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By Email

The Research Director
Queensland Parliament Transport,
Housing and Local Government
Committee
thlgc@parliament.qld.gov.au

Dear Sir/Ma'am

Maranoa Regional Council's Submission to the Queensland Government's Rail Freight Inquiry

The Maranoa Regional Council (MRC) welcomes the State Government's Inquiry into the increased utilisation of the rail network for agricultural and livestock freight purposes. Due to increased resource sector activities in the Maranoa region, it is projected that heavy vehicle throughput on the Warrego Highway will almost double over the next 20 years. It is Council's opinion that with additional investment, the existing rail network will absorb a proportion of freight demand, thereby helping to relieve pressure on the Warrego Highway and other major transportation routes.

Anecdotal evidence suggests that road-based logistics providers continue to facilitate a majority of freight movements in Australia and Queensland. Accordingly, the industry possesses significant efficiencies that make it the preferred transportation method for a majority of business and industry. A collaborative approach, with the input of industry peak bodies and government, is required to ensure that the rail networks will provide an economically efficient and timely service to primary producers in western Queensland.

Thank-you for your consideration of MRC's submission. If you have any further queries, please contact Council's representative, Ryan Gittins, Specialist – Business Development on one of the numbers listed above.

Yours faithfully

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Maranoa Regional Council

Submission to Queensland Government's Rail Freight Inquiry

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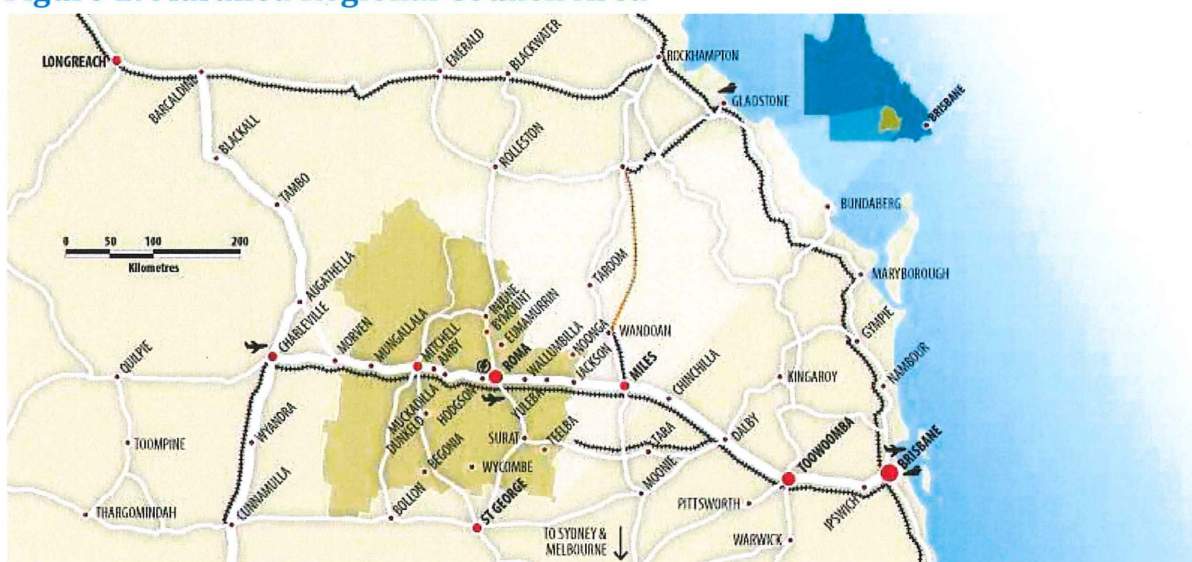
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Introduction

The Maranoa Regional Council (MRC) welcomes the State Government's inquiry into the use of rail freight for agricultural and livestock purposes in Queensland. It is Council's belief that increased investment in rail infrastructure would benefit these industries whilst simultaneously relieving pressure on the road network.

The MRC is located approximately 6 hours west of Brisbane, in southeast Queensland. The region is comprised of seven townships and numerous gazetted localities throughout the 58,711 km² Local Government Area (LGA). Please refer to the below table for an overview of the region.

