



Decision

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**QR's Draft Amending Access  
Undertaking**

**Infrastructure, Train Planning and  
Control Amendments**

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*February 2004*

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## **1. BACKGROUND**

### **1.1 Introduction**

The use of rail transport infrastructure managed by Queensland Rail was declared in 1998 under Part 5 of the *Queensland Competition Authority Act 1997* (the Act), and is therefore subject to the third party access provisions of the Act.

Section 138 of the Act provides for the Authority to approve, subject to specified conditions, an access undertaking for a declared service. In December 2001, the Authority approved QR's access undertaking, with an expiry date of 30 June 2005.

The purpose of the undertaking is to set out details of the terms and conditions on which an owner undertakes to provide access to a service, as well as other relevant information about the provision of access to the service. An undertaking is also designed to assist the negotiation process, to reduce the scope for disputes between access seekers and the access provider, and to provide certainty about how the Authority will deal with access disputes.

Section 142 of the Act provides for the owner of a service to voluntarily submit, and the Authority to consider, a draft access undertaking to amend an approved access undertaking.

### **1.2 QR's Proposal**

On 23 September 2003, QR submitted to the Authority a draft amending access undertaking. QR stated that the amendments sought to address two separate matters, namely: infrastructure amendments; and train planning and control amendments. These matters are considered in sections 2 and 3 of this decision.

### **1.3 Process**

On 9 October 2003, in accordance with section 146 of the Act, the Authority issued a notice of investigation in relation to QR's application to amend its approved access undertaking. The Authority also published a request for comments paper and invited interested persons to lodge submissions on the proposed changes by 7 November 2003. Submissions were received from the Australian Rail Track Corporation (ARTC), Pacific National (PN), Queensland Transport and Queensland Treasury.

## 2. INFRASTRUCTURE

QR has proposed to amend its access undertaking to reflect changes in the rail infrastructure, or in Network Access' management responsibilities for that infrastructure, such as the Callemondah marshalling yard. These matters are addressed in sections 2.1 and 2.2 below.

### 2.1 Schedule A – Line Diagrams

#### *Background*

The declaration of QR's network for third party access under Part 5 of the *Queensland Competition Authority Act 1997* (the QCA Act) is based on the definition of rail transport infrastructure in the *Transport Infrastructure Act 1994* and covers all of the intrastate rail network in Queensland for which QR is the railway manager. QR's undertaking covers a subset of the declared services, namely those parts of the network that are identified as being managed by Network Access in the line diagrams in Schedule A (defined as rail infrastructure). However, the undertaking includes a process to bring within the scope of the undertaking infrastructure that is within the scope of the declaration, but is not currently identified as the management responsibility of Network Access (clause 2.2).

#### *QR's Proposal*

QR has indicated that, following the approval of its undertaking, a number of changes have been made which affect rail infrastructure. Consequently, QR has proposed that the Schedule A line diagrams should be updated to reflect 178 changes to the railway infrastructure, including:

- allocating management responsibility to Network Access for infrastructure that was previously managed by QR's Operational Business Groups;
- creating new infrastructure;
- identifying and removing existing redundant infrastructure; and
- updating the infrastructure diagrams to accord with more recent information concerning the layout of the network.

#### *Stakeholder Comments*

Queensland Treasury indicated that, as the amendments reduced the scope of the declared service, they could potentially inhibit third party access. Consequently, Queensland Treasury requested that the Authority scrutinise the effects of the proposed amendments to Schedule A.

PN indicated that while it had an initial interest in the proposed amendments at the Portsmouth yard in Cairns (NAG Sheet 13), a subsequent inspection of the site established that it had no concern with the proposed amendment.

Queensland Transport raised no concerns with the proposed amendments to Schedule A.

