

**THE
WILDERNESS
SOCIETY**



17 March 2014

Economics and Industry Standing Committee

Email: laeisc@parliament.wa.gov.au

Committee members

Mr Ian Charles Blayney MLA

Hon. Francis (Fran) Michael Logan MLA

Mr Ronald (Shane) Shane Love MLA

Mr Jan Henrik Norberger MLA

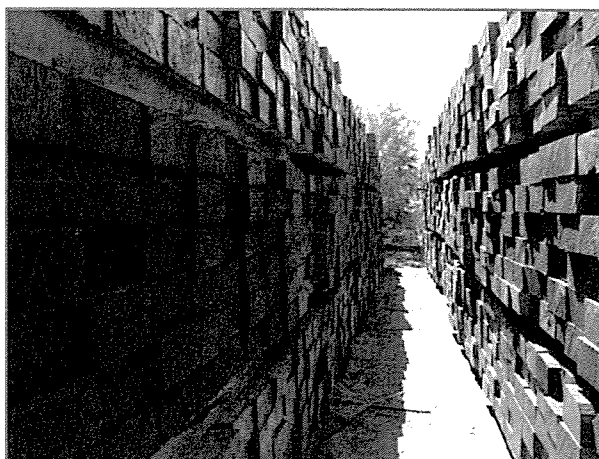
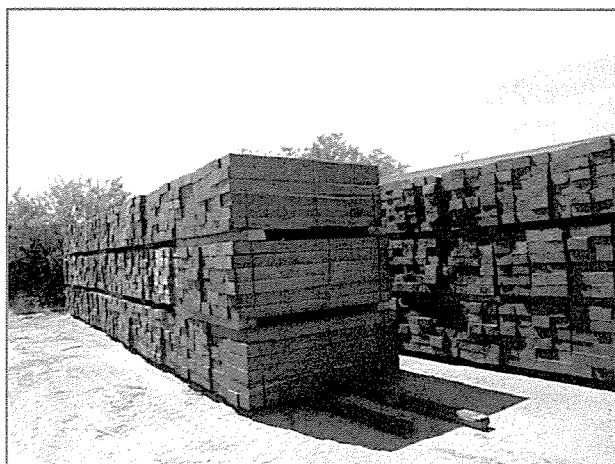
Mr Peter Charles Tinley MLA

Dear Committee Members

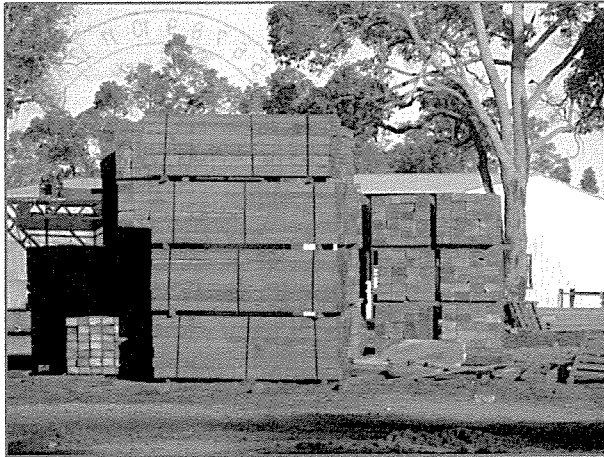
Re: Inquiry into the Management of Western Australia's Freight Rail Network: Misuse of jarrah

We are very pleased to see the establishment of this inquiry because of our longstanding concerns over the use of large quantities of good quality jarrah timber for railway sleepers by Brookfield Rail (and previously by Westnet Rail).

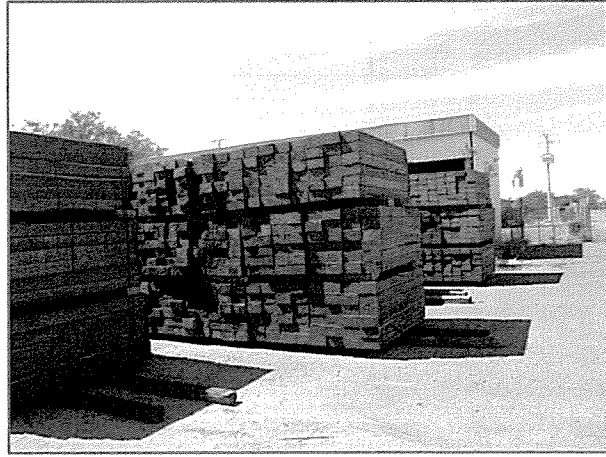
Please consider this letter as an interim submission. We will provide further written and oral evidence to the committee.



