

Hi Loraine

Just answering the second follow up question.

We actually received similar questions to this after the briefing we provided to the Committee in February and sent through a briefing note to cover the issue.

I have attached the briefing note again as it covers all of the queries listed below regarding the setting of freight rates. The most important part to note is that changes made around 2009, to the way freight at rail sites was charged was managed by ARG the above rail operator at the time, not CBH.

Also CBH Receival Fee (handling charge) differs for each commodity but is standard across the network no matter what site a grower delivers to.

I understand the way freight has been charged previously, with the various providers is complex so if the Committee have any further questions regarding this issue please let me know.

Kind regards
Brianna



BRIANNA PEAKE
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E Brianna.Peake@cbh.com.au

From: Committee, Economics & Industry Standing [<mailto:laeisc@parliament.wa.gov.au>]
Sent: Thursday, 19 June 2014 9:42 AM
To: Peake, Brianna
Subject: clarification in relation to handling charges

Good morning, Brianna,

I'm seeking clarification from CBH on an issue that's been raised during the Committee's inquiry into the freight rail network.

The Committee has been advised that the transition from the 'single desk' Australian Wheat Board market structure to a deregulated wheat market in 2008 also adversely affected the grain lines. The Committee also was advised that as a result of the newly deregulated environment, in 2009-2010 CBH began withdrawing the 'cross-subsidisation' of the storage and transport of grain in marginal areas. CBH had previously charged the same handling/transport price per tonne of wheat for all locations, regardless of the distance the wheat was carried. This change increased the cost of transporting grain by rail from more remote agricultural districts, creating pressure for the grain freight task to move from rail to road in these areas.

However, the Committee understood that the handling charge was standard across the network, but that the freight charge was not standardised. Also, it's not clear if the handling charge remains standard across the network.

Could CBH please provide comment and clarification on this issue.

It would be useful to have a response by Monday afternoon if possible.

Best wishes
Loraine

Dr Loraine Abernethie
Principal Research Officer
Economics and Industry Standing Committee
Legislative Assembly Committee Office
Parliament of Western Australia

Telephone: 08 92227492



Briefing Note

The History of Network Pricing and the Western Australian Grain Freight Rail Network

February, 2014

BACKGROUND

The CBH Group was invited on 10 February, 2014 to make a presentation to the Western Australian Economics and Industry Standing Committee on the basis that:

The Economics and Industry Standing Committee was interested in learning more about the management and operations of the rail freight network generally, and the section of the network used to carry grain and;

In particular the Committee understands that Co-operative Bulk Handling is a major user of the network and would like to hear the Co-operative's views on the network's management and operations.

Following a presentation made by CBH's General Manager of Operations, Mr David Capper and the company's Manager of Government and Industry Relations, Brianna Peake outlining the role that the Western Australian Grain Freight Rail Network (WAGFRN) plays in ensuring the State's grain industry can remain internationally competitive, members of the Economics and Industry Standing Committee asked a range of questions, the majority of which were addressed over the course of the session.

The Committee did however raise several matters regarding the way in which rail freight rates have been historically set and charged to the growers of Western Australia which may require further, more detailed explanation. More particularly that:

Freight rates are posted in order to "push growers to deliver to sites closer to port" and;

Prior to the SGNR being published, CBH was pricing the Tier 3's in an uncompetitive manner in line with getting them to be closed?

The following has been developed as a means of addressing these questions and to provide a broader context to the way in which the WAGFRN is operated (and priced) to CBH and the growers of Western Australia.

INTRODUCTION

The transportation of bulk grain to port within the CBH Western Australian storage network utilises two modes of land based transport (road and rail). Within these modes grain is transported by road (direct to port), rail (direct to port), road transfer to rail (then onto port) and rail transfer to rail (and onto port).

The Western Australian grain rail network is a legacy of the expansion of rural communities that spans over one hundred years and is predominately narrow gauge rail coverage. The introduction of the standard gauge network occurred in the 1960's as part of the Federal Act to connect the east and west coast states with a uniformed rail gauge (standard gauge).

Within the four CBH export zones there are differing rail capabilities / gauges currently being utilised:

Geraldton Zone – narrow gauge (NG);

Kwinana Zone – narrow and standard gauge (SG);

Albany Zone – narrow gauge and;

Esperance Zone – standard gauge (although predominantly road transport).

