brockman: Could I answer that?

Hon SIMON O'BRIEN: Yes, sure, Mr Brockman.

Mr Brockman: They actually have the proper uniform rules in place in New South Wales, and they are finding in the grain industry there is currently a six to seven per cent under-load. So, really, what we are frightened of having here is if that translates over, you are going to get this extra number of freight movements. Whether it is 40 000 or 30 000, there is going to be a large number of extra freight movements if we do mirror what has happened in New South Wales. Because they are having to under-load, they cannot take the risk. What the industry is a little bit disappointed about by the fact that the harvest mass management scheme has not been adopted as we thought it would be by the government, by the Main Roads department, is that the scheme does deliver everything that you would think Main Roads department would want. It does deliver that certainty. It gives them an enormous amount of knowledge as to what is actually happening on the road system. It provides a scheme where people can get thrown out of it if they break the rules too many times. So from our point of view what is happening in the eastern states just backs up what has been said earlier.

Hon SIMON O'BRIEN: Thanks for that. Mr Hassell?

Mr Hassell: As Slade said, there is a huge number of extra vehicle movements on the road if the scheme is not introduced. A big percentage of that grain, in a lean season in particular, goes onto the roads because farmers have got time to cart it further, so they have time to bring it down to a metro grain centre. So a big percentage of that extra vehicle movement will be into the city. So it does not only affect country people, but will also affect the city people as well from all areas, from the north, south and the east—not so much from the west, I do not believe.

[11.30 am]

Mr Davies: I will refer to the economic consequences and lack of robustness in the rules of the eastern states scheme. GrainCorp, which operates in the eastern states, is currently in court facing \$18 million worth of offences for allowing overloaded trucks to appear at its sites in the 2006-07 harvest. The new legislation enabled the main roads authority to capture all the information and it has retrospectively prosecuted individual growers and transporters. Our interpretation of the legislation is that the bulk handler, or the receiver of the goods, and the managers within that company could be prosecuted.

Hon SIMON O'BRIEN: Under the so-called chain of responsibility, which is a feature of this legislation package, each time a grain truck exceeds the mass limit the farmer or the consigner, the transporter, who may or may not be the same person, and the receiver - the bulk agent such as CBH - will all be guilty of an offence. So, for every single vehicle that was technically just overweight that arrives at a receival point, not only would the driver be liable but so too would the receiver. Is that the case?

Mr Davies: If we did not have the process and the rules around the scheme, that would be the case. That is our interpretation of it.

Hon SIMON O'BRIEN: Do you mean the harvest mass management scheme?

Ms Price: Yes.

Mr Davies: We would give the option of either forfeiting the overloaded portion, from which we would gain no benefit, or to return off site to rectify the load.

Hon SIMON O'BRIEN: There is no provision for the harvest mass management scheme under this legislation.

Mr Davies: No. Therefore, we would be forced to turn away all vehicles, as is happening with AWB's grain-direct sites. It operates about six or seven sites in the east. For the harvest just gone, it turned away every single vehicle that was, as you said, only .1 of a tonne overweight.

Hon SHEILA MILLS: Could not the ministers and staff with whom you are negotiating see the illogical behaviour in that?

Mr Davies: We have had considerable acknowledgement of the success of the scheme and even congratulations; however, it is the opinion that under the new legislation we would not be able to operate such a scheme.

Ms Price: I wanted to make the point that the minister has recently written to WAFF suggesting what is called a transitional scheme for the coming harvest. I am not suggesting that this is what the government will adopt going forward. However, I wanted to put on the record that we have a recommendation that acknowledges the success of the existing scheme and suggests a new scheme for the following harvest. It is not with a legislative stamp of approval; it is merely a suggestion that is slightly less flexible than the one that CBH currently runs. It is certainly an acknowledgement of the minister's suggestion for this coming harvest.

Hon SIMON O'BRIEN: Presumably the reticence to actually make it an official, rather than a nod and a wink, scheme is simply —

Ms Price: It is simply a recommendation.

Hon SIMON O'BRIEN: — because of the intergovernmental agreement giving rise to this legislation.

Ms Price: That appears to be the hat that they are putting on.

Hon SIMON O'BRIEN: In addition to the specific terms of reference of this whole package of bills, we are, of course, the Standing Committee on Uniform Legislation and Statutes Review; therefore, we would be examining the intergovernmental agreement as a matter of course anyway. I advise the hearing that that is most definitely something that we will be examining further.

I have some more questions but before we move on to them, Mr Smith do you have something else to say?

Mr Smith: Yes, thank you. I would like to make a couple of points. When we talk about the operation of growers in Western Australia as opposed to those in the eastern states, the eastern states has a large number of options in the domestic market whereas Western Australia has zero options in the domestic market. Ninety-two per cent of this state's grain is actually exported. The point I make is that the growers have to get maximum grain off as quickly as is humanly possible to avoid any weather damage. That applies more in the south of the state than in the north of the state, but in some cases it happens in the north as well.

My second point is that we had a number of meetings with Main Roads Western Australia and at one meeting it agreed that five per cent was an acceptable level, and we were wanting 10 per cent. Another meeting was meant to be held before harvest, but it never happened. Main Roads did not recall that meeting.

