

5 April 2024

Mr George Passmore
Queensland Competition Authority
Level 27, 145 Ann Street
Brisbane QLD 4001

Dear Mr Passmore,

Re: 2024 Proposed amendments to CQCN system rules

Pacific National welcomes the opportunity to comment on Aurizon Network's proposed 2024 amendments to the Central Queensland Coal Network (CQCN) System Rules.

About Pacific National

As Australia's largest private rail freight company, we are integral in keeping Australia's economy moving. Within the Coal market, Pacific National transports both metallurgical and thermal coal from mine to port, connecting regional mines throughout Queensland and New South Wales with domestic and global export markets.

Above all else we prioritise safety, so everyone can go home safely every day. Our care for safety extends to our partners, customers and the communities in which we operate.

Our success is built on our customers success, and we aspire to develop a mutually beneficial and sustainable supply-chain outcomes for all our customers - innovating and succeeding together, co-creating value for all. It is our goal with every customer to deliver exceptional service by providing a safe, efficient, and reliable rail service. We understand that while all our customers have the common need to transport goods and materials, they all have unique and specific requirements.

Background

Pacific National acknowledges that Aurizon Network has consulted with stakeholders in relation to the proposed 2024 amendments to CQCN System Rules. A major part of the consultation has focused on the Daily Rolling Plan Project (Trial) inclusion in the Systems Rules.

During the consultation period, in both ongoing discussions with Aurizon Network and in Pacific National's preparations for the proposed Trial, Pacific National has identified and highlighted areas of ambiguity and risk that could lead to stakeholders having conflicting views of success in relation to the Trial.

Discussion Areas

Pacific National would highlight the following areas:

- Objective of the Trial
- Scope of parallel testing

Objective of the Trial

Pacific National is currently unclear in relation to the objectives of the Daily Rolling Plan Project (Trial). Throughout the consultation period Pacific National understood the purpose of the Trial was “improved throughput through improved planning process and delivering reduced variability”.

Recently, Aurizon Network has moved to introduce ‘reduction in the number of cancellations’ as the objective of the Trial. Pacific National believes that a focus only on cancellations could deliver unintended results and not benefit the overall supply chain.

This is a subtle change, but nonetheless Pacific National believes having a clear objective is an important element in measuring success of the Trial and providing clarity for stakeholders during the Trial as to its continuation.

Scope of parallel testing

A key risk currently present in preparation for the Trial stems from the restricted approach and scope of the parallel testing undertaken to date. Although parallel testing has been used to check the process and timelines, it has not yet provided assurance regarding the quality of the modelling outputs.

Pacific National is concerned that parallel testing has not sufficiently tested input variables reflecting “actual live data” and outcomes, with a high risk the Trial will commence with stakeholders not knowing how the optimisation model, to be used during the Trial, will behave.

Conclusion

Pacific National is generally supportive of the 2024 proposed amendments to CQCN System Rules allowing a Trial of a new planning and scheduling process and believe the project will be beneficial across the supply chain. Nonetheless, Pacific National would seek the Queensland Competition Authority (QCA) to consider the following.

- Aurizon Network to clarify the overall objective(s) of the Trial with all stakeholders prior to Trial commencement.
- QCA to seek from Aurizon Network commitment to expand the controlled testing environment prior to the Trial to include “Outcomes Testing” to inform Stakeholders of expected results.
- Pacific National seeks clarity that the Voting Methodology would not restrict the Voting Parties in consultation with Aurizon Network, voting to pause the Trial at any stage during the Trial period.

If the QCA would like to discuss our submission please do not hesitate in contacting Todd Jeffs, Supply Chain Manager Coal, on 0438 502 207 or at Todd_Jeffs@pacificnational.com.au.

Yours sincerely,



Brendan Sellens
Head of Operations, Coal

cc: Kelly Burke, Head of Customer & Commercial, Coal