HISTORY OF WESTERN AUSTRALIA GRAIN FREIGHT RAIL NETWORK AND THE IMPLICATIONS FOR PRICING

In 2000, the Western Australian State Government sold the Westrail business to the consortium of Wesfarmers and Genesee & Wyoming. Despite initial State Government intentions to maintain the business as a single above/below rail entity, in 2006 Wesfarmers Genesee & Wyoming took the decision to sell the Westrail business, splitting the rail assets into two. The above rail operations and rolling stock were sold to Queensland Rail National (now known as Aurizon) operating as the Australian Railroad Group (ARG); and the below rail (track lease) business sold to Babcock and Brown, (as WestNet Rail Infrastructure).

Following the 2008 Global Financial Crisis, Babcock and Brown went into receivership and was acquired by Prime Infrastructure. Prime Infrastructure (operating the below rail asset as WestNet Rail) was in turn acquired by Brookfield Infrastructure; part of the Canadian based Brookfield Asset Management Group. In 2011, WestNet Rail formally became known as Brookfield Rail.

Prior to the Government sale of the railways, the grain industry had negotiated and locked into a multi-year agreement with Westrail which expired in 2007/2008. Interestingly, since the expiration of the Westrail negotiated agreement, ARG freight charges to industry increased by 21% in 2007/2008 and a further 13% (average) in 2008/2009 (before rebates).

ARG advised that these increases were required because of an increase in their business costs (including factors such as the mining sector drawing away train drivers/mechanics/technicians) coupled with considerable increases in track access charges. Indeed today, track access charges represent over 40% of the freight charges to CBH and the growers of Western Australia. It is understood that historically, track access costs represented just 18-20% of freight prior to the sale of the below rail lease to Babcock and Brown.

CBH only has a "general understanding" of the way in which rail freight was priced in the Western Australian grain industry prior to 2007 as, despite its central role in managing grain logistics, the company played no formal role in freight arrangements. Rather AWB Limited, as the holder of the national Single Desk for wheat effectively negotiated and managed freight arrangements for above rail operations.

When the grain market deregulated (2008), CBH was finally able to negotiate directly with ARG on behalf of the growers of Western Australia and in the process gain a more comprehensive view of the fees being charged by ARG.

Similarly and prior to 2010/11, CBH did not negotiate below rail access (and access charges) to the WAGFRN. This was "managed" by ARG on behalf of those seeking to have freight carried on the track; with ARG simply passing on access fees as they were applied by the below rail operator.

To ensure enhanced transparency, CBH is now seeking to negotiate access to the WAGFRN directly with Brookfield Rail.

CBH'S DECISION TO APPOINT A NEW ABOVE RAIL OPERATOR

Freight is such a critical component of the Western Australian grain supply chain with CBH's ability to post competitive freight rates at country receival sites critical to ensuring growers' can deliver grain to the international market place in the most cost effective manner possible.

Rail transport is the cornerstone to CBH's management of the grain logistics task in Western Australia. While road will always augment the rail task, the ability to move grain in large volumes across long distances (in particular) and utilising a mode more acceptable with the community (from a safety/environmental

perspective), means that rail should always provide the core of Western Australian grain growers' freight requirement.

In 2009/10 on the back of an almost 40% escalation in ARG's charges (and with performance deteriorating by around 30%), CBH took the decision to pursue enhanced above rail efficiencies by initiating an extensive international Request for Proposal (RFP) search for above rail grain haulage operations.

This RFP process culminated in CBH announcing Watco Companies of Kansas, USA as its new rail operator.

In addition, CBH took the decision to invest \$175 million in the new rolling stock (locomotives and wagons) to be operated by Watco for the dedicated service of grain haulage in Western Australia. These arrangements would provide a higher level of reliability, enhanced usage rates and greater productivity coupled with safer and homogenous locomotive and wagon design and increased fuel efficiencies producing lower emissions.

THE SETTING OF FREIGHT RATES

Historically, given the rail line configurations of differing axle weights, gauge and actual rail distance to port, freight rates set by ARG under the old AWB Limited (Single Desk) regime were based on a "road to port" distance based pricing model (road freight being the mode of competition for the railways) and as such rail rates were always competitive with the road based option.

While these freight charges may not have reflected the actual cost of rail operations, they were provided to industry to reflect a transport service that could be measured against road transport and to attract volume to the network. This was commonly referred to as "Network Pricing".

ARG first sought to abandon their Network Pricing model in 2008/2009 and offered rates based on actual costs at each CBH load site (taking into account the actual rail line distance required to be travelled, axle weights, line gauge, loading rates, line speeds etc). This shift in pricing methodology was referred to as "Site Based Costing".

