



Independent Pricing and Regulatory Tribunal (IPART)
PO Box K35
Haymarket Post Shop NSW 1240

Terms of Reference – IPART Review of the NSW Access Undertaking

30 July 2021

Thank you for the opportunity to comment on the proposed Terms of Reference for IPART's Review of the NSW Rail Access Undertaking.

Aurizon is Australia's largest rail freight operator with more than 150 years of experience. Each day we move about 700,000 tonnes of coal, iron ore and other minerals, as well as agricultural and general freight. Aurizon also manages Australia's largest coal export rail network made up of approximately 2670 km of heavy haul infrastructure in Central Queensland (the CQCN). Since 1997, the CQCN has been declared for third party access in accordance with part 5 of the *Queensland Competition Authority Act* (QCA Act).

Aurizon negotiated its first Rail Access Undertaking in 2001: setting out the general terms and conditions under which Aurizon Network provides access to its rail infrastructure and prescribing a comprehensive process for an access seeker to negotiate access, resolve disputes and agree an access agreement.

Aurizon's current undertaking is UT5, representing the fifth undertaking to be comprehensively reviewed and approved in accordance with part 5 QCA Act. This evolution has resulted in a more comprehensive and complex document, with significant enhancements made in response to feedback from coal miners and third-party rail operators, as well as Aurizon's experience as a regulated asset manager. Greater sophistication is evident in the management of expansions to the network and the involvement of customers in determining network maintenance priorities and budgets. The pricing framework has also benefited from regular appraisal and enhancement.

Given the NSW Rail Access Undertaking was drafted in 1999, there are likely to be many opportunities to improve the arrangements to reflect the progression in regulatory practice, changes in commercial freight markets, and political objectives for rail as a mode of transport, that have occurred over the past twenty years.

Aurizon is a member of the Rail Operators Group (ROG) formed, with ACCC authorisation, to collectively negotiate with RailCorp (now TAHE) on the terms of the Standard Track Access Agreement (STAA) to cover the Metropolitan Rail Network and the Country Regional Network.

The experience of the ROG has borne out the common concern that monopoly infrastructure providers, even if subject to economic regulation, have little motivation to negotiate away from their own terms and conditions. A more comprehensive rail access undertaking can remove

some of the potential for intransigence. It can also open up the possibility of greater competition in dependent markets, as access to infrastructure is offered on more effective commercial terms.

Aurizon believes that the proposed Terms of Reference for IPART's review are sufficiently broad to cover the range of issues identified above.

We look forward to engaging with IPART throughout its review with the goal of growing opportunities for rail freight operators in NSW.

If you have any questions or require further information, please don't hesitate to contact me on [REDACTED].

Kind regards,

[REDACTED]

Mariese Murphy
Manager Commercial Development and Infrastructure
Coal Customers
Aurizon Operations