

**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 TWO**

**Members**

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

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**Hearing commenced at 2.04 pm**

**Mr GREG RICHARDS**

**Chairman, Wheatbelt Railway Retention Alliance, examined:**

**Mr WILLIAM COWAN**

**Vice Chairman, Wheatbelt Railway Retention Alliance, examined:**

**Ms JANE FUCHSBICHLER**

**Coordinator, Wheatbelt Railway Retention Alliance, examined:**

**Mr GRAEME ASHLEY FARDON**

**CEO, Shire of Quairading, and Executive Member, Wheatbelt Railway Retention Alliance, examined:**

**The CHAIR:** On behalf of the Economics and Industry Standing Committee, I would like to thank you for your appearance before us today. The purpose of this hearing is to assist the committee in gathering evidence for its inquiry into the management of Western Australia's 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 present today. I am Ian Blayney, the member for Geraldton. The other members are Hon Fran Logan, the member for Cockburn; Jan Norberger, the member for Joondalup; Shane Love, the member for Moore; and we will be joined shortly by Peter Tinley, the 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 Parliament and therefore commands the same respect given to proceedings in the house. The committee welcomes those members of the public who have come to listen to the hearings and asks that you also respect these proceedings and the witnesses who have come to provide evidence today. 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. Hansard will make a transcript of proceedings for the public record. If you refer to any documents during your evidence, it would assist Hansard if you could provide the full title for the record.

Before we proceed to specific questions we have for you today, I need to ask the following questions. 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 an opening statement for us?

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**Mr G. Richards:** Yes; thanks, Ian. Thanks very much for hearing us today. Firstly, I would like to introduce Bill Cowan, Jane Fuchsbichler and Graeme Fardon. Today's submission is on behalf of the Wheatbelt Railway Retention Alliance. We are representing 100 000 people and 26 members of local government. I will not read the country ones, but the city ones are the City of Fremantle, the Town of East Fremantle and Mundaring, the Western Australian Farmers Federation and 17 affiliated zones statewide with support from 15 groups and individuals. They are written there; I will not read them. The Wheatbelt Railway Retention Alliance was formed in December 2010. I would like to hand over to Jane to take that away, please.

**Ms J. Fuchsbichler:** I have copies of notes that I have popped over there for you for later. The main points of our submission were based on the flawed information that went into the strategic grain network report. We believe that the information in there was not accurate. Without accurate information we do not believe we will get an accurate answer. Transparency is a big concern to us and also the undoubted extra costs for local governments and growers and communities as a result of the closure of rail.

Following on from that, since we did our submission, there are further concerns about the lack of information or correct information that is out there. We were very concerned when we heard Minister Nalder's ABC radio interview on 4 May. I will just detail some of the statements that came out of that interview that are also incorrect. We want to make sure that we use the correct information when we are making these decisions. Some of that information that we would like to correct today is Minister Nalder said that 50 per cent of grain is on rail and 50 per cent on road. This is the wrong number. Seventy per cent of grain production is actually taken to port by rail. However, if we want to be more specific and accurate: the rail transport out of rail sites is 92 per cent as of last year. Prior to the strategic grain network report, it was 98 per cent. We must use the right numbers if we are going to get the right answers. To use the overall figure is misleading because there are areas of the state where there is no rail, so it is not correct to use those figures. Also the statement that four per cent of the total production is on tier 3—again, this is the wrong figure. It is around nine to 10 per cent. But even that is a little bit misleading. The whole production of Esperance zone is no more than the tier 3 production. It is a significant amount of tonnes. It is misleading to play that down. Regardless of the percentage figure that is used, it is still the same tonnes, which is 1.4 million to 2.2 million tonnes. That results in 57 000 to 85 000 extra truck movements. Regardless of what percentage it is, it is those trucks on our roads that are just not fit for purpose, basically.

We also need to emphasise that the minute the grain goes onto road transport instead of rail it is going to be a cost to growers. The figure we have is that immediately it is \$4 a tonne more at the moment. That will only increase with higher fuel prices and the ongoing lack of competition if we have no rail. That will equate to in the region of immediately \$6 million out of growers' pockets, rising, depending on the season, up to \$20 million out of growers' pockets. That is without including tier 2 rail, which will be added on if the Miling line closes. It is a significant amount of money and it is a significant amount of tonnes, so I do not want us to be misled by that percentage figure.

