Submission 21

February 2014

# AgForce Submission

**Inquiry into rail freight use by the agricultural and livestock industries**

AGFORCE

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**LIST OF ABBREVIATIONS**

**NHVC** National Heavy Vehicle Charges
**MSA** Meat Science Australia
**TSC** Transport Service Contract

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**Submission to the Committee for Transport, Housing and Infrastructure**
**Inquiry into Rail Freight Use by the Agricultural and Livestock Industries**

## Executive Summary

AgForce welcomes the Parliamentary Inquiry into Rail Freight Use by the Agricultural and Livestock Industries (the Inquiry) and thanks the Parliamentary Committee for Transport, Housing and Infrastructure (the Committee) for the opportunity to contribute.

AgForce is of the view that Queensland's rail network could be well placed to deliver on the future needs of the Queensland's agricultural sector, if utilised efficiently and investment was made, particularly for the livestock and grains industries.

The transport of agricultural commodities, especially livestock, has its own unique set of challenges, including regulatory and operational considerations such as product quality, food safety, animal welfare, traceability and biosecurity.

Equally, forecasting for the future of the trade is just as challenging due to the seasonality and other unpredictability associated with the production of food and fibre; and the variables of this, across Queensland.

For primary producers, freight costs represent an enormous component of the farm gate value and the use of the railway must be cost competitive, transparent and as flexible as possible to suit the supply and demand nature of agricultural and livestock freight.

There are undoubtedly a range of economic, environmental, safety, productivity and product quality benefits for agricultural commodities and livestock to be freighted on rail. However, this is currently limited by a range of factors including reliability, responsiveness and innovation of the road industry, commodity competition, ageing infrastructure and above ground regulatory issues throughout the Queensland rail network.

On this basis, AgForce is of the view that there are significant improvements that can be made to the status quo for the benefit of producers, the government and the community for cattle and grains producers that currently have access to rail cartage options.

AgForce has identified a range of operational, regulatory and infrastructure issues and opportunities for addressing and presents the following key recommendations for consideration by the Committee:

- The State Government continues to support livestock freight options through the Livestock Transport Service Contract (TSC) and maintain the current subsidy level.
- That the next Livestock TSCs have clear, transparent and accountable arrangements in place that are available to industry when the TSC is renegotiated in 2015.
- To complement the rail network, the beef and cattle road network is adequately supported with appropriate investment in key points throughout the supply chain.
- As a last resort any loss of rail services needs to be reinvested into efficiencies in the road network within the beef supply chain, for example, passing lanes, breakdown pads and upgrades to infrastructure.

- Facilitation by government of container trains services that can be accessed by more than one grain handler if required. This potentially could be done in conjunction with general freight services and does not necessarily need to be restricted to the grains market.

- AgForce recommends the increase of 20 – 30 per cent in net tonnes for trains, on lines that can support the increase such as the Central system. Trains up to 50 wagons long are investigated for future productivity gains.

- Producer representatives are included in grain freight rate negotiations to ensure rates reflect actual cost of freight.

- Allow GrainCorp (in this instance) to 'sell/trade/swap' allocated paths with other entities if they are unable to be utilised. With the consent of rail track operator and any payment for the use of the slot is made to either the track operator which is then 'refunded' to GrainCorp or the payment is made direct to GrainCorp in full knowledge of the track operator.

- The Brookstead to Millmerran line is restored as soon as possible.

- The Port of Brisbane rail bypass needs to commence as soon as possible to relieve congestion on this section of the state's freight network.

- The feasibility of a transparent, competitive 'slot trading system' is investigated that more properly reflects the 'supply and demand' nature of agricultural commodity trading.

Rationale for is provided for each Recommendation throughout this Submission.

## About AgForce Queensland

AgForce is the peak representative body for broad acre primary producers in the cattle, grain, sheep and wool industries of Queensland and AgForce members collectively manage more than 50 per cent of Queensland's land mass. A cost competitive, effective freight network is critical to broad acre agriculture and transport represents one of the biggest post farm gate costs for primary producers.

In Queensland, the cost of freight can be up to 48 pc of farm operational costs in delivering products to point of sale.[1] For example, transport of a 550 kilogram steer from Surat, Southern Inland Queensland to Yokohama, Japan represents 13.1 pc of the total farm gate value. Similarly, to deliver a live beast from Queensland to Indonesia represents around 30 pc of total farm gate price. Equally, transporting grain to port in Queensland is the most expensive in Australia at $73 per tonne.[2]

## Terms of Reference of the Inquiry

AgForce understand the purpose of the Inquiry is to:

- Identify opportunities to enhance coordination and collaboration across government, transport industry and primary producers about rail freight;

[1] Source: Australian Farm Institute, 2011. Available at: http://www.farminstitute.org.au/CatalogueRetrieve.aspx?ProductID=1412361&A=SearchResult&SearchID=5958859&ObjectID=1412361&ObjectType=27

[2] Source: Australian Export Grains Innovation Centre, 2014. *The Cost of Australia's bulk grain export supply chains – An Information paper*.

