

February 2024

Pacific National Submission to the QCA in Response to Queensland Rail's 2025 Draft Access Undertaking

This is a public submission

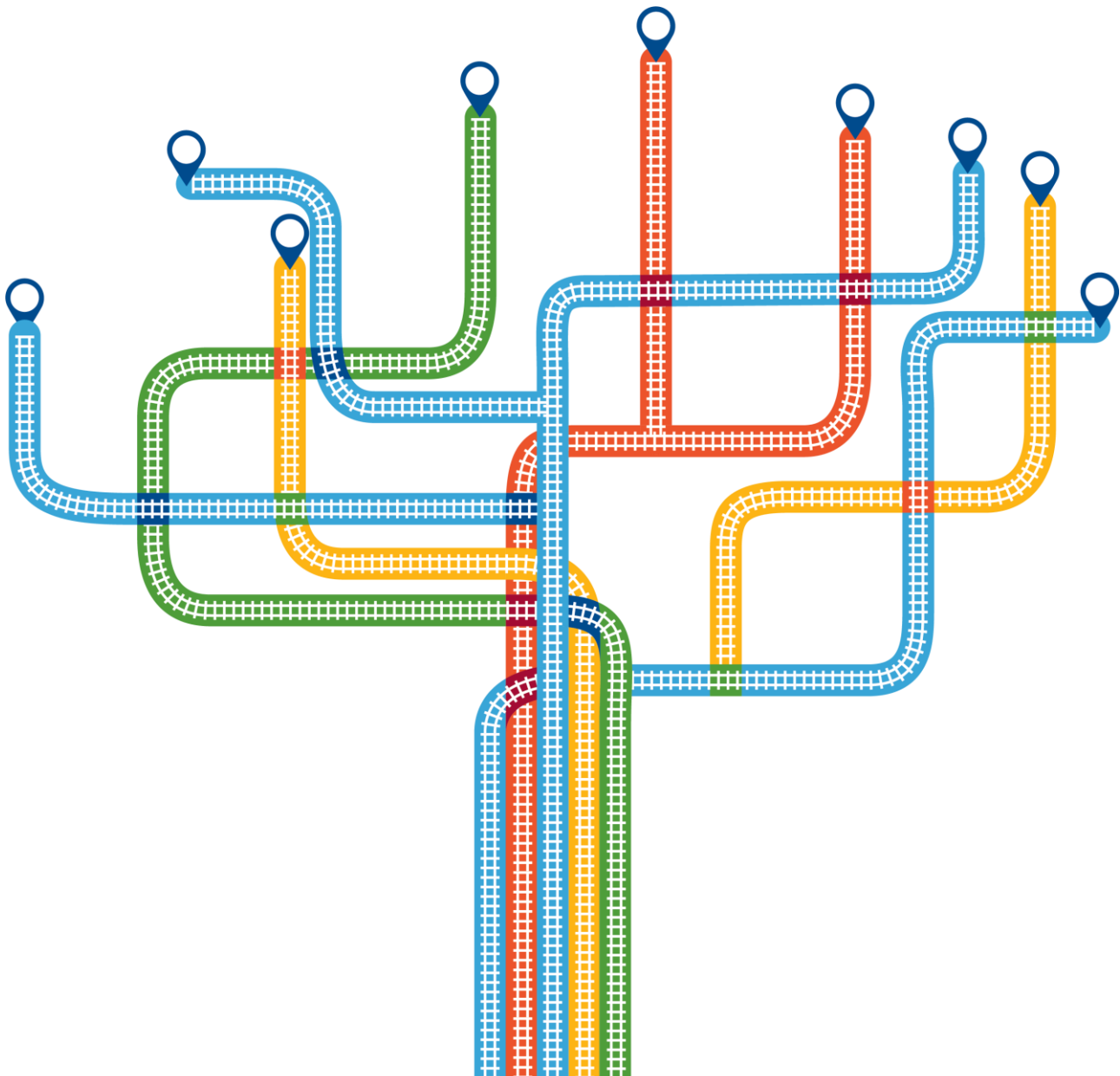


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1 Executive Summary

Pacific National welcomes the opportunity to make a submission to the Queensland Competition Authority (QCA) on Queensland Rail's 2025 draft access undertaking (2025 DAU). Most comments contained in this submission relate to Pacific National's operations on the North Coast Line.

It has never been more critical to scrutinise policy and regulatory settings for rail freight, to ensure the Queensland Rail network is efficient, fit for purpose, and competitive with road transport. The growing importance of these issues, along with the need for network resilience, must be reflected in the 2025 DAU. This will be critical to encouraging modal shift from road to rail to support the Queensland Government's target of 30% emissions reduction below 2005 levels by 2030, and zero net emissions by 2050. It is also critical to meeting the Queensland Government's commitment to keep Queenslanders safe and save lives by reducing the number of trucks on our roads.¹ When rail freight is utilised instead of road transport, the Queensland Government and Queensland communities benefit from reduced carbon emissions, less road maintenance / upgrade expenditure, and reduced health and hospital costs.²

Pacific National is concerned the 2025 DAU does not adequately foster more freight on rail, nor does it support responsive end-customer service or future-proof rail for the next five years of the undertaking. The 2025 DAU is locking in a system of complacency, rather than embracing the continual improvement and commitment needed to address the rapid rate of technological and environmental change, and critical issues of resilience and efficiency.

Continuous improvement and network provision of accurate, real-time data should be built into the 2025 DAU, along with execution timeframes that include an obligation for improved Queensland Rail responsiveness to rail operator requests. As it stands, under the 2025 DAU the standard of reporting and data provision to rail operators will go backward and become less transparent and relevant. There is a disappointing theme of information asymmetry and reduced transparency for rail operators, with Queensland Rail proposing to:

- remove reporting on Ad Hoc Planned Possessions; and
- seeking to remove the requirement to report on the number of times a Network Control Officer deviates from a Daily Train Plan.

This will not only disadvantage rail operators, but it is also at odds with other networks. For example, we understand that Aurizon Network is seeking to improve its Network Controller detailed reporting in an effort to improve transparency.

¹ Queensland Government, June 2018, Our Future State - Advancing Queensland's Priorities P12
<https://cabinet.qld.gov.au/documents/2018/Mar/OFSAQP/Attachments/Priorities.PDF>

² Traffic pollution from trucks and vehicles causes more than 11,000 premature deaths in Australia each year.
<https://www.abc.net.au/news/2023-02-24/air-pollution-modelling-university-of-melbourne-traffic/102015778>

As a Queensland Statutory Authority, Queensland Rail should be committed to the delivery of Government objectives and be held to account on providing an efficient network and timely, responsive operations that support Queensland Government goals. The undertaking framework should therefore incentivise longer term planning on the North Coast Line.

The North Coast Line remains in a poor condition,³ with short passing loops along the length of the North Coast Line and trains in most cases limited to half the length of freight trains operating in other states. This increases the time, complexity and costs for rail operators and end customers.

Queensland Rail needs an action plan, developed in consultation with stakeholders, that takes a long-term view on investment, demand, capacity and resilience to:

- address deficiencies;
- improve the reliability and resiliency of the North Coast Line;
- increase rail capacity; and
- improve the overall efficiency of rail operations.

Pacific National suggests the 2025 DAU include a commitment to consult on investment plans with Access Holders and rail operators. This would support the future running of longer, more efficient trains to ensure sustainable rail freight transportation in Queensland.

Pricing of the North Coast Line should prioritise growth of rail freight to improve the modal share, and Queensland Rail access charges should reflect the positive economic externalities rail provides compared to road freight and the reduced costs to government and communities in terms of accidents, congestion, and emissions. Access charges also need to reflect the condition of the Queensland Rail network and performance levels required to operate an effective rail freight market and compete with road. Road freight competitors operate on well-maintained government-funded roads, while making little contribution to road upkeep other than registration and modest heavy vehicle road user charges.

In addition to the broad matters outlined above, more emphasis within the 2025 DAU needs to be given to address issues of transparency, efficient performance, and harmonisation with other rail freight networks.

Pacific National suggests the 2025 DAU include a requirement for Queensland Rail to increase transparency and provide modelling on future passenger service growth and the likely impacts for rail freight. The 2025 DAU should also incentivise greater collaboration between Queensland Rail and other networks on possessions and closures, and include a priority matrix that sets out consistent and objective rules for passenger and freight services.

³ This is detailed in DTMR's North Coast Line Capacity Improvement Study – Final Report, February 2015

Pacific National has concerns relating to the content of specific clauses and the drafting of the 2025 DAU, including the Standard Access Agreement which is attached to the 2025 DAU. Our concerns and suggested amendments include:

- Improved dispute and complaint resolution processes to shorten the dispute negotiation period and include greater use of mediation / conciliation.
- Improved Queensland Rail response times to rail operators and truncated timeframes for Master Train Plan changes.
- Preventing the erosion of Access Holders' rights by retaining Network Management Principles clause 2.4 Disputes Possession. This clause prevents a Possession (other than an Emergency or Urgent Possession) if a third party makes a bona fide dispute.
- Alternative wording to clause 22.1 to address assignment by Queensland Rail, so that rail operators are less likely to be left exposed.
- Improved processes to accommodate longer trains.
- The need to improve Ad Hoc Train Service request timeframes to achieve greater certainty and efficiency for rail operators.
- Updates to insurance and claims clauses in the Standard Access Agreement to improve relevance and alignment with other networks.

