



Approval of QR's Access Undertaking

December 2001

Background

The *Queensland Competition Authority Act 1997* (QCA Act) provides for the Authority to approve, or to not approve, undertakings to provide third parties with access to the services of certain facilities (for example, electricity, port or rail infrastructure). The Act also provides for the Authority to resolve disputes between facility owners and access seekers regarding access to those facilities.

In January 1999, QR voluntarily submitted to the Authority a draft access undertaking in respect of third party access to its intra-state rail infrastructure. Following extensive public consultation, the Authority issued a Draft Decision in December 2000 and a Final Decision on 5 July 2001. In the Final Decision, the Authority refused to approve QR's 1999 draft access undertaking, setting out the reasons for that decision and identifying the ways in which it considered it appropriate to amend the undertaking. At that time, in accordance with s. 133 of the QCA Act, the Authority gave QR an initial undertaking notice requiring QR to provide to the Authority a draft access undertaking within 90 days. QR submitted a revised draft access undertaking in October 2001, within the required 90 days.

The Authority received nine submissions in response to its request for comments on QR's 2001 draft access undertaking. After taking into account all of the submissions from interested parties, the Authority refused to approve QR's 2001 draft access undertaking on 20 December 2001. A copy of that decision is available from the Authority's web site.

In its decision rejecting QR's 2001 draft access undertaking, the Authority detailed the amendments that QR needed to make if the Authority was to approve its 2001 draft access undertaking.

At the same time, the Authority issued, in accordance with s. 134 of the QCA Act, a secondary undertaking notice requiring QR to give to the Authority a draft access undertaking amended in accordance with the Authority's decision. In terms of the QCA Act, that notice required QR to provide the amended draft access undertaking within 60 days of the date of the notice.

The Authority's approval of QR's draft access undertaking

In reaching its decision, the Authority kept in close contact with QR so that QR would be fully aware of the Authority's required amendments, with a view to having an approved undertaking in place before the end of 2001. As a result, QR was in a position to comply with the secondary undertaking notice, and resubmit a revised draft access undertaking, on the same day as the notice was issued. Given that QR's revised draft access undertaking was amended in accordance with the Authority's requirements, the Authority approved QR's revised access undertaking on 20 December 2001. QR's approved access undertaking is set out in Attachment 1.

QR's approved access undertaking comes into effect from 20 December 2001, the date of its approval, and expires on 30 June 2005.

While the undertaking sets out procedures for negotiating access to QR's rail infrastructure, many of these procedures will not come into effect until 1 March 2002. This transitional arrangement has been included to ensure that QR has sufficient time to establish the internal procedures needed for it to comply with its obligations under the approved undertaking. Nevertheless, the approved reference tariffs for the central Queensland coal carrying train services come into effect from the approval date. Table 1 details the approved reference tariffs while Table 2 illustrates the Access Charges applicable for each mine, assuming operation of the Reference Train Service and the Authority's net tonne estimates for 2001-02.

The approved access undertaking recognises that there are a number of matters which have to be completed over the coming months. First, Yard Control Services are not provided by Network Access but by QR's Operational Business Groups. While the Authority shares the concerns of stakeholders over the potential conflict of interest with this arrangement, the Authority did not seek to resolve this issue as part of its approval of QR's access undertaking. Rather, in consultation with, and subject to the approval of, the Authority, QR will review within 9 months the appropriateness of its Operational Business Groups continuing to provide the Yard Control Services at Callemondah and Jillalen (in the central Queensland coal system). Other yards may be reviewed by QR and the Authority as is necessary.

Second, QR's approved access undertaking provides for the development of standard access agreements for specified types of train services. Schedule E of QR's approved access undertaking sets out the principles to be included in standard access agreements. In addition, as part of its obligations under the access undertaking (cl 5.2), QR has undertaken to develop a draft standard access agreement for coal carrying train services and submit it to the Authority for approval within 3 months. In assessing the draft standard access agreement, the Authority will adopt a process similar to that used in assessing QR's draft access undertaking.

Third, the Authority has not made a final decision on its approach to quantifying the impact of non-standard trains on the consumption of capacity for the purpose of calculating access charges. The Authority will consult on this matter with a view to finalising its position at the same time as the standard access agreement for the coal carrying train services is finalised.

