



Speech by

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MEMBER FOR DARLING DOWNS

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RIVERINA (AUSTRALIA) PTY LTD; QUEENSLAND RAIL

Mr HOPPER (Darling Downs—Ind) (7.13 p.m.): Riverina stockfeeds, based in Oakey, is a major user of Queensland Rail, purchasing container freight from Oakey to Brisbane of \$400,000 per year and palletised freight from Oakey to most areas of Queensland of \$465,000 per year. This is a combined total of \$865,000 for a total of 32,000 tonnes of freight. Riverina is a major supplier of manufactured stock feed and general produce to customers, including most produce stores and agents/resellers in Queensland. The Oakey branch alone employs 18 permanent staff and up to five casual employees, with a weekly payroll of approximately \$17,000. Riverina is a significant business in Oakey.

Q-Link—merchandise freight—has indicated that it will be changing the way it charges freight on hay and chaff from a weight basis to a volumetric basis. As an example, this will increase the freight on a bale of hay from Oakey to Blackall from \$1.87 per bale now to \$3.37 per bale. Customers have indicated to Riverina that this increase in freight will put an end to the hay and chaff business of Riverina, being currently 1,250 tonnes per year, as it will be either uncompetitive with full loads delivered by road or will be simply too dear for the average customer to buy.

The disturbing fact from Riverina's position is that if the hay and chaff business is lost it will take a considerable amount of manufactured feed with it, as freight is forced onto road transport, with Riverina at Oakey being disadvantaged given that most freight depots are in Toowoomba. Customers have a track record of sourcing all feed requirements from a single source for logistics purposes. Riverina provides that option now by providing a complete range of feeds, and has built a solid regional business at Oakey based on being able to pack mixed pallets, including the full range of stockfeed products. If a supplier like Riverina, which provides a service that benefits all end user customers, both large and small all over Queensland, is freight disadvantaged, it stands to lose a considerable amount of business.

QR Intermodal—container freight—has indicated that it is doing a strategy review because of perceived concerns about the profitability of some of its services. It has already cut the container service to Oakey by one day per week from five days to four days. However, this in itself is not a problem but more an indicator of more cuts to come.

Riverina and A & B stockfeeds are the major users of container freight out of Oakey, with both companies having a spur line off the main line at Oakey into their premises. Wagons are shunted to and from both lines/premises each day by Oakey rail staff using a shunt tractor. These wagons are part of the freight service that runs four times a week between the port of Brisbane and Dalby. Riverina's container business is 100 per cent export. QR Intermodal management recently met with the branch manager of Riverina at Oakey, and I understand with other users of the Dalby service, to gain information for a strategy review and float cost-saving ideas. They gave the impression that this service is a loss-making one for QR.

One of the cost-saving options floated by QR management was the closing down of the spur line into Riverina, which would enable the train to shunt all wagons onto the A & B line and presumably do away with the QR staff and shunt tractor. This must not happen. The potential change to QR operations at Oakey would necessitate Riverina to transport by road all 1,450 containers per year across the town of Oakey to access rail whilst a spur line in the yard remains idle. That would potentially

add considerable extra costs to Riverina, which is already coming under competitive pressure to survive from Brisbane-based operations using road freight to Brisbane.

Time expired.
