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To Whom It May Concern,

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

The Wheatbelt Development Commission (WDC) thanks the Economics and Industry Standing Committee for the invitation to make a submission to the Inquiry into the Management of Western Australia's Freight Rail Network.

WDC is a WA State Government statutory authority charged, with facilitation of economic and regional development across the Wheatbelt region, as defined in the *Regional Development Commissions Act 1993*. We work collaboratively with government (including our 43 Wheatbelt local governments) and other regional stakeholders, to provide a coordinated approach to address economic, environmental and social issues impacting the Wheatbelt. As the State's largest grain producing region, the development of an efficient strategic grain transport network to provide the grain industry with safe and cost-effective access to export ports is imperative for the Wheatbelt.

We understand the inquiry is focussed on:

- The recent strategic directions and policy decisions relating to the current network lease, particularly in relation to the low-traffic lines;
- The regulatory arrangements in place for the network; and
- The management of the network by the Public Transport Authority.

State government policy decisions regarding the rail network have considerable flow on effects to Wheatbelt communities. Increased heavy haulage on roads that are not constructed or maintained to manage the freight task, will increase the safety risk to all road users and result in inefficiencies in the transport network. Increasing use of heavy vehicles on local roads is becoming a significant cost burden on local governments.

Recent State government strategic directions and policy decisions have been guided by the Strategic Grain Network Report (SGNR) completed in 2009. Since the completion of the SGNR, Cooperative Bulk Handling (CBH) have made some notable changes to their logistics systems though investment in locomotives, rolling stock and a contract with Watco for operation of this infrastructure. CBH believe that these changes will provide increased efficiencies and reduce rail freight rates to farmers. While private operators (CBH, Watco and Brookfield Rail) have adapted operations and systems to reflect these changes to the grain supply chain, the Government's policy position has not been publicly reviewed.

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WDC understands access to the rail network is governed by the WA Rail Access Regime, which is made up of the Railways (Access) Act 1998 and the Railways (Access) Code 2000, and that CBH is currently negotiating access beyond June 2014. CBH claims that access fees are higher than international standards and the highest in Australia.

There is a lack of transparency around the current 49-year lease agreement (and any subsequent variations) between the State and Brookfield Rail for the rail lines. It would appear that the leasee (Brookfield) has the ability to place lines into "care and maintenance" with no requirement to relinquish these back to the State. In effect, this means there is no ability for industry to access a State owned infrastructure asset.

Office of the Auditor General (OAG) conducted an audit to assess the management of the freight network lease, by determining whether the outcomes to date are in line with original objectives and whether the agencies (PTA and Department of Transport) are managing the freight lease to protect the State's interests into the future.

The audit found a number of shortcomings in the management of the lease, particularly around track conditions and degradation of the grain lines. Particular issue was found with the definition of "fit for purpose" and the requirements to maintain lines to a set standard.

In consideration of the Grain Freight Network the Wheatbelt Development Commission:

- Supports grain freight planning that accounts for broader freight opportunities;
- Supports continuing investment in Tier 1 and 2 rail lines;
- Supports the development of a sustainable arrangement between government and private interests to keep Tier 3 lines operational;
- Is concerned about the closure of any rail lines, until fully funded freight alternatives are developed. If rail lines are closed, consideration should be to maintaining these corridors for future infrastructure development.
- Supports investment in road infrastructure to support the regional rail network in recognition of the requirement for road and rail transport to seamlessly interconnect to deliver a cost-effective grain transport network.
- Is concerned about potential increased safety risk and cost burden to local government should Tier 3 lines cease operation and heavy vehicle traffic increase on local government managed roads.

Thank you again for the invitation to make a submission to the Inquiry. Should you wish to further discuss any of the matters raised please contact Pip Kirby, Senior Regional Officer on 9041 1445 or [phillipa.kirby@wheatbelt.wa.gov.au](mailto:phillipa.kirby@wheatbelt.wa.gov.au).

Yours faithfully,



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Chief Executive Officer

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