



## Appendix A1

### Summary of changes between 2013 Draft Access Undertaking and 2014 Draft Access Undertaking

Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
<b>Intent and Scope [Part 2]</b>							
1	Statement of intent in relation to non-discriminatory treatment	2.2	It has been submitted that the removal of clause 2.2 from Part 2 of the 2010 Access Undertaking (AU) is seen as substantially weakening Aurizon Network's commitment to non-discriminatory treatment.	<p>Aurizon Network has no intention to weaken the commitment to non-discrimination in Part 2 (or any other part) of the 2013 Draft Access Undertaking (DAU). The concept of non-discriminatory treatment is expressed in clause 2.2(b)(i) and (e)(iii) in the 2013 DAU. A clear statement of the principles of non-discrimination remains in Part 3.</p> <p>Aurizon Network will, nevertheless, include an additional clause in Part 2 to reinforce this point.</p>	<p>Amend clause 2.2 to include two new provisions which specify that the intent of the 2013 DAU is to:</p> <ul style="list-style-type: none"> <li>ensure Aurizon Network acts in a manner that is consistent with the unfair differentiation obligations under sections 100(2) and (3) and 168C of the Queensland Competition Authority Act 1997 (QCA Act); and</li> <li>ensure Aurizon Network will apply the provisions of the 2013 DAU consistently to all Access Seekers, Access</li> </ul>	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.



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					<p>Holders, Train Operators, Access Applications and negotiations for Access, except where there is an express provision in the 2013 DAU to the contrary.</p>		
2	Commercial negotiation	2.2(a)	It has been requested that the word "commercial" be removed from "commercial negotiation".	Aurizon Network considers there is no apparent difference between a 'negotiation' and a 'commercial negotiation'.	Aurizon Network will delete the word "commercial" from clause 2.2(a).	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
3	Removal of the ultimate holding company deed from Part 2	n/a	Feedback received is that removal of the ultimate holding company deed from Part 2 to Part 3 of the 2013 DAU could suggest that this Deed is specific to ring-fencing and does not have broader application (and	Whilst Part 3 is titled 'Ringfencing' it also includes the general non-discrimination provisions. Under the ultimate holding company deed, Aurizon Holdings commits, amongst other matters, to the entirety of Part 3. The ultimate holding company deed has a wider application than solely ringfencing matters.	No change is proposed based on the further information provided by Aurizon Network to assist the review of the 2013 DAU.	The QRC agrees that no change is necessary.	No change.



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			indeed the Deed has been drafted in a manner that reflects this narrower intention).				
4	Principles in relation to coal supply chains	2.2	<p>Aurizon Network has not included the provisions from the 2010 Access Undertaking (AU) in the 2013 DAU, which required Aurizon Network to:</p> <ul style="list-style-type: none"> <li>establish principles and processes to guide cooperation of all elements of coal supply chains (in respect of which access forms a part) in order to seek to maximize the performance of those supply chains; and</li> </ul>	<p>Part 2 of the 2013 DAU only covers the intent and objective of the 2013 DAU. The objective of supply chain cooperation and performance is included in clause 2.2(e)(iv). As such, Part 2 does not include provisions that involve establishing actual processes – it is the remainder of the 2013 DAU which includes the operative provisions. Aurizon Network considers that it is appropriate for matters in relation to the participation in the coal supply chain to be dealt with in Part 8 of the 2013 DAU (clause 8.8).</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist the review of the 2013 DAU.</p>	<p>The QRC agrees that this issue should be addressed in Part 8 of UT4.</p>	<p>No change to Part 2. Refer to item 224 and 225 for further discussion.</p>

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			<ul style="list-style-type: none"> <li>do so on an annualised basis.</li> </ul> <p>Feedback received is that these provisions should not have been removed.</p>				
5	Core Access related functions narrows scope of Undertaking	2.3	Feedback received is that the approach of Aurizon Network in seeking to limit the scope of the 2013 DAU to 'Core-Access-related functions' is unacceptable as it narrows the scope of the 2013 DAU.	<p>'Core access related functions' is a term used in Part 3. It is used in provisions that give effect to Aurizon Network's functional separation from the Aurizon Group. It is not relevant to the scope of the 2013 DAU.</p> <p>Rather, the 2013 DAU applies to the negotiation and provision of Access (clause 2.3(a)) which is defined as "the non-exclusive utilisation of a specified section of Rail Infrastructure..." Rail Infrastructure is then defined with reference to both the <i>Transport Infrastructure Act 1994</i> and the QCA Act, such that the scope of the 2013 DAU mirrors the declaration itself.</p>	No change is proposed based on the further information provided by Aurizon Network to assist the review of the 2013 DAU.	The QRC agrees that this issue should be addressed in Part 3 of UT4.	No change to Part 2. Refer to item 24 for further discussion.
6	Associated Services	2.3(a)	Feedback received is that the 2013 DAU should include a definition of 'Associated Services', which	The 2013 DAU applies only to the negotiation and provision of Access to the declared service, and is not applicable to the negotiation or provision of services other than Access (other than clause 2.4 in relation to the supply of electric energy).	Aurizon Network considers the request is outside of the scope of the regulatory regime. Aurizon Network will	The QRC does not agree with Aurizon Network's position. The QRC's position in relation to "Associated Services" is as set	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.



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			<p>identifies ancillary matters that are practicable only for Aurizon Network to provide. 'Associated Services' should include:</p> <ul style="list-style-type: none"> <li>• RIM and train control for all rail spurs;</li> <li>• Level and other crossing services;</li> <li>• Leasing to Customers of corridor land and land owned by Aurizon Network;</li> <li>• Payment for Associated Services.</li> </ul>		<p>continue discussions with customers on this issue, and remains willing to discuss with customers the commercial model for the provision of these services.</p>	<p>out in Section 3 of Part 2 of the QRC's Main Submission. The QRC considers that Aurizon Network is the only practicable service provider available to access holders and access seekers for "Associated Services" (as defined in the QRC's Main submission) and that the provision of "Associated Services" should be set out in UT4 to ensure access seekers and access holders have efficient access to those services.</p> <p>The QRC appreciates Aurizon Network's preparedness to engage on this issue and is willing to discuss this</p>	

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						issue further with Aurizon Network.	
7	Review relevant parts of Private Infrastructure Compliance with Standards	2.3(a)	It has been suggested that Aurizon Network should be required to provide as part of Associated Services, assurance work regarding the compliance of private infrastructure with standards.	Whilst Aurizon Network requires that relevant parts of the Private Infrastructure have been designed and constructed in line with standards, these assurance works need not be undertaken by Aurizon Network.	As with associated services, this is beyond the scope of the regulatory regime. No change is proposed based on the further information provided by Aurizon Network to assist the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position. The QRC's position in relation to design, scope and standard reviews of private infrastructure is as set out in Section 3 of Part 2 of the QRC's Main Submission. The QRC considers it appropriate for Aurizon Network to provide review and comment services where Aurizon Network requires infrastructure connecting to the network to comply with minimum standards when acting in its capacity as RIM or land owner/lessor/lessee only.	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.

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8	Notification of ownership of land	2.3(b)(ii)	It is suggested that Aurizon Network be required to advise access holders promptly if Aurizon Network does not own or have a legal right to allow access holders to access land on which Rail Infrastructure is situated.	Aurizon Network has retained the obligation from the 2010 AU to provide access seekers with information regarding access to land that is not within Aurizon Network's control. This information is provided during the negotiation period. (see clause 4.9.2(a)(ii) and Sch A, clause 2).	No change is proposed based on the further information provided by Aurizon Network to assist the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position. Clause 4.9.2(a)(ii) and Schedule A apply to access seekers only. Aurizon Network should be under an ongoing obligation to advise access holders if Aurizon Network does not have an existing legal right to authorise access to land which Rail Infrastructure is located on. The QRC's Mark-Up of Part 2 of UT4 contains a proposed amendment to clause 2.3(b)(ii) to this effect.	The obligation for Aurizon Network to inform access holders of land ownership is covered in the standard access agreements. Hence, no change has been included in the 2014 DAU.
9	Uncapitalised term: 'train operations agreement'	2.3(d)	Feedback received is that it is not clear what the uncapitalised term "train operations agreement" means in clause	The use of "train operations agreement" in clause 2.3(d) was intended to refer a Train Operations Access Agreement entered into under the 2010 AU. This was drafted prior to the QCA's approval of the alternate form of access agreement. The	Aurizon Network will remove reference to the uncapitalised 'train operations agreement'.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.

