



Rail Operator Group responsive submission to the Queensland Competition Authority on Queensland Rail 2025 Draft Access Undertaking

Executive Summary

The Rail Operators Group (ROG) welcomes the opportunity to provide a responsive submission to the Queensland Competition Authority (QCA) on Queensland Rail's (QR) 2025 draft access undertaking (2025 DAU).

Comments contained in this submission relate to high priority concerns shared by commercial rail operators using the QR network.

Members of the ROG share the desire to see real reform that will encourage modal shift and more freight on rail, as well as improved long term planning to address network resilience issues and manage future demand. To support this, the ROG submission calls for consistent network performance indicators to boost QR accountability. It also calls for improvements to standard gauge operations and Network Management Principles (NMP) to maintain access for rail operators and improve QR responsiveness.

This submission makes 11 recommendations that would incentivise QR to harmonise with other rail freight networks and provide more transparent and timely operations. Importantly, the recommendations would increase the efficient use of the network and drive competition with road transport to improve productivity. This is in line with the criteria outlined in s.138(2) of the Queensland Competition Authority Act (QCA Act) and the object of Part 5 of the QCA Act *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.*

Recommendations

The 2025 DAU should:

1. Provide stronger obligations on QR to offer access arrangements that effectively encourage modal shift of freight from road to rail.
2. Include commitments to the development of long term investment strategies for key freight and resource corridors, in consultation with users.



3. Specifically in relation to the North Coast Line, publish an updated North Coast Line Capacity Improvement (NCLCI) plan (or similar) and an agreement to consult on investment plans with stakeholders and the relevant members of the ROG seeking access on QR's North Coast Line.
4. Amend the performance indicators listed in the 2025 Draft DAU to include the proposed common KPIs listed in Aurizon Operations' submission to the QCA on QR's 2025 Draft Access Undertaking.
5. Modify the KPIs listed in Schedule 5 of its Standard Access Agreement (SAA) to include the proposed common KPIs listed in Aurizon Operations' submission to the QCA on QR's 2025 Draft Access Undertaking.
6. Include a requirement for QR to increase transparency and provide modelling on future passenger service growth and the likely impacts for freight rail operators, to inform long term network planning.
7. Be amended to include a mechanism for more quickly including new and varied paths in the Master Train Plan (MTP), particularly where these do not impact any other parties. Beyond this, QR should engage with stakeholders and the ROG on updating the NMP, including Train Control Rules.
8. Include an enhanced train control decision matrix to provide greater transparency around train controller decisions, and more nuanced prioritisation between freight and passenger services, when adjusting the Daily Train Plan (DTP).
9. Retain CI 2.4 of the NMP in its AU2 form.
10. Extend its scope to include access to interstate services using its dual gauge network.
11. Commit to measurable actions to deliver Government policy and strategy objectives, including inter-operability and harmonisation outcomes for rail freight operators.

Introduction and Background

The ROG was formed in 2018 for the purpose of facilitating collective negotiation with Transport for New South Wales (TfNSW) on the Standard Track Access Agreement to apply to two NSW rail networks: the Metropolitan Rail Network (MRN) and the Country Regional Network (CRN). The ACCC granted authorisation to the ROG for this purpose until October 2023.

On 1 February 2024 the ACCC granted authorisation to the ROG in respect of discussions and collective negotiations with all mainland Australian rail infrastructure managers¹ (RIMs) in respect of access arrangements, including broad pricing principles. This authorisation is valid until October 2033.

Members of the ROG operate rail freight haulage services across Australia, including on QR Networks. Some ROG members also provide integrated supply chain services, including rail and road

¹ A Rail Infrastructure Manager (RIM) is the accredited operator of a rail network. ARTC is the accredited RIM for the owns and leases from various Governments. ARTC's safety management system for the basis of its accreditation with the Office of National Rail Safety Regulator (ONRSR).



transportation, port services and material handling for a range of mining, metal, industrial and agricultural customers.

This submission is made on behalf of the following ROG members: Aurizon, One Rail Australia, Pacific National and Qube. Qube Logistics (Rail) Pty Ltd (Qube), Pacific National Pty Ltd (PN) and Aurizon Operations Limited (AO) operate services or have access rights across rail networks from Queensland (Qld) to New South Wales (NSW), Victoria (Vic), South Australia (SA), and Western Australia (WA); and One Rail Australia operates in Queensland and New South Wales, including the Hunter Valley.