[2.10 pm]

The minister also stated that farms are now larger. That is true, but it does not make any difference to the amount of tonnes that is produced or the amount of acres that are in crop. That will not make a difference to the tonnes and trucks on the roads. He also suggested that there was less sheep now and more cropping. I suggest that will increase trucks on roads, not reduce trucks on roads. These are all things that really concern us because we really need the minister to have the right information. I am not suggesting he is saying false things on purpose; he may be getting the wrong information. If that is the case, we must ensure that he gets the right information. Also, we need to

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remember that the roads were built for six to eight-tonne trucks in 1953 and not built for the road trains that we have now. I think Greg was going to comment on the fertiliser percentage.

**Mr G. Richards:** Bill will take that one.

**Mr W. Cowan:** On the backloading with fertiliser—I know Stephen Strange in the last submission touched on it—the amount of fertiliser is much less than the amount of grain that comes down. To give you an idea, it is probably three per cent of fertiliser comes back as to what grain goes down. Admittedly, lime is a larger percentage but it is still nothing, or nowhere near, the percentage of grain that goes off the farm. If it was, we would not be farming. They are not facts, they are statements, that fertiliser has to come up. The grain is many, many times more than fertiliser.

**Ms J. Fuchsbichler:** I will just add: we did the numbers. For the tier 3 rail area, we would have a maximum of 1 600 truck movements of fertiliser compared to 45 000 trucks for grain. So we have probably another 40 000 trucks that would not be backloading with fertiliser, even if every bit was backloaded. There is a significant difference there.

**Mr G. Richards:** If I can step in: the fear that would worry me, if we have grain going down, contractors would be that flat out, contamination would be a real issue. If we got fertiliser in our grain that went overseas, guess what? We will get into trouble real quick. That would be a concern to me. And it would happen because not all contractors would be going through their trucks with a fine-tooth comb, I can assure you. I have seen it before.

**Ms J. Fuchsbichler:** On the York to Quairading road, because of the bridge that goes into York, we are not allowed to use the same sized trucks. Often that is a 44-tonne truck and not a 55-tonne truck—only pocket road trains there. That gives us more truck movements, obviously.

In closing on the misinformation: it is repeatedly being said that everyone signed off on the strategic grain network report. We have been reliably informed by Brookfield, WA Farmers and CBH that the strategic grain network report was actually changed after they saw it. I am not sure what the changes were, but there were changes made that the committee did not see. Obviously they were signing off on spiked-up freight prices on rail. There are many other reports that have been done that have different information.

The second point in our submission was about the lack of transparency and the confidentiality. Certainly that is still an ongoing issue, with CBH constantly having to sign confidentiality agreements. We believe that this prevents CBH from giving growers open and transparent information, because they just cannot give it to their members. Brookfield is in a position of power and is able to impose these freight restrictions, and weight and heat restrictions. All of those things that are an impost on growers increase our costs, but there are actually no checks and balances in there to make sure that whatever Brookfield insists in terms of splitting trains to go over a bridge is actually necessary. Confidentiality and transparency is a big concern. Also the fact that the access fees to tracks in the Kwinana zone is higher than the access fees in the Albany zone. We believe this is because the Albany zone can have the bigger trucks, so the access fee is relating to what the road freight is rather than what the real access fee costs should be. Again, there is no transparency there. It becomes a disadvantaged area here in tier 3 if we have extra load fees and extra access fees. Greg, I was going to hand over to you.

**Mr G. Richards:** Just on added costs and impacts on growers, local government and the WA community, details of the costs to growers and local government have been covered comprehensively in the WRRRA submission. However, there is some additional information. When taking grain from Quairading—tier 3 rail is now closed—to either York or Cunderdin, it is suggested it has taken two hours to load one train with one team of people. If outloading by truck to Cunderdin, two teams of men are required and 12 hours to do what one team can achieve loading one train. We did not know this, but double-handling can be of concern to malt and barley and this would bring downgrading into the costs to be borne by growers. It is highlighted to the committee

that every narrow-gauge train set is being replaced by 59 road trucks using state and local roads that have not been built to accommodate the size and weight of these truck configurations. Incidentally, the Bruce Rock–Merredin Road was engineered in 1953. The Quairading–York tier 3 line is closed. Two hundred and fifty thousand tonnes of grain of which normally would be delivered to port on this line will now have to be delivered to port from bins via Cunderdin and York. This will immediately add an extra cost to growers, of which I am one, of a minimum of \$4 a tonne. Basically, we have to find another \$1 million to get that grain to a rail siding.