Hon SIMON O'BRIEN: Who were the principal officers you were dealing with at Main Roads?

Mr Smith: There were five senior officers from Main Roads.

Mr Davies: Doug Morgan is now the key figure.

Hon SIMON O'BRIEN: I raise this because it might help us in our inquiries.

Mr Davies: He is the head of heavy haulage. Over the period of the scheme, I think, Des Snook is another person who is involved.

Mr Hassell: Rob Giles is another person who has had a significant role in this. WAFF met with Rob Giles.

Hon SIMON O'BRIEN: Is that in his capacity as ministerial chief of staff or when he was in heavy vehicles?

Mr Hassell: It was when he was ministerial chief of staff. We met with the minister earlier this year. They gave us the response to the harvest mass management scheme and specified, as Ms Price said, that it is looking at it for one year, and one year only. It involved a very much watered-down harvest mass management scheme, back to five per cent, because they believed that, as I said earlier, we are not in a unique situation and technology should be around to enable us to put in 55 000 weighbridges around the place.

Mr Smith: I will finish what I was saying. I refer to inspections of trucks from the farm to CBH. When CBH introduced the harvest mass management scheme, Main Roads literally disappeared off the system. There have been zero full-time inspectors within my zone over the past two years. They just did not appear.

Hon SIMON O'BRIEN: Where is your zone, Mr Smith?

Mr Smith: I am in the great southern. Last year, when the northern wheatbelt had very little or no grain to deliver we would expect them to be in the southern zone, because they normally frequent the northern zone and then travel to the southern zone. Last year we did not see them at all. The harvest mass management scheme has delivered good compliance for Main Roads.

I spoke before about trucks that can carry different loads for different industries. The same truck that carries grain could also carry sea containers. On a tri-group for a sea container, the concessional loading of 26 tonnes is allowed. In the grain industry it is 21 tonnes and a concessional loading is normally 22.5 to 23 tonnes. The same truck can do all three things, but the minister will not give a 10 per cent tolerance to farmers. I cannot understand why.

Mr Hassell: Can I correct that? It is actually 27 tonnes.

Mr Smith: I am sorry, 27 tonnes.

Hon SIMON O'BRIEN: Is that for a concessional load for goods other than grain?

Mr Hassell: Yes. I point out that there is no policing of it because they cannot weigh the sea containers as they come off the ships. The sea containers have to come off the ships and be taken to the depots. They cannot be unloaded on the wharf. Therefore, there is no policing of it whatsoever.

Mr Smith: Sea containers from abattoirs in the country, as well as grain, which is also from the country, are being transported to the port on main roads and through built-up areas, with additional tonnages. Farmers are talking about short trips to local bins.

Hon SIMON O'BRIEN: Does the grain carried in a sea container attract a concessional load, as a general cargo, as opposed to grain being carried in an open bin truck?

[11.40 am]

Mr Smith: Correct.

Mr Davies: Generally the condition on that is that they have been weighed at the start and the end point.

Hon SIMON O'BRIEN: That leads me to another question about weighing. How does a farmer judge the weight being loaded in a paddock? Are there any aids or is it dead reckoning?

Mr Smith: Last year CBH Group ran a system that took a hectolitre measure of the grain, and that will —

Hon SIMON O'BRIEN: How much is a hectolitre?

Mr Smith: One hectolitre is one litre.

Mr Hassell: No. A hectolitre is 100 litres, but it is taken as a half-metre measurement and averaged out.

Mr Smith: Let us go back. I refer to one cubic metre of grain and to a normal scenario in which there would be somewhere between 720 and 820 kilograms of wheat per cubic metre. The measure is calibrated and will give, for instance, 820 grams per hectolitre. I hope you understand that. The CBH system took hectolitre weights and involves a cubic dimension of the truck. Guys were filling to the lines inside the truck. If you are going from one paddock to another and there is an increase in hectolitre weight, you fill to another line on the truck. However, there is an issue, because when you are filling over a truck and two trailers or two trailers, it is very, very difficult, as you can appreciate with grain coming into the truck, to filter that requirement. You could be one or two tonnes out on each trailer. There could be a variation in hectolitre weight with one harvester harvesting this side of the paddock and another harvester harvesting another side of the paddock. Hectolitre weights are quite different and they could have gone into two different field bins. It is a very difficult scenario.

Hon SIMON O'BRIEN: So you may get a significant variation in the same paddock.

Mr Smith: Absolutely! As you go from soil type to soil type and where possibly a thunderstorm has come through one part of the paddock, you can get significant variation.

Hon SIMON O'BRIEN: At the moment farmers are getting a half litre, weighing that and extrapolating it to a hectolitre and then there is a line system in the truck according to the immediate information as to how heavy typical grain is.

Mr Smith: It is best guess.

Hon SIMON O'BRIEN: That is better than dead reckoning. It is some sort of method. Are any other methods being employed? Is there any form of weighing apparatus on trucks?

