

SUBMISSION TO THE:
INQUIRY INTO NATIONAL FREIGHT AND SUPPLY CHAIN PRIORITIES

Lindsay Tuckwell

I thank you for the opportunity to put forward this submission. I am a grain grower from Western Australia. Our property produces approximately 5000 tonnes of grain per annum. We are solely reliant on road transport to get our commodity to port because over the last 3 years Brookfield Rail has closed the Tier 3 Rail, which covers over 700 kilometres of rail track in WA. Kondinin is on this line. In this submission I will insert links to various reports to give you a sense of the WA situation.

In 2009 The Hon Max Trenorden wrote a paper Grain On Rail. The purpose of the paper was to highlight significant problems within the SW of WA and for the WA Transport Task. He said decades of inattentance and poor state government decision making driven by vested lobbying groups instead of sound strategic planning has put the grain industry and Local government finances at significant risk. He wrote that we can assist the future by learning from the past.

In my opinion the privatisation and rationalisation of rail in WA is placing a heavy cost burden on both WA Local Governments and the WA State Government.

In 2012/13 the Auditor General's Report stated that the WA State Government was overdue in terms of resurfacing roads by \$437 million and in the same period fitting bridges would cost the State approx. \$250 million. Since the closure of Tier 3 rail the roads in the Kwinana Grain Growing Zone have been deteriorating at a rapid rate. I can personally vouch for this as I travel on a number of them including the Brookton highway. This road, along with many others, is continually having to be maintained and last week when travelling along that particular highway it was obvious that deep wheel ruts in the bitumen are an extreme safety risk, particularly when there has been rain.

Brookfield Rail are an overseas owned corporate and they are driven by profit at all cost. Their mantra is to operate the heavily utilised rail lines and not maintain the grain freight rail lines that comprise Tier 3. The following time line (taken from Brookfield Rail's own website) details how Brookfield Rail came to operate rail in WA. They have a current lease which will end in 2049 and a further 49 year extension.

2000 - Rail network privatised

The West Australian Government managed both passenger and freight rail services as Westrail in Western Australia until 18 December 2000. Westrail's freight business was then sold to Australia Western Railroad (AWR), a consortium of Wesfarmers Ltd and Genesee & Wyoming Inc., operating on a 49-year track lease.

2002 - ARG and WestNet Rail formed

In 2002 AWR was rebadged and two companies were formed; Australian Railroad Group (ARG) and WestNet Rail.

2006 WestNet Rail acquired by Babcock and Brown Infrastructure Group

In 2006 ARG was sold to a consortium comprising of Babcock and Brown and Queensland Rail. WestNet Rail subsequently went to Babcock and Brown, and the above rail business to Queensland Rail, which was later rebranded to QR National, and then became Aurizon in December 2012.

2009 WestNet Rail acquired by Babcock and Brown Infrastructure Group

2010 Brookfield Infrastructure Partners L.P. wholly acquires WestNet Rail

2011 WestNet Rail becomes Brookfield Rail

WestNet Rail, owner and operator of over 5,500 kilometres of critical rail infrastructure in Western

Australia, announced it will become Brookfield Rail, aligning with its parent company, global infrastructure owner Brookfield Infrastructure Partners L.P. (Brookfield Infrastructure).

The move coincides with plans to expand Brookfield Rail's network capacity to meet the growing demand for open access, multi-user rail infrastructure from resource projects in Western Australia's South West, Mid-West and Yilgarn regions, along with significant projected increases in inter-state freight volumes. Freight volumes on Brookfield Rail's network are expected to increase by approximately 45 per cent over the next two years, from 55 million tonnes per annum (mtpa) to over 80 mtpa.

In October 2014 The Economics and Industry Standing Committee wrote a damning report on the management of WA's Freight Rail Network.

[http://www.parliament.wa.gov.au/Parliament/commit.nsf/\(Report+Lookup+by+Com+ID\)/197314BAD95DD73348257D730007F270/\\$file/34351108.pdf](http://www.parliament.wa.gov.au/Parliament/commit.nsf/(Report+Lookup+by+Com+ID)/197314BAD95DD73348257D730007F270/$file/34351108.pdf)

I request that you take the time to look over this very well researched report and in particular the recommendations (I would welcome the opportunity to talk about this report)

The reason I reference this report is that it emphasises the fact that the decision to lease/sell our rail infrastructure has led to numerous issues. The State Government leased our Rail Infrastructure and within a very short timeframe that lease was sold on at a big profit!!!! I question who oversees such decisions and the State Government at the time *hiding* behind the term *commercial in confidence* to silence critics is wearing rather thin.

