

File Ref: 778287 ver 1

30 September 2014

Mr John Prescott
Chairman of the Board
Aurizon Holdings Limited
GPO Box 1429
Brisbane QLD 4001

Dear Mr Prescott

Draft Decision - Aurizon Network 2014 Draft Access Undertaking - Maximum Allowable Revenue

Today, we published our draft decision to refuse to approve Aurizon Network's 2014 draft access undertaking (2014 DAU) as it relates to the proposed maximum allowable revenue (MAR) for the 2014 DAU period. A copy of our draft decision is attached.

On 11 August 2014, Aurizon Network submitted the 2014 DAU which replaced the 2013 Draft Access Undertaking (2013 DAU) submitted on 30 April 2013. In undertaking our investigation of the 2014 DAU, we must comply with Part 6 of the QCA Act. However, we have flexibility in the manner in which we conduct an investigation. For the purposes of the current investigation, we consider it appropriate to sequence our consideration of the 2014 DAU so that we invite submissions on a draft decision on the MAR aspects of the 2014 DAU before we address the remainder of the 2014 DAU.

Accordingly, it is our intention to release two draft decisions on the submitted 2014 DAU:

- first, on the Maximum Allowable Revenue (MAR) aspects of the 2014 DAU, released today; and
- second, the remainder of the 2014 DAU by the end of 2014, noting that we are still to receive stakeholder submissions on the 2014 DAU, submitted on 11 August 2014 .

Our final decision will consolidate these two draft decisions in light of the submissions we receive.

Importantly, the MAR aspects remain unchanged from the 2013 DAU. Accordingly, this draft decision draws upon the previous work we have done in relation to the 2013 DAU, as well as the stakeholder submissions we have received prior to the publication of this draft decision.

We consider it is appropriate to release our draft decision on the MAR for the 2014 DAU now so interested parties can direct their submissions at the methodology we have adopted and the analysis we have undertaken. We consider a draft decision now enhances the quality of the public consultation process and the ultimate quality of our final decision.

Any submissions on the 2014 DAU relating to the MAR that we receive between the date of the publication of this draft decision and the initial date we set for submissions of 3 October 2014 will be considered in conjunction with submissions we receive on this draft decision and will not be disadvantaged in any way. This draft decision is subject to amendment in light of the submissions we will receive.

The draft decision sets out our reasons for refusing to approve Aurizon Network's submitted MAR for the 2014 DAU, and the manner in which we consider it appropriate that the 2014 DAU should be amended in respect of the MAR to resolve the issues identified by stakeholders and the QCA.

We invite stakeholders to submit their views on this draft decision. A copy of the submissions page is attached for your information. Related documents can be downloaded from our website www.qca.org.au.

Yours sincerely



Malcolm Roberts
Chairman

cc: *Lance Hockridge, Managing Director and Chief Executive Officer, Aurizon*
Alex Kummant, Executive Vice President, Network, Aurizon