At the last state election, I was misled a bit. I was of the understanding that the government were going to support as much grain on rail as they could. Since then, I have now found out that my grain has to go to York and to Cunderdin. So, that has put me offside straightaway. My grain has left from Quairading for many, many years and I wish it to continue. It was interesting that we had two choices with our canola program this year; we could take our canola west or we could take the quicker option of going east to Yoting, like taking it backwards, of which we did because it was a turnaround thing. I do not know to this date where that canola is. It is probably still in Yoting. I do not know where it is. Normally, that canola would go in the road bins in the Quairading bin and it would be delivered westwards overnight, but that is a service that we have not had this year. What is happening in the tier 3 area, with examples given for Quairading area, is a microcosm of the entire rail freight network issue; the lease agreement, its flow-on effects and costs to the grain industry and the WA economy is major.

**Mr G. Fardon:** Good afternoon, committee. My area is to address the road safety concerns of the tier 3 area but all of the central wheatbelt. It still continues to be a major concern and there have been a number of mentions of Quairading bin, the rail, not being used since last October due to the derailment that was mentioned earlier. I had reason to be on site as a result of a truck rollover on the Quairading–Cunderdin road with a grain freight truck on Friday, 16 May, and in the supplementary information that I have passed through the secretary, there are photographs of the incident. It was very, very fortunate no-one was coming the other way and also fortunate the truck driver was not injured. It was certainly a severe case. This is leading to an extra 9 000 road train movements leaving Quairading wheat bin and the associated smaller bins. That is 250 000 tonnes; 30 000 is domestic market, so that can go anywhere in the state but largely to the metro area down the York–Merredin road down the Great Southern Highway and into Perth into the various industries. The balance, the 220 000 tonnes, is export and 100 per cent is going across on the Cunderdin road. There is no rail option. That has been well in excess of 90, 95 per cent by rail in previous years, even with the speed and the axle loading restrictions placed on CBH and previous rail operators prior to that. With that, obviously, there are burdens upon both the state and the local road system, but Cunderdin road is a local road. It is a RAV 5 on the Main Roads heavy ops permit system, so it can actually allow 36.5-metre road trains. Council and also Cunderdin shire and Main Roads Wheatbelt South all agreed it should be at least downgraded to 27.5-metre road trains or a 50 to 55-tonne payload. That was not supported, interestingly enough, by Main Roads in Perth, so it is still a 36.5-metre road train route, although the road is not fit or built for purpose. Like the 1953 example, I do not have the exact year of the Cunderdin road big S-bends where the accident occurred, but I am suggesting it is back in the 1960s, early 1970s at the very latest that that was constructed.

[2.20 pm]

Just to give you some perspective, at the scene of the truck rollover, the end of an S-bend, 5.9-metre seal, that is the total seal width, and less than a metre on either side to get off onto the gravel shoulders. That corner and the Wackett Road corner are the two remaining projects from the grain freight moneys and it is estimated that \$3.5 million is required to complete the two corners in the next two years. Currently, there is a shortfall of \$840 000 for those two projects, which we have submitted to Main Roads are needing to be completed. They cannot be part done; we either eliminate the S-bends and go through adjoining farmlands, which we do have landholder agreement, but it has taken us nearly 12 months to get a water design for the pipe. The main pipe to

Quairading is adjoining the corner. It is in excess of nine months since we started the design process. Earlier mentioned with the Shire of Bruce Rock was that lengthy delays with the roadside vegetation clearing permits has put the whole program back at least two years, I would think.

Just in regard to Main Roads, you made mention of the York–Quairading section of the York–Merredin road. That is the strip widening. That is \$10.5 million committed over three years with the failed base still in the middle of the road, and you would have seen some examples just west of Quairading and also near Greenhills in the York shire where that work has been completed. Again, it is very piecemeal at this stage because Main Roads have had their roadside clearing application knocked back. So, at the moment it is very piecemeal work. The extra width is appreciated, but there are no turning lanes or overtaking lanes at all along 68 kilometres. Nevertheless, the section from Bruce Rock back to Quairading is well in need, whilst there is a parallel state asset being the railway line next door. Brookton Highway has experienced a number of extensive works done on that by Main Roads and its contractors, but there are already sections breaking up on the new works as well.

I do wish just in closing highlight—it was in our submission—wheatbelt south road toll statistics: 740 people have been killed or seriously injured in wheatbelt south, and that is, basically, from Quairading south to Wagin, Dumbleyung, in the last 10 years. That is rate of 312.6 fatalities or seriously injured per 100 000. That is the highest rate in Western Australia, way beyond any other region and also wheatbelt north has similar fatality rates. Closure of the tier 3 rail will put another, as I said previously, 57 000 to 85 000 extra truck movements onto the roads, which are already battling and certainly under-specced for the size of the trucks as they are at the moment.

**Mr G. Richards:** Thanks, Graeme, very thorough. At this stage we have got no idea what the impact of a proposed road toll on-cost on freight to growers will be.