The recommendations Pacific National is making will increase the efficient use and investment in the network, and drive competition with road to lower freight costs and improve productivity. This is in line with Part 5 of the *Queensland Competition Authority Act 1997* (Qld) (QCA Act) under which the 2025 DAU is submitted, with Part 5 stating:

The object of this part is to promote the economically efficient operation of, use of and investment in, significant infrastructure by which services are provided, with the effect of promoting effective competition in upstream and downstream markets.

If you would like to discuss any of the content in this submission, please contact Pacific National's Regulation Access and Policy Manager, Susan Furze at susan_furze@pacificnational.com.au.

This submission is public.

All capitalised words used but not defined in this submission shall have the same meanings ascribed to them in the 2025 DAU and Standard Access Agreement as applicable.

2 Background and Context

Pacific National welcomes the opportunity to respond to the QCA in relation to Queensland Rail's 2025 DAU and looks forward to working with both the QCA and Queensland Rail to develop an undertaking that supports rail freight growth and the efficient and safe operation of the Queensland Rail network.

Pacific National has a long history of providing freight transport solutions in Queensland and we are a major user of Queensland Rail's intermodal freight network. Specifically, Pacific National holds access

and operates trains on Queensland Rail's North Coast Line. Pacific National's operations on this line include:

- Holding access and operating intermodal trains and miscellaneous trains on the North Coast Line
- Operating bulk trains on the North Coast Line.

Given these operations, Pacific National's focus is on the 2025 DAU as it applies to the North Coast Line. Pacific National does not operate on the West Moreton System and is not intending to comment on issues or pricing that solely apply to that system.

This Pacific National submission will focus on:

- Pacific National's general position on the 2025 DAU (section 3 of this submission)
- Pacific National's detailed comments on the 2025 DAU (section 4 of this submission)
- Pacific National comments on the proposed Standard Access Agreement (section 5 of this submission).

The submission comments on proposed changes to the 2025 DAU and the proposed Standard Access Agreement, and outlines opportunities to promote the efficient use of the network.

This submission does not contain any confidential information and is a public submission.

3 Pacific National General Comments on the 2025 DAU

Pacific National has concerns with the 2025 DAU as proposed by Queensland Rail. The 2025 DAU does not address systemic issues impeding higher rail freight volumes and the efficiency of rail freight on the Network. These issues include:

- the lack of responsiveness of Queensland Rail;
- the lack of long-term planning; and
- outdated bureaucratic processes.

This is despite *Queensland Rail's Strategic Plan 2024-2028* outlining its goals to:

- increase freight volumes;
- run the network efficiently;
- simplify governance and business processes;
- protect the environment; and
- have an outcomes-driven planning framework that achieves performance targets.⁴

⁴ Queensland Rail Strategic Plan FY24-28

Disappointingly, the objectives apparent in Queensland Rail's Strategic Plan were not reflected in the drafting of the 2025 DAU.

The general approach taken to the 2025 DAU is at odds with Queensland Rail's stated aspiration to grow freight volumes and run the network efficiently. Queensland Rail has made changes to the 2025 DAU on an exception basis and explained that they did this because the current undertaking (2020 AU2) appears to generally be working well.

Pacific National does not agree with this approach and believes achieving a step change in rail freight mode share requires striving for best practice and a philosophy of continual improvement. Complacency will not drive an increase in rail freight mode share. Instead, the undertaking framework, underpinned by stakeholder consultation, must be developed and evolved to drive improved network efficiencies.

3.1 Incentivising Efficient Performance

The 2025 DAU should have a greater focus on the efficient performance of the Queensland Rail network. Ideally this would include obligations for improved Queensland Rail response times to rail operators, that in turn would allow rail operators to improve service and responsiveness for their end customers.

As documented in section 4.4.1, Pacific National suggests truncating timeframes for Master Train Plan (MTP) changes. Currently the process takes three to four months to publish a revised MTP schedule, which limits rail operator agility and stymies efforts to move more freight from road onto rail. Rail operator customers are seeking speedy solutions, so waiting four months (which becomes six to seven months when the application time is factored in), does not provide customers with the flexibility or responsiveness they need. An example of the impact on end freight customers is provided below.

Example 1: Freight Customer Impact

An example of the lengthy and inefficient planning processes enabled in the current 2020 AU2 is outlined below, along with the resulting impact on Pacific National's customer⁵:

- In early July 2023 Pacific National began requesting for an overlength train to run from Gladstone north to Townsville. This was a genuine opportunity for modal shift from sea freight to rail.
- The customer was interested in starting this service immediately, i.e. from July 2023.
- After a month of review Queensland Rail provided an acceptable schedule to run the overlength trains.

<https://www.queenslandrail.com.au/about%20us/Documents/Queensland%20Rail%20Strategic%20Plan%20FY2024-28.pdf>

⁵ PN would be willing to identify the customer in question to QCA and/or QR if requested.

- Pacific National formally began the access application to vary our services in August 2023. There were subsequently further months of delays to allow for Queensland Rail to review and consult the application internally, after which Pacific National was provided with a date for the new service to commence, being 12th February 2024.
- The entire process took seven months - far too lengthy a wait time for end customers. In this case Pacific National was fortunate that its customer was willing and able to accept the delay, but there is every likelihood that another customer in the same situation would not wait for a rail solution and instead would seek alternative expedited avenues through sea or road freight.

Additional changes to provide more efficiency and process certainty are discussed in section 5.1.

3.2 Long-Term Planning to Address Resilience and Reliability of the North Coast Rail Line

The North Coast Line remains in a poor condition⁶, with short passing loops along the length of the track and trains in most cases limited to 706 metres on the line - half the length of freight trains operating in other states.⁷ This increases the time, complexity and costs for rail operators and end customers.

The northern section of the North Coast Line is subject to annual flooding. This negatively impacts overall capacity and impacts service delivery and reliability, reducing the attractiveness of rail compared to road transport. In November-December 2021 the North Coast Line was significantly impacted by floods and washouts that it was not adequately equipped or prepared to handle, resulting in its extended closure. By comparison, North Coast Line's main road freight competitor, the Bruce Highway, is becoming increasingly flood resilient as a result of the \$13 billion Bruce Highway Upgrade Program.⁸

Queensland Rail needs an action plan that, in consultation with stakeholders, takes a long-term view on investment, demand, capacity, and resilience.

Queensland Rail stated in its most recent Annual and Financial Report that:

*reliability of services continued to be a focus across both our SEQ and Regional networks.*⁹

Unfortunately, we are not seeing this on the North Coast Line where the focus on long-term planning has dropped off.

⁶ This is detailed in DTMR's North Coast Line Capacity Improvement Study – Final Report, February 2015

⁷ The 950 metre trains are a limited option for north of Rockhampton only.

⁸ <https://statements.qld.gov.au/statements/94695>

⁹ Queensland Rail Annual and Financial Report FY2022-2023

<https://www.queenslandrail.com.au/about%20us/Documents/Queensland%20Rail%20Annual%20and%20Financial%20Report%202022-23.pdf>

Longer-term planning has been undertaken for the North Coast Line previously, by way of the North Coast Rail Line Capacity Improvement (NCLCI) Project. However, this was developed back in 2015 when issues such as infrastructure resilience and decarbonisation were not such a key focus.

Given the increasing impacts of extreme climate and weather events in recent years, there is a need to revisit the NCLCI Project to identify actions which improve resilience and reduce service disruptions along the corridor. The process must include genuine consultation with all stakeholders to consider the infrastructure and service initiatives required to address deficiencies and:

- improve the reliability and resilience of the track;
- increase rail capacity; and
- improve the overall efficiency of rail operations.

This would support the future running of longer, more efficient trains to ensure sustainable rail freight transportation in Queensland. It would also align with Queensland Rail's strategic objective to have an outcomes-driven planning framework.¹⁰

The 2025 DAU should include a commitment to publish an updated NCLCI plan (or similar) and an agreement to consult on investment plans with Access Holders. Queensland Rail could take a similar approach to the Australian Rail Track Corporation (ARTC), which is proposing in its 2024 Interstate Access Undertaking to improve transparency and consultation by publishing an annual Interstate Network Development Strategy.

3.3 Pricing and Encouraging Modal Shift from Road to Rail

Pacific National believes mechanisms should be incorporated into the 2025 DAU to encourage modal shift of freight from road to rail. This would seem an appropriate action for Queensland Rail (as a Queensland Statutory Authority) to take, given the Queensland Government has publicly recognised the many benefits rail freight delivers (relative to road) for the economy, environment, and community.¹¹

Although the North Coast Line is subsidised by the Queensland Government, it nonetheless must compete with road. The North Coast Line is so unreliable that there must be a strong price incentive to offset the unreliability and constant prolonged track closures, for customers to use it and not switch their freight to trucks. This would be consistent with the Queensland Government's Freight Strategy.