With the new CBH/Watco above rail operations, the CBH network is priced and funded on the basis of the need to provide an ongoing and sustainable service to growers and a reliable capacity to receive grain during the harvest period.

To this end, CBH has the responsibility to manage the cost of freight on behalf of growers; and deliver value through competitive and where possible, stable freight rates for movements between CBH sites. Oversight for the CBH Freight Fund rests with the CBH Board and incorporates a range of principles including:

1. CBH should use the least cost method of transport (Road or Rail, or a combination of the two) to port for each site;
2. No site should pay less than the full variable cost of providing service to that site;
3. It is to the benefit of all rail users to maximise the usage of rail, as long as all sites are fully covering their variable cost and contributing at least something to the fixed costs.

ANSWERING THE COMMITTEE'S SPECIFIC QUESTIONS

Given this information CBH can confirm that:

Freight rates are not posted in order to push growers to sites closer to port (such as away from the Geraldton Zone's Perenjori line). Part of the variable cost component of a freight rate is set by the above rail provider (currently Watco) and is influenced by a number of factors including loading speed, track performance and other efficiencies that impact above rail operations. Sites with enhanced efficiencies will by extension provide growers with the opportunity for cheaper freight rates. Of course to access these cheaper freight rates, growers may need to cart grain further and in the process increase their farm-gate costs.

While growers will often seek to maximise farm-gate economies of volume by carting grain longer distances and in larger volumes (towards port), CBH's storage network has been developed so growers have access to the most effective and efficient local delivery option (and for grain to be stored and subsequently delivered to port over the course of the year by way of CBH's consolidated freight management).

CBH was not (prior to the 2009 SGNR Report) pricing the Tier 3's in an uncompetitive manner with a view to having those sites closed. Rather grower freight rates (including access fees) were set and managed by the then above and below rail operators (ARG and WestNet (now Brookfield Rail)) and passed onto growers via AWB Limited.

CBH currently contends that as a result of its decision to not just appoint United States based Watco Companies to undertake rail operations on its behalf, but to make a \$175 million investment in new rolling stock (locomotives and wagons), it is considered that many of the SGNR cost assumptions should be reviewed (on the basis that the operating model for above rail operations has fundamentally changed).

CBH further contends that Tier 3s now have the potential for an economic and viable future on the basis of a number of factors; all of which are unique to CBH's recent direct involvement.



2013-14 Fees & Charges Schedule for Growers

Introduction

The fees and charges schedule outlines the CBH Board of Directors approved storage and handling charges, which will be altered only by the CBH Board.

The fees and charges outlined apply for the 2013-14 season.

Growers paying within 30 days receive a 2% discount on Standard Grain Delivery charges and most Additional Grain Delivery charges, with the exception of freight. All prices outlined are GST exclusive.

STANDARD GRAIN DELIVERY SERVICE CHARGES

Grain Receival Fee

CBH receives grain in up to 197 receival sites throughout Western Australia. It provides world-class sampling, weighing and fumigation services. The grain receival service also includes storing grain until next harvest and essential investment in infrastructure. These fees apply to deliveries to tier 1 & 2 sites.

Wheat, Lupins.....	\$10.00 per tonne
Barley, Oats, Triticale, Cereal Rye, Lentils.....	\$11.30 per tonne
Field Peas, Chick Peas, Faba Beans.....	\$13.30 per tonne
Canola.....	\$16.40 per tonne
Other Grain.....	POA

FREIGHT CHARGES

Destination Freight Services

CBH provides services to manage the transport of grain within the network under Grain Express. Grower destination freight charges cover the cost of grain movements from the delivery point to the nominated destination site where the grain entitlement is transferred. No discounts apply to freight charges.

CBH Destination Freight Rates.....published on LoadNet®

ON-FARM SERVICE CHARGES

CBH Post-harvest Delivery

CBH Post-harvest Delivery offers growers the opportunity to deliver during off-peak times to avoid congestion at receival points. Post-harvest Delivery is only available to Quality Assured growers.

Post-harvest Delivery feePOA

CBH Fast Track

CBH Fast Track offers pre-certification of quality for feed barley and lupins, allowing growers to bypass the sample hut and saving time at harvest. Fast Track is only available to Quality Assured growers.

Fast Track fee.....POA

EXTENDED GRAIN STORAGE CHARGES

Additional storage, handling and grain protection services are provided when grain is stored in the CBH system for an extended period of time.