High quality jarrah in railway sleepers near Picton, 2011



Jarrah sleepers – Whitelands mill, Busselton



Picton

Based on our best efforts to expose this scandalous misuse of high quality jarrah timber, we believe that a significant proportion of our unique jarrah is being used annually for railway sleepers by Brookfield – with the full knowledge and support of the government’s logging agency, the Forest Products Commission (FPC).

Answers to questions in State Parliament have revealed that large quantities of jarrah have been milled into railway sleepers and bought with taxpayers’ money to upgrade the Avon to Albany freight line. The 2011 upgrade involved the milling of 98,717 jarrah sleepers. The State Government bought these sleepers at a cost of \$7.755 million. Jarrah sleepers need to be replaced after 20 years; concrete sleepers after 50 years (Auditor General’s Report, Management of the Rail Freight Network Lease: Twelve Years Down the Track, January 2013).

According to the FPC,

“FPC contracts for first and second grade sawlogs require the timber to be used for value added downstream processing which does not include use as railway sleepers. Low grade logs, which are unsuitable for high value adding, are currently the most environmentally friendly material for producing sleepers.” (FPC media release, 25 March 2008)

However, WAFA has received extensive anecdotal evidence of the mis-grading and downgrading of jarrah sawlogs logs resulting in the use of high quality logs and timber for jarrah sleeper production.

Whatever the alleged grade of the log used to produce the sleepers, the jarrah timber in the sleepers is demonstrably of high quality and should not be used for such an inappropriate and outdated purpose.

We believe this trade in jarrah sleepers raises a range of issues that the committee needs to investigate in the interests of economic responsibility and public safety and in the name of openness and accountability.

In summary our concerns are as follows:

1. Economic issues in relation to the use of jarrah sleepers given the fact that concrete sleepers last more than twice as long as jarrah sleepers;

2. Economic issues in relation to the sale by the Forest Products Commission of high quality, scarce and effectively irreplaceable (centuries old) jarrah to be turned into low value railway sleepers (foregone revenue);
3. The breaching of public policy, contractual and management plan requirements for value adding of logs and timber from the logging of our unique publicly owned native forests;
4. Public and employee safety issues in relation to the use of potentially substandard jarrah sleepers on heavy freight lines;
5. Misleading and conflicting information from authorities as to the quality of jarrah being used. Only high quality jarrah with no or minimal rot or defects (i.e. suitable for fine furniture) can be used for sleepers if safety and durability requirements are met. If on the other hand 'low grade' jarrah is used, what does this imply for the safety and durability of the sleepers and the rail lines where they have been installed?;
6. The amount of public funding, both federal and state, provided to Brookfield or its predecessor for re-sleepering of rail lines, any conditions attached to the funding and whether the conditions have been complied with.

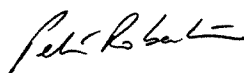
We believe the committee should examine, at short notice, the jarrah sleeper stockpiles in the south west in the presence of jarrah milling and fine woodcraft professionals and independent rail safety experts to assess the quality of jarrah logs being turned into sleepers and of sleepers being installed on the rail lines.

It is nothing short of a disgrace that high quality jarrah timber suitable for use as high value added products is instead being used for a purpose which most West Australians would think stopped 50 years ago and is completely inappropriate. It must be exposed and ended.