¹⁰ Queensland Rail Strategic Plan FY24-28
<https://www.queenslandrail.com.au/about%20us/Documents/Queensland%20Rail%20Strategic%20Plan%20FY2024-28.pdf>

¹¹ Page 9 of the Queensland Freight Strategy – Advancing Freight in Queensland, explains that rail freight is up to nine times safer than road freight, ten times more fuel efficient and generates less emissions.
<https://www.tmr.qld.gov.au/QueenslandFreightStrategy>

The North Coast Line capacity is being impacted by increased track closures, due to weather events, general unreliability of the network and also Cross River Rail construction. Pacific National observed a 44% increase in full system closures affecting our North Coast Line services in 2023 compared to 2022, and we expect a further 32% increase in 2024. This is creating an environment that disincentivises rail freight and encourages customers to shift onto road. Unfortunately, once freight moves from rail to road it generally does not return.

Pricing and Queensland Rail access charges should reflect the positive economic externalities rail provides compared to road freight and the 2025 DAU should be optimised for sustainable economic, safety and environmental outcomes:

- Improved safety
 - Increased use of rail as a mode of freight transport can save lives on Queensland roads. By reducing the number of trucks from our roads we reduce road crashes, as well as air pollution, emissions, and congestion.
 - Queensland has seen 51 road fatalities involving heavy freight vehicles in 2023, which sadly represents nearly 20% of all Queensland road fatalities.¹² Across Australia, trucks and heavy vehicles are high risk and are overrepresented in the crash statistics. Heavy vehicles represent 4% of all registered vehicles in Australia and account for almost 9% of total vehicle kilometres travelled on public roads. However, they are involved in almost 16% of all fatal crashes. These crashes are more likely to result in a death or serious injury and contribute to disproportionate harm to other road users.¹³
 - By comparison, rail is significantly safer than road transport. Over the three years ending March 2021 an average of 186 people were killed annually in crashes involving heavy trucks or buses,¹⁴ whereas an average of 13 people were killed annually (excluding suicides) on the Australian heavy rail network.¹⁵
 - Even adjusted for the higher road freight mode share, truck fatalities remain significantly higher than heavy rail and rail freight fatalities.
 - The impact of serious road accident injuries on families, communities, Queensland hospitals and rehabilitation facilities can be reduced by moving freight from road to rail.

¹² Year-to-date to 31 December 2023, extracted 2 January 2024
https://cars.tmr.qld.gov.au/Static/documents/RoadCrashReport/Weekly/WeeklyReport_Latest.pdf

¹³ Australian Government DITRDC, April 2022 Reducing Heavy Vehicle Lane Departure Crashes
<https://www.infrastructure.gov.au/sites/default/files/documents/consultation-ris-ldws.pdf>

¹⁴ Of the people killed in these fatal crashes, approximately 50 per cent are occupants in a light vehicle, 25 per cent are occupants in the heavy truck and 25 per cent are other road users (pedestrian, motorcyclist or pedal cyclist). BITRE Road trauma involving heavy vehicles Jan 2023 <https://www.bitre.gov.au/publications/ongoing/road-trauma-involving-heavy-vehicles>

¹⁵ TrackSafe Foundation, Fatalities, Injuries and Near Misses on the Australian Heavy Rail Network 2001-2022 July 2023

- Less congestion
 - Rail results in less congestion on major highways as each additional rail service removes the equivalent of 110 trucks from the road for each standard train.¹⁶
- Better environmental outcomes
 - Rail freight transport is more carbon efficient than road freight. Rail freight transport is three to four times more carbon efficient and rail also indirectly supports emissions reduction by taking trucks off the road to alleviate traffic congestion.¹⁷
 - Congested traffic has adverse environmental outcomes and research has shown that the stop-start traffic conditions associated with congestion increase fuel consumption and greenhouse gas emissions by around 30%.¹⁸

Along with reflecting the positive economic externalities rail provides, access charges also need to reflect the condition of the Queensland Rail network and performance levels required to operate an effective rail freight market and compete with road. Road freight competitors operate on well-maintained government funded roads, while making little contribution to road upkeep other than registration and modest heavy vehicle road user charges.

The current 2020 AU2 Preamble states that:

Road transport provides a viable alternative mode of transport for most non-coal commodities, as well as coastal shipping, air transport, slurry pipelines and other transport options.

Pacific National suggests this statement should be expanded to acknowledge the positive benefits rail freight provides relative to road:

While road transport provides a viable alternative mode of transport for most non-coal commodities, as well as coastal shipping, air transport, slurry pipelines and other transport options, compared to road transport, rail transport provides significant benefits. Rail reduces the economic costs associated with traffic accidents and produces better environmental outcomes.

The inclusion of positive externalities such as safety as a relevant consideration in the economic regulation of infrastructure is not new. The original access criteria included in Part IIIA of the then *Trade Practices Act 1974* (Cth) (TPA), now the *Competition and Consumer Act 2010* (Cth) (CCA),

¹⁶ Australasian Railway Association, Submission to Productivity Commission Inquiry into Australia's Maritime Logistics System, 25 February 2022

¹⁷ Pacific National estimates; Association of American Railroads, Freight Rail Facts and Figures. Retrieved September 2022, from <https://www.aar.org>: <https://www.aar.org/facts-figures>

¹⁸ Reducing congestion boosts productivity and reduces delays. Reducing congestion also benefits the environment. Driving in congested traffic increases fuel consumption and emissions. Research has shown that the stop-start traffic conditions associated with congestion increase fuel consumption and greenhouse gas emissions by around 30%. <http://energycut.com.au/business/wp-content/uploads/2015/03/The-Effects-of-Traffic-Congestion-on-Fuel-Consumption-and-Vehicle-Emissions.pdf>

included safety as a relevant criterion. That is, a relevant service could only be declared under Part IIIA of the TPA/CCA if it was safe to provide third party access to the relevant service.

3.4 Improved Systems to Enhance Reporting

The object of Part 5 of the QCA Act includes promoting the:

*economically efficient operation of, use of and investment in, significant infrastructure by which services are provided, with the effect of promoting effective competition in upstream and downstream markets.*¹⁹

This warrants a greater focus on monitoring of the Queensland Rail network. Continuous improvement and Queensland Rail provision of accurate, real-time data should be incorporated into the 2025 DAU, with mechanisms incorporated to drive data accuracy, efficiency and improved transparency.

There have been significant developments in software and data analytics since the 2020 AU2 was conceived and it is reasonable to expect improved data provision with shorter lead times as technology and analytics evolve. Disappointingly, current Queensland Rail systems do not provide for efficient analysis, nor do they effectively highlight improvement opportunities.

Queensland Rail itself recognises that information management and advanced digital capability is:

*essential to enable the vision to be a modern, world-class railway, and managing Queensland Rail information and data remains a priority as the reliance on technology continues to grow.*²⁰

Queensland Rail states that it continues to *leverage leading-edge technologies and improve the value of its business information and data* but disappointingly this is not reflected in their freight network, despite saying they continue to provide a *reliable service and accurate information to customers.*²¹

Many organisations provide information in interactive software formats so that data can be dissected multiple ways.²² Pacific National would like to see Queensland Rail provide data via a similar interactive, accessible tool. However instead, for reasons outlined in section 4.2, the 2025 DAU will see the breadth and standard of data and reporting go backward.

¹⁹ <https://www.legislation.qld.gov.au/view/pdf/inforce/current/act-1997-025>

²⁰ Queensland Rail Annual and Financial Report FY2022-2023
<https://www.queenslandrail.com.au/about%20us/Documents/Queensland%20Rail%20Annual%20and%20Financial%20Report%202022-23.pdf>

²¹ Queensland Rail Annual and Financial Report FY2022-2023
<https://www.queenslandrail.com.au/about%20us/Documents/Queensland%20Rail%20Annual%20and%20Financial%20Report%202022-23.pdf>

²² One example of an interactive data tool is PowerBI, that allows data to be cut and interrogated in multiple ways.

3.5 Managing Future Passenger Rail and Freight Rail Demand

The Queensland freight task is expected to increase more than 20 per cent over the next decade,²³ while at the same time demand for passenger rail services is forecast to almost triple by 2036, with Cross River Rail providing for much of the additional passenger capacity.²⁴

Pacific National considers that increased demand for freight services, along with more frequent scheduled passenger services and higher maintenance demands will lead to greater competition for network capacity at certain times.

Pacific National is currently being impacted due to Cross River Rail construction that resulted in sections of the North Coast Line being shut for two weeks and land bridge diversions in early 2024. Moreover, once Cross River Rail is operational and facilitating higher passenger movements, it is reasonably foreseeable that greater maintenance will be needed on the passenger network and this could see scarce labour and materials diverted away from the freight network.