Mr Smith: If you are buying a brand new trailer, you can have load scales on the trucks. On the old transport equipment out there—some might be up to 10 years of age—that is just not possible. CBH is a \$1.8 billion company. In terms of harvest equipment for Western Australian harvests alone, we are talking about a \$400 000 investment per farmer. If you times that by 5 500 farmers, we are talking about \$22 billion worth of harvest equipment alone. It is a significant industry. When we look at what will happen in the longer term, agriculture hopefully will be here for a long time to feed us and other parts of the world. The mining industry will come and go. The state government must look at where this industry is going and the sustainability of the industry. It must be sustainable.

Hon SIMON O'BRIEN: I think it was Mr Davies who told us about the harvest mass management scheme. He mentioned the strike system whereby a driver who has infringed on several occasions can be struck out when he arrives at a receival point. What are the consequences of being struck out under your scheme?

Mr Davies: To lose any tolerance for the rest of the harvest. However, he would still be able to deliver. Every time he is above the standard limits, the portion that he would need to forfeit is increased and he would lose any right to a tolerance.

Hon SIMON O'BRIEN: If I were to bring successive loads to your receival point under the harvest mass management scheme and I have a tolerance of 10 per cent —

Mr Davies: Up to 10 per cent depending on the vehicle itself and whether it is safe.

Hon SIMON O'BRIEN: If I exceed the regulation limit by five per cent, I am within the tolerance but I have still gone over the regulation limit; I should not have had that amount on the road. What are the consequences when I arrive at the receival point in that condition under your scheme?

Mr Davies: Under the scheme that would be an acceptable mass, if 10 per cent is accepted, in the two years that it has been run by being five per cent over.

Hon SIMON O'BRIEN: So you would receive the 105 per cent load because it is within the tolerance. If I brought you a mass of grain that exceeded the regulation limit by 12 per cent—I now have a 112 per cent load—what would be the reaction at your receival point?

Mr Davies: If you were entitled to the full 10 per cent, you would have exceeded the scheme rules and that additional two per cent would need to be forfeited or would cause you to leave the site. You would also incur a strike. In the first year we operated it on a flat strike system; that is, one for every occurrence. In the second year we amended that to reflect the severity of the overloading. If you are under five per cent but over your acceptable mass, you get one strike; if you are between five and 10 per cent over the acceptable mass you get four strikes in one hit. If you are more than that you lose all eight strikes in one hit and are out of the scheme for the season on the one load.

Hon SIMON O'BRIEN: If I am out of the scheme for the season, does that mean that I can no longer deliver my grain to a receival point?

Mr Davies: That is incorrect. You can deliver there, but they do not get a tolerance.

Hon SIMON O'BRIEN: If there is no tolerance, would any excess be forfeited?

Mr Davies: Yes or you would have to leave. So, in that situation, to be sure, it would still be a requirement to under load to avoid having to return home.

Hon SIMON O'BRIEN: I understand. I can see one potential hole in that scheme. I will run it pass you and get your response, if I may. If I were to take all my grain to you—it is a 112 per cent load that I can bring in one trip—I will still get my full 10 per cent tolerance and I would only forfeit the two per cent. In real life, would that discourage a farmer from making the two trips that should have been made?

Mr Davies: Absolutely! The gentlemen here will elaborate more on the price of grain at the moment. With an average price of \$450 a tonne, to be one per cent over on a road train carrying 100 tonnes of grain is 10 tonnes. We have a cap within the scheme. For argument's sake, if it were 10 tonnes, that would be \$4 500. There is a significant economic consequence to the growers and, as a result, growers have to decide whether to forfeit or whether it is more economic to return all the way home to rectify the load before coming back again with the same grain.

[11.50 am]

Hon SIMON O'BRIEN: The answer to this question is going to vary, so it might be a bit of an over-general or difficult question, but is there a maximum distance that farmers would be travelling to their nearest receival point?

Mr Hassell: We did some figures on it, and we estimated that an average trip is probably an 80k lead, so the average round trip will be 160 kilometres. For someone to take that home, it is a pretty significant cost. Whether they forfeit or take it home, either way it is very, very expensive.

Hon SIMON O'BRIEN: I appreciate your assistance. We are just about out of time. It does not take much to run out of a quorum when we are short of members, as we are today. I am going to bring this hearing to a conclusion in the next few minutes, but I wonder, perhaps to you, Ms Price, are there any concluding remarks you would like to make on behalf of the group or on any other matters that we have not covered?

Ms Price: I guess, Chairman, we would like to thank the committee for giving us the opportunity to come and reiterate the important aspects of our submission. Vehicle overloading is not a good result for the community, and we believe that the grain industry has gone about it in a responsible manner and shown that it can self-regulate, and we would really like that to be taken consideration when giving further consideration to this particular bill. I guess I would like to quickly ask any of our colleagues whether there was anything else in particular they wanted to focus on before we close today. No? Thanks, once again.

Hon SIMON O'BRIEN: Thanks very much for that. We note the two key submissions that you make at article (d) of your joint written submission, which has already been received.

I would like to thank all of you from the three organisations. I think this has been a very good hearing and we have obtained a lot of benefit. For that, we thank all of our witnesses for their assistance, and we will close the hearing at that point and I bid you all good morning.

Hearing concluded at 11.51 am