Yours sincerely



Jess Beckerling
Convenor
WA Forest Alliance



Peter Robertson
State Coordinator
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Extract from *Hansard*

[COUNCIL — Tuesday, 16 August 2011]

p5819c-5820a

Hon Giz Watson; Hon Simon O'Brien

AVON TO ALBANY RAIL LINE — RE-SLEEPER

4251. Hon Giz Watson to the Minister for Finance representing the Minister for Transport

Regarding the use of wooden railway sleepers for the re-sleeper of part of the Avon to Albany rail line, I ask —

- (1) How many railway sleepers were commissioned for that rail line?
- (2) Is the use of wooden sleepers a part of the tender document?
- (3) Who decided to use wooden sleepers for that rail line?
- (4) How many sleepers were milled in Western Australia and at what mills?
- (5) How many have been delivered already?
- (6) How many have been installed already and where?
- (7) Do these sleepers comply with the relevant Australian Standards (including AS 3818.2)?
- (8) If yes to (7), how do you know that they comply?
- (9) How is the Minister ensuring that the sleepers installed on the rail line do not negatively affect the security of people and freight?
- (10) How much has the State Government paid towards the cost of installing these sleepers and how much more is it committed to pay?

Hon SIMON O'BRIEN replied:

The Public Transport Authority advises:

- (1) 184 353
- (2) Timber sleepers may be used.
- (3) WestNet Rail.
- (4) All timber sleepers were milled in Western Australia. Redmond Sawmill; Chowerup Sawmill; Whiteland Milling; and Australian Craftwood & Timber.
- (5) To 30 June 2011, 72 870 sleepers.
- (6) To 30 June 2011, 67 418 on the Avon to Albany rail line.
- (7) Yes
- (8) They are certified.
- (9) The Public Transport Authority conducts site inspections of completed works including inspecting the quality of the sleepers to ensure all works and sleepers meet all required standards.
- (10) The project is jointly funded by both the State and Federal Governments.
\$24 183 706 (ex GST) was spent on the Avon to Albany resleeper project in 2010/11 with \$11 057 294 remaining.

News

Conservationists claim top timber wasted to refurbish railway

Trevor Paddenburg - PerthNow - January 13, 2013

<http://www.perthnow.com.au/news/western-australia/conservationists-claim-top-timber-wasted-to-refurbish-railway/story-e6frg13u-1226553025006>

WA'S finest jarrah trees are being cut down and sold for railway sleepers by the State Government's logging agency despite a policy banning the practice, according to insiders.

Jarrah in WA is harvested by the Government-run Forest Products Commission, which rates logs as first, second or third-grade.

Only lower-quality logs are allowed to be used for railway sleepers, while higher-grade jarrah must be "value-added" and used for high-quality products such as furniture or floorboards.

But big swaths of WA's freight rail lines are being re-sleepered, fuelling a big rise in demand.

To meet the orders, the FPC stands accused of downgrading top-quality jarrah.

It logged more than 170,000 tonnes of jarrah in the past financial year and the demand for third-grade logs used to make the sleepers was double the previous year at 20,000 tonnes.

Al Corbet, former owner of the Australian Craftwood Timbers mill near Manjimup, claimed fine jarrah was being used for sleepers in a "rampant waste of WA's finest timber".

Other mill workers in the South-West also said the FPC appeared to be supplying top-grade jarrah for sleepers.

WA Forest Alliance spokeswoman Jess Beckerling said she, too, had testimony from those working in the industry of fine jarrah being turned into sleepers a practice "straight out of the Dark Ages".

"We're talking 200-year-old logs, prime grade something you'd make a beautiful dining room table with," Mr Corbet said. "Most Third World countries have a better harvesting regime than WA. It's appalling."

Forestry Minister Terry Redman said the claims were a matter for the FPC.

A spokesman for the agency said as much profit as possible was derived from harvested timber. He said timber sleepers were eco-friendly because they stored carbon, while concrete "requires large quantities of energy to produce".

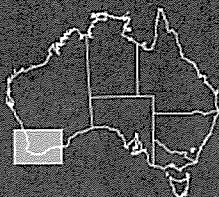
"Accusations that logs are deliberately downgraded for any reason are false," he said. "Those making such claims should be asked to provide evidence. It is too easy to make such statements which are aimed at damaging the integrity of FPC's staff."

Fremantle-based Port Jarrah Furniture owner Clint Clarke said using fine jarrah for sleepers was "wrong", while South-West Environment Centre convenor Mark Sheehan said concrete or plantation timber should be used instead.