The ROG welcomes the chance to participate in the QCA's consideration of QR's 2025 DAU.

Encouraging Modal Shift

The ROG is concerned that QR's current AU has not been effective in supporting increased freight on rail, with high and inflexible access pricing arrangements restricting operators' ability to attract freight from road hauliers, particularly given the poorer reliability performance of QR's networks. Additional mechanisms should be incorporated into the 2025 DAU to encourage modal shift of freight from road to rail. This would promote the economically efficient operation and use of the network, in line with the object of Part 5 of the QCA Act. It would also address the criteria outlined in s.138(2) of the QCA Act, which compels the QCA to have regard to several criteria when considering the proposed 2025 DAU. These criteria include the public interest, the interests of persons who may seek access, and the legitimate business interests of the owner.

In terms of the latter, QR will serve its business interests through a road to rail modal shift and benefit from increased volumes. Similarly, moving more freight by rail will serve the public interest through improved safety and environmental benefits. This is a key reason why 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. Reducing the number of trucks on roads reduces road crashes, as well as air pollution, emissions, and congestion. Accident costs associated with road freight are 20 times higher than rail.²
- 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.³

² Value of Rail, ARA, 2020

³ Australasian Railway Association, Submission to Productivity Commission Inquiry into Australia's Maritime Logistics System, 25 February 2022



- Better environmental outcomes
 - Rail freight transport is more carbon efficient than road freight. Rail freight produces 16 times less carbon pollution per tonne kilometre than road freight.⁴

Along with reflecting the positive economic externalities rail provides, access charges also need to reflect the condition of the QR network and performance levels required to operate an effective rail freight service and compete with road.

For example, the North Coast Line with its track closures, weather events and short passing loops is so unreliable that there must be a strong price incentive to offset the unreliability. Similarly, on the Mt Isa corridor over the last several years there has been a drop in operational performance with reductions in both corridor availability and speed.

Encouraging mode shift on interstate routes must also be explicitly considered, given the role QR plays in standard gauge in forming one part of the national rail network. The challenges of mode shift on interstate routes are more complex, with this issue explored further below.

1. The 2025 DAU should provide stronger obligations on QR to offer access arrangements that effectively encourage modal shift of freight from road to rail.

Long-Term Planning

As a Queensland Statutory Authority, QR 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 include requirements around longer term planning on all key QR resource and freight routes.

QR 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.*⁵ Unfortunately, this is not evident, with service quality on key freight and resource routes continuing to decline.

As specific examples, ROG members observe there has been a drop in Mt Isa corridor transit times as well as a reduced focus on long-term planning for the North Coast Line. QR needs an action plan for its key freight and resource routes that, in consultation with stakeholders and the ROG, takes a long-term view on investment, demand, capacity, and resilience.

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.

⁴ Value of Rail, ARA, 2020

⁵ 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>



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 the ROG and 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 QR's strategic objective to have an outcomes-driven planning framework.⁶

The ROG recommends that the 2025 DAU include commitments to:

2. Development of long term investment strategies for key freight and resource corridors, in consultation with users.
3. Specifically in relation to the North Coast Line, publish an updated NCLCI plan (or similar) and an agreement to consult on investment plans with stakeholders and the relevant members of the ROG seeking access on QR's North Coast Line.

Network Performance Indicators

While the development of long term investment strategies is important, there are numerous examples throughout Australia showing that without clear, accountable obligations on the rail manager and objective key performance indicators, market outcomes for operators will not improve and Governments will not achieve mode shift.

Optimally, QR would be accountable through its long term investment strategies for providing defined increases in capacity, for example through shorter transit times, or more paths, or fewer service disruptions. An alternate approach involves providing operators with sufficient performance information regarding the 'service' available on the QR network for an objective comparison and assessment over time.

Individual rail operators do not have the commercial leverage to drive inclusion of performance obligations on QR into individual access agreements, so the ROG believes that a core set of common performance indicators should be included in the 2025 DAU and published by QR. A set of individual service KPIs, consistent with the aggregate system performance indicators, should also be included in the Standard Access Agreement (SAA) to ensure new entrants obtain the benefit of this information.

⁶ Queensland Rail Strategic Plan FY24-28

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



Although we realise it is beyond the scope of the QCA's current process, adoption of a consistent suite of core KPIs by all RIMs managing adjacent networks would be a positive step towards standardisation of one aspect of access for rail freight operators. It would also provide a useful source of data for comparison of network performance going forward. In the context of pursuing a growth strategy for rail freight and boosting rail's share of the freight market, such data could assist to identify bottlenecks and areas for investment.