Increased transparency about how Queensland Rail will make capacity decisions and how they implement passenger priority, will be required. Prioritisation considerations must recognise the significance of rail freight in a way that appropriately allows both passenger and freight train operators to use the rail network and supports the efficient movement of rail freight. It must consider the economic costs to freight operators and the impact on economic growth in Queensland. Pacific National suggests the 2025 DAU include a requirement for Queensland Rail to increase transparency and provide modelling on future passenger service growth and the likely impacts for rail freight.

It is not always evident that Queensland Rail is appropriately focussing on freight rail services. The Queensland Rail Strategic Plan has a focus on improving and transforming customer experience, but in the context it is written, there appears to be a singular focus on improvements for passenger customers, rather than also seeing freight operators as customers of the network.²⁵ Pacific National proposes that a priority matrix be established that sets out passenger and freight services at different times of the day and on weekends. This would set consistent and objective rules and give the network operator and rail operators certainty over their operations. A priority matrix is used in NSW that Queensland Rail could review and consider as a base starting point.²⁶

²³ Queensland Government, Queensland Freight Strategy - Advancing Freight in Queensland, 2019
<https://www.tmr.qld.gov.au/business-industry/transport-sectors/freight/queensland-freight-strategy-advancing-freight>

²⁴ Queensland Government: Queensland Climate Action webpage, accessed 22 December 2023
<https://www.des.qld.gov.au/climateaction/take-action/case-studies/cross-river-rail>

²⁵ Queensland Rail Strategic Plan FY24-28
<https://www.queenslandrail.com.au/about%20us/Documents/Queensland%20Rail%20Strategic%20Plan%20FY2024-28.pdf>

²⁶ A current priority matrix forms part of the Sydney Metro Operations Protocol and there is a detailed (draft) Path Priority Matrix that sets out times and priorities on weekdays and weekends that is used with TAHE/TfNSW/Sydney Trains.

Because Queensland Rail operates a network that provides both freight access and passenger train services, rail operators are significantly impacted by Queensland Rail's operating choices to prioritise passenger operations in pathing decisions (particularly in the Brisbane region), as well as their possession planning and other operational decisions.²⁷ This should be recognised by the QCA when assessing the 2025 DAU to ensure freight operations are not disadvantaged by Queensland Rail's focus on passenger services integration, particularly with Cross River Rail coming online.

As noted in section 3.3 greater rail freight mode share improves community safety outcomes and the safety benefits of rail freight should be considered when reviewing the 2025 DAU. For example, when Queensland Rail downgrades freight movement in favour of passenger rail it may be working against the Queensland Government's commitment to keep Queenslanders safe and save lives.²⁸

3.6 Harmonisation with other networks

Rail networks do not operate in isolation and in a single journey rail operators may cross multiple networks and will need to comply with the differing requirements of each network and relevant rail infrastructure managers. Network fragmentation nationally and poor harmonisation of operating rules, standards, processes and regulation between jurisdictions is causing operating constraints and inefficiencies.²⁹

PN strongly believes that a transition to harmonised safeworking, licencing and rolling stock conditions, amongst others, would aid the efficiency of rail freight and reduce operational complexity and support future opportunities for investment. This in turn will lead to improved services to freight customers.

Within the 2025 DAU Queensland Rail should be incentivised to develop harmonised and consistent processes, such as:

- interoperable systems and technologies;
- consistent safeworking and communication systems;
- consistent rail environmental regulation; and
- consultative arrangements when changes to systems, technologies, safeworking and environmental regulations are considered.

²⁷ An example of this is the tightening of freight windows through the Brisbane Suburban Area, which can change depending on which controller is on at the time. It may be that we can depart Tennyson at 0330hrs today, but tomorrow we will be told nothing can depart after 0230hrs. Currently there is nothing documented to explain that we cannot run freight between certain times, it is just variable. This is why a documented priority matrix for the QR network would be valuable.

²⁸ Queensland Government, June 2018, Our Future State - Advancing Queensland's Priorities P12
<https://cabinet.qld.gov.au/documents/2018/Mar/OFSAQP/Attachments/Priorities.PDF>

²⁹ IPART, Review of the NSW Rail Access Undertaking Final Report, May 2023
<https://www.ipart.nsw.gov.au/Home/Industries/Transport/Reviews/Rail-Access/Review-of-third-party-access-to-Rail-infrastructure-in-NSW>

Within Queensland, Queensland Rail and Aurizon Network have different rolling stock registration processes, different communications systems (with different radios, both frequency and type) and different train control systems:

- The rolling stock registration process should be aligned to allow for seamless operation across the networks.
- Standardisation of communications and the onboard radio systems is required. Unlike standard gauge networks, Queensland Rail and Aurizon Network have not adopted the National Train Communication System (NTCS).³⁰
- Train control and train management systems should be interoperable to reduce the driver interface complexities and the onboard locomotive equipment footprint. There should be an emphasis on the safe train operation across all networks to prevent a signal passed at danger (SPAD).

It is imperative that rail interoperability and harmonisation is addressed not only in Queensland, but in every jurisdiction. Developing a consistent approach across rail networks would reduce duplication of effort, remove complexity, and improve efficiency for rail operators.

PN recommends including a requirement for Queensland Rail to use best endeavours to align processes and systems with other jurisdictions. In particular, where Queensland Rail connects with the Aurizon Network both networks should consult with stakeholders, and each other, on the timing and location of planned maintenance to avoid standalone closures. This in turn will lead to improved services to freight customers. As it currently stands, Queensland rail might have a closure Saturday to Monday, and then a week later Aurizon have their closure Monday to Tuesday. This situation increases disruption and uncertainty for rail operators.

The 2025 DAU should incentivise greater collaboration between Queensland Rail and other networks on possessions and closures, including a KPI that measures aligned versus standalone closures.

4 Pacific National Specific Comments on the 2025 DAU

Several changes have been made between the 2020 AU2 and 2025 DAU. Pacific National's comments on these changes are detailed in the sections below and are further summarised in section 6 of this document.

4.1 Negotiation Process and Framework

Pacific National notes that Queensland Rail has simplified the drafting of clause 2.9.2 Mutually Exclusive Access Applications (Queuing) and has not fundamentally altered the process. Pacific

³⁰ The NTCS is based on the ICE radio used across many networks - ARTC, Sydney Trains, V-Line, ARC, UGL Linx, etc. The NTCS recognises that operators and locomotives cross many different networks and require the ability to communicate train-to-train and train-to-network in a way that is relatively seamless and uncomplicated.

National is not opposed to the updated wording. Given the spare capacity on the North Coast Line, this clause has limited relevance to Pacific National's operations.

4.2 Reporting

Regular provision of data and KPI reporting can be an effective and transparent way to monitor the condition of the network and the service provided.

Within the reporting amendments proposed by Queensland Rail there is a disappointing theme of reduced transparency for rail operators and greater information asymmetry, as Queensland Rail seeks to reduce the breadth, quality, and timeliness of information available to rail operators. Surprisingly, this is at odds with Queensland Government and Queensland Rail public statements describing how Queensland Rail is *always working to improve infrastructure and technology* and explaining their use of *innovative technology to improve the rail network*.³¹

Reporting changes in the 2025 DAU will make it increasingly difficult to assess network operations and the changes do not encourage efficient use of the network. As mentioned previously this would appear to contradict Part 5 of the QCA Act under which the 2025 DAU is submitted, with Part 5 stating:

The object of this part is to promote the economically efficient operation of, use of and investment in, significant infrastructure by which services are provided, with the effect of promoting effective competition in upstream and downstream markets.

Pacific National's comments with respect to specific reporting clauses are noted below and our overarching suggestion for Queensland Rail to develop dynamic reporting to drive efficiency improvements is outlined in section 3.4.

4.2.1 Clause 5.1.1(a) Quarterly Report Publication Date

Queensland Rail is proposing to increase the publication date of its Quarterly Report from the last day of the month subsequent to the subject Quarter, to six weeks after the last day of the Subject Quarter.

Pacific National does not object to Queensland Rail's amendment for this particular report, but does point out that with current advances being made in data analytics it is reasonable for stakeholders to

³¹ QR Website accessed 23 December 2023 <https://www.queenslandrail.com.au/about%20us/Right%20to%20Information/Pages/Information.aspx>; QR website accessed 23 December 2023 <https://www.queenslandrail.com.au/forcustomers/trackclosures/12monthcalendar>; QR website accessed 23 December 2023 <https://www.queenslandrail.com.au/about%20us/Media%20Centre/Media%20Releases/Pages/Cutting-edge-technology-gives-Queensland-Rail-a-bird%E2%80%99s-eye-view-of-the-Toowoomba-Range.aspx>

expect shorter lead times for data provision and reporting, rather than the extended timeframe proposed in clause 5.1.1(a).

4.2.2 Clause 5.1.2(a)(2)(D) Reporting on Deviation from a Daily Train Plan

Queensland Rail have removed the requirement to report on the number of times during the subject Quarter that Network Control Officers make a decision to deviate from a Daily Train Plan if it is reasonably necessary to do so to remedy, mitigate or avoid the operation of network congestion.

Pacific National does not support this change. It is critical to understand what is driving the variability in the daily operations so that it can be analysed, and improvements can be formulated.