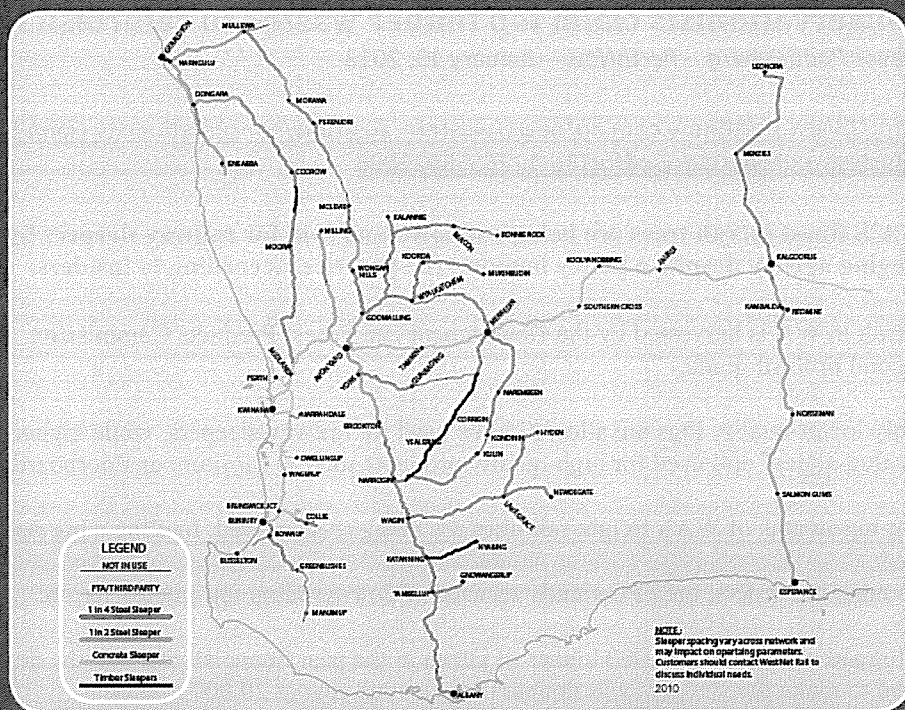
An Auditor-General's report into freight railways found concrete sleepers lasted 50 years compared with 20 for jarrah.



WA Rail Freight Network SLEEPER TYPES



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WestNet InfrastructureGroup

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

ADDITIONAL QUESTIONS 2011/2012 BUDGET ESTIMATES HEARING

TUESDAY, 14 JUNE 2011

Department of Transport

The Hon Lynn MacLaren MLC asked -

In relation to page 649, Appropriations, Expenses and Cash Assets:

24. How much is the Government paying WestNet Rail in 2010-11, and for what purposes?
25. Similarly, how much is the Government budgeting to spend on WestNet rail in 2011-12, and for what purposes?
26. Will any of the above sums of money be spent on timber sleepers?
27. If yes, what species, what cost and what buyer supplies them?

Answer:

The Public Transport Authority (PTA) was better placed than the Department of Transport to provide this information. The following information has been provided by the PTA.

24. \$31.1m for resleepering and access.
25. \$84.4m for resleepering and access.
26. Yes
27. Jarrah sleepers are used at a cost of \$7.755 million. Sleepers are procured by WestNet Rail direct from the following timber mills: Redmond Sawmill, Chowerup Sawmill, Whiteland Milling, Australian Craftwood and Timber, Nannup Timber Processing and CL Rowney Milling.

Substandard railway sleepers installed on freight line in WA's South-West

WA Forest Alliance 2011

The WA Forest Alliance has received allegations from within the industry that sub-standard railway sleepers have been installed recently on freight line in WA's South-West

Safety issues

It is alleged that there is evidence that sub-standard railway sleepers have been installed on freight line in WA's South-West. This is potentially a breach of the Rail Transport Authority standards and a significant safety issue.

Background

The WA freight lines are currently leased from the WA Government to WestNet Rail (now Canadian owned Brookfield Rail which was granted a 49 year lease by the WA State Government to manage the freight rail network).