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			2.3(d). This clause already provides for the inclusion of a "Train Operations Agreement" as defined.	references to "train operations agreement" can now be deleted.			
E1	Rights of Aurizon Network under the QCA Act	2.3(e)				Aurizon Network has not responded to the QRC's proposal to delete clause 2.3(e) regarding the effect of the undertaking on Aurizon Network's rights under the QCA Act.	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.
10	Obligation to supply electric energy	2.4	There is no specific obligation on Aurizon Network not to refuse to sell or supply electric energy and there is no right to go to dispute resolution in relation to any dispute. This is not seen as acceptable.	Whilst electricity supply is not included as part of Access, Aurizon Network <u>will</u> be obliged to supply electric energy under clause 2.4 of the 2013 DAU. This commitment is provided regardless of whether Aurizon Network supplies electric energy to a related party operator or not.	Aurizon Network considers the obligation to supply electric energy provides greater certainty to customers than the 2010 AU drafting.  No change is proposed based on the further information provided by	The QRC does not agree with Aurizon Network's position.  The QRC considers that the framework for Aurizon Network to provide electricity to access holders to access holders has been inappropriately relaxed in UT4. The QRC's position in relation	Aurizon Network has further considered stakeholders' responses and has proposed drafting changes to clarify the provision of electric energy to access holders. Aurizon Network has included provisions similar to those contained in the 2010 Access Undertaking.



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					Aurizon Network to assist the review of the 2013 DAU.	to the supply of electric energy by Aurizon Network is as set out in Section 2 of Part 2 of the QRC's Main Submission and in the QRC's Mark-Up of Part 2.	
11	Cost of supply of electric energy	2.4(a)(ii) and 2.4(b)(i)	It has been commented that the inclusion of the words "except to the extent that any Reference Tariff includes EC" creates uncertainty as to what is governed and not governed in relation to Aurizon Network's supply of electric energy. For example it should be clarified how the AT <sub>5</sub> tariff would be treated.	Through the approval of the AT <sub>5</sub> tariff, the QCA has oversight of the cost to access the electric traction infrastructure.  Aurizon Network recovers its costs associated with the on-selling of electric energy to access holders and train operators through EC, which is subject to review by the QCA.	Aurizon Network will: <ul style="list-style-type: none"> <li>delete clause 2.4(a)(ii) of the 2013 DAU; and</li> <li>clarify that EC will be based on Aurizon Network's costs associated with the on-selling of electricity.</li> </ul>	In principle, the QRC agrees.	Aurizon Network has deleted these provisions and has redrafted to include provisions similar to the 2010 Access Undertaking.
E2	Terms and conditions of electricity supply	2.4(a)(ii)				Aurizon Network has not responded to the QRC's proposal to include an obligation on	Aurizon Network has redrafted these provisions similar to those contained in



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						Aurizon Network to supply electricity on 'reasonable terms and conditions', rather than on terms acceptable to Aurizon Network (i.e. an objective rather than a subjective standard).	the 2010 Access Undertaking.
E3	Transitional arrangements for electricity supply	2.4(b)				Aurizon Network has not responded to the QRC's proposal to include a new clause 2.4(b) which provides transitional arrangements for Access Holders who are (and will be at the commencement of UT4) currently being supplied electricity by Aurizon Network. The transitional arrangements proposed provide for the supply to continue on the	Aurizon Network does not believe transitional arrangements specific to electricity supply are necessary. Access holders existing access agreements are sufficient to ensure this certainty.



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						same terms and conditions as the Access Holder's existing arrangements.	
12	Reference to Schedule G	2.4(c)	It is suggested that the reference to Schedule G should be removed as it assumes that the principles for pricing electric traction services in the Blackwater system is approved.	Aurizon Network acknowledges that the principles for pricing electric traction services in the Blackwater system are not yet approved. These provisions were included in the 2013 DAU to reflect Aurizon Network's current proposal in relation to the pricing of electric traction services.	Aurizon Network will reflect in the 2013 DAU the provisions approved by the QCA in relation to the pricing of electric traction services in the Blackwater system.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has removed the reference to Schedule G following the withdrawal of the 2010 DAAU for electric traction pricing.
E4	Disputes in relation to electricity supply	2.4(e)				Aurizon Network has not responded to the QRC's proposal to include a new clause 2.4(e) which allows a party to refer a dispute arising under clause 2.4 for expert determination under Part 11.	Aurizon Network has discussed this issue above at item 10.

Ringfencing [Part 3], Ultimate Holding Company Deed [Schedule D] and Confidentiality Agreement [Schedule H]

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13	Primary function of Aurizon Network	3.1(c)		<p>It is proposed that clause 3.1(c) should be amended so that the primary function of Aurizon Network is to manage the provision of below rail services.</p> <p>The intent of clause 3.1(c) is to provide context in relation to what the provisions in Part 3 are seeking to address, in particular, to clarify that Aurizon Network provides both regulated and non-regulated services. The primary function of Aurizon Network, in relation to the regulated services is addressed in clause 3.4.</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>The QRC agrees that clause 3.1 should provide context in relation to what the provisions of Part 3 are seeking to address.</p> <p>However, the QRC considers that clause 3.1 needs to be wholly re-written. Section 3.1 of the QRC's Mark-Ups contains the QRC's proposed re-draft. Clause 3.1 of the QRC's re-draft captures this concept.</p>	<p>Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.</p>	
14	Purpose of Part 3	3.1(h)		<p>Industry has requested the reinstatement of the provision in UT3 that Aurizon Network is to be managed independently of the provision of above rail services.</p>	<p>Aurizon Network will amend this clause to clarify the purpose of Part 3.</p>	<p>Aurizon Network will amend clause 3.1(h) to include that the purpose of Part 3 includes regulating the provision of Access by Aurizon Network to ensure it is</p>	<p>The QRC agrees that a change of this nature is necessary.</p> <p>However, the QRC considers that clause 3.1 needs to be wholly re-written. Section 3.1 of the QRC's Mark-Ups contains the</p>	<p>Aurizon Network has redrafted this clause as per the Proposed Change.</p>

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					managed, and supplied, independently from other members of the Aurizon Group who compete in the upstream and downstream markets that depend on access to the declared service.	QRC's proposed re-draft. Clause 3.1(g) of the QRC's re-draft captures this concept.	
15	Non-discrimination of services competing in market	3.2	<p>Feedback received is that the non-discrimination principles should :</p> <ul style="list-style-type: none"> <li>• refer (not only to) related operators but also Aurizon Network itself and any other related party;</li> <li>• extend to ports in Qld and any railways in QLD (other than CQCN);</li> <li>• clarify that related entities</li> </ul>	<p>Aurizon Network acknowledges the comments made by customers and has agreed to extend Part 3 to cover the interests of the Aurizon Group in port investments.</p> <p>It should be noted that the non-discrimination provisions in the QCA Act (168A(c)), preventing or hindering access (s.100(2), 104 &amp;</p>	<p>Aurizon Network will amend clause 3.2 to extend the non-discrimination prohibition to ports which are owned or operated by a member of the Aurizon Group, and where the relevant port is connected to the Rail Infrastructure.</p>	<p>Aurizon Network's proposal is unnecessarily narrow. Non-discrimination should apply to other rail infrastructure that may be connected to the CQCN. We refer also to our New Submission at the beginning of this document.</p>	<p>Aurizon Network has redrafted this clause as per the Proposed Change.</p>

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				includes one that represents a port or non-CQCN railway in which any part of the Aurizon Group holds a direct or indirect interest.	125) and unfair differentiation (s.168C) are in relation to parties who are seeking access to the declared service and are competing in a market with the access provider or related body corporate of the access provider.		
16	Aurizon Group non-discrimination	3.2	Similar to the issues raised in relation to Part 2 of the 2013 DAU, comments have been made in relation to the amendments to the non-discrimination principles. They are seen to have been reduced in scope to apply only to Aurizon Network, with the removal of wording requiring Aurizon Network to procure that its related parties do	Aurizon Network would have committed a serious breach of the undertaking and the QCA Act if it engaged in the type of conduct referred to here - it does not have the ability or intent to engage in such conduct.  The inclusion of the general non-discriminatory provisions in Part 3 of the undertaking	No change is proposed based on the further information provided by Aurizon Network to assist the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position.  The QRC supports the inclusion of certain prohibited behaviour types being listed in UT4. Clause 3.2(e) of the QRC's re-draft of Part 3 contains the QRC's suggested list.	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.



