

Mr Charles Millstead
Chief Executive Officer
Queensland Competition Authority
Via online lodgement

18 June 2025

Dear Charles

Re: Queensland Rail's 2025 Draft Access Undertaking

New Hope Group (NHG) appreciates this opportunity to review the revised version of Queensland Rail's 2025 Draft Access Undertaking (DAU3) of 10th June 2025, and the additional amendments published on 17th June 2025.

We have sought to confirm that the revised undertaking complies with the relevant QCA decisions, including the Decision of 24th March 2025 and the Addendum of 16th May 2025. We have identified limited concerns which are explained below, but rely on the QCA to confirm that the revised undertaking is fully compliant with those decisions.

We are not in a position to confirm that West Moreton tariffs, or the Approved Ceiling Revenue Limit for Reference Train Services, have been calculated correctly based on inputs approved by the QCA. We are also unable to verify that the updated WACC has been calculated correctly based on the approved methodology. We rely on the QCA to verify each of these aspects, however, in the interests of transparency, we request that the QCA publishes (within the final approval document):

- The calculation of the final approved WACC.
- A table showing a summary of the revenue/pricing model with details of the forecast RAB roll-forward, annual revenue requirement and revenue recovery, showing how the reference tariffs provide revenue with an expected NPV equal to that of the revenue requirement. The tables provided at Appendix A of the QCA's Draft Decision of October 2015 would be a useful template, and would provide the transparency which we seek. This understanding and transparency is critical to our participation in future regulatory processes, such as reviews triggered by volume variances, particularly given the QCA's emphasis on seeking outcomes which are agreed between QR and Customers.

Drafting issues:

New Hope submits that the following needs to be modified in the most recently proposed version of DAU3:

1. Clause 7.1 Definition of Loss Capitalisation Account – cross reference should be changed to clause 8.2(a) of Schedule D.
2. Clause 8(a) of Schedule E – the reference to 'adjusted' should be changed back to 'unadjusted' (as for adjusted years the Capital expenditure reconciliation process in clause 7 will operate, so it is only the unadjusted years where the difference will be resolved through the entry in the Capital Expenditure Carryover Account provided for in clause 8). This amendment is not consistent with the required drafting from the Addendum (see page 45).

While the correction discussed above would restore the intent of Clause 8(a) of Schedule E, we understand that the clause has become confusing and that the references to “unadjusted” or “adjusted” may not be clear. A clearer alternative, marked up against the version provided in the 17th June DAU) is provided below:

“If, ~~at the end of the last Year of the Term,~~ the Approved Capital Expenditure ~~during for Year 4, Year 5 or any adjusted year (due to the application of clause 7(f) of this Schedule E) of~~ the Term differs from the relevant Capital Indicator for West Moreton System or the Metropolitan System (-as applicable), ~~then, at the end of the Term, to the extent that the difference has not been reconciled under Clause 7 of Schedule E,~~ the difference will be entered in the Capital Expenditure Carryover Account”.

Yours sincerely,

Jeri Mules
Commercial Infrastructure Specialist
NEW HOPE GROUP