#### *Authority's Analysis and Decision*

The Authority's analysis found that of the 178 amendments:

- 92 related to the removal of track previously identified as redundant;

- 63 related to the identification of additional sections of track as redundant;
- 18 related to updating the line diagrams to accord with more recent information concerning the layout of the network; and
- 5 related to the addition of new infrastructure.

To assess the reasonableness of the proposed changes, the Authority sought additional information from QR on 28 of the proposed amendments. This selection of 28 amendments encompassed:

- track that had been removed which was not previously identified as redundant in the Schedule A line diagrams;
- track where management responsibility had been transferred to Network Access and the track subsequently identified as redundant;
- changes where the explanation provided in QR's submission appeared inconsistent with the actual change depicted on the amended line diagrams; and
- changes to track located on coal carrying corridors, in particular the central Queensland coal region.

To assist in its assessment of QR's proposed changes, the Authority engaged an independent consultant (TRAC Services P/L) to advise on the reasonableness of QR's explanations and the likelihood that a third party operator may require access to any of the nominated infrastructure. This analysis failed to identify any significant third party access issues to the infrastructure in question.

The Authority notes that some of the proposed amendments included the allocation of management responsibility to Network Access for infrastructure that was previously managed by QR's Operational Business Groups. Changes of this nature bring the infrastructure in question into the scope of the undertaking, which is beneficial to potential access seekers.

On the basis of the information provided by QR, comments from stakeholders and the Authority's own analysis, the Authority is satisfied that the proposed amendments are reasonable.

## 2.2 Marshalling Yards

### *Background*

At the time the Authority approved QR's undertaking in December 2001, management of yard control services at QR's marshalling yards remained a responsibility of its above rail groups. Consequently, clause 3.1(f) of QR's access undertaking provided for a review of the provision of yard control services at the Jilalan and Callemondah marshalling yards. It also provided for the Authority to approve QR's implementation of the review's findings. On 3 June 2003, QR submitted, for the Authority's approval, proposed reforms to management arrangements at these marshalling yards.

On 11 July 2003, the Authority endorsed QR's proposal to: transfer the management of yard control services provided at Callemondah from QR's above rail groups to Network Access; and permit QR's above rail group to manage yard control services provided at Jilalan on behalf of Network Access. In doing so, the Authority noted that:

- in terms of the Jilalan yard, if in the future QR was to provide below rail services beyond that of a limited nature, the Authority would expect QR to undertake a further review of the management of that yard; and
- approval of the proposed reforms for the Jilalan and Callemondah yards was conditional on QR conducting a staged reform of the region between the Callemondah yard and Barney Point, which would involve the transfer of all train control responsibilities to Network Access.

#### *QR's Proposal*

QR indicated that, as a result of the Authority's endorsement of changes to the management of the Jilalan and Callemondah yards, the undertaking required amendment. Specifically, QR's Operational Business Groups are no longer responsible for performing yard control services at the Callemondah yard on behalf of Network Access. As such, QR proposed to add the provision of yard control services to the list of responsibilities Network Access assumes in managing the provision of below rail services (clause 3.1(b)). This amendment would require consequential amendments to clause 3.1(c)(iv).

QR also proposed amending clause 3.1(f) to reflect the completion of the Callemondah review and to include a proviso for the Authority and QR, during the term of the undertaking, to jointly review the appropriateness of yard control services at all other major yards. It was proposed that QR would, after first obtaining the approval of the Authority, take any reasonable steps required to implement the findings of any such review.

#### *Stakeholder Comments*

PN considered that any future review of yard control services at major yards other than Callemondah should not be at QR's discretion. PN also considered that the caveats placed on the Authority's endorsement of the yard control services review should be explicitly stated in the undertaking.

Moreover, PN suggested a timetable be developed for the review of yard control services at Fisherman Islands and Acacia Ridge, as was done for Callemondah and Jilalan.

Queensland Transport raised no concerns with these proposed amendments.

#### *Authority's Analysis and Decision*

The Authority considers that the proposed changes to clause 3.1 reflect the completion of the review of yard control services at Jilalan and Callemondah.