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			<p>not engage in discrimination (similarly to the changes to Part 2 of the 2013 DAU).</p> <p>Examples are provided of non-discriminatory conduct that could occur, for example: fast tracking capacity investment to the benefit of the related party operator; less frequent or inferior maintenance of third party operator dominated spurs; and providing more favourable access prices for a mine that also secured its haulage services with a related operator.</p>	<p>(rather than as previously in part 2.2 and 3.2) ensures that, as per the ultimate holding company deed, the Aurizon Group must not act in a way that will constitute a breach of Aurizon Network's obligations in relation to the non-discrimination. It is therefore incorrect to say that only Aurizon Network is bound by these provisions.</p>			



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17	Non-discrimination on funding						Aurizon Network has included drafting to obligate it to not discriminate when providing access rights on the basis of the source of funding for the infrastructure required to make the access rights available.	
18	Provision of ultimate holding company deed	3.3 and Sch D		The 2010 AU provided for Aurizon Network to procure a deed from the ultimate holding company. Feedback received is that it is insufficient for the 2013 DAU to only provide for Aurizon Network to request the provision of the deed.	Recital C in the ultimate holding company deed of the 2013 DAU states that Aurizon Network will request, and that Aurizon Holdings has agreed to provide, the ultimate holding company deed as a result of the QCA's decision to approve the Access Undertaking.  Aurizon Network (a subsidiary company) cannot legally compel the management	No change is proposed based on the further information provided by Aurizon Network to assist the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position.  The QRC considers that clause 3.3 of UT4 needs to be wholly re-written. Section 3.1 of the QRC's Mark-Ups contains the QRC's proposed re-draft. The QRC also considers that the ultimate holding company support deed should be substantially amended. Section 3.2 of the QRC's Mark-Ups contains the QRC's	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.





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				<p>or Boards of related bodies corporate to do or not do anything, hence the removal of the term 'procure'. However the intent and consequence is the same, that is, if Aurizon Holdings Limited does not execute the deed in favour of the QCA, and if Protected Information is provided to Aurizon Holdings, Aurizon Network will be in breach of the undertaking. This is equivalent to the position in the 2010 DAU.</p>		proposed amendments.		
19	General obligation of Aurizon Parties	3.1		The 2010 AU provided for a deed which had a general obligation upon the ultimate	Whilst Aurizon Holdings Limited is not regulated, it is recognised that this is a	Aurizon Network will include a new provision (clause 3.1(c)) in the ultimate holding company deed	The QRC agrees that a change of this nature is necessary.	Aurizon Network has redrafted this clause as per the Proposed Change.



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				holding company to ensure that all Aurizon Parties would take such actions as are necessary to enable Aurizon Network to comply with its obligations under the undertaking where it is relevant for an Aurizon Party to do so. It has been highlighted that there is no such general obligation in the deed provided in the 2013 DAU.	significant issue for customers.	which provides for a general obligation for Aurizon Holdings to not take any action that would cause Aurizon Network to be in breach of its obligations under the Access Undertaking.	However, the QRC also considers further (more substantial) amendments to the ultimate holding company support deed are required. Section 3.2 of the QRC's Mark-Ups contains the QRC's proposed amendments.
20	Failure to comply with the ultimate holding company deed	3.3	Comments have been made that the consequences of the failure to provide, or comply with, the terms of the deed by the ultimate holding company are very weak and do not provide a serious incentive on	The requirement that Protected Information will not be disclosed to any person outside of Aurizon Network, if the ultimate holding company deed is not provided or complied with, is the same as the	No change is proposed based on the further information provided by Aurizon Network to assist the review of the 2013 DAU.	The QRC agrees that the consequences of non-compliance in UT4 are sufficient. However, as discussed at Item 177, the QRC supports the inclusion of an obligation on Aurizon Network to list the number of	No change. See Part 10 (item 256) for further information



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				<p>Aurizon Network or its ultimate holding company to comply with these terms.</p>	<p>provisions in the 2010 AU.</p> <p>The maintenance of the voluntary ultimate holding company deed reflects Aurizon Holdings' commitment to a robust access regime. The consequence for not providing the deed is equivalent to the provisions in the 2010 AU.</p>		<p>breaches of the deed in its compliance reporting. We do not understand why Aurizon Network would object to this.</p>	
21	Aurizon Network primary functions	3.4		<p>It is suggested that the definition of 'core access related functions' should be broadened to cover the 'primary functions' identified in the 2013 DAU.</p>	<p>The core access related functions are intended to reflect the functional separation model in UT3. Aurizon Network is aligned with industry in ensuring (at a minimum) there are no fewer functions included in UT4</p>	<p>Aurizon Network agrees to amend clause 3.4(b) to make the core access-related functions consistent with clause 3.4(a), namely, the provision and management of Rail Infrastructure in a manner consistent with its role as a Rail Infrastructure</p>	<p>The QRC agrees that a change of this nature is necessary.</p> <p>However, the QRC considers that clause 3.4 of UT4 needs to be wholly re-written. Section 3.1 of the QRC's Mark-Ups contains the QRC's proposed re-draft. Clause 3.4 of the QRC's re-draft</p>	<p>Aurizon Network has redrafted this clause as per the Proposed Change.</p>



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				than was the case in UT3.	<p>Manager under the Rail Safety Act, and to provide and manage Access to the Rail Infrastructure.</p> <p>For the avoidance of doubt, it is also proposed to amend clause 3.4(b) to include the administration of the process for network development, planning, studies and expansion contained in Part 8.</p>	captures this concept.	
22	Transfer of Rail Infrastructure	n/a	Comments have been made questioning the removal of clause 3.8.2 from the 2010 AU, which provided an obligation on Aurizon Network to take over rail infrastructure owned by other	In the event another Aurizon Party owns Rail Infrastructure, the QCA may require that party (not Aurizon Network) to provide an undertaking in relation to that declared service if necessary. This	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 AU.	<p>The QRC does not agree with Aurizon Network's position.</p> <p>The QRC considers that this provision of the UT3 should be incorporated in UT4. Clause 3.7 of the QRC's re-draft</p>	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.

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				Aurizon parties if it is proven to form part of the declared service.	is because the terms of s 250 of the QCA Act would apply to automatically declare that asset. The QCA has no power to require the divestment of assets from one entity to another, nor is it considered appropriate for the QCA to be able to compel this.	captures this concept.	
23	Rail Transport Infrastructure Definition	3.4(a)	<p>Key comments made in relation to this clause include:</p> <ul style="list-style-type: none"> <li>given the ambiguities around the definition of 'rail transport infrastructure', the 2013 DAU should retain an assurance that line diagrams 'red track' reflects</li> </ul>	In the 2013 AU line diagrams are still required to be provided and are included in the preliminary information that is publicly available on Aurizon Network's website (clause 4.2 and Sch A). The line diagrams identify rail transport infrastructure that	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 AU.	<p>The QRC does not agree with Aurizon Network's position.</p> <p>The QRC proposes that a new clause regulating Line Diagrams be included in Part 3 of UT4. Clause 3.6 of the QRC's re-draft contains the QRC's proposed drafting. The QRC has provided further comment</p>	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.



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				<p>all transport infrastructure;</p> <ul style="list-style-type: none"> <li>the QCA should retain independent oversight of changes to the line diagrams. The 2013 DAU should provide an opportunity to seek conversion of incorrectly allocated 'blue track' to 'red track'.</li> </ul>	<p>is managed by Aurizon Network, consistent with both the <i>Transport Infrastructure Act 1994</i> and the QCA Act, and other rail infrastructure.</p> <p>To the extent a party considers that parts of the rail network identified as 'other rail infrastructure' should be 'red track', a complaint can be made through the complaints handling process for non-compliance with the undertaking. Alternatively, a determination can be sought under the QCA Act to have the infrastructure included as part of the declared service. These mechanisms</p>	<p>on this issue in Section 2.6 of its Main Submission.</p>	



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				ensure there is QCA oversight of the line diagrams.			
24	Access-related Functions	3.4(b)	It has been suggested that "Core Access-related Functions" should be termed "Access-related Functions".	Aurizon Network is indifferent to the name of the term.	Aurizon Network will amend 'Core Access-related Functions' to 'Access-related Functions'.	The QRC agrees with Aurizon Network's proposed change. However, the QRC notes that it supports a broader definition of "Access-related Functions" than Aurizon Network's "Core Access-related Functions". Clause 3.4(b) of the QRC's re-draft contains the QRC's proposed drafting. The QRC has provided further comment on this issue in Sections 2.2 and 3.2 of its Main Submission.	Aurizon Network has redrafted this provision to clarify further which areas are 'access-related functions'.
25	Functions performed by Aurizon Network	3.4(b)	It has been suggested that other parts of Aurizon Holdings,	It is not Aurizon Network's intention for the Core-Access-	In addition to the amendments in item 20 above, Aurizon Network	The QRC agrees that a change of	Aurizon Network has redrafted this clause

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				including any part of it that has a direct commercial interest in restricting competition in the above rail market, could undertake Core Access-related Functions.	related Functions to be performed by any other party other than Aurizon Network (see clause 3.5(a)). It is acknowledged that this could be clarified by minor amendments to clause 3.4(b).	will amend 3.4(b) to clarify that it is only Aurizon Network that will perform the Access-related Functions identified.	<p>this nature is necessary.</p> <p>However, the QRC considers that clauses 3.4 and 3.5 of UT4 need to be wholly re-written. Section 3.1 of the QRC's Mark-Ups contains the QRC's proposed re-draft. Clauses 3.4 and 3.5 of the QRC's re-draft capture this concept.</p>	as per the Proposed Change.
26	Unregulated services	3.6(b)(v) and 3.7	<p>Comments have been made regarding the provision of unregulated services, including:</p> <ul style="list-style-type: none"> <li>if other services are going to be referred to in the 2013 DAU and/ or Aurizon Network no longer has as its primary function the</li> </ul>	<p>Examples of unregulated services in competitive markets include:</p> <ul style="list-style-type: none"> <li>construction of mine specific rail infrastructure or private rail infrastructure</li> <li>maintenance of rail infrastructure that is not Rail Infrastructure.</li> </ul>	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	<p>Aurizon Network's summary of industry's response is unclear.</p> <p>In broad terms, the QRC considers there to be a number of non-access related services (or "Associated Services") that can only be practicably provided by Aurizon Network. As set out at Item</p>	No change. Refer to item 6 for further detail.	



