

Talks start to shutting down rail in WA
ABC Rural, 28/01/2009
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The WA Farmers Federation believes we may no longer see grain being transported by rail.

The farming group believes it won't be long before meetings are called to start shutting down parts of the state's narrow gauge rail network which has over 3000 kilometres of rail line servicing agricultural areas from Geraldton to Albany.

West Net Rail leases part of WA's rail system from the State Government.

In the past West Net Rail has said if some sort of government funding isn't provided it would considered closing some rail lines.

But now the WA Farmers Federation has reason to believe that the line closures are not far off.

It's transport spokesman John Hassell says he's been told this is the case by West Net Rail employees.

"There are pre-agreed arrangements in place so that is the rail is not economic for them to make a return then they can go into these pre-agreed shut down procedures so they don't have to maintain the track.

"I believe West Net is looking at that at the moment."

The State Government was unavailable to speak with the Country Hour.

A statement has been sent through on behalf of the Transport Minister Simon O'Brien says, "I am reviewing a proposal put together by the Grain Infrastructure Group (GIG) for further investment in the rail network.

"Be assured that the Government will not support rail line closures and any further investment will be aimed at lifting standards and improving the overall network.

"Negotiations are already being progressed between the State and Federal Governments to determine the best level of appropriate support."

The effect of the global financial crisis is also causing reason for concern.

West Net Rail is a subsidiary of company Babcock and Brown Infrastructure which was spun out of the now distressed parent company Babcock and Brown Limited.

Due to an announcement about its negative asset position, Babcock and Brown is currently under a trading halt on the Australian Stock Exchange.

It's now in negotiations regarding the restructure and future financing of the company.

An announcement is expected at the beginning of February about the future of the company.

Babcock and Brown Infrastructure is a player in this rail discussion because it currently owns 76 per cent of West Net Rail.

Stock analyst Tim Weir says there is a very real chance Babcock and Brown will sell some of its assets.

Mr Hassell believes that any sale of any part of West Net Rail could open the door for further

investment from WA's main grain handler, Cooperative Bulk Handling.

West Net Rail's general manager Tim Larsen couldn't rule out line closures in the near future.

"We've reaffirmed with government that we need to get some certainty in the next few months.

"In the absence of an announcement from the State Government we will need to begin talks to move the transport of grain from rail to road."

"Line closures is the last resort."