Carry Over Charge

Carry Over charges are calculated on the opening balance of grain in storage at the beginning of each month. Charges will accrue until nomination to an acquirer or grower outturn. A single invoice for the total amount will be issued to the grower.

	1 Oct 2013	1 Nov 2013	1 Dec 2013	1 Jan to 1 Aug 2014	1 Sept 2014	1 Oct 2014
New Season's Grain (2013-14)	N/A	N/A	N/A	N/A	N/A	\$3.80*
Pre 2013-14 Season's Grain	\$3.80	\$2.75	\$2.75	\$2.15	\$2.15	\$3.80

All charges detailed are dollars per tonne.

**Charges detailed after 30 September 2014 are for illustrative purposes only and subject to change.*

GROWER OUTTURN CHARGES

Growers have the opportunity of outturning their own grain from the site of delivery, or if unavailable from an alternative site at which the grain is available.

Outturn Charge

These charges are applied to recover costs associated with outloading grain. Growers will be invoiced at the beginning of the month after the lodgement of the outturn request.

Grower Outturn charge.....\$9.90 per tonne

Freight charges on Outturn

Freight charges for grower outturns are invoiced separately at the beginning of the month after the outturn request has been lodged. This invoice will be separate to the grower's regular freight invoice, and to the grower's outturn charge/BAMA invoice.

CBH Destination Freight rates.....published on LoadNet®

CBH Group

BAMA Contribution

The Biosecurity and Agricultural Management Act Contribution (BAMA) is a Government levy applied to all grain delivered to CBH which is usually collected by acquirers. CBH collects the levy for grower outturned tonnes. Growers will be invoiced at the beginning of the month after the lodgement of the outturn request.

BAMA Levy.....\$0.30 per tonne

ADDITIONAL GRAIN DELIVERY CHARGES

MGC Grower Load Cleaning

Growers delivering to the Metro Grains Centre (MGC) in Forrestfield can elect to have their grain cleaned. Quotations can be made available through MGC directly.

CBH Grain Cleaning charges.....POA

Moisture Management

At some sites extended stack tolerances for high moisture grain are in place. Moisture management charges cover storage risk and additional resources associated with high moisture grain deliveries. Acquirers may also deduct separately for moisture.

These charges apply to all grades of wheat and barley.

Moisture test result (%)	12.6	12.7	12.8	12.9	13.0	13.1	13.2	13.3	13.4	13.5
Charge per tonne	N/A	N/A	N/A	N/A	N/A	\$7.30	\$8.20	\$9.10	\$10.00	\$10.90

Contaminated Load Delivery Charges

These charges are applied to recover costs associated with contaminated loads.

	Level 1 Contaminant	Level 2 Contaminant
Detection at sample shed	\$290.00	\$260.00
Detection at grid	\$2,900.00	\$2,600.00
Detection at stack	\$5,250.00 (minimum)	\$3,500.00 (minimum)

Late Grain Delivery Charge

This charge applies to grain deliveries from 1 March when receival sites officially close for standard harvest deliveries. Please refer to the CBH Late Grain Delivery Guidelines available on the CBH Group website.

Late Grain Delivery charge.....\$1.20 per tonne

Hi Loraine

Something else I was hoping to clarify with the Committee was Brookfield Rail's reference to the AEGIC "*The cost of Australia's bulk grain export supply chains. An information paper*" report in their EISC hearing.

At the Brookfield Rail hearing they made reference to the report and that supply chain costs in WA are lower than in other states. Please see attached report Page 7, Figure 1.

I think they were inferring that there are no problems with supply chain charges in WA, including below rail charges as they are lower than other states.

CBH would argue that the low supply chain cost that are offered to growers in WA are a direct result of CBH's main purpose to provide our co-operative members with an internationally competitive supply chain and keep charges and fees to growers as low as possible.

Page 17, Table 3 indicates the Average rail line access cost (Net c/t/km) charged by below rail providers across the country. From this table you can see that Brookfield Rail access fees charged in WA are between 2.6 to 4 times greater than those charged in other states.

I think this report clearly shows that low supply chain costs in WA are not driven by Brookfield Rail offering competitive access fees but in fact the higher rate charged in WA versus the other states actually hinders our ability to offer even further efficiencies to our growers through a cost competitive supply chain.

I am not sure if this can be considered by the Committee as it was not a direct question, however I felt it necessary to clarify the reference to the report and would appreciate this information being forwarded to the Committee if possible.