**Mr G. Fardon:** That is the metro toll.

**Mr G. Richards:** In summary, if I can get Jane to call for the changes and actions that we would like the committee to address, please.

**Ms J. Fuchsbichler:** We have some issues that we thought it would be helpful if the committee could look at for us. We really feel it is essential to ensure that all information that is used for decision-making is absolutely correct; that is imperative. We really want to push that point forward. We also feel that it is important that people who are footing the bill and wearing the payment at the coalface, which is us, the people out in the wheatbelt, need to have some input. There was no-one in the Strategic Grain Network Committee from this area. Also, the Strategic Grain Network Committee did not visit the roads and look at the area, so we congratulate you all for being here today; you have done more than the strategic grain network report did. We would really like you to thoroughly look at the road conditions and have a full understanding of the impacts that it is going to have on safety and on the cost to local government and ratepayers.

We also think it is important that it is understood that CBH is a grower cooperative; it is not a corporate that has a need to have profits for shareholders and dividends to shareholders. The purpose of CBH is to create and return value to their growers, so we think it is important that that is understood. The government, we feel, has a responsibility to ensure that a major export industry has a safe and efficient supply chain and safe roads for all road users for the benefit of the public good. We do not believe it is good enough just to say it is a commercial agreement between CBH and Brookfield; it is a much bigger picture than that. Also, recently the Victorian government made an announcement that they would be putting money into rail and all of the reasons they have said—for impact on safety, fuel usage—everything that we have been saying for five years, they agreed with, which was very reassuring. We feel if it is right for Victoria, with its smaller distances and lesser export grain to get to port, it will have a much greater impact on Western Australia if we can make our rail work properly.

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I think we need to be sure that it is known that there will be an impact on the metropolitan region and that trucks will be heading to Kwinana and are heading to Kwinana. The previous minister, Buswell, said that would not happen, but we now have four truck outloading bays at Kwinana that were not there before the strategic grain network report. They can take 15 000 tonnes in Kwinana per day by truck, so there will be an impact on the congestion in the city. We would really like you to work closely with WALGA to ensure that we have the real ongoing maintenance costs; I think that is very important.

We think that the commitment of the government that they would investigate viable tier 3 rail was a pre-election promise and we really think that should be looked into properly, because CBH were saying that they can use tier 3 rail. Also, the privatisation of the railway field has not worked greatly for Western Australians, so are there lessons to be learnt here: should we be looking at privatisation; and does it benefit Western Australians and make sure we can use our rail to the full and as efficiently as possible? We believe that the government has an opportunity and must ensure that the publicly owned rail infrastructure is not left in a dilapidated state, but is maintained to a usable standard, that the public interest and safety is put first and must not be compromised as a result of the lease agreement, which is veiled in secrecy, protecting the interests of a foreign multinational at the expense of hardworking Western Australians. Thank you.

**Mr G. Richards:** Thanks Ian, that is all we have down.

**The CHAIR:** Very comprehensive.

**Mr J. NORBERGER:** You mention, obviously, your view that the Minister for Transport was potentially not having the most accurate, up-to-date information. As a key stakeholder, what communications were there with the Minister for Transport in and around this, and what efforts have you made to furnish the minister with —

**Ms J. Fuchsbichler:** We have written and asked him to come out and visit and have a look at the roads, but at this stage he has declined due to a full diary, which is what Mr Buswell also did 10 times. We keep asking, but we have not managed to get the minister out here yet.

**Mr J. NORBERGER:** Beyond the visit, have you actually submitted your view; you obviously had some contrasting statistical information.

**Ms J. Fuchsbichler:** Yes, it is on my list of to-dos.

**Mr W. Cowan:** We did visit the minister once; we met with him and visited him in Parliament and sort of had a comprehensive meeting within.

**Mr G. Fardon:** That was the then minister, not the new minister.

[2.30 pm]

**Mr F.M. LOGAN:** In terms of the contract, the lease agreement, between PTA and Brookfield—it is the same question we put to the shire—what benefit would it be if that lease arrangement was made public; what benefit do you believe it would be to farmers in Western Australia, and particularly those farmers who put their grain through tier 3 now and would still like to see tier 3 stay open?