- The freight lines are currently being re-sleepered.
- The State Government is paying \$178.8 million.
- The Federal Government is paying \$125 million. (*see WestNet Rail media release, Attachment 1*)
- WestNet/Brookfield is buying timber sleepers.
- It is estimated that up to 250,000 sleepers are required for the re-sleepering.
- The former Gallop ALP Government prohibited the use of timber railway sleepers.
- Sawmills that buy first and second grade logs are not permitted to produce railway sleepers.
- Clause 11 (page 15) in the miller's hardwood production contract requires value-adding. (*see Attachment 2*)
- Third grade and other bole volume logs can be used to produce sleepers. According to one miller, one metric tonne of third grade logs would produce 3.9 sleepers. To produce 250,000 sleepers would require about 64,000 tonnes of third grade logs.

The Australian Standards for sleepers is AS 3818.2, (full document available for purchase at <http://infostore.saiglobal.com/store/PreviewDoc.aspx?saleItemID=2182663>).

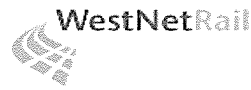
However, WestNet has its own specifications (*see Attachment 3*), that require adherence to the relevant Australian Standard.

Issues

Sawmillers and log graders we have spoken to allege that first grade saw logs have been downgraded and sold as third grade so that they can be used for sleepers.

This raises two issues:

- 1) Potential corruption. The allegation is that substandard sleepers have been falsely branded as compliant and installed.
(Answers in Estimates and Financial Operations Committee additional questions 2011/2012 Budget Estimates hearing, Tuesday, 14 June 2011, Department of Transport).
- 2) Loss of revenue to FPC (difference between stumpage for first and second grade sawlogs and third grade – *see Attachment 4*). According to a miller, Mr ### (name withheld) worked for WestNet Rail but was sacked for pointing out that substandard sleepers had been installed.



Media Release

15 November 2010

State government funding of \$178.8 million underpins upgrade of WA grain rail network

WestNet Rail today welcomed the announcement by the Western Australian Government of its \$178.8 million investment in the state's grain rail and road network. This investment reflects the recommendations made in the government's Strategic Grain Network Committee's report, released earlier this year.

The Strategic Grain Network Committee, established by Minister for Transport Simon O'Brien, recommended that government funding should be made available for the resleepering of 1,265 kilometres of Tier 1 and 2 narrow gauge rail lines dedicated to grain.

As a result of this state funding commitment, it is now anticipated the Federal Government will honour its undertaking to invest \$135 million previously budgeted for, which was contingent on the Western Australian government's contribution.

"WestNet Rail is pleased with the State Government's support to provide essential investment in the state's grain rail network. This provides certainty to Western Australia's grain growers and the industry players that support them, that grain freight can continue to be safely and efficiently transported to port via the rail network," Paul Larsen, Chief Executive Officer of WestNet Rail said.

"WestNet Rail is committed to working in partnership with government, industry and the community to strategically plan and grow capacity in the state's rail network, playing a vital role in protecting and growing Western Australia's economy," Mr Larsen added.

"A commitment, from both government and industry, to keep grain on rail is a long-term, visionary commitment to invest in the critical infrastructure that supports a \$4.5 billion export industry and our vital regional communities," Mr Larsen said.

WestNet Rail is an experienced rail infrastructure operator, managing around 5100km of rail infrastructure throughout the southern half of Western Australia including rail construction and maintenance, track access, train control and network safety on one of the State's most important pieces of transport infrastructure.

-ENDS-

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Attachment 2

11 Value Added Processing

- 11.1 The Buyer acknowledges incurring obligations under this clause 11 for valuable consideration received from the General Manager and acknowledges that failure by the Buyer to perform its obligations under this clause 11 will cause loss to the General Manager.
- 11.2 Subject to clause 8, the Buyer must process into Value Added Timber Products all Log Timber delivered to the Site in accordance with the Proposal and on the terms and conditions of this agreement.
- 11.3 If, in the General Manager's reasonable opinion, the Buyer fails to fulfil its obligations under Clause 11.2 and such failure is not remedied within 21 days of the General Manager's notice to the Buyer requiring the failure to be remedied, then, subject to clause 21.6, but notwithstanding any other provision in this agreement, the General Manager, at the General Manager's discretion may, without penalty or other compensation, on not less than 6 months' notice from the General Manager to the Buyer ("Notice") either terminate this agreement or reduce, for the residue of the Term, the Log Timber Intake by an amount the General Manager deems appropriate.
- 11.4 Subject to clause 21.6, this agreement will terminate, or the reduction in the Log Timber Intake will take effect, 6 months from the date of the Notice or on the date specified in the Notice (whichever is the later).

