



Monday, 28 November 2011

John Hall
Chief executive Officer
GPO Box 2257
Brisbane 4001 QLD

Dear Mr Hall

Asciano Response to the QR Network Submission Relating to the Alternative Access Charge for the Northern Energy Corporation Coal Service – Colton to Barney point

This letter is in response to the QR Network submission to the QCA relating to the alternative access charge for the proposed Colton to Barney Point service. Asciano understands that:

- this service will not be priced on the reference tariff but on a negotiated tariff. (Furthermore Asciano assumes that the above rail operator is QR National); and
- this service will not have contracted paths but will be receiving paths at a lower priority than contracted services but at a higher priority than ad hoc services.

While Asciano does not oppose the proposed Colton to Barney Point service, Asciano has some concerns relating to this service and the pricing and pathing approach:

- the lack of reference tariff raises concerns in regard to separation of QR National above rail and below rail activities, and the allocation of costs between QR National above rail and below rail activities. The approach proposed by QR Network reduces the transparency of tariff setting and should be reviewed.

In instances where QR Network is determining a non-reference tariffs for a related party the transparency of the tariff setting should be increased;

- the pricing proposed for the service includes a fixed charge of \$1,201. This fixed charge is lower than the fixed charges levied by QR Network for locomotive movements and similar movements, which like the proposed charges, apply to light train movements over relatively small sections of network.

Given the rationale used to support the lower charges for the Colton to Barney Point service QR Network must re-examine charges it makes for light locomotive and empty rolling stock movements over similar short distances

- QR Network indicates that the service is not guaranteed access rights but the service will receive a higher priority than ad hoc services. This proposal does not seem to align with the QR Network scheduling hierarchy in QR Network's proposed Capricornia System Rules. Under the proposed Capricornia System Rules paths can be either contracted TSE services, additional requested contracted services or ad hoc services. However, the proposed Colton to Barney Point service does not seem to comfortably align with any of these categories.

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Thus the type of service being offered should be further clarified and it should be consistent with QR network's own system rules.

Further to this issue the QR Network submission (pages 1-2) indicates that QR Network is concerned that the access seeker could displace contracted tonnages at the coal terminal and that the access seeker currently does not have coal terminal rights. Given this lack of rights there may be instances where ad hoc services for parties with coal terminal rights should take precedence over the access seeker.

More generally in relation to the treatment of this Colton to Barney Point service, Asciano is seeking that in the event that Asciano sought a similar access agreement for a non standard coal service subject to availability in the Daily Train Plan it would receive a similar positive response.

While Asciano does not oppose the proposed Colton to Barney Point service, Asciano believes that there should be

- increased transparency and accountability related to the tariff being charged given that it is not a reference tariff; and
- clarification as to the nature of the service within the context of the proposed Capricornia System Rules.

If you wish to discuss this issue please contact me on (02) 8484 8056.

Yours sincerely,

Stuart Ronan
Manager, Access and Regulation

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