- Provide future direction for enhancing the utilisation of the rail system for primary producers and their freight needs including the demand for freight, including future volume, nature, timing and frequency;
- Identify the characteristics of the future transport system for primary producer freight needs;
- Identify a broad range of options, including appropriate risk sharing amongst supply chain participants, for delivering freight solutions for primary producers;
- Optimise the capacity and performance of the rail system for freight;
- Plan a rail system that is positioned to exploit future freight, particularly export, opportunities; and
- Develop sustainable long-term solutions for freight movement by rail for the agriculture and livestock industry.

AgForce has considered these Terms of Reference and offers the following comments and Recommendations.

## Limitations

Whilst every effort has been made to provide the Committee with a comprehensive Submission, the following limitations are noted:

- Lack of access to commercially sensitive data held by service providers (Aurizon) and service contractors (Meat processors and GrainCorp).
- Lack of current freight flow data as a whole that captures the complexity of agricultural supply chains within Queensland.
- To complement the rail network, the beef and cattle road network must be adequately supported with appropriate investment in key points throughout the supply chain.

The most current publically available data has been used in this Submission.

AgForce has long been supportive of robust, transparent data sets being developed and made available for the use of agricultural and livestock commodities and understands the State Government is working to improve the status quo.

## Rail versus Road Freight: Costs and Benefits

The benefits of moving agricultural commodities by rail freight are evident in terms of external impacts and costs.

Under the current railway arrangements, the network existing has capacity to shift approximately 320,000 head of cattle per year over 325 services (approximately 8 per cent of the beef cattle freight task in Queensland). **This is the heavy vehicle equivalent of around 4,500 B Doubles on the road.**

Whilst it is not known the total annual grain freight task due to commercial arrangements, one grain train carries approximately 1,800 – 2,000 tonnes of grain. **This is equivalent to approximately 45 B-Doubles or 65 single trucks.**

This rationale obviously underpins the Recommendations throughout this Submission, with key areas of impact being –

- **Productivity:** Around 25 pc of trucking and freight business costs are congestion which is expected to rise to 50 pc by 2020.[3] Rail obviously avoids much of these business costs.
- **Social Impact:** Use of rail leads to less congestion on the roads; and improves human and livestock safety alike. In term of safety, freight moved from road to rail reduces accident costs by around 0.59 cents. [4] In real terms, over 17 pc of the road toll in 2012 involved heavy vehicles.[5]
- **Environmental Impact:** There are a range of environmental benefits (such as emissions, noise and dust) to moving freight from road to rail. For example, road transport emits ten times as much carbon dioxide as rail transport over equivalent distances. Every tonne of freight moved from road to rail reduces carbon pollution costs of around 0.36 cents. [6]
- **Impact on the road network:** Whilst it is obviously a major economic and social factor when comparing rail versus road options, there are limited studies that properly capture true costs of 'wear and tear' for heavy vehicles. Nevertheless, the reduction of heavy vehicles on the roads obviously reduces the 'wear and tear' component of heavy vehicles. Whilst the National Transport Commission is currently undergoing a review of the Heavy Vehicle National Charges (NHVC) structure, it is the view of AgForce that neither the NHVC nor the current system provides adequate investment in key regional or broad acre agricultural freight routes.
- **Product quality:** Product quality of livestock is another factor to consider under Meat Science Australia (MSA). Core to the science behind MSA is transport modes that are more continuous are likely to be better. Rail obviously has the potential to provide some benefit with this regards however railway as a pathway has not been tested by MSA.

## Rail freight issues and opportunities by commodity

### Beef and Cattle Industry Overview

Agricultural commodities and their derivatives, including livestock, are a key part of the Queensland economy. Agricultural exports were valued at over $8 billion, second to coal exports, with the cattle industry accounting for the largest part – about 30 pc in 2011 – 2012.[7]

The Queensland cattle herd is around 12.2 million[8] and cattle are produced across the entire state of Queensland.

The map below outlines the latest available numbers by region.

[3] Source: Victorian Transport Association, 2009. *Presentation to the IBTTA Toll Road Summit*.

