

QRN Reference: DN/12/76717  
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Mr Patrick Lam  
Senior Analyst  
Independent Pricing and Regulatory Tribunal  
Level 8/1 Market Street  
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Email: patrick\_lam@ipart.nsw.gov.au

Dear Patrick

### **IPART Review of Compliance under the NSW Rail Access Undertaking**

Thank you for the opportunity to provide comment on the Australian Rail Track Corporation (ARTC) compliance with the NSW Rail Access Undertaking for the financial year 2010-11. IPART requested specific comment on the following matters:

1. whether capital expenditure proposed for 2010-11(\$64m) is appropriate and meets the requirements of the Undertaking;
2. whether the inclusion of the Carrington Loop (3.5 km of track) valued at \$1.02m in Sector 501 (Scholey St to Port Waratah) complies with the Undertaking;
3. whether the inclusion of costs related to project development (\$1.78m) and expensed project costs (\$6.66m) meets with the requirements of the Undertaking; and
4. how the proposed under recovery of \$20.15m for 2010-11 (subject to approval by IPART), should be recovered from access users.

Of these, QR National considers the most critical relates to the how the proposed under recovery should be recovered from access users.

#### **1. How the proposed under recovery of \$20.15m for 2010-11 should be recovered from access users**

QR National considers that Stakeholders, including rail Operators and their customers should be provided with an opportunity to comment on the proposed allocation of the under recovery prior to IPART making its final decision.

QR National is concerned that there is a risk that IPART may make its decision on whether or not to approve the amount and allocation of the under recovery without the benefit of having Stakeholders assess the reasonableness and accuracy of the allocation. Rail Operators have their own data systems upon which costs and matching above rail contracts are based.

In addition we consider that ARTC should consult with industry to develop an agreed methodology to recover the 2010-11 under recovery. For example, the relationship between ARTC and end users has changed significantly since the commencement of the Hunter Valley Access Undertaking (HVAU) in July 2011. This may provide additional options for ARTC to recover the 2010-11 under recovered amounts directly from end users.

In any case, we would support either IPART or the ACCC having a role in the event that all parties are unable to reach agreement.

## **2. Capital expenditure**

QR National, as a member of the Rail Infrastructure Group (RIG) has previously supported the capital projects undertaken by ARTC and accepts their inclusion into the asset roll forward calculation.

## **3. Inclusion of Carrington Loop**

As noted in our 2009-10 submission, QR National considers the Carrington Loop is an integral part of the Coal Supply Chain, should be part of the regulated coal network and that only regulated rates of return should be earned by ARTC.

## **4. Project development costs**

QR National accepts the inclusion of these costs given we were able to review them as part of the RIG process.

Should you wish to discuss any aspect of this submission, please do not hesitate to contact either Dave Hamblyn on (07) 3235 3929 or Robin Laver on (07) 3046 9516.

Regards,



Andrew MacDonald  
Vice President - Commercial and Planning  
QR National