The ROG recommends that QR modify:

4. The performance indicators listed in the 2025 Draft DAU to include the proposed common KPIs listed in Aurizon Operations' submission to the QCA on QR's 2025 Draft Access Undertaking.
5. The KPIs listed in Schedule 5 of its SAA to include the proposed common KPIs listed in Aurizon Operations' submission to the QCA on QR's 2025 Draft Access Undertaking.

Managing Future Passenger Rail and Freight Rail Demand

Securing efficient access through the Brisbane metropolitan area is a crucial issue for the majority of freight services on QR's network, with freight on the North Coast Line, the West Moreton System and the Interstate Network starting or finishing their journey within this metropolitan region. The Queensland freight task is expected to increase more than 20 per cent over the next decade,⁷ while at the same time demand for passenger rail services within SEQ is forecast to almost triple by 2036, with Cross River Rail providing for much of the additional passenger capacity.⁸ It is likely that increased demand for freight services, along with more frequent scheduled metropolitan passenger services and higher maintenance demands will lead to greater competition for network capacity at certain times.

Cross River Rail

Rail operators were recently 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. Significant extended closures on the Metropolitan system flowing from the Cross River Rail also impacted the scheduling and provision of coal services through the Metropolitan system.

The frustration with Cross River Rail being granted extended track possessions means rail freight services have been unable and will continue to be unable to operate for several weeks at a time. Future Cross River Rail closures are expected to again cause extended outages for North Coast Line, West Moreton and Interstate Standard Gauge services.

⁷ 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>

⁸ Queensland Government: Queensland Climate Action webpage, accessed 22 December 2023 <https://www.des.qld.gov.au/climateaction/take-action/case-studies/cross-river-rail>



As most rail freight operators are in direct competition with road, extended possession periods such as these makes rail freight an unviable option for freight owners. This results in direct cost transfer from QR to rail operators without any recompense and the loss of freight mode share to road.

Although the delivery of Cross River Rail will directly benefit QR, it does not provide any benefits for rail freight operations. In fact, as passenger services increase with forecast population growth, there is likely to be a decrease in capacity for freight to support the growing population.

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, potentially further constraining the ongoing availability of paths for freight services. This could also see scarce labour and materials diverted away from the freight and potentially the QR coal networks.

Transparency

Increased transparency about how QR will make capacity decisions and how they implement passenger priority, will be required. Prioritisation considerations must recognise the significance of freight, bulk and coal services in a way that supports efficient transport movements across the broader rail network and appropriately allows passenger and freight/bulk/coal train operators to use the rail network. It must consider the economic costs to freight rail operators and the impact of any constraints on the operation of freight services to or from the Brisbane area on economic growth in Queensland.

As noted above, the role QR plays in supporting the demand for rail freight on the national rail network presents further challenges. Standard gauge rail operations are discussed in detail below.

6. The ROG recommends that the 2025 DAU include a requirement for QR to increase transparency and provide modelling on future passenger service growth and the likely impacts for freight rail operators, to inform long term network planning.

Changes Required to Network Management Principles (NMP)

The 2025 DAU should have a greater focus on the efficient performance of the QR network. This should include improvements to NMP and address the excessively long timeframes associated with Master Train Plan (MTP) changes.

The process to request a change or path, from application through to inclusion in the MTP, can take several months because of the process of fixed periodic MTP revisions QR appears to use (notwithstanding that this is not contemplated in the NMP). There are constraints around the timing for amendment to the MTP, including that:

- QR will notify all Access Holders and any other parties whose activities may be affected at least three months prior to the commencement of the modification (CI 2.1(d));
- An Access Holder must give QR sufficient notice of any required changes to a MTP to enable QR



to consider the amendments and, if changes are to be made, comply with the above notification requirements (CI 2.1(e)); and

- A notice given by an Access Holder for a change to the MTP must be provided no less than three months before the required change for a freight service, or six months before the required change for a passenger service (CI 2.1(f)).