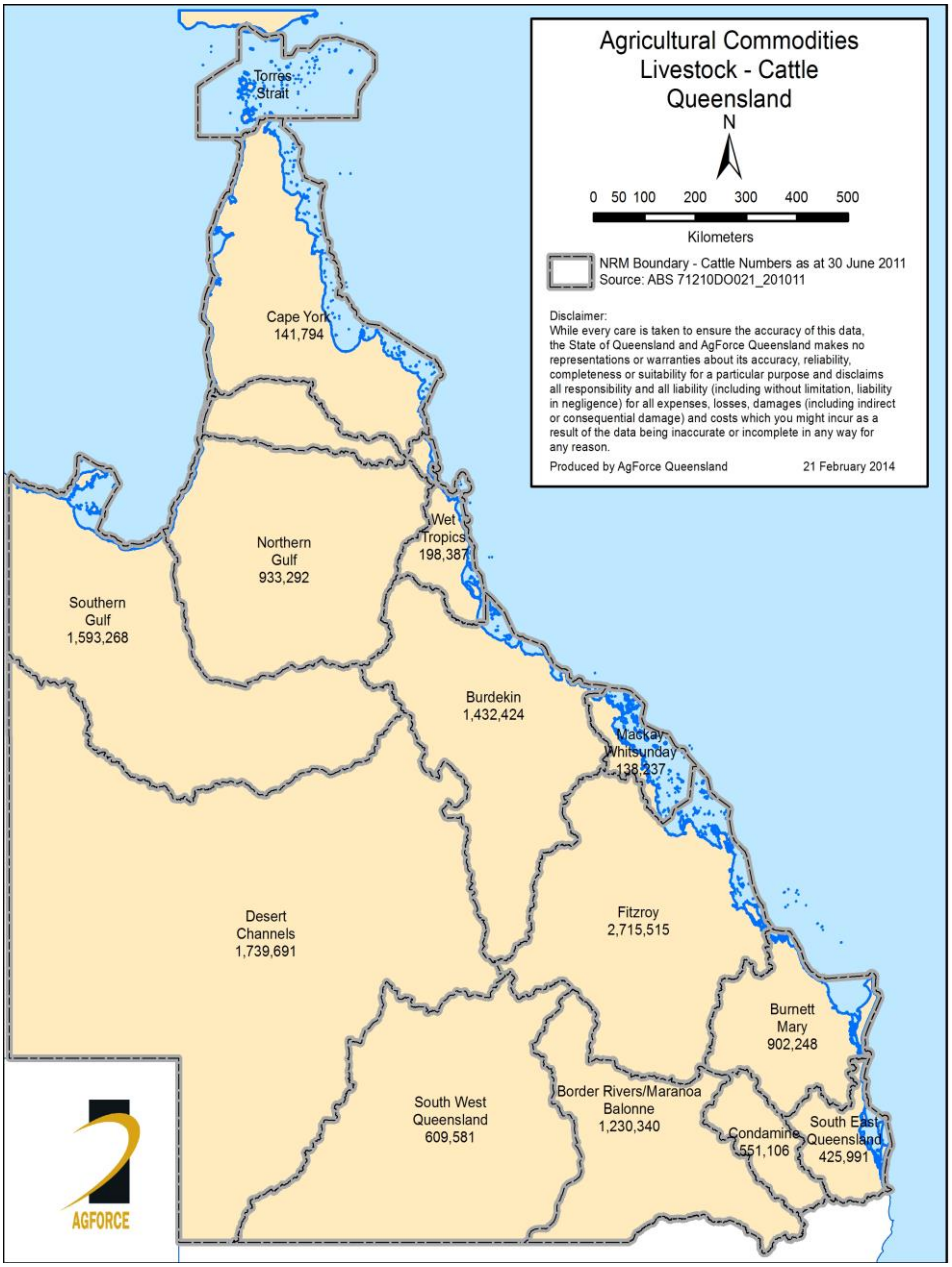
[4] Source: Deloitte Access Economics, 2011. *The True Value of Rail*.

[5] Source: Department of Infrastructure & Local Government, 2013. *Australia Road Statistics Online Database.*

[6] Source: Deloitte Access Economics, 2011. *The True Value of Rail*.

[7] Office of Economic and Statistical Research: *Exports from Queensland and Australia to all countries by commodity value 2011 – 2012.*

[8] Source: Meat & Livestock Australia, 2013.




In 2013, 1.606 million head were slaughtered in Queensland (up 25 pc on the previous calendar year); [9] and 685,229 tonnes of tonnes of beef were exported from Queensland's ports as well as 96,773 head of cattle exported live.

Given that Queensland has around 12,477 specialised beef producing farms, 195 specialised beef feedlots, 440 sheep-beef farms, and 1,037 sheep/beef/grain farms;[10] 24 saleyards; 28 abattoirs and five ports that are currently exporting live cattle. Cattle are also traded online and in paddock to paddock sales.