Figure 1: Maranoa Regional Council Area



Locality	Distance From Roma		Direction from Roma
	Kilometers	Hours	
Within <i>Maranoa</i> Region			
Surat	80	1.00	South
Wallumbilla	40	0.50	East
Yuleba	60	0.75	East
Mitchell	90	1.00	West
Injune	90	1.25	North

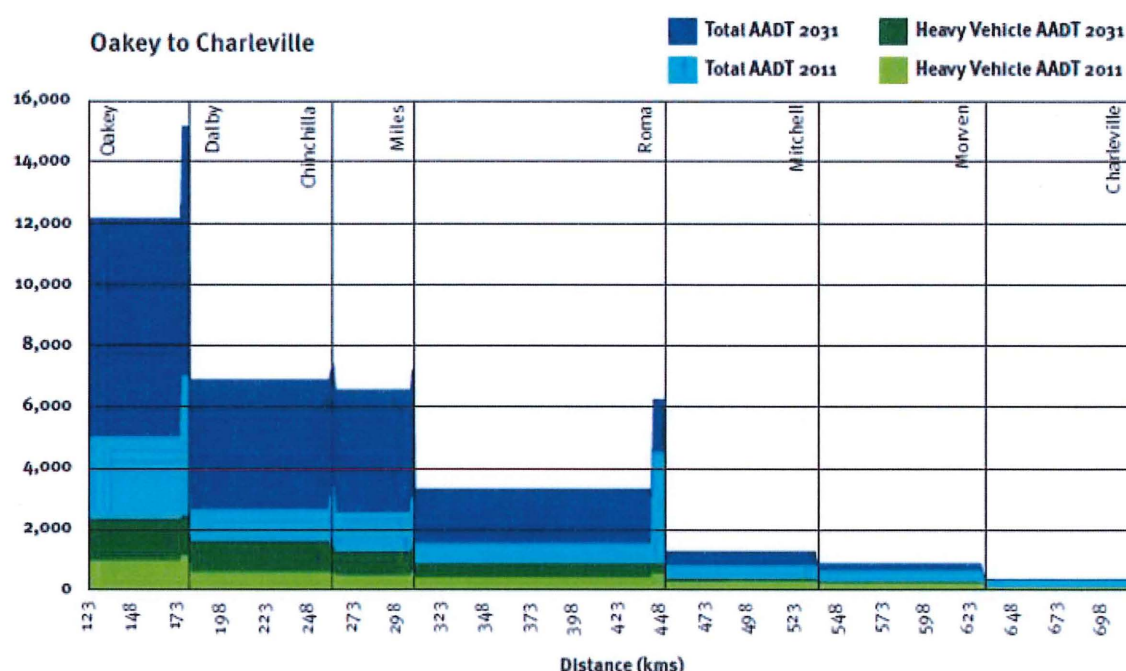
The region was home to approximately 13,590 residents and 2,075 non-resident workers in 2012 (Table 1). Large-scale Coal Seam Gas (CSG) projects such as Origin Energy's Australia-Pacific Liquefied Natural Gas (APLNG) and Santos Ltd's Gladstone Liquefied Natural Gas (GLNG) have a presence in the region, thus explaining the large non-resident workforce. Please refer to the table below for a breakdown of the region's population.

Table 1: Maranoa Regional Population

Locality	Estimated Resident Population	Estimated Non-Resident Workforce	Full Time Equivalent (FTE) Population
Injune	410	180	590
Mitchell	935	20	955
Roma	7270	290	7560
Surat	435	25	455
Wallumbilla	270	25	295
Other Towns	215	5	220
Rural Areas	4055	1530	5585
Maranoa (R) Total	13590	2075	15665

Source: Queensland Treasury & Trade, 2013, p.5

As a result of significant resource sector activity, the regional population is predicted to grow for the foreseeable future. AEC Group Ltd's projections (2013) indicate that the Maranoa's permanent population base will grow at approximately 1.3% p.a to 17,300 in 2031 (an additional 3,710 residents). In addition to increased population numbers, the CSG projects contribute to increased demand for heavy-vehicle freight services on the Warrego Highway, the main transportation route from Brisbane to the Maranoa.

Figure 2: Historic and Projected Vehicle Throughput – Warrego Highway

Source: Department of Transport and Main Roads, 2012

As seen above in Figure 2, heavy-vehicle throughput into Roma is projected to reach an average of 890/day in 2031, an increase of approximately 80% from 2011. For this reason Council believes that the rail-freight network must be utilised to a greater extent, in order to stabilise the volume of road-based freight travelling on the Warrego Highway.

