ONLINE ARTICLE

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THE price gap between road and rail transport has widened further in Western Australia this season, as politicians put forward suggestions to keep Tier 3 lines open.

The CBH Group yesterday released initial freight rate estimates for the 2012-13 harvest, ranging between $0.00 and $57.38 a tonne.

CBH operations general manager Colin Tutt said by investing in rolling stock, the company had been able to pass onto growers the costs usually paid to middlemen.

He said the rates were only estimates, with final figures to be released in February.

“We have been conservative in setting freight rates this year, given it's our first year in rail. We need to ensure all transition costs are covered, but a reduction in rail rates by an average of seven percent is certainly still a significant saving for growers,” Tutt said.

“Our new locomotives and wagons are more efficient than those used to move grain previously, which means more tonnes are being carted in each train trip to port.

“Again this allows us to pass that benefit to growers through better freight rates.”

According to Nationals member Max Trenorden, road freight costs are set to rise by more than 4% this year, with a reduction in the diesel fuel rebate and increased road contractor rates contributing to the price rises.

Together with fellow Nationals MLC Philip Gardiner, the pair have been working with key parties over the Tier 3 rail retention issue, including Brookfield (previously Westnet), the state government and the shires forming the Railway Retention Alliance.

Tier 3 lines in WA are under threat of closure this month but the politicians have presented four options they believe will help keep them open.

The first option is that the government invests the $80 million required to operate the lines safely, while the second option is a joint capital investment between government, Brookfield and CBH.

Another option presented is the government buy back the Tier 3 Network from Brookfield and grant the lease of the network to CBH in return for CBH investing to bring the lines up to standard.

Gardiner said the fourth option was investment by Government or Brookfield in selected Tier 3 lines, with the remainder placed in a state of care and maintenance; however this option is highlighted as the worst for safety and productivity.

“These lines are an essential part of the State’s grain growing infrastructure and the high productivity of these lines is required to keep Western Australia’s grain growers competitive in a fiercely competitive international grain market,” he said.