[9] Source: Australian Bureau of Statistics, 2013. Available at: http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyReleaseDate/ACE69ED793CA68B5CA2576A400112991?OpenDocument

[10] Source: Australian Bureau of Statistics, 2012. Available at: http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/3007F1E747B9B03BCA257B7A0018C356/$File/71210_2010-11.pdf.

The transport of cattle also attracts a range of other industry and government compliance requirements; including but not limited to:

- Meat Science Australia – Science based meat eating quality standard which has various transport stipulations in terms of time travelled.
- Transport of Livestock Code of Practise – From February 2014, livestock must be 'fit to load' under the national transport of livestock harmonisation process.
- Biosecurity issues – For example, tick zoning adds an extra biosecurity regulatory component depending on if livestock are control, free or infected.

### Trends in the cattle industry

The Queensland beef production system is a complex one; and the beef supply chains varies from season to season which makes it difficult to identify future trends in production to support the optimisation of cattle rail.

Depending on the region, production systems are tailored to a range of livestock products including but not limited to:

- Breeder cattle
- Feeder cattle
- Store cattle
- Fat/ prime cattle
- Cattle positioned for the live export trade

Market drivers and market trends are constantly changing. For example, despite the current drought conditions, there is a clear market driver for grass fed beef both domestically and internationally which is all suited to the traditional rail catchment area within Queensland.

In addition to this, the trend in cattle production has led to the amalgamation of properties and changes in production mixes which will naturally lead to the ability to provide larger consignment for rail freight.

A map attached to this Submission provides an overview to different points in the beef cattle supply chain.

### Livestock TSC Overview

Live cattle rail freight is currently available via the Livestock TSC.

AgForce understands that the Livestock TSC 2012 – 2015 is an agreement between the Queensland Government, Teys Australia, JBS Australia and Aurizon. This document is not available for review due to commercial sensitivities.

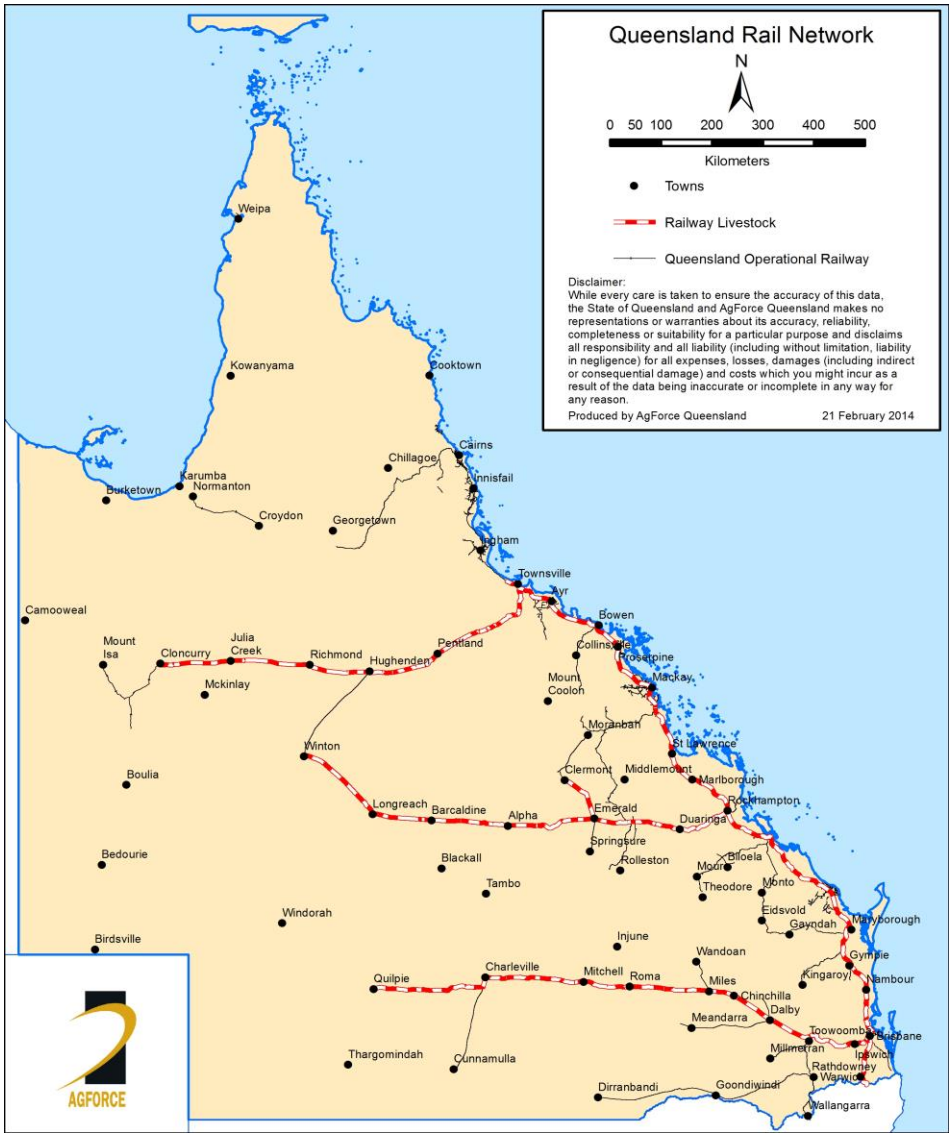
The TSC is worth approximately M$27 per year (M$28 in the last calendar year) and theoretically ensures equitable access to rail for livestock producers situated along functional rail corridors in Queensland. There is no knowledge as to how this subsidy is applied; and these figures have never been available publically.