**Mr G. Richards:** It would be run by CBH, so I believe it would be as efficient as it could be.

**Ms J. Fuchsbichler:** Obviously, if you cannot see the detailed lease agreement, you have no idea what you are up against, so immediately you are hobbled a bit, are you not? You have one hand tied behind your back. So we feel we do not know what we are fighting against. As it is a public asset, we feel it should be publicly known what is happening to that taxpayer asset and how we can make sure that it is used properly to the benefit of Western Australians. With the confidentiality and lack of transparency it is impossible to tackle any of those issues. With the things like the heat restrictions, freight impost on us and splitting of trains, one question we have is: at the bridge at

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York, we have to split the train to get it over there, but we do not understand why there is any less weight on the bridge with half the train covering the bridge, because the full train is not all on the bridge at once. We have not got any ability to say, “Is this a justifiable request and is this a justifiable added cost to growers?” So, without transparency we cannot tackle any of those issues.

**Mr W. Cowan:** Following on from that, too, as soon as the newer more efficient trains came onto the track, new lower speed and heat restrictions were placed straightaway on the track, so they had to cope with a lower speed. Originally—Jane, you can correct me if I am wrong—it was 40 kilometres an hour loaded and 50 kilometres an hour empty to come from Merredin to Narembeen. As soon as the new CBH wagons got onto the line, it was reduced to 30 kilometres an hour both ways.

**Ms J. Fuchsbichler:** They were reduced to 80 kilometres on the standard gauge as well, from 100 kilometres.

**Mr G. Fardon:** If I can just add, to answer the question, the benefits are from both local government’s and the alliance’s viewpoint. I think it would be important that any of the amendments that may have happened in recent times that may have altered the performance indicators or obligations of Brookfield should be known by the public, growers and the general community—if there have been any breaches; I am not saying there have been, but if there have been any breaches. In my time in Quairading, the rundown of the asset certainly has been very noticeable, both being rundown prior to the lease, and, most noticeably, since the end of the point that it was inoperable in last October. I think, Greg, the rail line actually snapped at the derailment—that is how poor it had gotten. So it was not fit for any use at that stage and it was put into care and maintenance because it was no longer a safe workplace being offered by Brookfield to CBH train operators. That is how bad it had gotten.

**Mr F.M. LOGAN:** Can I just add that the line has never reopened since the —

**Mr G. Fardon:** It has not been since; all they did was get the wagons through with the grain on it and that is all that has happened. It is impassable; it is not able to be used.

**Ms J. Fuchsbichler:** As I understand it, the maintenance is not put out to tender, so again, there is no transparency there: Is the job being done properly? Who is making sure it is being done properly? Should we be using steel sleepers or not, because they sink into the gravel ballast? We are told that steel sleepers should not be used in gravel ballast because they sink down, so if the wooden sleeper stays up but steel goes down, the line itself is going up and down and breaks. Without knowing what is in the lease agreement, we do not know whether there is any breach or not.

**Mr G. Richards:** There was an understanding that on railway lines that had blue metal, the actual steel sleepers will do a lot better job, but on this line, where it only has gravel—red gravel, mud—a steel sleeper is ineffective on the line.

**Mr P.C. TINLEY:** So, a wood sleeper is preferred.

**Mr G. Richards:** A wood sleeper is preferred, yes.

**Mr P.C. TINLEY:** Or a composite or concrete or something.

**Mr G. Fardon:** Concrete is a possibility as well. Brookfield had mentioned that in our meetings that we have had with them.

**Ms J. Fuchsbichler:** I was a little concerned because Brookfield told us initially you could not mix wooden sleepers with steel sleepers, but I have since been told that there are lines where—the Cannington rail line has wooden sleepers. But Brookfield told us that you could not put wood with cement and that you had to have wood with steel. So, these are, again, transparency issues that we need to get clear.

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**Mr G. Richards:** I do know the York–Quairading line is three woods and a steel. That was done some time ago. It would be at least 10 years ago, would it not?

**Mr G. Fardon:** Ten or 15 years ago now.

**Mr F.M. LOGAN:** Were you given any information about the reasons for the rollover apart from the ones that you have named yourself?

**Mr G. Fardon:** Mr Richards is a nearby neighbour to the train line.

**Mr G. Richards:** Just when I spoke to the John Holland bloke, I turned up and he told me—showed me.

**Mr F.M. LOGAN:** Right. That the rail snapped?

**Mr G. Richards:** Yes.

**Mr P.C. TINLEY:** Can I pick up on your information because there seems to be quite a gap in some cases between the information you have presented here in relation to tonnages et cetera and percentages and that which the minister seems to have. I am at a loss as to why his information, which would obviously come from his department, and yours are so different. Can you explain it?

**Ms J. Fuchsbichler:** No. We research our information very thoroughly and I check things with—we are growers so we can ask CBH questions and the shire have figures of the tonnages CBH have given to them. It is of no advantage to us to use incorrect information and we would not dream of it. I am not accusing the minister of anything but —

**Mr P.C. TINLEY:** No, I am not suggesting that.

**Ms J. Fuchsbichler:** — obviously, he has got to get his information somewhere. We are just asking that there is some system in place to ensure that information is accurate.