Item	Issue	CI.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
			<p>management of the provision of below rail services, then much more detail is needed in respect of those unregulated services;</p> <ul style="list-style-type: none"> <li data-bbox="882 738 1060 1047">• Aurizon Network is seeking to conduct other activities that are not regulated. Any unregulated activities should be scrutinised by the QCA;</li> </ul> <p>to aid in the prevention of discrimination, Aurizon Network staff should be prevented from undertaking non core access activities.</p>	<p>This is further discussed in Part 1 in relation to Associated Services .</p> <p>It is reiterated that it is the declared service that is provided by Aurizon Network that is regulated, not Aurizon Network. The accounting separation requirements specify how these services 'interface' with the declared service. The QCA has no power to regulate unregulated services.</p>		<p>6 above, in the QRC's view, the provision of "Associated Services" should be covered in UT4 to ensure access seekers and access holders have efficient access to those services. However, this is a scoping issue more than an issue in relation to ringfencing.</p>	



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)	
27	Provision of operation or marketing of Train Services in respect of Core Access- related Functions	3.5(b)		<p>It is questioned how the operation or marketing of Train Services could be required in respect of a Core Access related function.</p>	<p>This clause does not operate to allow Aurizon Network to compete in the above rail services market it is only intended to facilitate:</p> <ul style="list-style-type: none"> <li>the operation of work trains in relation to the maintenance of the Rail Infrastructure;</li> <li>the operation or marketing of maintenance services (for example plant or work trains) on private infrastructure.</li> </ul>	<p>AN will include: "nothing in this clause 3.5(b) allows Aurizon Network to compete with above rail operators in the market for Above Rail Services on the Rail Infrastructure."</p>	<p>The QRC agrees with Aurizon Network's proposed change.</p> <p>However, the QRC considers that the change should be incorporated into the re-draft of Part 3 provided by the QRC rather than in the existing version of UT4.</p>	<p>Aurizon Network has redrafted this clause as per the Proposed Change.</p>
28	Staffing of Aurizon Network	3.6		<p>This clause includes the term 'primarily' in the context of duties undertaken by employees.</p> <p>It has been questioned what "primarily"</p>	<p>The use of the term 'primarily' is intended to indicate that there are some circumstances where Aurizon Network employees may</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>The QRC does not agree with Aurizon Network's position.</p> <p>The QRC agrees however that the restriction should not be so broad as to prevent the individual doing</p>	<p>Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.</p>

Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				<p>means. Further, it is suggested that the implications of the reference to employees whose duties “primarily” involve the performance of Core Access-related Functions, means that:</p> <ul style="list-style-type: none"> <li>• there is no obligation on Aurizon Network in relation to employees who perform core access-related functions as part of their role, but they do not do so primarily;</li> <li>• such employees could work for an Aurizon Party and could take direction from Aurizon Network’s</li> </ul>	<p>undertake activities that are not core access-related functions. These employees remain subject to the prohibition on taking directions from a related operator.</p> <p>The structure of this clause comes from Telstra’s Structural Separation Undertaking, which has been approved by the ACCC. In that clause, the term ‘principally’ is used in place of ‘primarily’. Aurizon Network is indifferent between these two terms.</p>		<p>any work other than core access related functions. The QRC considers it appropriate for UT4 to impose additional restrictions on the functions Aurizon Network’s staff can undertake. The QRC considers that clause 3.6 needs to be wholly re-written. Clause 3.8 of the QRC’s re-draft of Part 3 contains the QRC’s proposed clause.</p>



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				related operator at the same time.			
29	Secondment of Aurizon Network employees	3.6(b)(ii) and (iii)	<p>Feedback provided was that much stricter criteria should be included in clause 3.6(b)(ii) and (iii) in relation to secondments of employees.</p> <p>For example, clause 3.4.3(c) of the 2010 AU stated that if activities affect or could affect the access of third party access holders or seekers, then Aurizon Network must ensure no Aurizon Network employees were transferred to Aurizon Network's related operator or a working group whose members include</p>	<p>Secondments in a large corporate group such as Aurizon Holdings Limited are commonplace and necessary from time to time. However, in acknowledgement of the feedback received, Aurizon Network agrees to introduce provisions to prevent the short term secondment of employees from 'high risk' areas of Aurizon Network.</p> <p>Aurizon Network emphasises that the 2013 DAU is significantly stricter on employee separation than was the case under the 2010 AU. For example,</p>	<p>Aurizon Network will amend these provisions to prohibit the short term secondments of employees from high competition risk areas of Aurizon Network, including Aurizon Network management.</p>	<p>The QRC does not agree with Aurizon Network's position, and considers the proposal to be poor practice (and symptomatic of the issues which industry consider should be addressed). Other than for limited exceptions, the QRC considers it appropriate for all secondments between Aurizon Network and related parties to be prohibited, even where such a secondment would be in the course of an employee's duties (subject to specific QCA approved secondments). Clause 3.8 of the QRC's re-draft of</p>	<p>Aurizon Network has redrafted this clause as per the Proposed Change, and also clarified which areas are "high risk".</p>



Item	Issue	CI.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
			<p>employees of a related operator. It was proposed that as a minimum, these provisions should be reinstated and should also apply in the reverse situation where employees of an Aurizon Network related operator are transferred to Aurizon Network.</p> <p>It was also submitted that secondments between Aurizon Network and related parties should be prohibited (unless approved by the QCA), even where such a secondment would be in the course of an employee's duties.</p>	<p>the vague concept of "working groups" has been replaced with an express prohibition on Aurizon Network employees taking directions from a related operator.</p>		<p>Part 3 contains this prohibition.</p>	

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30	Accounting Separation	3.7		While there is support for the proposed framework in the 2013 DAU, it has been suggested that consequential amendments to the QCA approved Costing Manual will be required given Aurizon's increasingly varied interests in up and downstream markets, as well as the recent changes in Aurizon's structure.	A Costing Manual for Aurizon Network was approved by the QCA on 24 October 2013. It is also noted that the QCA has a power under the QCA Act to prepare a Costing Manual where Aurizon Network fails to do so to the QCA's satisfaction (s159).	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC agrees that no change is necessary.	No change.
31	Management of Protected Information	3.11(j)		An issue that has been raised is that an operator would need assurance that an end user would only be provided information related to that particular end	The inclusion of the term "relevant" end user is intended to ensure that the terms of the Train Operations Agreement would be provided to the end user to	Aurizon Network acknowledges this feedback and will review the drafting to align with this intent.	The QRC has no comment on this issue. The QRC will assess Aurizon Network's proposal when further detail is provided.	Aurizon Network has redrafted this clause for clarification.



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				user's access rights in an operator's Train Operations Agreement.	whom they relate.		
32	Definition of Protected Information	3.11	It has been proposed that Protected Information should be a subset of Confidential Information, which should include a broader range of information (being communications, documents and information held, obtained or created by Aurizon Network regarding any access-related function).	The term 'Protected Information' should be retained for the reasons given in the Aurizon Network explanatory material accompanying the UT4 proposal. In particular, it is considered necessary to distinguish information which is protected by the undertaking as distinct from information that is confidential for another reason (which is important for compliance purposes). Aurizon Network is agreeable to	Aurizon Network will amend the definition of Protected Information to include a broader range of information such as, communications, documents and information held, obtained or created by Aurizon Network regarding any [Core] Access-related Function.	The QRC will assess Aurizon Network's proposed amendments when the drafting foreshadowed by Aurizon Network is provided.  However, as set out in the QRC's Main Submission and clause 3.14 of the QRC's re-draft of Part 3, the QRC does not agree with the narrowing of the categories of confidential information protected by the ringfencing regime in UT4.	Aurizon Network has redrafted this clause as per the Proposed Change.