Under the current arrangement, the rail service is only available to producers turning off fat/prime cattle.

### Current Rail Routes

The routes available for cattle (pictured) are the:

- West Moreton System
- North West System
- Central System




## Historical Uptake

Under the current and previous TSCs, cattle railed in calendar years 2006 -2013[11] utilisation is as follows, noting that this is compiled from two existing sets of data:

| Year | Cattle Railed | Trains Available | Trains not Used |
|---|---|---|---|
| 2006 | 296, 000 | 966 | 670 |
| 2007 | 347, 000 | 966 | 619 |
| 2008 | 360, 000 | 544 | 339 |
| 2009 | 170, 000[12] | 472 | 262 |
| 2010 | No data available | No data available | No data available |

[11] Source: Aurizon. A complete set of data not available was not available on request after Aurizon cited commercial sensitivities.

[12] NB: Impartial data for the 2009 Calendar Year.

| | | | |
|---|---|---|---|
| 2011 | No data available | 295 | 70 |
| 2012 | 270, 600 | 325 | 44 |
| 2013 | 190, 916 | 325 | 123 |

Despite the limitations of the data; where it is available there is a clear downward trend both in the amount of livestock carted from 2006 – 2013 and the number of rail services available.

### Issues

Whilst AgForce is firmly in support of the Livestock TSC and its continuation, there are a range of issues associated with the current arrangement.

These include but are not limited to:

- The service provider would appear to have done everything in their power to make these services difficult to fill. It appears there is little desire to grow the cattle rail business.
- The service provider is subsidised for the freight routes irrespective of if the trains run or not. For example, no cattle services ran on the South West line in 2013 however a significant subsidy was still provided for these services.
- The minimum deck numbers needed to viably run a service is apparently 36 decks. This is a significant change to the previous minimum capacity.
- No on ground marketing is actively provided to producers for the railway service, rather this is left to individual producers to engage with processors on an ad hoc basis.

AgForce understands the State Government is seeking to address these limitations through a tender process for Livestock TSCs in anticipation of the 2015 expiration of the current TSC. AgForce is supportive of this process provided it does not result in the discontinuation of the option for rail freight of livestock.

However, there are various concerns with the ability for other operators to viably compete for the TSC, including access to assets and infrastructure and above ground competition. This is detailed later in the Submission.

### Opportunities

Overall, AgForce is generally comfortable with the rail paths provided, however would like to see improvements in:

- The ability to more flexibility move livestock in accordance with seasons and sourcing patterns to improve utilisation of the service.
- The ability to investigate the feasibility of potential additions to the current rail corridors to improve utilisation:
    - Additional, alternative end destinations to the TSC from the meat processing sector. For example, the Mackay and Oakey abattoirs.
    - Short haul saleyard runs from the Roma saleyards.
    - Feasibility investigated into the reopening of closed loading yards, such as Barcaldine.
    - The feasibility for store cattle to supply the feedlot sector along the South West line on a multi-vendor multi-destination basis.
- A commodity specific or multi-commodity agricultural supply chain coordinator appointed in the Department of Transport and Main Roads (TMR) that works on optimisation of the rail service to address any underutilisation issues.

## Recommendations

**Recommendation: The State Government continues to support livestock freight options through the Livestock TSC and maintain the current subsidy level.**

**Recommendation: That the next Livestock TSCs have clear, transparent and accountable arrangements in place that are available to industry when the TSC is renegotiated in 2015.**

**Recommendation: To compliment the rail network, the beef and cattle road network is adequately supported with appropriate investment in key points throughout the supply chain.**

**This includes but is not limited to:**

- **Regional freight routes which have increased Heavy Vehicle access to support a 'hub and spoke' concept.**
- **Clear investment in areas that limit efficiencies within the supply chain, for example, structurally deficient bridges on key freight routes and access to processors.**

**Recommendation: A multi-commodity or agricultural supply chain coordinator is appointed within the Department of Transport and Main Roads, which includes work on the optimisation of the Livestock TSCs.**

**Recommendation: As a last resort any loss of rail services needs to be reinvested into efficiencies in the road network within the beef supply chain, for example, passing lanes, breakdown pads and upgrades to infrastructure.**

## Grains Industry Overview

Grains are as whole Australia's largest agricultural industry with a total gross value farm gate value of approximately $9 billion. Around 2.04 million tonnes of grains was exported from Queensland ports in 2013.

