

Our Ref: MCR-19-730

Mr Charles Millstead
Chief Executive Officer
Queensland Competition Authority
Level 27
145 Ann Street
Brisbane Qld 4000

Dear Mr Millstead

2019-20 QCA LEVY SUBMISSION

I refer to the Queensland Competition Authority's (QCA) letters dated 17 June 2019 and 13 September 2019 advising the QCA's Regulatory Fees for Queensland Rail in 2019-20, and the amount under-recovered in 2018-19.

In accordance with Clause 3.7 of the *Queensland Rail Access Undertaking 1 (AU1)*, Queensland Rail is seeking the QCA's approval to recover **\$2,243,730** (excluding GST) in 2019-20 from the following proposed 2019-20 QCA Levy (by Train Service type):

- | | |
|---|-----------|
| • West Moreton System Coal (\$/net tonne): | \$0.25541 |
| • Freight & Minerals - Mount Isa (\$/'000 gtk): | \$0.09843 |
| • Freight & Minerals - North Coast & West Moreton non-coal (\$/'000 gtk): | \$0.05465 |
| • Passenger (\$/track km): | \$0.02028 |

The total recovery amount is to be divided as follows:

- | | |
|--|-------------|
| • 2019-20 QCA Regulatory Fee: | \$2,129,000 |
| • True-up of 2018-19 QCA Regulatory Fee: | \$ 98,142 |
| • Under-Recovery of 2018-19 QCA Levy: | \$ 16,588 |

A detailed breakdown of the proposed 2019-20 QCA Levy and allocation methodology is provided in the attachments.

For the 2019-20 QCA levy, Queensland Rail is proposing no change to the weightings approved by the QCA in the 2018-19 QCA levy. This approach will preserve the 'beneficiary pays' principle and apply a higher weighting of the recovery of the QCA Regulatory Fee to coal train services on the West Moreton System.

Queensland Rail considers that the higher weighting remains the best approach to avoid non-coal traffics cross-subsidising coal traffic for the recovery of QCA's Regulatory Fees, which will likely be largely attributable to the QCA's consideration of reference tariff and reporting matters (relating to the movement of coal on the West Moreton system) under AU1, as well as under Queensland Rail's Draft Access Undertaking 2 (DAU2).

If your officers have any questions in relation to this matter, they can contact Mr Matthew Byrnes, Senior Regulatory Economist, via telephone on (07) 3072 0578 or via email at matthew.byrnes@qr.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Easy', written in a cursive style.

Nick Easy
Chief Executive Officer

5 November 2019

VOLUME FORECASTS*

Traffic Type	Net Tonnes	000 Gtks	Tkm
West Moreton System Coal	5,190,140		
Freight & Minerals - Mount Isa		5,571,985	
Freight & Minerals - NCL & West Moreton		6,169,507	
Passenger			1,604,317

* Gtk and tkm forecasts only include the following areas:

System	Geographical Area	Areas
North Coast Line	Nambour to Cairns (excl. Callemondah to Rocklands)	5,7,8
Mt Isa Line	Stuart to Mt Isa - Flynn to Phosphate Hill	9
West Moreton System	Rosewood to Toowoomba - Toowoomba to Miles	2,3

QCA FEES

Total Fees (excluding GST) **\$ 2,129,000**

QCA Fee Allocator	Percentage	QCA Fee Base Amount	Amount
West Moreton System Coal	64.4%	West Moreton System Coal	\$ 1,371,506
Freight & Minerals - Mount Isa	19.7%	Freight & Minerals - Mount Isa	\$ 419,435
Freight & Minerals - NCL & West Moreton	14.5%	Freight & Minerals - NCL & West Moreton	\$ 309,610
Passenger	1.3%	Passenger	\$ 28,449
Total	100.0%	Total	\$ 2,129,000
2018-19 Adjustments		With Adjustments	
West Moreton System Coal	-\$ 45,895	West Moreton System Coal	\$ 1,325,611
Freight & Minerals - Mount Isa	\$ 128,994	Freight & Minerals - Mount Isa	\$ 548,429
Freight & Minerals - NCL & West Moreton	\$ 27,539	Freight & Minerals - NCL & West Moreton	\$ 337,149
Passenger	\$ 4,092	Passenger	\$ 32,541
Total	\$ 114,730	Total	\$ 2,243,730
Denominator			
West Moreton System Coal	5,190,140		
Freight & Minerals - Mount Isa	5,571,985		
Freight & Minerals - NCL & West Moreton	6,169,507		
Passenger	1,604,317		
Standard Levies			
West Moreton System Coal	\$ 0.26425	per net tonne	
Freight & Minerals - Mount Isa	\$ 0.07528	per 000 gtks	
Freight & Minerals - NCL & West Moreton	\$ 0.05018	per 000 gtks	
Passenger	\$ 0.01773	per tkm	
Final Levies (with 2018-19 Adjustments)			
West Moreton System Coal	\$ 0.25541	per net tonne	
Freight & Minerals - Mount Isa	\$ 0.09843	per 000 gtks	
Freight & Minerals - NCL & West Moreton	\$ 0.05465	per 000 gtks	
Passenger	\$ 0.02028	per tkm	

ALLOCATION METHODOLOGY 2019–20

	000 Gtks*		Weighting	=	Weighted 000 Gtks	Percentage
West Moreton System Coal	1,952,117	X	14.0	=	27,329,635	64.4%
Freight & Minerals - Mount Isa	5,571,985	X	1.5	=	8,357,978	19.7%
Freight & Minerals - NCL & West Moreton	6,169,507	X	1.0	=	6,169,507	14.5%
Passenger	566,898	X	1.0	=	566,898	1.3%
Total					42,424,019	

* Coal net tonnes and Passenger tkms have been restated in 000 gtks.