Pacific National is concerned that removing this reporting requirement will increase the information asymmetry between rail operators and Queensland Rail, and will mean rail operators lose visibility of what is causing the variability. Rail operators need visibility of whole-of-network delays and cancellations in order to interrogate root causes of delays and cancellations and understand what it means for network resilience and efficient use of the network.

It is curious that Queensland Rail would suggest ceasing the reporting at a time when deviations from the Daily Train Plan are likely to increase. With Cross River Rail coming online there will potentially be greater congestion on the network and therefore more deviations from the Daily Train Plan.

It is unreasonable for Queensland Rail to obfuscate and propose leaving rail operators in the dark about what is happening on the network.

As explained in section 4.2.1 it is reasonable for stakeholders to expect that Queensland Rail would be seeking to expand, rather than reduce, transparency and data provision. Independent Pricing and Regulatory Tribunal (IPART) also recently noted the importance of good reporting:

*regular reporting is an effective and transparent way to monitor an access provider's commitment to users that it will maintain the service to a fit-for-purpose condition. It assists users (and potentially the regulator/arbitrator) to identify whether access providers are complying with their statutory requirements...It also helps potential access seekers in their negotiations, by providing a means of gauging reasonable expectations of service standards, which can be weighed against proposed access charges.*³²

Pacific National understands the need for train controllers to focus on safety, but questions Queensland Rail's proposition that train controllers can't report a deviation reason because it reduces their focus on the task of network control and imposes an unnecessary administrative burden on train controllers. In response to this claim, Pacific National asserts that providing this data is a necessary function and it forms part of necessary network reporting. We also suggest that Queensland Rail could

³² IPART, Review of the NSW Rail Access Undertaking Final Report, May 2023
<https://www.ipart.nsw.gov.au/Home/Industries/Transport/Reviews/Rail-Access/Review-of-third-party-access-to-Rail-infrastructure-in-NSW>

seek a solution that automates most of this work for train controllers, so that all they are required to do is select from a range of pre-set reason codes when they decide to deviate from a Daily Train Plan.

It is Pacific National's understanding that the Aurizon Network sees the value in this type of data and plans to strengthen reporting on deviations from the Daily Train Plan to deliver more data granularity and improve decision making. Aurizon Network have recognised that this level of granularity is required to correctly find the root causes of deviation to better address and improve outcomes for their rail systems.

Pacific National appreciates the desire of Queensland Rail to reduce manual work for employees, but the solution is not to simply cease providing an existing service to stakeholders. Rather, the solution is to improve internal systems and processes at Queensland Rail and automate work in line with Queensland Rail's goal to *strive to become a data driven organisation- open and connected, and utilising insights to think, plan and do.*³³

Alternatively, Queensland Rail could allocate dedicated time at the end of each shift so train controllers can document the deviation reasons without fear it would distract them from other work, or provide more internal structured decision making frameworks.

4.2.3 Clause 5.1.2(a)(x) –(xi) Requirement to Report on Ad Hoc Planned Possessions

An Ad Hoc Planned Possession is a Possession (other than an Urgent Possession, or an Emergency Possession) that adversely affects the operation of Train Services and is not entered into the Master Train Plan (MTP) because it is not a Regular Planned Possession. An Ad Hoc Planned Possession allows Queensland Rail to undertake non-urgent maintenance which could not be planned three months in advance for inclusion in the MTP.

Pacific National does not agree with Queensland Rail removing the requirement to report on Ad Hoc Planned Possessions and start and end times for these Possessions.

Rail operators must have visibility and receive reporting on Ad Hoc Planned Possessions, because any trend towards increased Ad Hoc Planned Possessions raises concerns about Queensland Rail's maintenance planning process. In addition, Pacific National pays 'take or pay' based on cancelled trains, and the Ad Hoc Planned Possessions report assists us to reconcile where we have cancelled a train due to ad-hoc possessions or related impacts.

Pacific National rejects Queensland Rail's reasoning that Ad Hoc Planned Possessions only have a minor effect on delays for rail operators. A delay of an hour or two can cause a rail operator to miss a return path, which exacerbates delays on subsequent cycles and can require a train cancellation to reset the operator's cycle. It can also have labour impacts because if crew go out of time, even for a few hours, it means the rail operator must bring the next crew on. This can potentially cause a

³³ QR website accessed 21 December 2023

<https://www.queenslandrail.com.au/about%20us/Right%20to%20Information/Pages/Information.aspx>

cancellation in subsequent services in instances where the rail operator has exhausted all available crew.

Downstream impacts of any delay can be significant in terms of supply chain management and ultimately the end customer suffers the consequences of such repercussions. This is particularly the case with supermarket items. When the trains are held en route supermarket items (fresh meat, fruit and vegetables) are delayed in containers that have the potential to run out of fuel. Over the last two years on the North Coast Line there have been 72 closures where our trains have been held and not able to depart.

It is likely that greater future network maintenance demands will see Ad Hoc Planned Possessions increase, causing more delays and service cancellations. The 2025 DAU must future-proof against this. Rail operators and Access Holders must continue to have visibility over Ad Hoc Planned Possessions to understand how many Ad Hoc Planned Possessions are occurring compared to planned maintenance events. Stakeholders need this data to assess how effectively Queensland Rail is planning and understand whether Queensland Rail's maintenance planning process is efficient. For example, if maintenance is being delivered through multiple separate contractors it could result in an excessive number of Ad Hoc Planned Possessions.

Having access to Ad Hoc Planned Possessions data gives Access Holders the ability to initiate a conversation with Queensland Rail about whether the steps being taken to minimise Ad Hoc Planned Possessions are reasonable and provide the opportunity to discuss potential collaboration initiatives to minimise disruption to scheduled train paths.

4.3 Dispute Resolution Process

4.3.1 Clause 6.1.3 Resolution by Escalation

There is an opportunity to shorten the dispute negotiation period and proceed to the next step of mediation or arbitration sooner. Pacific National suggests reducing the timeframes for dispute escalation in clause 6.1.3 to align with processes in other jurisdictions and facilitate a more efficient and less costly dispute resolution process.

Under the process outlined in clause 6.1.3, dispute escalation through to potential resolution by each party's chief executive takes 25 Business Days. However, in most other undertakings the negotiation period between the parties is shorter and as a result proceeds to the next step of mediation or arbitration sooner. For example:

- ARTC Interstate and Hunter Valley Access Undertaking – senior representatives of the parties to meet within 5 Business Days of the Dispute Notice. If not resolved within 10 Business Days of the Dispute Notice, chief executives of the parties to meet to resolve the Dispute within 10 Business Days, provided the parties agree they will attempt to resolve the Dispute by mediation.
- Aurizon UT5 – chief executive (or his or her nominee) of each party to meet and attempt to resolve the Dispute within 15 Business Days of the Dispute Notice.

The 2020 AU2 and 2025 DAU dispute resolution process is missing a reference to mediation or conciliation prior to referral to the regulator, which is standard in other undertakings. Even if this is not the case and the QCA Act provisions apply (clause 6.1.4(a)(i)), it is the QCA that has the authority to decide whether mediation is appropriate, rather than the parties.

Pacific National suggests the inclusion of a mediation clause in the undertaking that does not involve the QCA and can be agreed on by the parties. This would be a less costly dispute resolution method that would accelerate the timeline and improve effectiveness of the dispute resolution process. Additionally, the Aurizon UT5 contains an “expert determination” clause as another route for dispute resolution, also considered a less adversarial process than arbitration. This could be useful for technical matters where a specialist’s opinion would be valuable and be typically a less biased approach, due to the involvement of a third party.

4.3.2 Clause 6.1.5 Reporting Unresolved Disputes and Complaints to the QCA

The current process in clause 6.1.5 could prolong the dispute resolution process considerably if the parties do not reach a resolution and do not refer the dispute to the QCA.

Clause 6.1.5 states that Queensland Rail will report the dispute to the QCA within 3 months of the Dispute Notice Date if the dispute is left unresolved between the parties. Under clause 6.1.5 parties may not wish to refer the dispute to the QCA as they are required to sign a deed poll agreeing to comply with the requirements of the Dispute Procedure and pay the QCA’s costs in relation to the dispute as determined by the QCA.

Having a mediation / conciliation provision as proposed in section 4.3.2 would overcome this and would likely lessen the number of unresolved disputes.

4.3.3 Clause 6.1.4 Resolution by QCA

With reference to clause 6.1.4(c) Pacific National suggests setting an expectation around timing on QCA determination of a dispute.

Clause 6.1.4(c) states that a deed poll must be executed by the parties in favour of the QCA and Queensland Rail prior to the commencement of the QCA’s determination of the dispute. There is currently no reference to a timeframe for this process.