It is not known the total haulage figure of bulk grain in Queensland as this information is "commercially sensitive," detailed later in this Submission.

There are over 50 grain receival sites in Queensland, ranging from traditional grain depots to feedlots, to the Dalby biofuel plant, and three ports. Nearly all grain produced in Queensland is moved from on farm to one of these receival points during the year; and is done so by truck, either by transport contractors or owners of the grain who also have their own trucks.


## Trends in the Grains Industry

The 2006 deregulation of the grains industry and the dissolution of the Australian Wheat Board (AWB) changed the way in which grain is marketed and transported. There is there is still significant demand for bulk grain movement to port within the Queensland rail network.

However, there has been significant growth in containerised grain for export. This market is has expected to grow. There are many medium to large grain handlers (and grower cooperatives) packing containers for the export market. The majority of these are packed either in Toowoomba or further west or also in central Queensland. Containers therefore need to be sourced and transported to be packed as well as transported back to port for export.

AgForce is of the view that the demand for specialised 'container trains' could be significant in the next few years, provided that they are not required to be contracted to one company i.e. GrainCorp.

Commodities other than grain could potentially expand their use of this kind of service, including the cotton industry and stock feed industry as well as general freight. The service would have to allow for individual entities to 'book' a certain amount of containers per train, rather than relying on one entity to enter into an expensive long term expensive contract to fill an entire train.

This would not have to be specific to agricultural commodities as general freight for rural and regional communities should also be able to use such a service.

There are also various other trends in the industry that indicate that:

- Companies that are looking at building receival facilities close to port as they are unable to accumulate grain quickly enough on a regional basis to eliminate the need for a bulk grains handler which can be unreliable and limit their ability to fill a shipping consignment. This is largely due to supply chain issues, such as inability to access rail options to fulfil shipping contracts, and issues accessing stored grain in upcountry facilities.
- Growers are also building on farm storage to counter the issues experienced with major grain handlers.
- Growers developing their own medium to large cooperative grain receival sites with the intention to pack and export containers, and they are looking for access to rail to get the containers to port.

**Recommendation: Facilitation by government of container trains services that can be accessed by more than one grain handler if required. This potentially could be done in conjunction with general freight services and does not necessarily need to be restricted to the grains market.**

### Grains Rail Agreement

#### Overview

Grain transported by rail is done so under a 'Take or Pay' Grain Rail Agreement contract between GrainCorp and Aurizon which runs from 2013 – 2020.

This Agreement ensures that GrainCorp has allocated paths down in the southern region. This **does not** include allocated paths in the central region, as the cost of allocated paths is prohibitive, as it is on the Aurizon owned and operated network.

#### Current Rail Routes

The routes outlined below are generally where grain is moved from and to via rail. When droughts or very high volumes occur grain can be move to a different destination depending on the requirements at the time.

- Mt McLaren – Mackay
- Capella and Emerald – Gladstone
- Meandarra Line – Brisbane/Fisherman's' Island
- Roma Line – Brisbane/Fisherman's Island
- Thallon Line – Brisbane/Fisherman's Island
- Potential to move grain from Moura to Gladstone, however bridges need to be replaced in order for rail service to recommence.

### Utilisation

As grains transport data is deemed commercially sensitive information; bulk grain data under the TSC is not available. Trains are currently about 38 wagons long.

- **Recommendation: AgForce recommends the increase of 20 – 30 pc in net tonnes for trains, on lines that can support the increase such as the Central system. Trains up to 50 wagons long are investigated for future productivity gains.**

### Issues

#### *Infrastructure*

The low axle weights on wagons and aging rolling stock prohibit more grain being carried in the Central Region, where the lines can carry higher weights and longer trains.

In addition, narrow gauge is preventing competition and efficiencies that could be gained. GrainCorp own 4 trains in NSW (operated by Pacific National), however these trains cannot be used in QLD due to the difference in gauge. This compels GrainCorp to seek a third party provider in QLD if they want to use rail for carting grain.

