



24 November 2022

Queensland Competition Authority (QCA)
Level 27, 145 Ann Street
Brisbane, Queensland, 4000

To whom it may concern,

RE: Aurizon Network (AN) Minerva Draft Amending Access Undertaking (DAAU).

The Central Highlands Development Corporation's (CHDC) role as the lead economic development agency is to advocate for the sustainable growth of the Central Highlands; proactively market and promote the area as a 'region of choice' to those looking to visit, live, work and invest; and to stimulate business and infrastructure growth.

We are concerned that the Aurizon Network (AN) Minerva Draft Amending Access Undertaking (DAAU) will dramatically impact on the regions current industry operations and future opportunity to further develop the region as an important freight and logistics centre.

Considerations:

How does this proposed undertaking from Aurizon National promote the priorities of the Queensland Government's Infrastructure Strategy and Energy and Jobs Plan?

Additionally, support the Central Highlands Economic Master Plan, inclusive of building value adding opportunities to our existing industry and growing new sectors.

Realising the impetus to transition logistics and freight from road to rail to benefit the continued load on road networks and climate impacts is a real aspect to the net zero transition required to meet both State and National targets.

The proposed implications to Non-Coal Users listed below appear to be rushed with the engagement only commencing in May 2022, with ongoing discussions between the Department of Transport and Main Roads (TMR) and affected non-coal Access Holders.

Minerva Draft Amending Access Undertaking: Explanatory Notes state:

7.0 Implications for Non-Coal Users

Following the cessation of coal carrying train services west of Burngrove in FY22, all ongoing maintenance and asset renewal costs for the Burngrove to Nogoia corridor are considered incremental costs attributable to non-coal train services. Incremental costs are defined in UT5 as:

Those costs of providing Access, including capital (renewal and expansion) costs, that would not be incurred (including the cost of bringing expenditure forward in time) if the particular Train Service or combination of Train Services (as appropriate) did not operate, where those costs are assessed as the Efficient Costs and based on the assets reasonably required for the provision of Access.

The ongoing maintenance and sustaining capex would be avoidable if not for the ongoing use of that infrastructure by the relevant combination of non-coal Train Services. The current Access Charges for non-coal services have not needed to include sustaining capex due to the original Minerva project investments and subsequent access conditions.^{3F 4} As these Access Charges would not be sufficient to meet the ongoing costs of maintaining and operating non-coal services on this corridor, Aurizon Network commenced a review process with affected non-coal Access Holders in May 2022.

Aurizon Network notified the affected non-coal Access Holders of its obligation to sufficiently increase Access Charges for non-coal services operating west of Burngrove from 1 January 2023 to ensure ongoing compliance with



the price floor limits. In accordance with clause 6.6.2(a)(i) of UT5, Aurizon Network must set Access Charges for the train services that use this RTI at “no less than the level that will recover the expected Incremental Cost of providing Access for that Train Service or that combination of Train Services (as applicable)”.

Prior to consultation, Aurizon Network revised the corridor asset management strategy and optimised the maintenance and asset renewals scope to align to the material change in use. Aurizon Network also engaged the Department of Transport and Main Roads (TMR) to understand potential options to reduce impact to non-coal Access Holders and support non-coal service levels.

Consultation between TMR and affected non-coal Access Holders regarding potential Transport Services Contract revenue support is ongoing.

We request the QCA bring the affected parties together to further consider the implications of Aurizon’s proposition to create a sustainable yet competitive approach to rail infrastructure beyond coal use.

Yours sincerely,

Peter Dowling
Chief Executive Officer