



**Supplementary Submission to the Freight Rail Operations
Group's Response to the**

**ACCC Draft Decision
on ARTC Access Undertaking - Interstate Network
29 April 2008**

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Thank you for the opportunity to respond to the ACCC's Draft Decision on the ARTC Interstate Access Undertaking. QR has been involved in the ACCC consultation process to date and recognises that many of the issues raised have already been considered in detail by the ACCC.

QR has also been involved in the development of the Freight Rail Operations Group submission to the ACCC and supports the recommendations put forward by the group, however there are a small number of issues of particular interest to us that we would like to raise separately.

QR's focus in the ARTC undertaking process has always been to ensure a level playing field exists for all rail operators across the interstate network. Strategically, the undertaking must be an enabling document to encourage competition and allow all rail operators the opportunity to grow scale and size in the national market.

The material issue for QR is in obtaining equal access to longer paths on the network, however existing capacity constraints do not allow new operators to purchase longer paths. It is therefore important that ARTC's capacity and pricing framework does not deliver a capacity and pricing imbalance amongst operators by favouring one configuration of pathing over another. For example, the current pricing regime with its fixed flag-fall component favours operators of longer trains over newer entrants who can only access shorter train paths, by charging the longer train operator a lower per-tonne access rate.

QR supports the move by the ACCC to require ARTC to build a transparent consultation process around its future capital expenditure program. Capital investment in infrastructure is fundamental to creating a more competitive national rail industry and will provide greater scope for efficiencies in service delivery for rail operators. QR recommends that the ACCC consider a formalised consultative process be included in the Undertaking, with the central involvement of all rail operators being crucial to the identification of ARTC's future strategic investment decisions.

It is noted that a key recommendation of the ACCC is that the ARTC will undertake a mid term review process. QR recommends that the ACCC consider the form that process will take and whether a consultation process needs to be endorsed by the

ACCC prior to the commencement of the process. The current open-ended obligation to review leaves the process at ARTC's discretion.

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