Attachment 3

13.4 The Supplier warrants to WestNet in respect of the Goods that:

- (a) the Supplier is aware of the purpose for which WestNet is acquiring the Goods, and that the Goods will be, at the Date of Delivery, and will remain, for the Warranty Period:
 - (i) suitable and fit for that purpose;
 - (ii) of good and merchantable quality; and
 - (iii) free from all defects or fault;
- (b) the Goods will:
 - (i) conform at the Date of Delivery and throughout the Warranty Period in all respects with drawings, specifications and samples provided by the Supplier to WestNet (including the Specification); and
 - (ii) comply with:

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- A. the functional and performance criteria set out in the Purchase Order and any relevant Australian standards and codes; and
 - B. all relevant Laws; and
 - title will pass to WestNet upon acceptance free and clear of all security interests and other encumbrances;
 - (c) WestNet will have the full benefit of any manufacturer's warranties that apply to the Goods or any part of the Goods (or any of their component parts);
 - (d) the Goods do not infringe any patent, trademark, copyright or other intellectual property rights or interests of any third party; and
 - (e) all relevant consumer safety standards relating to the Goods have been complied with.

Attachment 4

Base Stumpages 1 July 2011

WAFA August 2011

	Jarrah	Karri	Marri
first grade sawlogs	\$46.13	\$51.79	-
second grade sawlog	\$31.82	\$38.78	-
Bole sawlogs	\$31.82	-	-
Small sawlogs	\$30.30	\$22.55	\$22.55
third grade sawlogs	\$19.14	\$18.20	-
Bole residue logs	\$21.47	\$21.47	-
Charcoal logs	\$12.41	-	-
Residue logs (green)	\$9.00	\$13.45	\$13.45
Residue logs (dry)	\$11.48	-	-
Chiplogs (bark on)	-	\$23.95	\$23.95
Chiplogs (bark off)		\$25.94	
Forest debris (including bark)	\$5.23	\$5.23	\$5.23

Residue logs are sold for firewood.

Selling first grade jarrah sawlogs as third grade logs loses the FPC up to \$26.99 a tonne.

Selling first grade jarrah sawlogs as residue (firewood) logs loses the FPC up to \$37.13 a tonne.

Selling first grade karri sawlogs as chiplogs loses the FPC up to \$27.84 a tonne.

Wed 17 November, 2010

Great Southern grain rail re-sleepering program gets a Government boost

Portfolio: Transport

Transport Minister Simon O'Brien said this week's announcement of a grain freight network upgrade had special significance for the Great Southern Railway Line.

Speaking in Katanning, Mr O'Brien said the \$178.8million State Government funding package meant the current re-sleepering program on the Great Southern line could continue uninterrupted.

"More than \$13.5million has been invested in the re-sleepering program since the Government this year announced interim funding for the network upgrade," he said.

"That has enabled Westnet, which has invested more than \$8.25million as well, to begin laying sleepers on Stage 1 of the upgrade, from Wagin through to Redmond, near Albany. The new funding package ensures this continues as well as Stage 2 from Avon to Narrogin."

The Minister today inspected works at Katanning, accompanied by Agricultural Region MLCs Jim Chown and Brian Ellis.

Nearly 400km of rail lines in the Albany Zone will be upgraded under the package, including the Wagin-Newdegate and Hyden-Lake Grace lines at a cost of more than \$72million.

Overall, more than 1,200km of railway through the Wheatbelt regions will be upgraded at a cost of \$187.9million.

The State Government's funding initiative also locks in a Federal Government contribution of \$135million.

"Combined with the State's contribution earlier this year, it brings the total investment in the grain freight network to \$352million over four years - the biggest upgrade of the network in 20 years," Mr O'Brien said.

"This is an unprecedented level of investment in the grain freight network, and demonstrates the Government's commitment to the long-term continuity of the grain industry and rural communities."

Minister's office - 9213 6400