In relation to PN's comments on the Authority's caveats on its endorsement of the yard control services review, the proposed amendments provide for the Authority and QR to jointly review the appropriateness of yard control services at major yards other than Callemondah, and QR has advised the Authority that the staged reform of the transfer of train control responsibilities between Callemondah and Barney Point will be completed by June 2004. The Authority will continue to monitor and liaise with QR on these matters to determine whether further reviews are necessary, and whether the staged transfer of train control responsibilities occurs in accordance with the proposed timetable.

The review of QR's access undertaking for 2005 will provide stakeholders with an opportunity to propose further specific amendments to the review, such as timetables for reviews of yard control services at Fisherman Islands and Acacia Ridge.

The Authority is, therefore, satisfied that the scope for future reviews of yard control services is appropriate.

On the basis of the information provided by QR, comments from stakeholders and the Authority's own analysis, the Authority is satisfied that the proposed amendments are reasonable.

### 3. TRAIN PLANNING AND CONTROL

QR proposed to include additional detail on the development of the weekly train plan (WTP) in the central Queensland coal region, and to include additional flexibility in the day to day management of trains.

#### 3.1 Weekly Train Planning Principles

##### *QR's Proposal*

QR proposed amending Schedule G (Network Management Principles). These principles guide the performance of scheduling and train control functions. QR indicated that further detail is required as a result of experience it has gained through access negotiations following the approval of the undertaking. In particular, QR considered that further details are required about the additional scheduling steps specified in clause 2.i of Schedule G.

Moreover, in order to provide greater certainty for access seekers, QR proposed that further explanation be provided about the intermediate steps pertaining to the development of a WTP in the central Queensland coal region.

QR has also proposed to include the definition of the term 'Train Orders' in Part 10 of its undertaking.

##### *Stakeholder Comments*

PN suggested that the WTP be applied to all traffics, not just coal. PN rejected the use of the term 'Train Order' as it was not nationally consistent and could therefore create confusion. Instead, PN suggested the term 'Train Program' be used.

Queensland Transport raised no concerns with the proposed amendments to: Schedule G; and Part 10, to include the definition of the term 'Train Orders'.

##### *Authority's Analysis and Decision*

The Authority supports the proposed amendment of Schedule G as it formalises existing practices and will clarify the responsibility of QR and Access Holders in the development of the WTP for cyclic traffic.

The Authority also supports the inclusion of the definition of 'Train Orders' in Part 10 of the undertaking. In relation to PN's concerns about QR's proposed use of the term 'Train Orders', the Authority recommends that, where possible, nationally consistent terminology should be used between infrastructure providers and access seekers. However, the Authority does not consider that this, of itself, is sufficient to warrant the rejection of this application. The Authority therefore supports the inclusion of the definition of 'Train Orders' in Part 10 of the undertaking.

#### 3.2 Traffic Control Matrix

QR's Network Management Principles (NMPs) contain a Traffic Management Decision Matrix (Appendix 2) and an associated set of rules that are used by QR when making train control decisions. In particular, this matrix and associated rules are used to allocate a 'right of way' for trains at crossings, based on priority. In general, a train operating on schedule is accorded priority status, although a train's priority status may be over-ridden by the rules. For example,



Rule 5 provides that QR may give passenger and livestock trains priority or ‘right of way’ over other trains.

Currently there are seven rules. Rule 7 addresses a situation where there are two trains operated by the same access holder and QR has to decide which of the two trains should be allocated priority. The rule provides for QR to ask the Access Holder how they would prefer their trains to be directed.

#### *QR’s Proposal*

QR proposed an additional rule (Rule 8 Appendix 2, Schedule G), which is similar to Rule 7 except that it addresses a situation where the two trains are operated by different access holders. Rule 8 provides for QR to ask each of the Access Holders how they would prefer their trains to be directed and, where the Access Holders agree to a preferred course of action, for the Train Controller to follow the Access Holders’ request. QR indicated that the purpose of the additional rule is to allow access holders to operate as flexibly as possible.