In addition to these specific issues, QR's access undertaking (cl 2.4) provides for the Authority and QR to review the operation of the undertaking by March 2003.

Conflict of interest

Earlier in the process of assessing QR's draft access undertaking, the Authority's Chairman, Mr R M Wylie, disclosed a conflict of interest. Consequently, Mr Wylie decided to stand aside from any further participation in this matter, including this decision to approve QR's access undertaking. As Mr Wylie's conflict of interest has now lapsed, he will participate in future rail matters that come before the Authority.

Table 1: Reference tariffs for central Queensland coal carrying train services

Price Component	Units	Moura	Newlands	Central Blackwater	North Blackwater	Stanwell
Incremental maintenance charge	\$/'000 gtk	1.03	1.07	0.55	0.55	0.55
Incremental capacity charge	\$/train path	370	165	1,030	1,030	1,030
Allocated Component 1	\$/'000 ntk	7.96	6.02	3.53	n/a	3.21
Allocated Component 2	\$/net tonne	1.27	0.90	1.08	2.17	0.59
Electric traction access charge	\$/'000 gtk	n/a	n/a	1.03	1.03	1.03
Electric traction energy charge	\$/'000 gtk	n/a	n/a	\$0.81	\$0.81	\$0.81

Price Component	Units	North Goonyella	West Goonyella	South Goonyella	Gregory via Goonyella
Incremental maintenance charge	\$/'000 gtk	0.38	0.38	0.38	0.38
Incremental capacity charge	\$/train path	660	660	750	750
Allocated Component 1	\$/'000 ntk	2.49	2.61	2.55	3.31
Allocated Component 2	\$/net tonne	0.45	0.73	0.64	0.87
Electric traction access charge	\$/'000 gtk	0.82	0.82	0.82	0.82
Electric traction energy charge	\$/'000 gtk	0.81	0.81	0.81	0.81

Table 2: Reference Tariffs by Loading Point

Loading Point	Unloading Point	Route Kilometres	Rail Access \$/net tonne
Moura Cluster			
Boundary Hill	Gladstone P'station	115.5	2.55
Boundary Hill	QAL	123.4	2.63
Dunn Creek	Gladstone P'station	150.4	2.89
Moura	Gladstone	177.9	3.15
Newlands Cluster			
McNaughton	Abbot Point	103.0	1.77
Newlands	Abbot Point	170.8	2.30
Central Blackwater Cluster			
Boonal	Gladstone	282.0	2.62
Curragh	Gladstone	304.7	2.73
Koorilgah	Gladstone	307.0	2.72
Laleham	Gladstone	307.6	2.77
Kinrolla	Gladstone	314.9	2.73
Stanwell Cluster			
Curragh	Stanwell P'station	180.4	1.63
Koorilgah	Stanwell P'station	182.8	1.62
Boorgoon	Stanwell P'station	184.2	1.64
North Blackwater Cluster			
Ensham	Gladstone	339.1	2.77
Kestral	Gladstone	367.0	2.79
Gregory	Gladstone	369.6	2.79
Oaky Creek	Gladstone	385.0	2.81
Gregory via Goonyella Cluster			
Gregory	Hay Point	312.8	2.25
Kestral	Dalrymple Bay	327.6	
Yongala	Dalrymple Bay	350.0	
Ensham	Dalrymple Bay	353.0	
North Goonyella Cluster			
South Walker Creek	Hay Point	137.1	1.01
Macarthur/Coppabella	Dalrymple Bay	143.7	1.03
Burton	Dalrymple Bay	169.3	1.11
Moranbah North	Dalrymple Bay	194.6	1.19
Goonyella	Hay Point	197.7	1.20
Riverside	Hay Point	202.8	1.21
North Goonyella	Dalrymple Bay	214.7	1.25
South Goonyella Cluster			
Peak Downs	Hay Point	191.0	1.40
Saraji	Hay Point	211.7	1.46
Norwich Park	Hay Point	255.7	1.60
German Creek	Dalrymple Bay	277.0	1.67
Oaky Creek	Hay Point	295.0	1.73
West Goonyella Cluster			
Blair Athol	Dalrymple Bay	279.6	1.77