

**The Chairman
Economic and Industry Standing Committee
Legislative Assembly
Parliament House
Perth 6000
western Australia
April 15th 2014**

Please find my submission to the rail enquiry on the freight network WA

I believe that an incorrect decision was made in year 2000 to handball our assets to foreign corporations with little experience in the region of operations and with other agendas in mind, detrimental to the well-being and the economy of our State, which has been transferred over time to other international corporations and operated outside the scope of the Network terms of reference

I quote from the following 2013 report by the WA Auditor General Mr Colin Murphy,

The report pointed to the Public Transport Authority's management of the lease going off the rails. Entitled Management of the Rail Freight Network Lease: and 12 Years Down the Track, it found:

- Some conditions of the Rail Freight System Act had not been met.
- That parliament had only limited information about the lease.
- That for unknown reasons a \$400 million investment commitment by the successful bidder was not included in the lease.
- That the PTA had not conducted a structured risk assessment of the lease and did not have a contract management plan in place.

The report raised the prospect of the rail network being returned to WA taxpayers in 2049 in the same condition it was in 2000 because of the PTA's narrow interpretation of the term "fit for purpose".

"Based on internal legal advice, PTA has interpreted the lease such that in most situations the only usable standards are the initial performance standards, set at year 2000 levels," Mr Murphy said.

"This is a substantial reduction of the broad 'fit for purpose' obligation, as it does not include the requirement to meet the needs of rail users or reflect changes in rail technology."

The auditor general's report also raised the future of the Tier 3 lines and questioned the wisdom the PTA paying Brookfield care and maintenance fees on disused lines without testing the market for an alternative viable operator.

"Placing the lines into care and maintenance while leaving them with the current lessee potentially obstructs new operators from entering the market," Mr Murphy said. "This also benefits the lessee by reducing the likelihood of competition while allowing the lessee to retain the right to the future economic benefit from disused rail line corridors.

"The uncertainty over whether market can provide an alternative viable operator can only be fully resolved by testing the market, which PTA has not formally done."

CBH claims it is a viable alternative operator with a \$30 million leg-up from taxpayers. It wants the Government to take the Tier 3 lease off Brookfield. this I endorse !

The details of the lease remain a mystery because it has never been tabled in Parliament despite the PTA advising its minister on two occasions that it sees no barrier to tabling the document.

I understand that CBH has failed in its attempts to get access to the lease through freedom of information applications

My experiences in the industry , show that history has repeated itself with the state Government of WA off- loading essential public assets for all the wrong reasons copying bad decisions in our transport sectors favouring foreign identities

1/ 1993 SA Govt sold off the rail network to G & W a 100% American owned group - for a song –where GW recouped the cost paid to the SA Govt by selling surplus moveable assets in the next 4 years ---- excess plant and equipment , scrap steel , leasing out premises to Australian companies where GW had a peppercorn lease on a

property !

2/1999 Victorian Rail Network and operations taken over by the private bidders --- since returned to state rail network

3/ our network now controlled by an international group with decisions made in Bermuda --- crazy!

I am available to expand my thoughts should the review seek further input. I do support CBH and their local shareholders an Western Australian Group in their effort to take over the lease and management of the rail freight network particularly at the 3rd tier levels

Yours sincerely



Handwritten signature of Michael Rainsford, Director.

Michael Rainsford
Candell Pty Ltd

My Transport experience

International Ocean going Merchant Marine deck duties — 1957 -

Management of Transport operations in all states of Australia 1960-

Founding partner and Director of Skywest Airlines WA 1976 , Air service licensed operator Australia and Overseas for fixed wing and rotary wing aircraft and operations

Foundation partner and Director of Bluebird Rail Operations & Engineering Services 1997- as accredited rail operations in South Australia and Victoria networks including engineering maintenance and rolling stock accreditation

I continue to consult in the sectors of Heavy Rail and Light Rail services and operations for Western Australia and interstate interests