Item	Issue	CI.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				amending the definition of Protected Information to broaden it, as requested.			
33	Confidentiality Deed.	n/a	It has been requested that the standard form Confidentiality Deed be retained in 2013 DAU.	<p>Aurizon Network is mindful of the number of standard agreements that form part of the undertaking (amounting to some 1,600 pages). It is also noted that operators and customers regularly negotiate confidentiality arrangements (on non-standard terms) with Aurizon Network without issue, including in relation to non-access related matters.</p> <p>It is therefore proposed to provide a</p>	Aurizon Network will include an obligation to publish a standard form Confidentiality Deed as part of preliminary information.	<p>The QRC agrees with Aurizon Network's proposed change.</p> <p>Please see the place holder in clause 3.15 of the QRC's re-draft of Part 3 for the QRC's preferred drafting and Section 3.3 of the QRC's Mark-Ups for the QRC's suggested template confidentiality deed.</p>	The standard form Confidentiality Agreement has been included in the 2014 DAU in a new Schedule H.





Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				<p>standard form Confidentiality Deed as part of the preliminary information. To the extent that agreement cannot be reached as to the terms of the Confidentiality Deed, the dispute resolution provisions in the undertaking would apply.</p>			
34	<p>Aggregation of protected information</p>	<p>Section D - Protected information, clause 3.15 -3.18</p>	<p>Feedback received regarding the disclosure of aggregated information is that this should only be disclosed with permission from the providers of the information.</p>	<p>Aggregated information is provided as a means of balancing the need for publicly available information with the need to keep commercially sensitive information confidential. The purpose of aggregation is to de-identify information so that it cannot be attributed to an</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>The QRC recognises that Aurizon Network may need to publish aggregated information during the term of UT4. Clause 3.14(a)(5) of the QRC's re-draft of Part 3 provides that "<i>Protected Information</i>" will not include information that is aggregated with other information in a way that de-identifies the</p>	<p>Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.</p>



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)	
				individual third party access seeker, holder or operator.		information as the discloser's information and where the disclosure of the aggregated information occurs in the ordinary course of business or so as to allow for compliance with legal, listing rule, business or other reporting requirements of the Aurizon Group and would no longer reasonable be expected to affect the commercial affairs of the owner of the information. The QRC considers this approach to aggregated information to be reasonable.		
35	Audit of Protected Information Register	3.19		It has been suggested that clause 3.19(d) should include a process where the QCA audits the Protected	There is considerable flexibility in the audit provisions in the 2013 DAU. The QCA is able to include the	No change is proposed based on the further information provided by Aurizon Network to assist in the	The QRC's position in relation to audit rights is set out under Part 10 below (and in conjunction with Part 10 of the	Aurizon Network agrees that the protected information register will be available for audit by QCA. Aurizon

Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion		AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				Information Register as part of its annual audit process to ensure Aurizon Network has complied with its obligations in relation to the handling of Protected Information.	Protected Information Register in the scope of the Audit under clause 10.7 if it chooses to do so.	review of the 2013 DAU.	QRC's Main Submission).	Network has redrafted for clarity.
36	Details to be included in Protected Information Register	3.19	It has been suggested that this register must contain details of all disclosures and dates for access to be reviewed.	The date of review and expiry for authorisation to access Protected Information is included in the Protected Information Register (clause 3.17(f)).	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position. The QRC considers that Aurizon Network should be obliged to keep a more comprehensive confidential information register. The QRC considers that clause 3.19 needs to be wholly re-written. Clause 3.20 of the QRC's re-draft of Part 3 contains the QRC's proposed clause.	Aurizon Network has redrafted to include an obligation for Aurizon Network to include on the register details of compliance issues which when investigated were discovered to be a breach.	

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37	Mandatory Protected Information Training and Exit Certificates	3.20		Feedback received is that exit certificates and debriefing sessions should also be undertaken for all employees ceasing employment with Aurizon Network (not just those going to work for another business unit in the Aurizon Group).	Aurizon Network recognises the importance of ensuring that its employees remain aware of their obligations in relation to Protected Information.	Aurizon Network will expand the requirement for exit certificates and debriefing sessions to be undertaken for all Aurizon Network employees that have access to Protected Information ceasing employment with Aurizon Network.	The QRC will assess Aurizon Network's proposed amendments when the drafting foreshadowed by Aurizon Network is provided.  Please see clause 3.21 of the QRC's re-draft of Part 3 for the QRC's preferred drafting.	Aurizon Network has redrafted this clause as per the Proposed Change.
38	Mandatory training	3.20		It has been commented that the mandatory minimum training requirements in the 2013 DAU are too narrow and should apply to all staff, with more detailed training for staff in [Core] access-related functions or who have access to confidential information.	Aurizon is prepared to expand the training program. However, it is not necessary to train all employees in the Group (totalling around 8,000 people), noting the majority are operational employees, and many are not in coal or Queensland business units.	Aurizon Network will expand the minimum training requirements to not only include people who have access to Protected Information but to people in 'high risk' areas, such as employees in the Marketing Division (excluding non-coal), Legal, Risk and Audit and Policy.	The QRC will assess Aurizon Network's proposed amendments when the drafting foreshadowed by Aurizon Network is provided.  Please see clause 3.22 of the QRC's re-draft of Part 3 for the QRC's preferred drafting.	Aurizon Network has redrafted this clause as per the Proposed Change.

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39	Infringement penalty regime	3.22		<p>Feedback received is that there are no meaningful consequences should Aurizon Network breach the undertaking. This means that there is no meaningful incentive on Aurizon Network to comply and there will be no genuine compliance culture within the business.</p>	<p>It is not accepted that there are no meaningful penalties for non-compliance. Under the QCA Act, a court can order the payment of compensation (s. 153 and s 158A). These amounts could be substantial.</p> <p>The QCA Act does not provide for the ability to impose an infringement penalty regime. In any case, it is noted that the decision to issue an infringement notice is not a decision to impose a penalty, as it is not a determination of substantive rights. Recourse to judicial power would still be necessary, as</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>The QRC has no comment on this issue.</p>	<p>No change.</p>

Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				per the current QCA Act.			
40	Breach of ultimate holding company deed complaint	3.22	It has been suggested that the complaints regime should be expanded to allow access seekers/holders and operators the ability to lodge a complaint regarding a breach of the ultimate holding company deed.	Aurizon Network considers the consequences of the ultimate holding company failing to comply with the ultimate holding company support deed are significant as "the Undertaking will cease to authorise the disclosure of Protected Information to any person or entity outside Aurizon Network." (clause 3.3(b)) This would therefore include not only employees of the ultimate holding company providing support or governance services to Aurizon Network but also external	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position. In the QRC's view, the consequences of a breach of the ultimate holding company support deed are not relevant to the issue of complaint handling. The QRC considers that the complaints regime should be expanded to ensure stakeholders have a non-litigious avenue for recourse where there is a breach of the ultimate holding company support deed or a confidentiality agreement. Consistent with the QRC's position in relation to Part 3 of UT4 (as reflected	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				<p>consultants and contractors.</p> <p>To the extent that a party considers the ultimate holding company has breached its obligations, that party can make a complaint under clause 3.22 in relation to whether Aurizon Network has complied with the requirement to not disclose the Protected Information as per clause 3.3(b).</p> <p>Enforcement options are also available under the QCA Act (Div 8, Part 5) in relation to a failure by Aurizon Network to comply with clause 3.3(b).</p> <p>In addition, there is nothing to prevent the party from notifying the QCA of concerns</p>		<p>in the Main Submission and the Mark-Ups of Part 3 and Part 11), the QRC considers stronger accountability on Aurizon Network to be central to a meaningful protection against conflicts regime.</p>	



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				in relation to Aurizon Network's compliance with clause 3.3(b) and for the QCA to consider the need for, and where appropriate request, a compliance audit under clause 10.7.			
41	Waiver by the QCA	3.23	It has been stated that as long as Aurizon Network remains vertically integrated, ringfencing obligations should apply at all times for Aurizon Network. There should be no ability for Aurizon Network to have its ring fencing obligations waived.	Waiver provisions are part of many ringfencing regimes, notably, those administered by the Australian Energy Regulator. In the past, the QCA also administered a Ringfencing Guideline that included waiver provisions (and considered applications made by Distribution Network Service	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position. In the QRC's view, Aurizon Network should not be allowed to seek a waiver of its conflict protections. Applying the concept of waiver to the conflict protections significantly reduces their importance in UT4 and suggest that there are instances where non-	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.





Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)	
				Providers under its jurisdiction). It is important to note that waiver is only granted by the QCA.		compliance is acceptable.		
E5						The QRC provided a complete re-draft of Part 3 of UT4 in its Main Submission. Aurizon Network has not responded substantively to any of the QRC's proposed drafting in its Response to Industry.	Aurizon Network reviewed the stakeholders' proposed drafting and has incorporated aspects which Aurizon Network agrees to in the redraft of the 2014 DAU.	
<b>Negotiation Framework [Part 4]</b>								
42	Process overview	4.1		It is suggested that this clause is unnecessary.	Providing a clear access application and negotiation process is considered one of the key roles of the undertaking.  The clause has been included to	Aurizon Network to amend Part 4 to include flow charts.	The QRC supports Aurizon Network's proposal to include flow charts.	Aurizon Network will develop a new Schedule I which will contain the flow charts. Aurizon Network has redrafted this clause to direct the reader to the new Schedule I.



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				<p data-bbox="1102 438 1281 803">provide an overview of key aspects the negotiation process. It was included to assist the reader's high level understanding of the process under Part 4 before plunging into the detailed provisions.</p> <p data-bbox="1102 820 1281 1071">Aurizon Network also intends to include flow chart diagrams in Part 4 of the 2013 DAU to illustrate the process for applying for and negotiating access.</p>			
E6	Initial enquiries for access	4.2(a),(b)				The QRC has reinstated some of the drafting that existed under UT3 in relation to initial enquiries for access. Aurizon Network has not	Aurizon Network has redrafted in accordance with the proposed drafting from the QRC.



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
						responded to these changes.	
43	Confidentiality of capacity information	4.2(c)	This clause states that prospective access seekers may lodge a request for capacity information with Aurizon Network and that Aurizon Network will respond within 10 business days. It has been expressed that as there are currently only two above rail coal haulage operators on the network, either rail operator could deduce the access rights the other operator holds. It is therefore necessary to consider whether the provision of capacity information may raise	Aurizon Network will review the drafting of clause 3 of Schedule A to provide that capacity information will not be provided if the access rights of an operator could be deduced and it would give rise to a breach of confidentiality or ringfencing obligations.	Similar to item 163, Aurizon Network will revise the drafting to clarify that capacity information will only be provided to access seekers to the extent it will not be a breach of either Aurizon Network's ringfencing obligations in the undertaking or the confidentiality provisions in an access agreement.	The QRC agrees with Aurizon Network's proposed change.	No change to Part 4. This has been addressed in Schedule A (see item 78)



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				confidentiality issues.			
E7	Obligation to update preliminary information	4.2(d)				Aurizon Network has not responded to the QRC's proposal for Aurizon Network to be subject to a strict obligation to keep preliminary information current, rather than only using reasonable endeavours to do so.	Aurizon Network has redrafted in to provide that preliminary information must be accurate and up to date.
44	Access application	4.3(b)		It has been proposed that clause 4.3(b) should be amended. This clause allows Aurizon Network to cease negotiations for access if an access seeker has materially failed to comply with the provisions of the undertaking.	The objective of this provision is to clarify that by lodging an access application, the access seeker agrees to be bound by the provisions of the undertaking that apply to access seekers. Provided that objective is still met by the provision,	Aurizon Network agrees to delete "without prejudice to any other rights [Aurizon Network] may have" from clause 4.3(b).  The QRC appreciates Aurizon Network's willingness to amend this clause. However, Aurizon Network has not responded to the QRC's proposal to delete the last sentence of clause 4.3(b). That sentence is unnecessary as Aurizon Network's ability to provide a	Aurizon Network has redrafted this clause as per the Proposed Change.



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				<p>However, clause 4.3(b) also expressly states that any cessation of negotiations would be <i>“without prejudice to any other rights [Aurizon Network] may have”</i>. That reservation of rights is not dealt with in clause 4.11 which is limited to circumstances in which negotiations can be terminated.</p>	<p>Aurizon Network will amend the clause to address the matter.</p>	<p>negotiation cessation notice in such circumstances is already provided for under clause 4.11.</p>	
E8	Negotiation cessation notice	4.3(b)				<p>Aurizon Network has not responded to the QRC’s proposal to delete the last sentence of clause 4.3(b), regarding its ability to provide a negotiation cessation notice.</p>	<p>Aurizon Network has redrafted in accordance with the proposed drafting from the QRC.</p>



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)	
45	Incomplete access application	4.3(c)		It has been proposed that Aurizon Network should be obligated to notify an access seeker if their access application is incomplete, and specify what further information is required to make the application complete and compliant. This must be notified within 10 business days after receipt of the access application.	Aurizon Network accepts that a mandatory obligation to notify access seekers of any deficiencies in an access application is reasonable.	Aurizon Network agrees to amend this provision to include an obligation to notify an access seeker if its access application is incomplete, and specify what information is required to make it complete and compliant.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
46	Limited information request	4.3(c)		It has been proposed that the additional evidence or information that Aurizon Network can seek about an access application be limited, including information about the access	Aurizon Network understands customers would like greater certainty on the information that Aurizon Network may request in respect of an access application.	Aurizon Network will add an additional restriction similar to the 2010 DAU, such that the information must be reasonably required to prepare and issue an	The QRC appreciates Aurizon Network's willingness to amend this clause to restrict requests for further information to information reasonably required to prepare and issue an	Aurizon Network has redrafted this clause to provide that additional evidence requested is limited to that which will assist in making a determination about ability to use access rights.



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			<p>seeker's ability to fully utilise the requested access rights.</p> <p>It has been suggested that this right be limited by restricting Aurizon Network's right to seek information so that it applies <u>only</u> to information about the matters in clause 4.11(c).</p>	<p>Given the case by case nature of access applications Aurizon Network does not consider it appropriate to limit the information to be requested only to the matters listed.</p> <p>To address this matter, Aurizon Network will clarify that the additional information requested by Aurizon Network must be required for the purpose of preparing an indicative access proposal.</p>	<p>indicative access proposal.</p>	<p>indicative access proposal.</p> <p>However, the QRC also considers that any information requests in relation to an access seeker's ability to fully utilise requested access rights should be limited to the factors set out in clause 4.11(c). The QRC considers that this change does not unnecessarily restrict Aurizon Network's ability to obtain information regarding an access seeker's ability to utilise access rights. Rather, the amendment merely provides additional certainty in relation to the type of information that may be requested from access seekers. If Aurizon Network considers that the factors set</p>	



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						out in clause 4.11(c) do not accurately capture the information that may be required from access seekers, those factors should be further refined.		
E9	Obligation to act reasonably and in good faith	4.4				Aurizon Network has not responded to the QRC's proposal for it to be subject to an obligation to act reasonably and in good faith in relation to a number of its powers with regards to suspending negotiations.	Aurizon Network has included throughout Part 4 in relevant clauses the obligation to act reasonably and in good faith.	
47	Provision of reasons for suspending negotiations	4.4(c)		It has been proposed that Aurizon Network should be required to give reasons for suspending access negotiations where access	Aurizon Network agrees to include the reason for a suspension when notifying an access seeker of that suspension under clause 4.4(c).	Amend clause 4.4(c) to provide that Aurizon Network will provide reasons for suspending access negotiations where access rights cannot be	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.





Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				rights cannot be provided in the absence of an expansion or customer specific branch line.	provided in the absence of an expansion or customer specific branch line.		
48	Non-discrimination on funding	4.4(c)	It has been proposed that an obligation be included preventing Aurizon Network from discriminating between a proposed user funded project and an expansion proposed to be funded by Aurizon Network.	The general non-discrimination provisions in Part 3 apply across all aspects of the undertaking. While it is arguable that the existing provisions cover the circumstances referred to here in relation to funding, Aurizon Network agrees to amend the undertaking to clarify that there can be no discrimination between a user funded project and an Aurizon Network funded project.	Aurizon Network will amend Part 3 to introduce a prohibition on discriminating on the basis of the source of funding of an expansion (i.e. user funding versus Aurizon Network funding).	The QRC agrees with Aurizon Network's proposed change.	No change to Part 4. Aurizon Network has redrafted Part 3 as per the proposed change. Refer to item 17 for more details.