To improve QR responsiveness to rail operators and therefore improve service and responsiveness for end customers, QR should:

- Include a process for incorporating new or changed contracted paths in the MTP in between MTP reviews.
 - This is the approach used by Transport for NSW (TfNSW), which has a concept called long term STN paths. Operators may preserve a path on an interim basis via a long term STN until the publication of the next Standard Working Timetable (SWTT). This gives the Access Holder certainty over the path until its inclusion in the next SWTT and more rights with respect to maintenance and possession scheduling than a Daily Train Plan service.
- Rethink MTP timeframes when changes do not impact other operators.
 - 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 or consider whether there is even a need for notification and consultation with other Access Holders and parties unless their services are affected by the new or changed path.

The changes we are suggesting would allow new or changed services to be reflected in the MTP in much shorter timeframes, particularly where they do not affect any other party, and enable QR to be more responsive to customer requirements.

Train Control Decisions

QR operates a network that provides both freight access and passenger train services. As a result, rail operators are significantly impacted by QR's operating choices to prioritise passenger operations in pathing decisions.

The QR train control rules do not always provide transparent guidance on how train controllers are expected to make their decisions. It is not evident how much consideration QR is giving freight rail services (in comparison to passenger services) in managing deviations from the Daily Train Plan (DTP).

The ROG recommends that QR enhance its train control decision matrix to provide greater transparency around train controller decisions when adjusting the DTP, and to provide a more nuanced prioritisation around passenger and freight services to ensure the best outcomes for the network overall. Although QR does have a decision matrix, it lacks transparency and the additional interpretation 'rules' makes the end process unclear. It also takes a siloed approach and the QR rules



within it are network specific, with minimal consideration of multi-network services. The ROG suggests that a priority matrix could be established that sets out priority levels for different types of passenger and freight services, which may vary at different times of the day and on weekends. This would set consistent and objective rules and give the train controllers and rail operators certainty over their operations.⁹

This would not only provide greater transparency around how train control decisions have been made and allow rail operators to hold QR to account in providing freight operators with a reasonable service quality in the day of operations.

The ROG recommends that:

7. The 2025 DAU is amended to include a mechanism for more quickly including new and varied paths in the MTP, particularly where these do not impact any other parties. Beyond this, QR should engage with stakeholders and the ROG on updating the NMP, including Train Control Rules.
8. QR enhance its train control decision matrix to provide increased transparency around train controller decisions, and more nuanced prioritisation between freight and passenger services, when adjusting the DTP.

Possession Planning

QR has proposed removal of the CI 2.4 provisions regarding a planned possession not being able to proceed until a dispute has been resolved. This clause prevents a Possession (other than an Emergency or Urgent Possession) if a third party makes a bona fide dispute.

QR's rationale for seeking to remove the clause is that this is not required of other RIMs and that the standard dispute mechanism in the AU should be applied to prevent over-regulation.

The right for Access Holders to contest actions that they consider are in breach of their access agreement is reasonable and forms an important element of QR's standard access agreement (SAA). Accordingly, allowing them to contest possessions that they consider have been inappropriately scheduled is implicit and should not be controversial. Reflecting this, CI 2.4 does not introduce an additional dispute mechanism or an additional right for Access Holders to dispute issues, and should not be construed as over-regulation. Instead, CI 2.4 provides clarification of the process to be applied and ensures that there is no incentive for QR to delay resolution of a dispute in order to allow the possession to proceed. As a result, CI 2.4 assists in promoting disciplined operation of the network, and accountability on QR to comply with its obligations to the Access Holder.

The ROG does not agree with QR's removal of CI 2.4 of the Network Management Principles. Given the monopoly position of QR, the removal of this clause would appear to be an erosion of Access Holders' rights when a legitimate dispute takes place. Further, it would reduce QR consultation with Access

⁹ A priority matrix is used in NSW that Queensland Rail could review and consider as a base starting point. The 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.



Holders and rail operators. There should be more transparency and incentive around consultative procedures before the network owner takes possession of the railway - not less. Rail operators need a level of protection and a consultation process with QR in order to influence closures and suggest alternative timeframes to undertake works, particularly where it can be aligned with closures on other networks.

For standard gauge rail operations, possession planning is further complicated by the lack of alignment between networks possessions, with an interstate rail service operating to Port of Brisbane's Fisherman Island terminal (Brisbane's only open access terminal) potentially losing access for over 20 weekends per year.

9. The ROG recommends that that CI 2.4 of the NMP should be retained in its AU2 form.

South East Queensland standard gauge operations

QR operates the dual gauge rail line between Acacia Ridge and the Port of Brisbane, connecting the national standard gauge rail network with Brisbane's only open access container rail terminal. It also provides a narrow gauge rail network link between Queensland's largest container rail terminal at Acacia Ridge and the State's largest container port, as well as providing narrow gauge rail access to export coal and grain terminals.

