

17 February 2015

Queensland Competition Authority
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Aurizon Network's 2014 DAU Short term transfer mechanism

The Queensland Resources Council (QRC) appreciates the opportunity to provide feedback on Aurizon Network's Short Term Transfer mechanism, which is proposed to be incorporated into the final version of UT4.

The QRC generally supports the proposed mechanism as a useful first step in providing for efficient short term transfers of capacity. We support Aurizon Network's suggestion that further improvements be considered after the initial proposed mechanism has been tested.

Our concerns with the mechanism as currently proposed are set out below:

- **“accompanying consents”** (Clause 7.5.2 (numbered as item (b) in Aurizon's document but should be item (u) – see page 22 of the Aurizon submission)). The requirement that the Short Term Transferee Operator confirm that it has sufficient capacity to rail 100% of the short term access rights and all other access rights for train services which it operates (item A) is onerous and impractical. Operators would rarely be in a position to provide such a confirmation. Similarly, the requirement that the operator agree with the transferee that, if requested, it will operate train services utilising 100% of the short term access rights, is impractical. Such a statement exceeds the level of commitment which would exist under many haulage agreements, and it creates a barrier to transfers which would not exist where the operator is the transferee (despite that, in this case, the operator may also be unable to operate 100% of services). It is not clear to us what potential problem Aurizon is seeking to prevent with this drafting, but we suggest that an alternative solution is required. To the extent that Aurizon is not wanting to process transfers which have little prospect of being utilised (due to above rail constraints), we consider that there may be better solutions, noting that the proposed 7.5.3(c) provides a partial solution in cases where there is a history of past transfers not being fully utilised.

- **Timeframe for notices** – We consider that the requirement that notices be given “not more than 7 business days prior to the close of train orders” is unhelpful. Many potential short term transfers will not be feasible if the transfer cannot be applied for and confirmed well ahead of the transfer date. For example, the transferee mine may need to alter production and sales plans in order to make use of the additional capacity. An ability to apply for a transfer at an earlier date will promote utilisation of the system, and also provide useful information for all participants in the supply chain for planning purposes (in contrast to the situation where transfers are only known shortly ahead of the relevant railings).

Thank-you for your consideration of our comments.

Yours sincerely

Michael Roche
Chief Executive