Current Rail Freight Use – Livestock Industry

Historically, the Western Freight Network was heavy utilised for livestock purposes; however, anecdotal evidence suggests that usage has heavily declined over the last 3-4 years. It is speculated that a number of factors have contributed to this:

- Unconfirmed reports suggest that limited capacity exists on the Toowoomba Range rail crossing for general freight trains – as little as 2 passes per day due to the high demand for coal transport services.
- Lack of rail capacity has resulted in a service schedule that is too periodic to satisfy the requirements of the customer base.
- Increased costs of rail freight. Local primary producers have indicated that livestock was transported on rail for approximately 66% of the price of road freight. Currently, rail freight expenses are approximately 30% greater than a comparable road-based service.
- Double-handling is common as many farmers don't have direct access to rail yards. Limited financial justification exists for primary producers to transfer their cattle via both logistical modes when road freight is considerably more efficient.
- Current funding levels may not support increased general freight services on the rail networks.

Significant benefits would result if the above impediments to rail freight's competitiveness could be rectified. Road quality and safety statistics would improve considering the large volume of heavy-vehicles that are required to transport livestock into the southeast corner of QLD. Anecdotal reports suggest that a single feedlot in the Maranoa transports approximately 330 head of cattle on a daily basis, potentially resulting in 1,300 heavy-vehicle movements per year. Road users and communities would benefit if a significant portion of livestock was transported to Brisbane on the Western Freight Network.

Discussion

Council appreciates the opportunity provided by the Parliamentary Committee to address two terms of reference for the Inquiry:

Develop sustainable long-term solutions for freight movement by rail for the agriculture and livestock industry.

The agricultural and livestock sectors in Australia generally and in South Western Queensland (SWQ) particularly, all suffer from geographic isolation from markets both domestic and export. Transport plays an essential role in linking production to markets. This dynamic dictates the nature of our agricultural enterprises and is also the key influence on the form and performance of our manufacturing sector.

Our transport systems and distance relative to market influences to a large extent whether graziers and farmers in SWQ adopt a business model of producing high volume and relatively low priced goods over lower volume relatively high cost goods. The latter providing greater opportunities for personal wealth and job creation.

As an example the Sheep Meat and Goat Abattoir in Charleville SWQ is a completely vertically integrated enterprise that is enabled by refrigerated rail transport directly to the Port of Brisbane. Meat is processed in Charleville ready for the Middle Eastern buyer in the bazaar, complete with packaging and labelling in the native script of the buyer. This abattoir employs 200 people and has revitalised both the local economy and the viability of farming enterprises around the district.

These types of outcomes are underpinned by having timely and economically efficient access to an export port.

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

Collaborative effort across government, the transport industry, and primary producers is required to successfully increase the utilisation of the rail-freight network in Queensland.

Preliminary consultation with the primary capacity holder of the Western Freight Network¹, Aurizon Ltd, has revealed that the private-sector has made efforts to redirect agricultural freight to the rail network. Notwithstanding these efforts,

¹ Rail network that extends from Brisbane to Cunnamulla.

anecdotal evidence suggests that demand for rail-based livestock services in the southwest region only amounted to approximately one train per month. It could be speculated that this low level of demand could be a result of a number of factors as discussed on page 5.

Without collaborative effort across private and public sectors rail-freight may not be developed as an economically viable alternative to road logistics.

Conclusion

It is the Maranoa Regional Council's opinion that opportunities exist to increase the utilisation of Queensland's rail network for agricultural purposes. The rail network needs to be developed in a manner that supports low volume, high value freight outputs, thereby reducing industry reliance on road transportation.

The government and private sector need to work cooperatively to identify and implement incentives to increase the level of demand for rail freight. It is recommended that the State Government commissions a series of consultative meetings with industry representative bodies (logistical and agricultural) to determine the following:

- The level of rail infrastructure investment required to develop a network that would rival the efficiency of the existing road-network on key routes such as the Warrego Highway.
- What value proposition is required to entice primary producers to utilise rail freight? (reduced costs, incentives etc.)
- The possibility of introducing incentives (subsidies etc.) that could be utilised to support the rail-freight industry whilst it develops.

Council is thankful for the opportunity to comment on the Queensland Government's Rail Freight Inquiry. If you have any questions or comments regarding information contained within this submission, please contact Ryan Gittins (Specialist – Business Development) on 1300 007 662.

References

AEC Group Ltd, 2013, *Maranoa Economic Update, August 2013*, AEC Group, Brisbane, p. 23.

Department of Transport & Main Roads (TMR) 2012, *Warrego Highway Upgrade Strategy – Brisbane to Charleville*, viewed 15 November 2013, <http://www.tmr.qld.gov.au/About-us/Corporate-information/Publications/Warrego-Highway-Upgrade-Strategy.aspx> , p.11

Queensland Treasury & Trade 2013, *Surat Basin Population Report, 2012*, viewed 3 February 2014, <http://www.oesr.qld.gov.au/products/publications/surat-basin-pop-report/surat-basin-pop-report-2012.pdf>