The criticality of this portion of the QR network cannot be under-estimated as it is a significant economic driver for the State, reinforced by the Queensland Government's commitment in the *Queensland Freight Action Plan 2020-22* to develop a SEQ Rail Network Strategy and develop a business case for improvements to the Acacia Ridge – Port of Brisbane alignment.¹⁰ To date, neither document has been made available publicly, but both would require significant input from QR.

Into the future, this link between Acacia Ridge and the Port of Brisbane will be the corridor for all Inland Rail freight to access export markets in Brisbane. As the network manager, QR must commit to supporting the current demand for freight, providing support for future growth and deliver on Government policy objectives including open and transparent access, network inter-operability and increasing rail mode share. Without an effective connection to port, many of the benefits from Inland Rail are unable to be achieved.

As a Queensland Government-owned statutory authority, responding to the policy directions of the Department of Transport and Main Roads, QR is bound by the State's strategies, including the *Queensland Freight Action Plan*, and Government commitments, including the *Memorandum of*

¹⁰ <https://www.publications.qld.gov.au/ckan-publications-attachments-prod/resources/92f800f1-c8e5-4eaf-801b-3585e3883aeb/queensland-freight-action-plan.pdf?ETag=d3e9c83730ab799f6d7cf35c63089dd0> (page 17)



*Cooperation for Interoperability.*¹¹ Queensland has also committed to and reports on its achievements to deliver on the *National Freight and Supply Chain Strategy*.¹²

In submissions to the QCA, two major rail freight operators expressed frustration regarding dealing with QR regarding dual gauge access from Acacia Ridge to Fisherman Island. The key issues being the impacts of Cross River Rail, integration with the national rail network and QR's business processes.

In addition to the significant impact to rail freight operations from Cross River Rail (outlined earlier in this document), freight operators also expressed concern at the rigidity of QR processes. With an interstate rail freight service operating across numerous network boundaries (potentially four on a Melbourne to Brisbane service) the lack of flexibility in QR's Master Train Plan principles, NMP and general lack of alignment with other network management approaches places additional cost and risk on rail freight operators.

The complexity of an interstate train path moving across multiple networks is most clearly demonstrated by the need to have different, non-aligned, access agreements; meet different, non-aligned, rolling stock standards; operate to different, non-aligned, network rules (essentially, road rules); comply with different, non-aligned, operating conditions; and pay access charges which are based on different pricing principles and demonstrate different, non-aligned, pricing signals. This is further complicated by the access agreements (and, in turn, the access rights for each portion of an end-to-end train path) having different termination dates and rail operators being allocated a train path which has different terms and conditions on each network.

By adopting a very focussed approach to management of its network and not considering how it integrates with the broader national rail network, QR is acting contrary to Government policy and strategy objectives. As a consequence, the burden of economic loss is carried across the community and rail freight operators are left with a financial cost.

QR should be required to demonstrate in its draft undertaking how it will align with the principles of an open access regime within the strategic and policy framework set out by its shareholders, the Queensland Government. This includes:

- commitment to include access to interstate services using its dual gauge network within the scope of the 2025 DAU, thereby providing transparency and accountability around its process for negotiating access to these services; and
- commitments to and accountability for integration with the national rail network through delivery of inter-operability outcomes, adoption of systems to seamlessly integrate train operations across network boundaries (noting that ARTC is also required to do this in its charter¹³) and support

¹¹ <https://www.ntc.gov.au/sites/default/files/assets/files/Memorandum%20of%20Cooperation%20for%20Interoperability.pdf>

¹² <https://www.freightaustralia.gov.au/>

¹³ <https://www.artc.com.au/about/our-charter/>



growth in rail mode share (this is also set out in the ARTC's charter¹⁴ and statement of expectations.)¹⁵

The ROG recommends that that QR amend its 2025 DAU to:

10. Expressly extend its scope to include access to interstate services using its dual gauge network.
11. Commit to measurable actions to deliver Government policy and strategy objectives, including inter-operability and harmonisation outcomes for rail freight operators.

¹⁴ <https://www.artc.com.au/about/our-charter/>

¹⁵ <https://www.infrastructure.gov.au/sites/default/files/documents/australian-rail-track-corporation-interim-statement-of-expectations.pdf>