

Friday, 27 April 2012

Paul Bilyk
Director
Queensland Competition Authority
GPO Box 2257 Brisbane
Queensland 4001

Dear Paul,

QR Network Proposed Tariffs 2012-13

Asciano welcomes the opportunity to provide this submission to the QCA on the QR National Network Services document "FY 2012/13 Annual Review of Reference Tariffs". Asciano has some concerns with this document as outlined below.

Volume Forecasting

QR Network provide volume forecasts by individual coal system, however the derivation of these forecasts is not fully transparent. Asciano believes that in order for the QCA and industry participants to better assess these forecasts further information needs to be provided on the assumptions, inputs and methodology used to derive these volume forecasts. This is of particular concern as in "FY 2012/13 Annual Review of Reference Tariffs" QR Network have substantially reduced the volume forecasts

The QR Network's volume forecasts may be correct, but further explanation of these forecasts is needed, and in particular, the factors driving the significant reductions in volume forecasts should be explained in further detail.

Diesel vs Electric Volume Forecasting

In relation to the Blackwater diesel and electric volume forecast (pages 18-19), QR Network notes that they have submitted a Draft Amending Access Undertaking (DAAU) on the issue of AT₅ pricing to the QCA. The outcome of this DAAU will be a major determinant of diesel and electric volume forecasts. Asciano believes that for 2012-13 the diesel and electric volume forecasts should be based on the current regulatory environment rather than any assumed outcome for the DAAU.

More generally the issue of diesel and electric pricing is of substantial concern to Asciano. Asciano believes that pricing of both diesel and electric track access in the Goonyella and Blackwater systems should be cost reflective with electric trains in the Blackwater system bearing the costs of electric specific infrastructure in this system. Cost reflective tariffs are needed to ensure that:

- there are no inter- fuel cross subsidies; the cost of electric infrastructure should be borne only by electric trains; and
- there are no distortions to locomotive investment decisions. Future train operator investment decisions as to whether to invest in diesel or electric locomotives

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should be made based on cost reflective tariffs rather than tariffs which contain an element of cost socialisation or subsidisation.

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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