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9 November 2012

Mr Matthew Schroder
General Manager
Fuel, Transport & Prices Oversight Branch
GPO Box 520
Melbourne Vic 3001

Dear Mr Schroder,

QR National welcomes the opportunity to respond to the Australian Competition and Consumer Commission's (ACCC) Consultation Paper on the Australian Rail Track Corporation's (ARTC) proposed variation of the Interstate Rail Network Access Undertaking (IAU) to include Southern Sydney Freight Line (SSFL) Indicative Access Charges (IAC).

QR National is the largest rail freight haulage operator in Australia by tonnes hauled, operating in key freight sectors and supply chains across the country. QR National's intermodal rail volumes have steadily grown over the past few years and QR National is committed to working collectively with network providers and other rail operators to increase the rail industry's share of the land transport market.

QR National's interest in the SSFL is as a potential user for intermodal traffic on the Brisbane to Melbourne and Sydney to Melbourne corridors. Without access to the underlying assumptions, this submission does not provide analytical analysis but rather identifies issues to be considered by the ACCC in reviewing the modeling provided by ARTC to support the IAC.

Indicative Access Charge

QR National supports the setting of the SSFL IAC below the Ceiling Limit. Given the competitive constraints on the SSFL, QR National considers that the recovery of ARTC's economic costs in the network must necessarily be achieved through volume growth, and hence, below-ceiling pricing is appropriate. However, QR National is concerned that pricing the SSFL above the existing RailCorp access charges is contrary to a position of supporting volume growth on the interstate freight network and incentivises the continued use of the RailCorp's shared passenger - freight line running parallel to the SSFL.

ARTC has argued that the increase in the IAC will not impact on the competitiveness of the SSFL as against other forms of freight transport, including the RailCorp corridor, as the increased cost is justified by a number of benefits. The benefits identified by ARTC, including reductions in transit times, improved reliability and more flexibility in timetabling, are all a direct result of the SSFL not being subject to the curfew during peak passenger transit times that covers the RailCorp line.

However, QR National will not obtain the benefit of these advantages as, to access the SSFL from its intermodal terminal at Yennora, QR National trains will need to transit the RailCorp network and will therefore still be exposed to curfews for the Sydney to Melbourne traffic and for traffic travelling through the metropolitan rail network in northern Sydney.

Given the above, QR National is of the view that the additional capacity provided by the SSFL will sustain the ability of ARTC to achieve its revenue targets through volume growth, without charging a premium for the SSFL. Further, given that the benefits of the SSFL will not be available to all users of the network, QR National does not consider the additional capacity benefits as being an offset to the access premium over RailCorp.



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Implementation date

Given ARTC's expected completion date of the SSFL is the end of February 2013 and that the access charge will be based on a market price rather than the Ceiling Limit, QR National does not object to the implementation date of 1 March 2013.

Excess Occupancy Charge

QR National is supportive of not including an excess network occupancy charge as a component of the IAC.

Drafting Amendments

QR National does not object to the proposed drafting amendments to the IAU, other than the proposed IAC for the SSFL.

For further information or clarification please contact Rachel Martin on (07) 3019 5476 or via e-mail, rachel.martin@qrnational.com.au.

Yours Sincerely,



PER. Mr Hans Anneveldt
Vice President
Intermodal Business