**Mr P.C. TINLEY:** Just to be clear, nobody is making any allegations about the minister. He is a stand-up guy. There is no question about his intention to do the best he can, but, like all ministers of the Crown, they operate on the basis of the information they are provided. That is why I am trying to understand: where is the breakdown?

**Mr G. Richards:** Just on that, I was astounded that Premier Barnett, I heard him say that farmers today are choosing to buy their own trucks and cart their own grain. It does not happen in Quairading because you would not have time to do that; you would need four trucks. It obviously happens in certain places, but the majority, no way.

**Mr P.C. TINLEY:** Short haul only, is it?

**Mr G. Richards:** Yes. The question is where do these ministers get their information from? They should be asking current farmers who are in the game.

**Mr P.C. TINLEY:** The other point is one of the things I seemed to have learnt here is the scale of harvest or the scale of farm size and then the capacity for harvest—the turnaround would be not insignificant. So, if I can just follow through, you mentioned some issues around road safety and I just want to verify the facts. I might have missed it. You quoted some figures in relation to accidents.

**Mr G. Fardon:** The fatality and serious accident rating is the highest in Western Australia in wheatbelt south, which is, basically, this road out here south down to Wagin, Dumbleyung. It is the highest of any region in Western Australia. That is before all the grain goes on road too.

**Mr P.C. TINLEY:** But, Graeme, how many of those accidents, fatality or otherwise, involved a grain truck?

**Mr W. Cowan:** No, I do not know any—just about none. But what we are trying to say is that the problem will be exacerbated by sticking another 50 000 to 85 000 truck movements on the road.

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**Ms J. Fuchsbichler:** If I could just give you a personal instance where our daughter came off the road. Because you have got 5.9 metres of bitumen or 5.4, and 6.4 metres of trucks when they are going both ways, they obviously do not fit on the bitumen, so you get these drop-offs. Our daughter's tyres were ripped off her rim when she went around a kangaroo on one of those. So, there was no truck anywhere to be seen, but the damage to the road caused the tyre to be pulled off the rim and she ended nose-up against a tree, and we are very fortunate that she was not injured. So, although they are not directly truck-related accidents, the damage to the road, which is not the trucks' fault—it is that the roads were engineered 50, 60 years ago for eight-tonne trucks. A road engineer that we met by one of the accidents said that this road, which is the York–Quairading road and through to Bruce Rock, was past its use-by date. He said the only chance you have got of fixing this is to dig it up and start again, which is \$1 million a kilometre.

[2.40 pm]

**Mr J. NORBERGER:** You mentioned, obviously, a number of reasons why rail is preferable over road and you mentioned safety and the like. Just putting that aside for one moment, purely from a growers' perspective—I understand you are growers yourselves—what attractiveness is there for a grower to use rail over road, given that we have heard previously that road freight is actually significantly cheaper?

**Mr W. Cowan:** That is wrong. Road freight is not significantly cheaper even if you take it on just a cost basis. As a grower I can get my grain freighted to port for, on an average—in this tier 3 area it is between \$4 and \$6 a tonne. Is that right, Jane?—between \$4 and \$6 a tonne. This is some misconception that people have come up with that we have tried to correct. Now with the new trains, even with the slower speeds and the heat restrictions, it is \$4 a tonne cheaper for my area. In fact, it might even be \$5. It is \$4 a tonne at least and that is the minimum I think in the whole of tier 3. Not only is it cheaper for the grower—I am a grower—but it is actually cheaper for the state government if they fixed the roads up. Not only that, that would save more money more quickly and so more money could go into roads. That is the argument I look at.

**Mr J. NORBERGER:** Thank you for that. There was some information presented before in relation to what is believed to have been some practices by Brookfield in regard to maintenance—odd times, not a lot of notice being given. You mentioned that as soon as new efficient rolling stock arrived, speed limits were reduced. So, without even saying so much, there is a level of intimation that there are just some interesting or weird practices going on. I suppose the counter-question would almost be: Where is the interest in that for Brookfield, because, I mean, financially do they not stand to gain to have more freight going through? How do you view that scenario? Why would Brookfield be doing that?