Copy of an ABC article:

WA Government defends grain rail freight management in wake of Tier 3 closure

By Jacob Kagi

Posted 17 February 2015

The WA Government has defended its management of the state's grain freight rail lines in the wake of a highly critical parliamentary report.

On the first parliamentary sitting day for 2015, the Government tabled its response to last year's committee report that recommended the Government urgently work to recover closed Tier 3 lines and take a more proactive approach to the network's management.

The network has been plagued by recent problems, with lessee Brookfield Rail and bulk grain handler CBH Group locked in a protracted access battle, and Tier 3 lines shut after they were deemed unsafe and commercially unviable.

Tier 3 lines represented more than 500 kilometres of track that connected grain to key rail lines so it could be shifted to port.

But the response, tabled by Transport Minister Dean Nalder, rejected calls for the Public Transport Authority (PTA) to take a "more proactive" approach.

In response to a finding that the PTA's so-called light touch approach to managing the lease had proven "inadequate", the Government said the best way to judge the management of the network was its current status.

"(The network) in all respects, except the Tier 3 lines which have succumbed to market forces and commercial realities, is in a far better state than when it was leased in 2000," the response stated.

Government rejects reclaiming Tier 3 lines

The Government also brushed aside calls for it to work to reclaim the lines, saying Brookfield had "advised that it will not hand back any rail lines to the state".

"The State's Solicitor's Office has advised that the state cannot require Brookfield Rail to hand back the lines," it stated.

"In all likelihood it would require the expenditure of significant amounts of taxpayer's monies to buy back the Tier 3 lines."

The response reiterated the Government's position that investment decisions would need to be made by Brookfield or CBH.

"Brookfield Rail has stated it would be willing to keep the Tier 3 lines operational but CBH has been unwilling to pay the access price," it said.

"No clear evidence has been presented to Government to suggest the Tier 3 lines are viable."

In Parliament, Mr Nalder said he was willing to work with the two parties to determine if a viable business case could be determined for the Tier 3 lines.

He also downplayed the consequences of the Tier 3 closure.

"Record levels of grain were successfully transported during the 2014-15 grain season despite Tier 3 rail lines not being operational, and record levels of grain were transported by rail with no apparent increase in trucks in the Perth metropolitan region as a result," Mr Nalder said.

"The State Government continues to support operations on, and the funnelling of grain to, commercially viable rail lines."

As a Grain Grower I feel that our viability is placed at risk by the fact that our rail is controlled by an overseas corporate. Through our cooperative (CBH) we have tried to take over the lease of Tier 3 but to no avail.

I reference the following submission for your information.

Review of the Railways (Access) Code 2000 Prepared For Economic Regulation Authority June 2015 Submission on behalf of: Wheatbelt Railway Retention Alliance (Representing over 100,000 people)

<https://www.erawa.com.au/cproot/13737/2/Wheatbelt%20Railway%20Retention%20Alliance%20-%202014%20Railways%20Access%20Code%20Review%20fu>

Another issue that I believe may have a big impact on our National Security is the leasing (sale) of Darwin Port to Chinese interests.

If we had a National Supply Chain Priority the decisions taken by State Governments would have to fit within an overall strategy.

As a Nation we need long term FORWARD PLANNING so that any necessary land will be set aside for necessary future infrastructure requirements.

The decision to fund the rail from Brisbane to the South is something we in WA look at with some envy. Kwinana is the biggest grain export port in Australia and to alleviate any bottlenecks we need fast and efficient freight routes to port. Particularly at the time of harvest because, with

deregulation, the marketers carry the risk of holding grain and they want to ship as much grain as possible around harvest.

In conclusion: whatever the plan for the Supply Chain let's get on with it. As a grain grower I want to know how my commodity is going to get to port in a timely manner. If it is to be by road then I want to know how much the road maintenance is going to cost and WHO is going to fund it. If the route is to be by rail (my favoured option) then let us have an overall strategy of the best way to port and build the necessary infrastructure. Different gauge rail lines is just one historical issue which could have been overcome with a National Strategy.

Lindsay Tuckwell

12 July 2017