To provide more clarity, Pacific National proposes the inclusion of a provision that standardises the dispute procedure once it is referred to the QCA. This could include the timeframe for making a determination and restrictions on the determination outcomes, what submissions or materials should be provided by each party and matters to be considered by the QCA. This would align with processes in other jurisdictions and both the Aurizon UT5 and ARTC undertakings have provisions governing the arbitration process and arbitrator’s powers. It was also a recommendation in the IPART Review of the

NSW Rail Access Undertaking Final Report to set an indicative cap on the time that arbitrators have to make a determination.³⁴

4.4 Schedule F Network Management Principles

4.4.1 Master Train Plan and Guidelines for Minimum Service Criteria

Pacific National proposes amending clause 2.1 of the Network Management Principles to reduce timeframes for Master Train Plan (MTP) changes (in some circumstances). This would facilitate more responsive outcomes for end customers and incentivise more freight on rail.

As outlined in section 3.1 the process to request a change or path, from application through to inclusion in the MTP, can take up to seven months. This sees new freight customers having to wait up to seven months to shift their goods via rail.

Under clauses 2.1(d)-(f) Access Holders must give Queensland Rail three months' notice to make a change to the MTP that relates to a non-passenger train service. In turn, Queensland Rail will notify all Access Holders and any other relevant parties of MTP modifications at least three months prior to the commencement of the modification (except in the case of an Urgent Possession or Emergency Possession).

Pacific National contends that the three-month requirement is too long in some situations, particularly if the change is only impacting one rail operator.

Often when an Access Holder submits a request it will not impact the schedule of other operators. For example, the request could be to move a service time by 30 minutes. In these instances, it would be reasonable to reduce the MTP modification timeframe to one month. If, however, a request would result in a network-wide impact then the timeframe should remain at three months.

Similarly, the current need to apply to Queensland Rail for a path 48 hours in advance can impact a rail operator's ability to flexibly deliver for customers. The time delay is more significant if the request straddles a weekend, because Queensland Rail's Daily Train Plan request team - DTP North Coast - does not work on weekends. This means the 48-hour request only applies Monday to Friday. This is not a satisfactory level of responsiveness from the Network.

To address this, Pacific National suggests the inclusion of service / responsiveness criteria in the 2025 DAU to provide greater structure and incentives to meet end customer needs and support more freight on rail. This would include:

³⁴ IPART, Review of the NSW Rail Access Undertaking Final Report, May 2023
<https://www.ipart.nsw.gov.au/Home/Industries/Transport/Reviews/Rail-Access/Review-of-third-party-access-to-Rail-infrastructure-in-NSW>

- A decision matrix specifying a range of timeframes for accepting and publishing MTP changes, based on whether the requested change has a network-wide impact, or it only affects one operator.
- Time frames capped at a maximum of 24 hours for Queensland Rail to respond to rail operator requests for short term path variations or an ad hoc path.
 - The current need to apply to Queensland Rail for a path 48 hours in advance can impact the rail operator's ability to flexibly deliver for customers. The time delay gets worse if the request straddles a weekend, because Queensland Rail's Daily Train Plan request team - DTP North Coast - does not work on weekends.
 - Ideally, the 2025 DAU should include a longer-term goal of publishing available train paths and allowing operators to book them online. This function should be implemented before the conclusion of the 2025 DAU. It would allow greater flexibility of operation and greater utilisation of the network.
- A bounded time limit for operator requests that reduces the overall time taken for a rail operator to lodge a request and then receive final approval.

4.4.2 Daily Train Plan Principles to Accommodate Longer Trains

Pacific National suggests amending clause 2.2 in Schedule F – Network Management Principles, to recognise maximum corridor lengths that trains can run to. This would support the Longer Train Running Program commencing 12 February 2024 on the North Coast Line and would align with processes on other networks.

Other networks specify maximum corridor lengths that trains can run, with the ability to run trains less than the maximum length. Pacific National would like to see a similar process on the Queensland Rail network. This would mean that when a network corridor is confirmed as having the capacity to run to that longer train length, that length train is available to any path or service on that track.

Currently only some paths on the Queensland Rail network are certified at the longer length. This means rail operators must place a request for other services if they are needed for the longer run, which in turn is required to be in the MTP i.e. the identified service that runs to that length, and that train only, is requested and required to be in the MTP.

Pacific National proposes that once a track assessment has been made and suitability for longer trains has been confirmed, then requests to run longer trains are addressed in the Daily Train Plan. This would improve the flexibility of Queensland Rail processes and allow rail operators to be more responsive for customers.

4.4.3 Clause 2.4 Disputes Possession

The 2020 AU2 (Clause 2.4 of the Network Management Principles) restrains Queensland Rail from commencing a new MTP where Access Holders have not agreed and states that Possession (other than an Emergency or Urgent Possession) cannot proceed if an affected third party makes a bona fide Dispute:

- a) *Subject to clause 2.4(b) and except in relation to Emergency Possessions and Urgent Possessions, if there is a bona fide dispute between an Access Holder, Rolling Stock Operators and Queensland Rail in relation to any proposed changes or modifications to the MTP or the scheduling of an Ad Hoc Planned Possession, the proposed change will not take effect until the dispute has been resolved using the dispute resolution provisions of the Undertaking.*
- b) *A dispute in relation to a Regular Planned Possession or an Ad Hoc Planned Possession must be commenced in accordance with the dispute resolution provisions of the Undertaking within 30 days of*
- i. in the case of a Regular Planned Possession, the date of publication of the MTP which includes that Possession; and*
 - ii. in the in the case of an Ad Hoc Planned Possession, the date of notification of the Possession in accordance with clause 2.1(a) of this schedule F.”*

Pacific National does not agree with Queensland Rail's removal of clause 2.4 of the Network Management Principles.

Terms and conditions should be fair and reasonable. Given the monopoly position of Queensland Rail, the removal of this clause would appear to be an erosion of Access Holders' rights when a bona fide dispute takes place. Further, it would reduce Queensland Rail consultation with Access Holders and rail operators.

In cases where the MTP is changed without agreement the financial and operational impact to a rail operator can be substantial, as well as causing significant impact to the end customer. This impact, for example, has been recognised within the Aurizon Network maintenance and renewal consultation process. Currently as part of the Aurizon Network UT5 Undertaking, Aurizon Network is required to consult and receive agreement from the Rail Industry Group (RIG) on the scope and budget of maintenance and renewal work to be undertaken. It was recently noted, however, that this measure is not going far enough because Aurizon Network is still scheduling the agreed work in a manner that potentially negatively impacts throughput. It has been proposed that in future the RIG will also have an opportunity to review and approve when and how the agreed maintenance and renewal work is undertaken. For example, it might be decided that the work should be executed at potentially a higher cost, in order to minimise throughput impact. The RIG are indicating that this expanded level of consultation would be a valuable improvement to the current process.

There should be more transparency and incentive around consultative procedures before the network owner takes possession of the railway - not less - and it should include consultation with the adjoining rail manager, where relevant.

Pacific National believes it is critical to retain clause 2.4 of the Network Management Principles because we have experienced a 44% increase in possessions and full system closures on the North Coast Line in 2023 compared to 2022. In addition to the increase in possessions and full system

closures, the closure durations on the North Coast Line are also getting longer, which heightens the need for more consultation with rail operators on the impacts and frequency of closures.³⁵

It is worth highlighting that in practice Pacific National is reasonably flexible and understands that possessions and scheduling changes can be unavoidable. However, rail operators need a level of protection and a consultation process with Queensland Rail in order to influence closures and suggest alternative timeframes to undertake works, particularly where it can be aligned with closures on other networks. This consultation becomes particularly critical during agricultural peaks, such as the sugar season, and freight peaks such as the lead up to Easter and Christmas. Strong consultation is needed to ensure industry provides advice on seasonality to ensure possessions aren't imposed during the sugar season and freight peaks.

5 Pacific National's Specific Comments on 2025 DAU Standard Access Agreement Drafting

The Standard Access Agreement (SAA) sets out the default terms and conditions of access for services including the contract term, track access rights, pricing and payment terms. It also includes operational processes, cancellation terms, insurance terms, network requirements such track quality and possessions, and dispute resolution frameworks.

Pacific National is proposing amendments to SAA sections we believe must be improved. This includes alternative wording to clause 22.1 to address assignment by Queensland Rail; dispute resolution updates; Ad Hoc Train Service request timeframes to improve certainty and efficiency for rail operators; and updates to insurance and claims clauses to improve relevance and alignment with other networks.

5.1 Clause 8.3(a) Ad Hoc Train Services

Under clause 8.3(a) of the Standard Access Agreement, when an Access Holder notifies Queensland Rail that it wishes to operate an Ad Hoc Train Service, Queensland Rail may, but is not obliged to, schedule the Ad Hoc Train Service in the Daily Train Plan.

Pacific National appreciates the ability to request ad hoc paths but is concerned about the variability of response times back from Queensland Rail and the uncertainty it creates for Access Holders. There is currently no reference to a timeframe for this process. Pacific National has found the timing from Queensland Rail can vary from 24 hours to nearly two weeks to get a response to a pathing request back.

³⁵ For example, the 2 week closure in January 2024 due to Cross River Rail.