**Ms J. Fuchsbichler:** In our submission, if you close tier 3 and push the grain to standard gauge and tier 1, it would reduce their cost in that they are not having to maintain or deal with tier 3 at all. But it is adding on costs to growers and local governments, so it is a cost-shifting exercise. They could still get the grain trucked to a standard gauge so Brookfield could get good tonnes on that line; it reduces their maintenance bill and increases ours—basically, increases our costs. Just quickly on the road to rail cost, in our submission there is a graph and in the strategic grain network report in the four years running up to that, the prices have been spiked up on tier 3 lines up to 118 per cent in four years. At Narembreen it is 114 or 116 per cent. So, those prices appear to have been artificially spiked up by Brookfield and, at the time, Queensland Rail. There was no transparency to us, the growers, as to what the make-up of that price was. So, those prices were something like \$36 a tonne at Narembreen and at the time only about \$24 by rail. But we have now got with the CBH trains we have come back down —

**Mr W. Cowan:** By road it is \$24.

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**Ms J. Fuchsbichler:** Sorry, \$24 by road. In the strategic grain network report it is suggesting that road is cheaper, but in actual fact now it is not. We can do rail cheaper at all tier 3 sites is what CBH is telling us. This is why we are saying we need the correct information out there.

**Mr J. NORBERGER:** In essence, I suppose, we have not had the chance to speak with Brookfield yet in the same setting, but the intimation is that money needs to be sunk into the rail on a maintenance perspective to put them up to spec. Is that sort of broadly the argument, that they are not sort of fit for purpose at the moment, and obviously they are in negotiations with CBH. So, if rail is currently cheaper than road, is the counterargument that: yes, rates should rise to be able to inject that extra money into the maintenance so you can use the rail?

**Ms J. Fuchsbichler:** The access fees we have paid over the past 12 to 14 years have not gone into tier 3. Growers have been paying access fees and that money has not gone into maintaining tier 3. It has gone elsewhere. So, this is our argument. We keep giving Brookfield money, but it is not going back into our tier 3 lines.

**Mr G. Fardon:** I think the other issue also is the efficiency of the trains, be it CBH's or previous trains, a bit more efficient. But information given was eight times more fuel is used per tonne over the whole grain freight task—eight times more by truck than by rail. So that is obviously carbon pricing and also just the sheer cost of the fossil fuel increases over the years and decades; that gap of those efficiencies is going to be even greater—nevertheless the road safety and the other arguments.

**Ms J. Fuchsbichler:** In the strategic grain network report business case it stated that if the fuel price went up over \$1 a litre, rail became more viable and therefore —

**Mr P.C. TINLEY:** It is certainly that.

**Ms J. Fuchsbichler:** What are we at—\$1.50, \$1.60? So, already those figures are well outdated.

**Mr R.S. LOVE:** Earlier on, I think it was Graeme who mentioned a discussion with another shire about the Cunderdin–Quairading Road.

**Mr G. Fardon:** Cunderdin shire—yes. We have been working very closely on shared works as well on the project.

**Mr R.S. LOVE:** When you assessed the state of that road and decided that it should be reduced in its rating, down, that is actually a shire-controlled or shire road as such?

**Mr G. Fardon:** It is a shire road, but the RAV network and its final determination is by heavy ops in Main Roads; they have the ultimate call. The idea was that from Katanning, Fence Road through on the Corrigin road, Cunderdin road, up to Great Eastern Highway and beyond was for carting to abattoir and to market et cetera. So, it was a designated road train route. Our belief was that, given the geometry of the corners, the narrowness of the seal as it was at that point in time, we felt that 36.5-metre road trains were unreasonable. That was only a layman's and a council's viewpoint, not the engineers, and we asked that it be reassessed. Wheatbelt south regional office actually supported the 27.5. That never occurred, so questions have to be asked.

**Mr R.S. LOVE:** So the local wheatbelt south engineers agreed with you —

**Mr G. Fardon:** Assessed it as 27.5. The vehicles that are on it coming out of CBH Quairading are 27.5, not 36.5, just due to the sheer nastiness of the two major corners that do need to be realigned. Interestingly, it is a RAV 5 network, for those who are familiar, which are 36.5 metres. The main road that you would have travelled on is a RAV 4—27.5-metre road train. They are actually classified as having greater engineering capacity than what the main road had, which is ridiculous. We have not been able to get that changed but, CBH, Marleys, the contractors, are using 27.5 at 55-tonne a load.

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**Mr R.S. LOVE:** In your experience in local government have you come across that before, where Main Roads have overruled a local consultation process?

**Mr G. Fardon:** Not in my 22 years in rural local government, no; it is very unusual. Usually, you would abide by the engineers on the ground that have made that recommendation. It went silent. It never went any further. That is nothing to do with a rail lease or anything else; that is just a sheer how are heavy vehicles and roads rated. Since the accident, council will be writing to Main Roads asking for assessment of the corners again. Should they be white-lined? I do not think they are wide enough for white-lining and any other treatments. They are fully signposted. They are reduced speeds. We are taking every measure and CBH is taking every measure to mitigate the risk as well.

