

QRN Reference:  
David Collins  
Tel: 07 3046 9353  
Email: [david.collins@qrnational.com.au](mailto:david.collins@qrnational.com.au)

1 June 2012

Mr John Hall  
Chief Executive Officer  
Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001

Dear John,

I refer to QR Network's 2012-13 Annual Review of Reference Tariffs submission of 28 March 2012 (**Reference Tariffs submission**) and QR Network's letter of 15 May 2012 updating you on the dispute between QR Network and Pacific National concerning the differential application of capping of take or pay arrangements between standard access agreements applying under QR Network's 2006 and 2010 access undertakings applicable to the calculation of take or pay amounts payable for the 2010-11 year (**capping dispute**).

The Reference Tariffs submission contained a summary of the status of the disputes in relation to take or pay obligations between QR Network and Pacific National at that time. In particular, the submission (at page 2) suggested that:

- QR Network had accepted Pacific National's position in respect of the capping dispute;
- QR Network had rejected Pacific National's position in respect of the remainder of the disputes; and
- the disputes had proceeded to expert determination and a formal decision was expected during April 2012.

That summary was incorrect and included in the Reference Tariffs submission in error.

In particular, as you are aware from QR Network's letter of 15 May 2012, QR Network does not accept Pacific National's position in respect of the capping issue, and neither dispute has yet proceeded to expert determination.

I confirm however that the proposed System Allowable Revenues and Reference Tariffs in the Reference Tariffs submission have been calculated consistently with QR Network's 2010-11 Revenue Cap submission of September 2011 (**Revenue Cap submission**). In other words, the System Allowable Revenues and Reference Tariffs have been calculated on the basis that QR Network's position will be accepted in the resolution of the capping dispute (i.e. QR Network's invoices issued to Pacific National correctly identify the take or pay amount owing by Pacific National).

I apologise for the above inaccuracies included in the Reference Tariffs submission.

In accordance with my letter of 15 May 2012, given that resolution of the capping dispute is unlikely to be finalised within the timeframes necessary to allow the findings to inform the QCA's approval of:

- the Revenue Cap submission; and
- the Reference Tariffs submission,

QR Network requests that the QCA proceed to finalise its decision on the above submissions by 4 July 2012.

Regards,



David Collins  
Senior Vice President  
Finance and Regulation  
QR Network Pty Ltd