To provide more clarity and certainty, Pacific National proposes including a provision that includes a timeframe for Queensland Rail to respond to an Access Holder request for an Ad Hoc Train Service. Our suggested wording is:

- *Queensland Rail, on request from an Access Holder, to provide a response within 48 hours where the request is for an Ad Hoc Train Service that is two weeks or less from the request date.*
- *Queensland Rail, on request from an Access Holder, to provide a response within seven days where the request is for an Ad Hoc Train Service more than two weeks from the request date.*

The suggested timings outlined above should be days / hours of the week and not business days. Currently requests made on a Friday to Queensland Rail can blow out by an additional two days because Queensland Rail's Daily Train Plan request team - DTP North Coast – only works Monday to Friday (usually finishing by 3pm) and not on weekends. This impacts the rail operator's ability to deliver in a timely manner for customers.

5.2 13.2 Limitation on Claims

Pacific National recommends amending clause 13.2(a) to improve certainty and specificity. The term "full details of the Claim" is vague and could be interpreted as including the quantum in the notice. Pacific National suggests removing the reference to "full details" because in reality the final amount may take longer to determine than one year for some incidents.

Our proposed amendments to clause 13.2(a) are outlined in red below:

13.2 Limitation on Claims

A Party must not make any Claim against the other Party under, in relation to or arising out of this agreement or its subject matter including any breach of this agreement by, or any act or omission of, the other Party unless:

(a) notice ~~and full details~~ of the Claim ~~have has~~ been given to the other Party within one year after the occurrence of the event or circumstance out of which such Claim arises; and

(b) subject to clause 13.3, the amount of the Claim exceeds \$100,000 in respect of any one event or cause of action or series of related events or causes of action (and, for clarity, the amount of any Claim is not limited to the amount exceeding that threshold).

5.3 Clauses 16.1 - 16.9 Insurance

Pacific National recommends amendments to several insurance clauses to improve specificity, relevance and consistency with other networks.

5.3.1 Clause 16.1 Operator's Obligation to obtain and maintain Insurance

Queensland Rail has proposed the following new insurance clause, 16.1(b):

16.1 (b) The Operator must ensure that each of the Operator's Associates, agents, consultants, contractors and their subcontractors take out and maintain insurance referred to in this clause 16, sufficient to protect the interests of those Associates, agents, consultants, contractors and their subcontractors (as the case may be).

As currently drafted, clause 16.1(b) places an onerous and unreasonable burden on rail operators. It is not within the logical remit of a rail operator to judge whether the insurances held by these parties (that could be subcontractors of consultants, for example) are “sufficient to protect the interests” of such parties. In addition, the word “ensure” is not defined and can be interpreted as obligating the rail operator to go beyond the globally accepted practice of contractually requiring such parties to maintain certain insurances and requesting certificates of currency.

To address this Pacific National suggests either removing clause 16.1(b) or amending it as follows:

The Operator must ~~ensure that~~ require each of ~~the Operator's~~ its Associates, agents, consultants, contractors and their subcontractors involved in the Operator's performance of its obligations under this agreement take out and maintain insurance referred to in this clause 16, that is sufficient to protect their own respective interests (as the case may be).

Pacific National also recommends:

- Removing 16.1(a)(iv)(D)
 - 16.1(a)(iv)(D) requires that a rail operator's Public Liability insurance “has a maximum deductible for any one claim of \$500,000”. Large rail operators typically have access to limited insurance capacity and maintain complex insurance arrangements which often include the use of aggregate deductibles, large self-insured retentions and captive insurance vehicles which make this clause difficult to comply with.
- Removing 16.1(a)(v)
 - This requires rail operators to hold carriers liability insurance. This insurance covers a rail operators' liability for damage caused to freight whilst in their possession. Whilst some rail operators may hold this insurance, it is a matter to be agreed between the operator and its customers, and should not be an obligation imposed by an access provider that is not a party to such insurance either as an insured or beneficiary.

5.3.2 Clauses 16.3 – 16.4 Insurer and Essential Terms and Conditions

Clause 16.3 requires all insurers used to have a minimum S&P financial strength rating of “A”. Rail operators typically need large amounts of insurance capacity which may not be reasonably procurable if limited to “A” rated insurers, given the constricted appetite insurers have for the rail industry generally.

Clause 16.3 should be amended to “A -“, as is common industry practice:

The Access Holder and the Operator must ensure that their respective Insurance, effected and maintained in accordance with clause 16.1 or 16.2, is with an insurer having an insurance financial strength rating of ~~“A”~~ “A -” or better by Standard & Poor's or, if Standard & Poor's ceases to exist or to provide such ratings, the rating which most closely corresponds to that rating by another agency or person which is recognised in global financial markets as a major ratings agency.

Pacific National also recommends:

- Removing 16.4(b)

- This clause requires that insurances do “not contain any exclusions, endorsements or alterations which adversely amend the cover provided without the written consent of Queensland Rail”. All insurance policies contain these retractions of cover and not all such retractions would impact the activities considered under this agreement. Therefore, rail operators cannot reasonably be expected to seek the approval of Queensland Rail each time an insurance policy is renewed or amended.

5.3.3 Clause 16.9 Claims

Clause 16.9 mandates that parties must notify Queensland Rail of the details and progress of “any claim under their respective Insurance” however this could prejudice the outcome of an insurance claim if Queensland Rail is the claimant. It is also not reasonable to notify the existence of any insurance claim not related to the subject matter of this agreement, unless such a claim will vitiate the insurance coverage to an extent that renders the insured non-compliant with the insurance terms of this agreement. Pacific National suggests the following amendments:

16.9 Claims

(a) In addition to any other obligation on the Access Holder or the Operator, the Access Holder and the Operator respectively must:

(i) notify Queensland Rail ~~the occurrence~~ of the existence of a claim under their respective Insurance ~~(including providing reasonable details of the claim relevant to or arising out of the subject matter of this agreement)~~ that is likely to vitiate such Insurance to an extent that renders them non-compliant with their respective Insurance obligations under this agreement; ~~and~~, except where such notification could prejudice the outcome of the insurance claim and/or may result in the distribution of commercially sensitive information and/or may result in the breach of any confidentiality terms a party may be subject to.

(ii) ~~keep Queensland Rail informed of subsequent developments concerning any claim~~

5.4 Clause 19.2 Resolution by Escalation

Pacific National suggests that clause 19.2 in the Standard Access Agreement mirror the escalation timeframes and processes outlined in section 6.1 of the 2025 DAU – “Dispute and complaint resolution process”. This would improve clarity and understanding of requirements.

5.5 Clause 22.1 Assignment by Queensland Rail

Pacific National has concerns with Queensland Rail’s proposal to amend clause 22.1 of the Standard Access Agreement (SAA) by inserting a new assignment clause (22.1(a)) if Queensland Rail ceases to have a right to operate all or part of the Network:

if Queensland Rail no longer has or expects to no longer have a right to operate the Network or any part of the Network, it may Assign all or part of its rights or obligations under this agreement to an Assignee who has the expertise, the financial resources and other relevant resources to enable it to

*provide the relevant Access Rights **without the prior consent of the other Parties**³⁶ provided that Queensland Rail procures the Assignee to covenant by deed with the other Parties to provide the Access Rights to the extent of the rights and obligations Assigned to the Assignee.*

Terms and conditions should be fair and reasonable and parties should be given the opportunity to comment on changes that may significantly impact their operations. Given the monopoly position of the network operator and the light-handed regulatory framework used to negotiate access prices, this clause leaves rail operators exposed.

Where the Access Holder wishes to assign part of its rights or obligations Queensland Rail must first provide approval, however the same consent rights are not afforded vice versa, thus clause 22.1(a) represents a significant power imbalance. In order to redress this and encourage a reasonable balance between the parties, Pacific National suggests the assignment clause be amended to:

*“If Queensland Rail no longer has or expects to no longer have a right to operate the Network or any part of the Network, it may Assign all or part of its rights or obligations under this agreement to an Assignee who has the expertise, the financial resources and other relevant resources to enable it to provide the relevant Access Rights **with the prior consent of the other Parties, which will not be unreasonably withheld**, provided that Queensland Rail procures the Assignee to covenant by deed with the other Parties to provide the Access Rights to the extent of the rights and obligations Assigned to the Assignee.”*

Pacific National also proposes that the existing clause 22.1(b) similarly be amended to:

*Queensland Rail may Assign all or part of its rights or obligations under this agreement to an Assignee who has the expertise, the financial resources and other relevant resources to enable it to discharge the obligations of Queensland Rail under this agreement **with the prior consent of the other Parties, which will not be unreasonably withheld**, provided that Queensland Rail procures the Assignee to covenant by deed with the other Parties to be bound by and to perform the obligations of Queensland Rail under this agreement to the extent of the rights and obligations Assigned to the Assignee.*

6 Summary of Pacific National’s Position

Table 1 highlights Queensland Rail's summary of changes relevant to Pacific National under the proposed 2025 DAU. It also lists amendments sought by Pacific National that have not been addressed in the 2025 DAU.