#### *Commercial arrangements*

There is no transparency in the GrainCorp/ Aurizon contract which lead to a range of issues. These include:

- GrainCorp pass back the cost of transporting grain to the producer. There is no incentive for GrainCorp to ensure the cost of freight is competitive as they don't actually pay. AgForce is of the view that that rail freight on commodities should not be used by GrainCorp (in this instance) for profit. The current arrangement ***could*** enable GrainCorp to recover the actual cost of freight or even profit from the rates they charge to producers, and there is no way of ensuring this is not happening or preventing it from happening this.
- Producers are entirely excluded from any negotiations regarding rail freight rates and are unable to determine simply how much it costs to cart one tonne of grain on rail. This information cannot be accessed by producers, despite multiple requests.
- The 'Take or Pay' contract provides limited flexibility that does not recognise the seasonality of grain. GrainCorp are contracted to pay $80,000 per month for dedicated paths, irrespective of if they are used or not. If GrainCorp are unable to fulfil a path or more, they are not able to swap/trade/sell it to another organisation.
- There is also no ability under the current arrangements to accommodate smaller grain handlers and exporters with the growth of container trade for rail. The contract is just between GrainCorp and Aurizon.
- Queensland Rail as the track operator is reportedly able sell/reallocate/fill the unused path to another party and collecting a fee.
- Aurizon were reportedly 'gifted' the grain rolling stock in the privatisation process. This makes it difficult for any other parties to tender for future service agreement for grain as they would likely have to invest in new narrow gauge rolling stock to fulfil the contract.

The Brookstead to Millmerran section of line has not been repaired since it was damaged in the 2011 floods. Last year there was 109,842 tonnes of grain received on that line, and was all transported to and out of three depots on that line by truck.

### Recommendations

**Recommendation: Producer representatives are included in grain freight rate negotiations to ensure rates reflect actual cost of freight.**

**Recommendation: Allow GrainCorp (in this instance) to 'sell/trade/swap' allocated paths with other entities if they are unable to be utilised. With the consent of rail track operator and any payment for the use of the slot is made to either the track operator which is then 'refunded' to GrainCorp or the payment is made direct to GrainCorp in full knowledge of the track operator.**

**Recommendation: The Brookstead to Millmerran line is restored as soon as possible.**

Congestion at the port of Brisbane due to the huge increase in road recievals at the port and the decline in rail receival. Port of Brisbane is designed to receive grain via rail not road.

**Recommendation: The Port of Brisbane rail bypass needs to commence as soon as possible to relieve congestion on this section of the state's freight network.**

### Sheep and Wool

There are around 1,399 businesses within Queensland that operate sheep solely; equating to 22 pc of rural businesses within Queensland.[13]

Sheep and wool properties in Queensland are located in districts receiving 250 to 750 mm of rain per year, with the majority of Queensland wool (74 pc) produced in the western pastoral zones, stretching from Cunnamulla in the south through to Julia Creek in the north. The sheep/ lamb/ wool industry has a combined value of around $170.9M.[14]

The Queensland flock numbers equate to approximately 3.4 million head with a wool clip of approximately 12.5 million kg greasy.[15]

It must be recognised that many Queensland sheep and wool producers operate a mixed livestock enterprise, predominately a mixed sheep and beef production system. Therefore, any benefit in transport for either production system will equate to improved synergies for the other. For example, dependent upon the region/ zone, improvements in the rail network that provides greater use of rail to transport sheep and wool will generate a higher probability of the rail network being utilised to transport beef cattle, and vice versa.

[13] Source: June 2011 Census data.
[14] Source: June 2011 Census data.
[15] Source: Australian Wool Innovation (AWI), December 2013. *Wool Forecasting Figures*.

### Trends in the Sheep and Wool Industry

Queensland's sheep and wool industry has been extremely affected by the wild dog issue over the last 10 to 15 years.

This is to the extent that many producers of merino wool have exited the industry in favour of predominately cattle production systems due to the loss of sheep from wild dog attack making some enterprises no longer viable.

### Access to the rail network

Current use of the rail network for the purpose of transporting sheep and/ or wool is limited within Queensland.

### South West

The Cunnamulla to Charleville rail line was once extensively utilised for wool carting. However, as rail services to this area became less frequent over time, woolgrowers found that during shearing they ran out of adequate storage area for wool bales while waiting for a train to arrive. This lack of regular and reliable rail services therefore prompted wool growers to organise road transport.

The Cunnamulla to Charleville rail line has reportedly since closed to all general freight.

### Central West

It is reported that rail is still open from Longreach through to Rockhampton, and that a service does currently exist to organise a container to load wool at certain times. However, this type of service has become more difficult to organise due to the lack of flexibility and lead times, and freight options through local road transport operators removes the unwarranted frustrations of organising rail transport.

## Cross commodity issues

There are a range of shared, systemic issues that AgForce is of the view affects the future potential for agricultural and livestock rail freight.