QR proposed a similar change, which encompassed an additional clause, in its draft amending access undertaking dated 14 August 2003. This additional clause provided for any delays resulting from an application of rule 7 or 8 of the Traffic Management Decision Matrix to be attributed to an access holder, and not QR as Railway Manager. In its decision of 13 November 2003, the Authority rejected QR’s application, and inter alia, noted that it would support a revised application which did not incorporate the additional clause. QR’s current application does not include this additional clause.

#### *Stakeholder Comments*

ARTC considered the proposed Rule 8 to be both entirely fair and reasonable in offering a mechanism to handle conflicts between involved parties. However, ARTC expressed concern that the application of such a rule would set a precedent, whereby the controller or network manager may avoid responsibility for management of the network. This could become the preferred way of dealing with such conflicts. Moreover, ARTC considered that, in practice, the application of such a rule would unnecessarily complicate and add costs to the decision-making process.

PN proposed that Rule 8 be included in the matrix, rather than a rule applicable to the matrix.

Queensland Transport raised no concerns with the proposed ‘rule 8’.

#### *Authority’s Analysis and Decision*

QR’s proposed new Rule 8 seeks to provide a train controller with an additional degree of flexibility in resolving a priority conflict between two trains by referring the decision to the two (different) access holders. The Authority acknowledges that it would not be desirable for Rule 8 to become the preferred method of dealing with the above-mentioned conflicts. However, train controllers have the responsibility, and are in the best position, to manage traffic on the network. It is readily accepted that traffic management should be done with a view to the safe and efficient operation of the network and of the users of the network. Schedule G of the undertaking seeks to assist in this regard, by formalising the control principles.

The Authority considers that, on balance, a train controller’s expertise is paramount in providing a safe and efficient rail network, and it should therefore be assumed that train controllers will apply the rule judiciously. The Authority accepts that such a rule provides an appropriate and

desirable degree of flexibility in managing network traffic, and therefore supports the amendment.

#### 4. AUTHORITY'S DECISION

Section 138(3) of the QCA Act states that the Authority may approve a draft access undertaking only if:

- it is satisfied the undertaking is consistent with any access code for the service;
- it has published the undertaking and invited persons to make submissions on it to the Authority within the time stated by the authority; and
- it has considered any submissions received by it within the time.

There is no access code for the service. The Authority invited submissions on this matter, and received submissions from the Australian Rail Track Corporation (ARTC), Pacific National (PN), Queensland Transport and Queensland Treasury.

Section 143 of the QCA Act states that the Authority may approve a draft amending access undertaking only if it considers it appropriate to do so having regard to:

- the legitimate business interests of the owner of the service;
- the public interest, including the public interest in having competition in markets (whether or not in Australia);
- the interests of persons who may seek access to the service, including whether adequate provision has been made for compensation if the rights of users of the service are adversely affected; and
- any other issues the Authority considers relevant.

Based on public consultation, and its own analysis, the Authority accepts the merits of the proposed amendments. Therefore, in accordance with Section 143 of the QCA Act, the Authority approves QR's proposed amendments. The approved amendments are highlighted in the attached access undertaking.

QR's amended access undertaking takes effect from 5 February 2004, the date the amendments were approved.

## **Part B**

## **5. MARK-UP OF ACCESS UNDERTAKING**

### **5.1 Infrastructure Amendments**

Copies of the amended line diagrams (Schedule A of QR's access undertaking) approved by the Authority as of 5 February 2004 are available on the Authority's website ([www.qca.org.au](http://www.qca.org.au)).

### **5.2 Train Planning and Control Amendments**

A marked-up copy of the relevant pages of the access undertaking showing amendments approved by the Authority as of 5 February 2004 is attached.