³⁶ Pacific National bolding

Table 1: Pacific National Comments on specific sections of the proposed 2025 DAU

Clause / Issue	QR proposed change	Pacific National Comment
<p>New Section</p> <p>Long-term planning to address resilience and reliability</p>	<p>No change proposed by Queensland Rail.</p>	<p>Include a commitment to consult on, and publish an updated the North Coast Rail Line Capacity Improvement plan.</p> <p>Refer to section 3.2</p>
<p>New Section</p> <p>Impacts of future passenger and freight demand on the network</p>	<p>No change proposed by Queensland Rail.</p>	<p>Include a requirement to increase consultation and transparency and to provide modelling on future passenger service growth and impacts for rail freight.</p> <p>Pacific National also proposes that a priority matrix be established that sets out passenger and freight services at different times of the day and on weekends.</p> <p>Refer to section 3.5</p>
<p>New Section</p> <p>Harmonisation across networks</p>	<p>No change proposed by Queensland Rail.</p>	<p>Include a requirement for Queensland Rail to use best endeavours to align processes and systems with other jurisdictions.</p> <p>Add a KPI that measures aligned versus standalone closures.</p> <p>Refer to section 3.6</p>
<p>Preamble</p>	<p>No change proposed by Queensland Rail.</p>	<p>Acknowledge the positive benefits rail freight provides relative to road within the preamble.</p> <p>Refer to section 3.3</p>
<p>Part 2 – Negotiation Process</p> <p>2.9.2 Mutually exclusive access applications (Queuing).</p>	<p>No change to process</p>	<p>Queensland Rail has simplified the drafting of clause 2.9.2 and has not fundamentally altered the process. Pacific National is not opposed to the updated wording.</p> <p>Refer to section 4.1</p>

Clause / Issue	QR proposed change	Pacific National Comment
<p>Part 5 – Reporting</p> <p>5.1.1(a)</p> <p>Obligation to publish Quarterly Report by the date which is the last day of the month subsequent to the subject Quarter.</p>	<p>Increase approval time to six weeks after the last day of the Subject Quarter.</p>	<p>Pacific National has no objection to the increase in approval time to six weeks for this static report. Pacific National’s preference, however, is for Queensland Rail to develop dynamic reporting to drive real-time transparency and efficiency improvements.</p> <p>Refer to 3.4 Improved Systems to Enhance Reporting</p>
<p>Part 5 – Reporting</p> <p>5.1.2(a)(2)(D)</p> <p>Requirement to report on the number of times during the subject Quarter that Network Control Officers made a decision to deviate from a Daily Train Plan if it is reasonably necessary to do so to remedy, mitigate or avoid the operation of network congestion.</p>	<p>Queensland Rail has removed this requirement.</p>	<p>Pacific National does not support this change.</p> <p>Refer to 4.2.2</p>
<p>Part 5 – Reporting</p> <p>5.1.2(a)(x) –(xi)</p> <p>Requirement to report on Possession start and end times, number and duration.</p> <p>Includes ‘Ad Hoc Planned Possession’ (a Possession which is not entered into the Master Train Plan).</p>	<p>Remove obligation to report on Ad Hoc Planned Possessions.</p>	<p>Pacific National does not support this change.</p> <p>Refer to 4.2.3</p>
<p>Part 6.1 Dispute and complaint resolution process</p>	<p>No change proposed by Queensland Rail.</p>	<p>In section 4.3 we have outlined amendments to improve the efficiency and timeliness of the dispute resolution procedure.</p>

Clause / Issue	QR proposed change	Pacific National Comment
<p>Schedule F – Master Train Plan Principles</p> <p>Clause 2.1</p>	<p>No change proposed by Queensland Rail.</p>	<p>Pacific National suggests amending Clause 2.1 of the Network Management Principles to reduce timeframes for MTP changes (in some circumstances) and establish minimum service criteria.</p> <p>Refer to 4.4.1</p>
<p>Schedule F – Master Train Plan Principles</p> <p>Clause 2.2</p> <p>Daily Train Plan Principles to Accommodate Longer Trains</p>	<p>No change proposed by Queensland Rail.</p>	<p>Pacific National suggests amending clause 2.2 to recognise maximum corridor lengths that trains can run to.</p> <p>Refer to section 4.4.2</p>
<p>Schedule F – Network Management Principles</p> <p>Clause 2.4</p> <p>Disputes Possession (other than an Emergency or Urgent Possession) cannot proceed if an affected third party makes a bona fide Dispute.</p> <p>“Disputes</p> <p><i>c) Subject to clause 2.4(b) and except in relation to Emergency Possessions and Urgent Possessions, if there is a bona fide dispute between an Access Holder, Rolling Stock Operators and Queensland Rail in relation to any proposed changes or modifications to the MTP or the scheduling</i></p>	<p>Queensland Rail is proposing to remove clause 2.4 of the Network Management Principles.</p>	<p>Pacific National opposes the removal of this clause.</p> <p>Refer to 4.4.3</p>

Clause / Issue	QR proposed change	Pacific National Comment
<p><i>of an Ad Hoc Planned Possession, the proposed change will not take effect until the dispute has been resolved using the dispute resolution provisions of the Undertaking.</i></p> <p>d) <i>A dispute in relation to a Regular Planned Possession or an Ad Hoc Planned Possession must be commenced in accordance with the dispute resolution provisions of the Undertaking within 30 days of</i></p> <p>i. <i>in the case of a Regular Planned Possession, the date of publication of the MTP which includes that Possession; and</i></p> <p>i. <i>in the in the case of an Ad Hoc Planned Possession, the date of notification of the Possession in accordance with clause 2.1(a) of this schedule F.”</i></p>		
<p>Schedule H - Standard Access Agreement</p>		
<p>Schedule H – Standard Access Agreement</p> <p>Clause 8.3(a)</p> <p>Ad Hoc Train Services</p>	<p>No change proposed by Queensland Rail.</p>	<p>Pacific National proposes including a provision that includes response timeframes. Refer to 5.1</p>

Clause / Issue	QR proposed change	Pacific National Comment
<p>Schedule H – Standard Access Agreement</p> <p>Clause 13.2</p> <p>Limitation on Claims</p>	<p>No change proposed by Queensland Rail.</p>	<p>Pacific National suggests improving specificity by removing the term “full details of the Claim”.</p> <p>Refer to 5.2</p>
<p>Schedule H – Standard Access Agreement</p> <p>Clauses 16.1 – 16.9</p> <p>Insurance</p>	<p>Queensland Rail has proposed a new insurance clause, 16.1(b):</p> <p><i>16.1 (b) The Operator must ensure that each of the Operator’s Associates, agents, consultants, contractors and their subcontractors take out and maintain insurance referred to in this clause 16, sufficient to protect the interests of those Associates, agents, consultants, contractors and their subcontractors (as the case may be).</i></p>	<p>Pacific National opposes clause 16.1(b) as currently drafted and suggests either removing or amending the clause.</p> <p>Refer to 5.3.1</p> <p>Pacific National has also recommended removing:</p> <ul style="list-style-type: none"> • 16.1(a)(iv)(D) • 16.1(a)(v) • 16.4(b) <p>And amending</p> <ul style="list-style-type: none"> • 16.3 • 16.9 <p>Refer to 5.3</p>
<p>Schedule H – Standard Access Agreement</p> <p>Clause 19.2</p> <p>Resolution by escalation</p>	<p>No change proposed by Queensland Rail.</p>	<p>Clause 19.2 in the Standard Access Agreement should mirror the escalation timeframes and processes in section 6.1 of the 2025 DAU.</p> <p>Refer to 5.4</p>
<p>Schedule H – Standard Access Agreement</p> <p>Clause 22.1</p> <p>Assignment by Queensland Rail</p> <p>Add a new clause to apply in circumstances where Queensland Rail ceases to have a right to operate all or part of the Network.</p>	<p>Queensland Rail has proposed a new assignment clause, 22.1:</p> <p><i>22.1 Assignment</i></p> <p><i>(a) if Queensland Rail no longer has or expects to no longer have a right to operate the Network or any part of the Network, it may Assign all or part of its rights or obligations under this agreement to an Assignee who has the expertise, the financial resources and other relevant resources to enable it to provide the relevant</i></p>	<p>As discussed in section 5.5 Pacific National suggests amended wording to apply the assignment clauses more fairly and equally to both parties.</p>

Clause / Issue	QR proposed change	Pacific National Comment
	<p><i>Access Rights without the prior consent of the other Parties provided that Queensland Rail procures the Assignee to covenant by deed with the other Parties to provide the Access Rights to the extent of the rights and obligations Assigned to the Assignee.</i></p> <p><i>(b) Queensland Rail may Assign all or part of its rights or obligations under this agreement to an Assignee who has the expertise, the financial resources and other relevant resources to enable it to discharge the obligations of Queensland Rail under this agreement without the prior consent of the other Parties provided that Queensland Rail procures the Assignee to covenant by deed with the other Parties to be bound by and to perform the obligations of Queensland Rail under this agreement to the extent of the rights and obligations Assigned to the Assignee.</i></p> <p><i>(c) On the Assignee entering into a deed required under clause 22.1(a) or 22.1(b), and subject to that deed becoming effective in accordance with its terms, Queensland Rail is released and discharged from further liability under this agreement in respect of the obligations which the Assignee has undertaken to be bound by and to perform.</i></p>	