Kind regards
Brianna



BRIANNA PEAKE
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E Brianna.Peake@cbh.com.au

Committee, Economics & Industry Standing

From: Peake, Brianna <Brianna.Peake@cbh.com.au>
Sent: Monday, 23 June 2014 12:20 PM
To: Committee, Economics & Industry Standing
Subject: RE: clarification in relation to handling charges
Attachments: FW: A few questions...; FW: Grain Rail Lines

Hi Loraine

Just getting to the first of your follow up questions.

We have been through our email archives and I have attached two emails that are examples of either PTA referring us on to WestNet (Brookfield Rail) to answer questions that we have asked of them or an example of when we have had to ask questions two or three times to get an answer from PTA.

I hope these are useful.

Cheers
Brianna



BRIANNA PEAKE
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E Brianna.Peake@cbh.com.au

From: Browne, David
Sent: Friday, April 08, 2011 9:18 AM
To: Mencshelyi, Andrew
Cc: CBH Rail; Scott, Paul
Subject: RE: A few questions...

Andrew

Re points 2 and 3, these are issues that should be discussed with WestNet Rail. Allan Rose from WestNet Rail has advised that he is happy to discuss these matters with you directly.

He can be contacted on

Regards,

David Browne | A/Executive Director Safety & Strategic Development
Public Transport Authority of Western Australia

PO Box 8125, Perth Business Centre, WA, 6849

Public Transport Centre, West Parade, Perth, Western Australia

From: Mencshelyi, Andrew
Sent: Friday, March 18, 2011 1:05 PM
To: Browne, David
Cc: CBH Rail; Scott, Paul
Subject: A few questions...

Hi David

Further to discussions that CBH had with the Deputy Director General today it was suggested by the DDG that a number of issues should be discussed directly with you.

To assist CBH in implementing our new rail operations it would be helpful if you could please provide some details on the following;

1. Can you confirm that the rail section between Narrogin to Wagin has been re-sleepered within the Avon to Albany upgrades and therefore will be 1 in 2 steel sleeper regimes as per the Federal and State Government agreement

2. Can you advise CBH of the ownership details, whether lease or freehold, on rail depots, terminals, yards and track sections within the Geraldton, Kwinana, Albany and Esperance zones. CBH will need to consider access or replacement options for this critical infrastructure.
- 3 Can you advise on what basis WestNet Rail might be able to introduce a new annual maintenance cost separate to Rail Access charges to cover the introduction of a "Private Level Crossing Licence Agreement" which we understand may be a requirement under the new rail safety regulations

I look forward to your feedback.

Andrew

Andrew Mencshelyi

CBH Rail Contract Manager

CBH Group

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F: (08) 9237 9827

E: Andrew.Mencshelyi@cbh.com.au

From: Browne, David
Sent: Friday, 13 May 2011 8:46 AM
To: Poore, Mike
Cc: 'Peter Tilley'; CBH Rail
Subject: RE: Grain Rail Lines

Mike

As has been conveyed to you several times, any information related to performance standards or maintenance of the leased rail freight network is bound by the confidentiality requirements of the lease and as such can not be provided to you or any consultant working on your behalf.

While I would have thought the answers in my previous email were sufficient, I have included the following:

- Where are the funds being invested, what are the funds being invested in and what is the spending and maintenance program?
Comments: The funds are being invested in the Tier 1 & Tier 2 lines in accordance with the SGNC report. The spending amounts are consistent with the SGNC report. The maintenance program is as determined by WestNet in accordance with its Lease obligations.
- What are the specifications for triggering the funding?
Comments: As outlined in the SGNC report - to re-sleeper the grain lines to replace life expired timber sleepers and to bring the Tier 1 & Tier 2 lines to a 1:2 steel/timber sleeper configuration.
- What is the purpose of the funding and the expected performance standards?
Comments: The purpose is outlined in the SGNC report - to re-sleeper the grain lines to replace life expired timber sleepers and to bring the Tier 1 & Tier 2 lines to a 1:2 steel/timber sleeper configuration. There will be no change to the initial performance standards.
- What were the original lease performance standards?
Comments: The initial performance standards are specified in the Lease which is confidential between WestNet and PTA.
- What is the tender process?
Comments: The tender process to perform the re-sleepering works on all Tier 1 & 2 grain lines (excluding the GSR) will commence with a request for Expressions of Interest(EOI). This will be a public document and WestNet has advised that CBH will be sent a request for EOI.
- How is the spending priority determined?
Comments: The spending priority is determined by the PTA and WestNet Rail.
- What is the audit process for the new funding and the WestNet Lease?
Comments: The audit process is determined by PTA and involves a monthly inspection to confirm that the nominated re-sleepering works have been performed and to the required standard. Additionally, an audit will be conducted at the completion of the resleepering program in accordance with Federal Government funding requirements.
- With regard to lines that are closing who is responsible for the care and maintenance and what will be the charges?