**Mr R.S. LOVE:** Does the alliance have a view on the ability of a local government to determine the RAV rating on roads within the —

**Mr G. Fardon:** Personally, I do not think the alliance has had that discussion at this stage, but it is certainly one I would like to follow on.

**Mr W. Cowan:** Just on experience, the Narembeen shire, which incidentally has only local government roads—there is no Main Roads in Narembeen shire. Some years back we tried to stop trucks of road train taking wheat with a large road train configuration. We were overruled by the minister of the day on that. Just something that might interest you is that the Narembeen shire, when all this was coming up about road versus rail for cost, was allotted around \$900 000 for its total grain freight. They had missed out a number of bins and in the end we were actually close to \$9 million—we were actually given \$8.9 million or \$8.7 million or something like that—that was then actually allocated after we pointed out the misses. So, there were a lot of omissions in the actual funding originally.

[2.50 pm]

**Mr R.S. LOVE:** The SGNR report—which I take it, you do not agree with much of what is in that report—nonetheless does point to scenarios after tier 3 rail, if they were to close, using what I think it calls the Brookton strategy. What is your understanding of that strategy? It has not been put in place because that has not yet come to pass. What is your understanding of that and if that is not to happen, where does that leave the industry if the rail closes?

**Mr W. Cowan:** The Brookton strategy was flawed in a number of ways. There were all these things about the tier 3 having to move sideways and, you know, it was not going directly to port. If you have a look at the Brookton strategy, they are going to road freight grain to Brookton and I think now—this is so long ago that the figures may not be right, but it is something like—is it three times the road distance, Jane?

**Ms J. Fuchsbichler:** It is 120 kays by road from Brookton to Kwinana and 260 kilometres by rail to Kwinana. So, you are trucking grain down to Brookton then it has got to go all the way up to Avon and then back down again. It is in the strategic grain network report that for that to work it needed a government subsidy and that government subsidy was not anticipated to last more than one to three years. Our estimation that we are hearing is an 18 per cent increase in freight if we go to the Brookton strategy, and we have still got the issues of the roads not being up to the freight task. So, personally, I do not think that is a very satisfactory solution. You do wonder: what is going to happen at the end of the lease agreement in 2049 and what will we have left?

**Mr W. Cowan:** Shane, if rail is cheaper for growers, which it was said it could never be—that report said rail could never compare with tier 3. It is now recognised that every site in the tier 3 is actually cheaper, or was cheaper until they had train derailments, to cart by train to port than it was to use a truck. The other thing I would add is: so why would a government not look at that since actually it is cheaper to fix? The other thing, too, with the Brookfield lease is that they can decide to close a line and there are other operators willing to give that line a go. You would have to ask: why is the state government in a position that they have to heed what Brookfield want, when there are

growers out here that it is going to cost more money to try to get their freight to port, and a company, at a whim, because they are not making enough money, can actually just shut the line? It may happen to a lot more lines; tier 2 lines are going to start to be impacted, I believe.

**Mr F.M. LOGAN:** One of the questions I was just about to ask you was: does the alliance have an opinion on the fact that Brookfield basically have a monopoly on operating the line and what would you see as an alternative?

**Ms J. Fuchsbichler:** Obviously, we have a monopoly that is controlling the whole grain freight rail network and so there is no free and open competition there. Because of the lack of transparency and confidentiality, that makes it even tougher. But if Brookfield do not wish to use the rail, I believe there should be other options looked at and we should be able to offer it to CBH or anybody who would like to use it to give us growers the option to use that rail efficiently.

**Mr W. Cowan:** Bearing in mind, too, part of CBH's model—any other operator can do this—was to charge the farmers the money to maintain the track and they could still operate it as profitably as they are now, or more profitably, in actual fact. Once they got hold of it, it would not cost the government any more money because they would then be maintaining it as they went.

**The CHAIR:** I wanted to make a comment, and that was we have a new transport minister and I am absolutely confident that we will get a very fair hearing out of him.

**Mr G. Richards:** Yes, we are very hopeful that that is the case.

**The CHAIR:** 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.

It is possible more questions will arise, and so I would like your agreement—we might be asking you to ask you to add to your evidence. What I said before at the end of the other hearing is that you have been covered by parliamentary privilege during this hearing, but outside of here you are not covered by it. Even if you just agree with what you have said in here, parliamentary privilege does not apply. Thank you very much for your time speaking to the committee today.

**Hearing concluded at 2.55 pm**

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