

WA Rail Access Review Draft Decision Paper.

Submission - feedback in response to the draft decision paper.

The WA Rail network was built by the State for the benefit of the State. The Rail Access Code must ensure it protects the state-owned infrastructure, the needs of the WA economy, export industries and WA communities. Rail is vital artery for the State of WA.

Time is money, the present access negotiation system is costly and lengthy. A regulator with power is essential to protect WA businesses. The removal of grower owned CBH fleet of trains from the rail lines must never be allowed to occur again, the cost to growers was immense, with no consequences to the track operator.

The performance standard of the rail must be assured. Rail access-seekers cannot reap the benefit of modern technology and high-performance rolling stock on tracks with speed restrictions of 20kph.

- WA export industries must have confidence and security of access to rail for their freight task, for future planning and long-term sustainability.
- The present flawed pricing methodology must be rectified.
- Minimum rail performance standards must be ensured.
- Minimum performance standards must be for every kilometre not an average over the line.
- Temporary speed restrictions must have a limited time frame.
- Time frames are essential for access negotiations and arbitration.
- Rail pricing should encourage the use of rail over road transport.
- Complete transparency is essential. State owned infrastructure, which has a massive impact on WA's economy, environment, safety and communities must not be shrouded in confidentiality clauses.
- Delays in negotiations and delays in ensuring performance standards are met, are not acceptable. There must be deterrents for lack of performance with consequences in place which are enforced. The regulator must have the power to ensure the vital rail freight artery is functioning efficiently to benefit the State.
- Access charges in WA are 50% to 70% higher than in the eastern states. WA export industries need freight rates which enable them to be internationally competitive.
- WA is a large State, freight is a large part of exporters' budgets, every extra \$ in freight costs, is a \$ lost to the WA economy.

The WA Salt Company is no longer using rail freight due to a rise of 36% in rail freight charges. The approximate 130,000 tonne freight task is now on road, damaging roads and adding to city congestion. Such companies do not have the time or resources to tackle the arbitration process. A 36% increase in freight costs would make many businesses unviable. The Access Code with a regulator with power must oversee fair, just and economical access to rail.

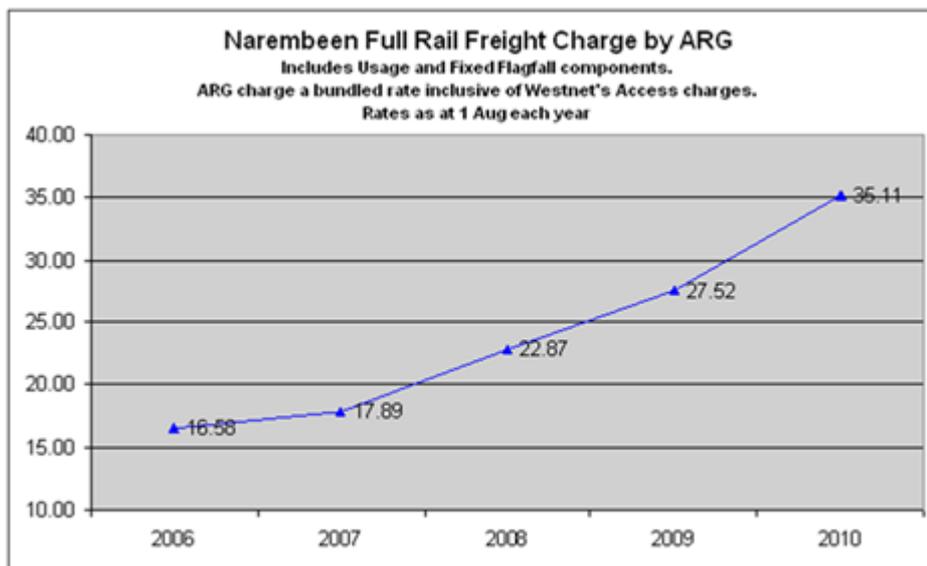
An independent cost impact study is needed to study the cost to the state of WA resulting from the ongoing Rail Access problems. This may not be the area of this inquiry, but a recommendation should go to Government that an independent cost impact study is urgently required to show the impact on the WA economy and on WA citizens of the operation of the WA rail freight network.

The Kwinana Port Zone of CBH produces approximately 50% of the States grain, grower receipts for the 2018/19 season was **8,025,731.87 tonnes**. Speed restrictions on the standard gauge line, closure

of Tier 3 and threat of closure of Miling Tier 2 line with restrictions in place, all impact on the cost, efficiency and timely delivery of this high volume of tonnes to port.

Kwinana Port Zone now has the highest costs for getting grain to port. There are increases in cost/tonne of up to \$5 - \$6n per tonne at some receival sites. Even at an average cost increase of \$3/tonne this equates to \$24,022,1195.61 in one year. This is \$24m taken out of growers' pockets and out of the WA economy. The road freight task at 55 tonne per truck = 145,000 truck movements x 2 for return trip = 190,000 truck movements. On top of this the 130,000-tonne salt freight task that was previously on rail is now on road. What is the real cost to the WA budget? There is loss of income to growers and export industries, loss of tax revenue to the government and increased costs for road maintenance and upgrades.

The Government must have a record of the money spent on the road grain freight network as a result of the closure of Tier 3 Rail lines and companies like WA Salt not using rail. This figure should be researched and openly available to WA tax payers.



Changes to the Rail Access Code must ensure that freight increases of this magnitude are prevented.

In the Ian Blayney report 2014, Arc profits taken off shore were over \$180m. Does WA receive any tax from these profits?

There is 30 years left of the Rail Lease Agreement urgent action is essential to ensure the integrity of the rail, a vital state-owned asset and to protect WA industry, economy and citizens.

I look forward to this Inquiry putting in place action a strong Access Code formula and process to rectify serious flaws in the rail track operation. The WA economy and future prosperity could rely on getting this right.

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