Firstly, there is inflexibility to 'trade slots' according to product supply and demand within a short timeframe. This inability to meet supply and demand in line with grain and livestock peaks is prohibitive to the maximum utilisation of the current rail system.

Secondly, the contracts are arranged so there is little transparency to the TSCs and their execution which is held as 'Commercial in Confidence.'

Thirdly, service providers do not appear to be committed to growing the agricultural freight business. As part of this, there appears to be an apparent lack of specific expertise in agricultural and livestock transport and logistics issues and little appreciation for primary producers as "the customer" within the supply chain who ultimately fit the freight bill. This is not reflective of agriculture's status as one of the 'Four Pillars' of Queensland's economy.

Lastly, there are a range of reported issues arising from the privatisation of Queensland Rail in 2010, now Aurizon, including:

- Only the service provider has knowledge of commercial data and asset condition.

- Above rail competition and access to the Aurizon managed network (regulated by the Queensland Competition Authority) which may have the potential to limit other players in the market.
- Privatisation of rail loading infrastructure within key agricultural freight corridors.
- A labour structure with industrial relations incentives where crews are apparently paid bonuses to crew coal trains.

**Recommendation: The feasibility of a transparent, competitive 'slot trading system' is investigated that more properly reflects the 'supply and demand' nature of agricultural commodity trading**.

# Overview of Key Cattle Freight Corridors and Destinations

AGFORCE

N

0 50 100 200 300 400 500

Kilometers

## Legend

- Towns
- Saleyards and cattle numbers 2012/13 (See table)
- Feedlots as at 7 Mar 13
- Abattoirs as at 17 May 13
- Main Road
- Queensland Operational Railway

**Heavy Vehicle Routes**

- No Road Trains or B-doubles
- Up to 23m B-doubles only
- PBS 2A (Up to 25m B-double)
- PBS 3A (Up to Type 1 Road Trains)
- PBS 4A (Up to Type 2 Road Trains)
- PBS 2B

**Cattle Tick Declared Areas**

- Control
- Free
- Infected



Produced by AgForce Queensland 21 February 2014

| Saleyards | Sold | Transit | Total |
|---|---|---|---|
| Dalrymple | 103713 | 0 | 103713 |
| Toogoolow ah | 34170 | 0 | 34170 |
| Silverdale | 28378 | 0 | 28378 |
| Purga | 23977 | 0 | 23977 |
| Longreach | 97946 | 0 | 97946 |
| Clermont | 9272 | 79520 | 88792 |
| Blackall | 74167 | 48189 | 122356 |
| Mareeba | 20000 | 0 | 20000 |
| Goondiw indi | 18379 | 0 | 18379 |
| Roma | 390773 | 15260 | 406033 |
| Monto | 10533 | 0 | 10533 |
| Miriam Vale | 4067 | 0 | 4067 |
| Biggenden | 56076 | 0 | 56076 |
| Murgon | 19198 | 15031 | 34229 |
| Dalby | 219379 | 0 | 219379 |
| Woodford | 18622 | 0 | 18622 |
| Beaudesert | 3439 | 0 | 3439 |
| Boonah | 2717 | 0 | 2717 |
| Warw ick | 53739 | 0 | 53739 |
| Emerald | 101618 | 0 | 101618 |
| Gracemere | 102948 | 13934 | 116882 |
| Sarina | 7614 | 0 | 7614 |

Weipa
Kowanyama
Cooktown
Cairns
Chillagoe
Karumba
Normanton
Burketown
Innisfail
Croydon
Georgetown
Ingham
Townsville
Ayr
Camooweal
Barkly Highway
Bowen
Proserpine
Mount Isa
Cloncurry
Julia Creek
Flinders Highway
Richmond
Pentland
Collinsville
Hughenden
Mackay
Mckinlay
Mount Coolon
Moranbah
Peak Downs Highway
Bruce Highway
Winton
Landsborough Highway
Clermont
Middlemount
Marlborough
Boulia
Rockhampton
Longreach
Barcaldine
Alpha
Capricorn Highway
Emerald
Duaringa
Springsure
Bedourie
Blackall
Rolleston
Biloela
Dawson Highway
Moura
Tambo
Theodore
Monto
Windorah
Eidsvold
Maryborough
Gayndah
Birdsville
Injune
Wandoan
Gympie
Charleville
Mitchell
Roma
Kingaroy
Nambour
Quilpie
Miles
Chinchilla
Dalby
Meandarra
Brisbane
Toowoomba
Ipswich
Mitchell Highway
Carnarvon Highway
Leichhardt Highway
Millmerran
Thargomindah
Cunnamulla
Balonne Highway
Warwick
Rathdowney
Barwon Highway
Dirranbandi
Goondiwindi
Wallangarra