



Queensland Competition Authority
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Queensland Rail's Reference Train Service Draft Amending Access Undertaking and Volume and Reference Train Review Event

22 October 2019

Aurizon Coal, Aurizon's above rail coal haulage transport business welcomes the opportunity to comment on Queensland Rail's (QR's):

- draft amending access undertaking (**DAAU**) submitted on 23 September 2019, seeking to amend the Reference Train Service (**RTS**) in Schedule D of the 2016 QR Access Undertaking; and
- Review Event application to increase West Moreton and Metropolitan coal Reference Tariffs (the **Reference Tariffs**) to reflect a reduction in the contracted train paths from New Hope's New Acland mine and the proposed changes to the RTS.

As a rail operator, Aurizon Coal actively pursues opportunities to improve service efficiency and supply chain throughput and openly collaborates with QR to assess and implement productivity improvement initiatives. Given supply chain efficiency gains benefit all stakeholders in the supply chain, there is an underlying expectation that these opportunities are incentivised and should not result in higher access charges. Aurizon and QR have recently worked together to trial an increase in the number of wagons per consist.

The DAAU effectively amends the characteristics of the RTS to align with this trial and supports a new maximum relative train length of 688 metres, with two locomotives and 42 wagons. Aurizon is supportive of this amendment and the operation of such a consist configuration has been proven as part of the trial. As noted in QR's submission the 42-wagon consist is proposed to increase above rail productivity (additional throughput per consist) without reducing system contracted paths.

Unfortunately, while this change is being introduced there has been a change to the volume forecast that underpin the Reference Tariffs. The productivity improvements created by the 42-wagon consist will only slightly offset the increase in Reference Tariffs resulting from the reduction in contracted train paths.

The Review Event application considers the impact on the Reference Tariffs arising from the changes to the RTS and a reduction in forecasted volumes for the 1 July 2019 to 30 June 2020 period. These two Review Event triggers will have differing impacts on the Reference Tariffs however QR has combined the impact of both events in its application.

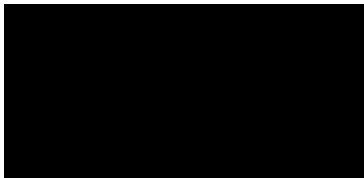
Aurizon requests greater transparency on how the RTS amendment is impacting the proposed changes to the Reference Tariffs.

Aurizon also supports greater transparency around the impact on the Reference Tariffs from the reduction in contracted train paths. Aurizon Coal has significant capital and resources invested in the West Moreton system. Any increase in the Reference Tariffs has the potential to impact the long-term sustainability of coal haulage services in the West Moreton system.

In its submission, QR states it does not expect any short term drop off in coal tonnes moved on the West Moreton system during the next undertaking period, to result in a long-term system reduction. Much depends on the approval of New Acland Stage 3 project. In the medium term, QR expects the system to at least operate up to 9.7mtpa, based on recent demand for ad hoc and contracted paths. Given this forecast, Aurizon would support QR developing an alternative approach to managing the reduction in contracted tonnage in FY20. The impact of the volume reduction could, for example, be smoothed out over future years.

Should you have any questions in relation to this submission please call me on 0439 921 562 or email at Marie.Murphy@aurizon.com.au.

Kind regards



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