Comments: Care and maintenance will be determined following a decision on the business case CBH have recently presented to Government.

- What maintenance has been performed on the grain lines and if any maintenance has been performed on the Tier 3's?

Comments: WestNet is responsible for determining what maintenance is performed to satisfy its Lease obligations.

Regards,

David Browne | A/Executive Director Safety & Strategic Development
Public Transport Authority of Western Australia

PO Box 8125, Perth Business Centre, WA, 6849

Public Transport Centre, West Parade, Perth, Western Australia

From: Poore, Mike
Sent: Thursday, May 05, 2011 5:13 PM
To: Browne, David
Cc: 'Peter Tilley'; CBH Rail
Subject: RE: Grain Rail Lines

Hello David

Firstly I am surprised that I have received your email addressed to myself when it appears Indec Consultants / Peter Tilley has sought clarification on a range of questions on behalf of CBH Group.

I have noted your answers and feel your responses have not adequately addressed the questions raised by Peter and CBH therefore seeks your assistance to please fully answer all the questions raised via Indec / Peter's earlier email.

CBH will require a robust range of information to provide ourselves the confidence in our future access undertakings with the Economic Regulator Authority and therefore we seek your assistance in providing these listed questions from Indec consultants.

Peter Tilley will be in contact with you in the very near future to address these questions.

The grain growers of WA appreciate your assistance and support here.

Kind regards

Mike Poore
Freight Contracts Manager
CBH Group
30 Delhi Street, West Perth WA 6005

P: (08) 9237 9617
F: (08) 9237 9827
E: Mike.Poore@cbh.com.au

From: Browne, David
Sent: Wednesday, 4 May 2011 9:05 AM

To: Poore, Mike
Cc: 'Peter Tilley'
Subject: FW: Grain Rail Lines

Mike

As you are aware any information related to performance standards or maintenance of the leased rail freight network is bound by the confidentiality requirements of the lease and as such can not be provided to you.

In relation to the other matters you have raised:

1. The funding for the resleepering program will be spent on the lines identified in the Strategic Grain Network Committee Report.
2. The spending priority has been determined by the PTA and WestNet Rail.
3. The next stages of the resleepering program will be subject to a competitive tender process run by WestNet Rail.
4. An audit will be conducted at the completion of the resleepering program in accordance with Federal Government funding requirements.
5. Care and maintenance will be determined following a decision on the business case CBH have recently presented to Government.

Please give me a call if you wish to discuss further.

Regards,

David Browne | A/Executive Director Safety & Strategic Development
Public Transport Authority of Western Australia

PO Box 8125, Perth Business Centre, WA, 6849

Public Transport Centre, West Parade, Perth, Western Australia

From: Peter Tilley
Sent: Friday, April 15, 2011 11:39 AM
To: Browne, David
Subject: Grain Rail Lines

David

Further to our telephone conversation Indec are assisting CBH with below rail modelling and it would be appreciated if we could obtain some information from the PTA and possibly have a meeting with you regarding the Federal and State funding for the grain lines, how the PTA are administering this and in general what is the forward maintenance plan. Specifically we are seeking to discuss the following:

- Where are the funds being invested, what are the funds being invested in and what is the spending and maintenance program?
- What are the specifications for triggering the funding?

- What is the purpose of the funding and the expected performance standards?
- What were the original lease performance standards?
- What is the tender process?
- How is the spending priority determined?
- What is the audit process for the new funding and the WestNet Lease?
- With regard to lines that are closing who is responsible for the care and maintenance and what will be the charges?
- What maintenance has been performed on the grain lines and if any maintenance has been performed on the Tier 3's?

David your assistance would be appreciated.

Peter Tilley | Principal Business Development

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Hi Loraine

Something else I was hoping to clarify with the Committee was Brookfield Rail's reference to the AEGIC "*The cost of Australia's bulk grain export supply chains. An information paper*" report in their EISC hearing.

At the Brookfield Rail hearing they made reference to the report and that supply chain costs in WA are lower than in other states. Please see attached report Page 7, Figure 1.

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