



19 June 2013

**Mr Paul Bilyk**

Director, Rail and Ports  
Queensland Competition Authority  
GPO Box 2257  
Brisbane Qld 4001

By Email: To: rail@qca.org.au

Dear Mr Bilyk,

**Draft Amending Access Undertaking – Goonyella to Abbot Point Reference Tariff**

I refer to the QCA's invitation to provide submissions regarding Aurizon Network Pty Ltd's (**Aurizon**) June 2013 GAPE Draft Amending Access Undertaking (**DAAU**) dated 5 June 2012. Vale Australia Pty Ltd (**Vale**) appreciates the opportunity to provide this submission as part of the consultation process.

Capitalised terms in this letter have the meaning given in the 2010 Access Undertaking (**Undertaking**) unless otherwise defined.

***Background***

Vale notes this is the third consultation process that is being conducted on this issue after an initial submission was made on 5 September 2012 and then a further revision of that submission on 24 April 2013, which was later withdrawn on 5 June 2013. In this latest DAAU Aurizon has removed many of the amendments that were proposed in the original submission on the basis that they believe they would be better addressed as part of the 2013 Draft Access Undertaking (**UT4**) process. Vale provided a submission, dated 26 October 2012, to the QCA as part of the original consultation process and believes this submission is still relevant to the current DAAU being proposed. Vale would also like to provide further details below on the current DAAU.

**Goonyella to Abbot Point System Definition**

One of the main issues that Vale highlighted in its original submission related to the utilisation of the Goonyella capacity by GAPE users. Traditionally Expansions of the rail network have occurred within one of the existing four rail systems which not only provide benefits to the expanding users but generally provide some residual benefit to existing users. The GAPE expansion is unique from these previous Expansions because it is the first time that an Expansion has been constructed on a rail system that does not involve railing in the same direction as the existing flow of traffic or proposes to create a new system rather than use a Cross System Tariff approach to determining the tariff.

Under the current definition the Goonyella to Abbot Point System means the Northern Missing Link and that part of any other Individual Coal System which is used by a train to connect to the Northern Missing Link. Vale believes this definition raises significant concerns in relation to the method of allocation of costs and capacity that should be used for the Goonyella to Abbot Point System. The current drafting of this definition includes components of the existing Goonyella System within the Goonyella to Abbot Point System. As discussed, the benefits for Goonyella

users may be limited as very few Expansions have been completed in the Goonyella System to allow approximately 24Mtpa to be contracted for trains used to connect to the Northern Missing Link. Vale believes benefits, if any, are further reduced as the driving principle for any upgrades on Goonyella are to accommodate traffic flow in the opposite direction to the existing flow. Vale believes this definition does not provide clarity on the following issues;

- Cost reflective tariffs. Vale believes this definition neither provides appropriate allocation of the cost of the existing infrastructure now or for any future Expansions of the Goonyella to Abbot Point System. Vale believes this is relevant given that Aurizon has proposed a new System and has specifically excluded this traffic from Cross System Train Services.
- Capacity Allocation. Vale believes that existing users of the Goonyella System will be affected given the limited Expansions constructed on the Goonyella System and the use of smaller trains than the Goonyella Reference Train on the Goonyella System. Vale believes this issue needs to be addressed in the development of the Northern Bowen Basin System Rules.

### **Document Control**

Vale also has a concern regarding the document control being established by Aurizon in these regulatory processes. Vale has relied on the documents that have been provided by Aurizon to the QCA and has generally considered the marked up versions of the Undertaking to be correct. Vale notes in this instance that the original submission included the definition of the Northern Missing Link as an amendment to the Undertaking, however, in the latest mark up of the Undertaking, provided by Aurizon, the definition of the Northern Missing Link is not being shown as an amendment. Vale believes that document control is a vital part of this process to ensure stakeholders are provided with the correct information when assessing a proposed DAAU.

For further information regarding this advice please don't hesitate to contact me on [REDACTED]

Yours sincerely,

[REDACTED]  
Bob Skuza  
General Manager Logistics  
Vale Australia Pty Ltd