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49	Lodgement date of access request	4.4(b)		<p>It has been proposed that the acknowledgement notice will be issued when the access request is deemed to have been received, where Aurizon Network believes sufficient information has been provided. It has been proposed that the drafting reverts to the treatment in the 2010 AU, which is that the lodgement date of an access request is deemed to be the date of receipt of that access request.</p>	<p>The intention of this provision is to encourage access seekers to only lodge an application when it is complete. This will allow Aurizon Network to improve the quality and timeliness of the indicative access proposals it develops and establish a stronger and more workable basis for commencing formal negotiations. With the removal of the queuing framework, the incentive for access seekers to submit an access application as early as possible in order to secure a position in the queue has been removed.</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>The QRC agrees that no change is necessary.</p>	<p>No change.</p>



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50	Six month confirmation	4.4(c), (f) & (g)		<p>The obligation on an access seeker to reconfirm its access requirements every six months following the suspension of negotiations is seen as problematic. Particularly, given Aurizon Network's ability to issue a negotiation cessation notice if this doesn't occur.</p>	<p>If a negotiation has been suspended, the requirement for an access seeker to re-confirm its capacity requirements every six months is important as it provides Aurizon Network with timely and accurate information to assess whether sufficient demand exists for an expansion.</p> <p>Aurizon Network considers that as access seekers have an incentive to maintain the currency of their request that this obligation would not be an unreasonable burden.</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU</p>	<p>The QRC agrees that the obligation on an access seeker to re-confirm its access requirements every six months following the suspension of negotiations should be maintained.</p> <p>However, the QRC considers that minor drafting changes should be made as reflected in the QRC's Mark-Up of Part 4.</p>	<p>Aurizon Network has made minor changes to drafting of these clauses. Also refer to item E9.</p>
51	Time period for lodgement of	4.4(e)		<p>Industry participants have requested an extension to the</p>	<p>Aurizon Network understands that there are long lead times in</p>	<p>Aurizon Network proposes to amend the clause to allow</p>	<p>The QRC supports the proposed change by Aurizon Network, however,</p>	<p>Aurizon Network has redrafted as per proposed change to insert criteria for</p>

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	access applications			<p>time period for access applications from three years to five years prior to the access rights commencing. This accommodates long lead times in mine assessment and development.</p>	<p>mine development and that one of the criteria for a company to approve a new mine is likely to be whether they can secure rail access.</p> <p>Aurizon Network also recognises that the replacement of the queue with capacity allocation criteria, reduces the incentive to lodge access applications on a more 'speculative' basis. Subject to certain criteria, Aurizon Network will provide for the ability to make an access application up to five years prior to when the access rights are expected to be used.</p>	<p>access applications that meet certain criteria to be made up to five years prior to the access rights commencing. The relevant criteria could include matters such as whether the access application is for the development of a new mine or new terminal developments.</p>	<p>the QRC is unable to comment on the substance of the change until Aurizon Network provide the criteria foreshadowed in relation to accessing whether an access application can be made up to 5 years in advance.</p>	<p>applications to be submitted up to 5 years in advance. The criteria are:</p> <ul style="list-style-type: none"> <li>• Lead time to accommodate access seeker's infrastructure including mine development or transport logistics chain (e.g. rollingstock acquisition/facilities )</li> <li>• Lead time for Rail Infrastructure development</li> <li>• Lead time for Export terminal facilities</li> <li>• Likelihood of utilisation of access rights</li> </ul>

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52	Renewal of access information	4.4(f)(iii)		An item identified in submissions is the requirement to demonstrate the ability to utilise access rights, suggesting that the evidence should be based on a reasonable likelihood of being able to use the access rights at the proposed commencement date.	Aurizon Network will amend this clause to reflect that the evidence needs to be based on the reasonable likelihood of being able to use the access rights at the proposed commencement date.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
53	Acknowledgement of access application	4.4(g)		It has been requested that an amendment be made to clarify that Aurizon Network will act reasonably where it determines that a negotiation cessation notice should be issued to a customer.	Aurizon Network will review clause 4.11 to create a closer linkage with clause 4.4(g) including applying relevant reasonableness requirements along similar lines to those in clause 4.11.	Whilst the QRC agrees in principle with Aurizon Network's proposal, it cannot undertake a proper assessment until the further drafting foreshadowed by Aurizon Network is provided.	Aurizon Network has redrafted this clause as per the Proposed Change.
54	Revision of access application	4.5		It has been proposed the provisions in the	While Aurizon Network agrees with the inclusion	Aurizon Network has proposed to reinstate the ability for access	Aurizon Network has included drafting to provide for revision of

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				<p>2010 AU, which allowed an access seeker to vary or revise an application between the issue of the acknowledgment notice and the indicative access proposal, be reinstated. Provided that the revision to the application does not seek an increase in capacity or a shorter term of access and does not otherwise substantially alter the nature of the access rights sought.</p>	<p>of such a right in principle, it is important that it be clear in what circumstances a revision would be permitted. For example, a revision should not result in a material alteration to the requested access rights.</p>	<p>seekers to revise an access application prior to the issuance of an indicative access proposal in specified circumstances.</p>	<p>to revise an access application in "specified circumstances". Whilst the QRC agrees in principle with Aurizon Network's proposal, the QRC is not able to comment on this proposed change unless and until such "specified circumstances" are defined by Aurizon Network.</p> <p>As provided in its Main Submission, the QRC considers that the right for an access seeker to revise an access application prior to the issuance of an indicative access proposal should be allowed in all circumstances except where a revision seeks an increase in capacity, a shorter term of access or substantially alters the nature of</p>	<p>an access applications. The drafting covers the process and timing impacts of the access seeker requesting a change. Where a requested change is a material variation, the access seeker will need to submit a new access request. A material variation is:</p> <ul style="list-style-type: none"> <li>• An increase in capacity required, including an increase in tonnage and/or required train paths</li> <li>• A material change in proposed operational methodology</li> <li>• A material change in term of access rights, either shorter or longer</li> <li>• A change in nature of access rights e.g. cyclic traffic v timetabled</li> <li>• A material change in geographic</li> </ul>



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
						access rights sought. Clause 4.5, clause 4.7(d) and clause 4.10.2(e) of the QRC's Mark-Up of Part 4 contain proposed amendments to this effect.	location for the proposed origin/destination
55	Waiver of capacity assessment	4.5(b)(iii)	It has been proposed that Aurizon Network's ability to waive its requirement to complete an initial capacity assessment under the circumstances set out in this clause should be removed.	The position in clause 4.5(b)(iii) of the 2013 DAU is the same as clause 4.3(c)(iii) of the 2010 AU.	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU	The QRC does not agree with Aurizon Network's position. The QRC considers that a capacity assessment is an important requirement for access seekers and Aurizon Network should not be given the discretion to waive this requirement. The fact that the position in clause 4.5(b)(iii) is unchanged from the UT3 is not a sufficient explanation for Aurizon Network to	Aurizon Network's intent is that if capacity assessment is not required due to system rules, then it will not be undertaken. This assists to speed up the process of providing the access seeker with a response to its access application. Aurizon Network has redrafted to provide that where the capacity assessment is not required, it will provide to the customer the reasons why it has not been completed.

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						discount industry concerns.	
56	Notification of timeframe for expansions	4.5(b)	It has been proposed to include a new obligation to include in an indicative access proposal an estimated timeframe for capacity to be made available where an expansion is required, as well as information on the process.	<p>The estimated timeframe within which capacity is anticipated to be created where an expansion is required is dependent on a number of factors. Part 8 provides some context to this - for example, in relation to the sequential nature of expansions.</p> <p>On this basis Aurizon Network will include in an indicative access proposal information in relation to a relevant expansion that is reasonably available</p>	Aurizon Network agrees to amend this clause to provide information about a required expansion where such information is reasonably available in the circumstances	<p>Whilst the QRC agrees in principle with Aurizon Network's proposal, it cannot undertake a proper assessment until the further drafting foreshadowed by Aurizon Network is provided.</p> <p>The QRC considers that estimated timing and other information concerning expansion planning should be provided in an indicative access proposal in all circumstances where access is contingent on an expansion. The QRC's Mark-Up of Part 4 contains a proposed amendment to this effect in clause</p>	Aurizon Network has redrafted this clause as per the Proposed Change.





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						4.6(vii) of that Mark-Up.	
57	Access charge estimate	4.5(b)(v)	It has been proposed that this provision be amended to require Aurizon Network to provide details in the indicative access proposal of the relevant factors that have been taken into account when advising of the initial estimate of the access charge.	Aurizon Network agrees in principle to providing information in the indicative access proposal of the matters considered in developing the initial estimate of the access charge. Aurizon Network will give consideration to the appropriate matters that must be advised.	Aurizon Network, having regard to industry submissions, will include amendments referring to the specific information that Aurizon Network will provide when advising of the initial estimate of the access charge as part of an indicative access proposal.	The QRC agrees in principles with Aurizon Network's proposal but the QRC cannot undertake a proper assessment until Aurizon Network provides further clarity regarding the specific information it will provide when advising on the initial estimate of the access charge as part of an indicative access proposal.	Aurizon Network has redrafted to provide that detail will be supplied in the indicative access proposal as to how the charge has been calculated and how it complies with Part 6.
58	Alignment of timeframe with 2010 AU	4.5(d)	It has been proposed to seek to re-align the timeframe before notification of an extension to the period within which an indicative access proposal must be given with the	The 2013 DAU proposes a period of 20 business days. The proposed amendment is to reduce this to 15 business days. This would align with the current 20 (calendar)	Aurizon Network agrees to make this amendment.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.

Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion		AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				timeframe in the 2010 AU.	days in the 2010 AU.			
59	Extending life of indicative access proposal by agreement	4.5(e)		It has been suggested that the indicative access proposal expiry date be amended so that it is 60 Business Days after provision of the indicative access proposal, <i>“unless otherwise agreed”</i> .	Aurizon Network agrees that the amendment to extend the validity of the indicative access proposal on agreement would reflect current practice. It also considers that the introduction of criteria to agree to a longer period would minimise the likelihood of dispute.	Aurizon Network agrees to amend this clause to make it clear that the indicative access proposal expiry date could be altered by agreement. It will propose criteria for agreeing a longer period.	The QRC agrees in principle with Aurizon Network’s proposal. The QRC is unable to make a proper assessment of the proposed amendment until Aurizon Network communicates the criteria for agreeing a longer period in relation to the expiry of an indicative access proposal.	Aurizon Network has redrafted this clause as per the Proposed Change.
60	Criteria for revising an indicative access proposal	4.5(g)		It has been proposed to strengthen Aurizon Network’s obligation to review and issue a revised indicative access proposal where the access seeker raises concerns about	Industry have indicated a preference to remove Aurizon Network’s discretion with regard to the requirement for additional time to review and revise an indicative access proposal.	Aurizon Network agrees to strengthen the obligation.	Whilst the QRC agrees in principle with Aurizon Network’s proposal, it cannot undertake a proper assessment until Aurizon Network describes how it intends to strengthen this obligation.	Aurizon Network has redrafted in accordance with the proposed drafting from the QRC.



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				whether the indicative access proposal has been developed in accordance with the undertaking.			
61	Access Seeker's right to suspend negotiations	4.4(c)	It has been proposed that access seekers should have a corresponding right to suspend negotiation for access rights where an expansion or customer specific branch line is required. Aurizon Network has that right under clause 4.4(c).	Aurizon Network agrees to provide a mutual ability of Aurizon Network and access seekers to suspend negotiations where an expansion or customer specific branch line is required.	Aurizon Network will include a right for access seekers to suspend negotiations where an expansion or customer specific branch line is required and will review the need for any qualifications or criteria to give effect to the amendment.	The QRC agrees in principle with Aurizon Network's proposed change but is unable to provide meaningful comment until further information is provided. In particular, the QRC is unable to comment on Aurizon Network's proposal to qualify or provide criteria to give effect to the amendment until those criteria are determined.	Aurizon Network has redrafted in accordance with the proposed drafting from the QRC.
62	Nomination of operator as "agent" for negotiations	4.7(a)(i)	It has been proposed that where there are multiple access applications and one is from the end user, that	It is not Aurizon Network's intention to limit the ability of the end user to nominate an operator as its	Aurizon Network will amend this clause to clarify that an end user can nominate an operator to negotiate access	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.

Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				end user should be able to nominate an operator to be involved in the negotiations.	agent for negotiating access or to assist the end user in negotiations.	on its behalf or to otherwise assist it in negotiations.	
63	Nomination of operator to proceed to negotiations in multiple applications for the same access	4.7(a)(ii)	The 2013 DAU proposes to ensure that Aurizon Network is not required to negotiate with more than one operator for the same access rights. Customers have questioned why the access application is not just processed as usual and an indicative access proposal issued to both (or all) rail operators. Aurizon Network's proposed drafting is seen as limiting above rail competition if the access request is submitted before the above rail	This provision relates to proceeding with the negotiation of an access agreement with the preferred operator after the issue of an indicative access proposal. It is intended that the negotiation for access rights with the preferred operator(s), would follow the above rail tender process.	Aurizon Network will clarify in the drafting that clause 4.7(a)(ii) does not alter Aurizon Network's obligations to prepare indicative access proposals in respect of each operator's access application unless the customer has nominated one of the operators. If the customer nominates an operator prior to Aurizon Network providing indicative access proposals, then Aurizon Network will only issue an indicative access proposal to the	Aurizon Network's proposed change is to clarify that it is still obliged to issue an indicative access proposal to multiple parties where there are multiple applications for the same access and the customer has not nominated a particular operator. However, Aurizon Network has not responded to the QRC's proposal to remove the ability of Aurizon Network to suspend negotiations after the issue of an indicative access proposal, unless and until an operator is nominated by the customer. As	Aurizon Network has redrafted this clause as per the Proposed Change.



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				tender is complete.	operator nominated by the customer.	outlined in its Main Submission, the QRC considers that Aurizon Network should facilitate the ability for operators to undergo a competitive tender with an end customer by continuing to negotiate with all operators (even after the issue of an indicative access proposal). Only negotiating with one operator following the issue of an indicative access proposal fails to support competitive tenders. For this reason, the QRC recommends that clause 4.7(b) be deleted as shown in the QRC's Mark-Up of Part 4 and as described in Section 2.6 of Part 4 of the QRC's Main Submission.	



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E10	No notification of intent	4.7(c)				Aurizon Network has not responded to the QRC's proposal that an access application and indicative access proposal should be taken to be withdrawn where an access seeker has not notified Aurizon Network of its intention to progress its access application, and the negotiating process has not otherwise been suspended.	Aurizon Network has redrafted in accordance with the proposed drafting from the QRC.
E11	Suspending the negotiation process where multiple applications for the same access					Where there are multiple applications for the same access, Aurizon Network has a right to suspend negotiations after the issue of an indicative access proposal, unless and until an operator is nominated by the	Aurizon Network has included new drafting to clarify when the negotiation process will be suspended for multiple applications.



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						customer. The QRC has proposed to remove this ability to suspend negotiations to facilitate competitive tenders. In its Response to Industry, Aurizon Network has proposed to clarify that it is still obliged to <i>issue an indicative access proposal</i> to multiple parties where there are multiple applications for the same access. However, Aurizon Network has not responded to the QRC's proposal with respect to continuing <i>negotiations</i> with multiple operators.		
64	Agreement to extend time for negotiation	4.9.1(c)(iv) (B)		It has been proposed that a new provision be included to clarify that when a dispute arises,	Aurizon Network agrees it is appropriate for the negotiation period to take into consideration	Aurizon Network will amend this clause to allow for an extension of the negotiation period where a	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				the negotiation period can be extended where the parties agree or as determined during the dispute resolution process.	any adjustments to the negotiation period resulting from the resolution of a dispute.	dispute arises where the parties agree or as determined during the dispute resolution process.	
65	Negotiation process where available capacity is reduced	4.9.1(c)(v)	Where Aurizon Network proposes to discuss with the access seeker alternative means to provide the access rights sought, in the event of a reduction in available capacity is seen as too vague. It has therefore been suggested that this be replaced with a more prescriptive process.	The appropriate solution to address a reduction in available capacity in the context of an access negotiation will vary from case to case.  Accordingly, it is considered that the situation is typically and best resolved as part of the negotiations between Aurizon Network and the access seeker as proposed. It is possible that those negotiations may relate to the need	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU	The QRC does not agree with Aurizon Network's position.  The QRC appreciates Aurizon Network's further explanation. Despite that information, the QRC considers it is important that a more objective and transparent process be provided for. Although the solution to address a reduction in available capacity may vary from case to case, there should be some protection of the rights of an access seeker. Simply providing that	Aurizon Network has included new provisions to allow for a transparent process of allocating capacity where available capacity identified in the indicative access proposal is no longer available.





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					<p>for an expansion. If so, the 2013 DAU has provisions that relate specifically to expansions.</p>	<p>Aurizon Network and the access seeker should discuss the matter in an attempt to agree alternative means of providing access rights is too vague and fails to protect the rights of an access seeker. Where remaining available capacity can satisfy part of the access rights sought, or the infrastructure enhancements can be altered, Aurizon Network should be required to prepare a revised indicative access proposal. This is a reasonable requirement which affords some protection to the rights of an access seeker and aligns with Aurizon Network's previous obligations under UT3. Reinstating the process provided for under UT3 better protects</p>	



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						the rights of an access seeker whilst still allowing for an appropriate level of flexibility to allow Aurizon Network to vary the relevant solution based on the circumstances of the particular case. The QRC's proposed amendments in this regard can be found at clause 4.10.1(d) of the QRC's Mark-Up of Part 4.	
66	Other terms to be addressed during negotiation	4.9.2(a)(viii)	It is proposed the inclusion of a right to provide details of "other terms and conditions comprising of the access agreement" during the negotiation process be replaced with a clause that provides that, unless otherwise	This provision does not affect the role of the standard access agreement as "the safety net" in negotiations. Aurizon Network cannot impose any new or alternative terms and conditions without agreement by the access seeker. As per clause	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU	The QRC does not agree with Aurizon Network's position. Clause 5.1(d) only provides for the standard access agreement to apply where the parties initiate the dispute resolution mechanism. The QRC considers that the standard access agreement should be the	Aurizon Network has redrafted in accordance with the proposed drafting from the QRC.



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				<p>agreed, the terms and conditions comprising the access agreement are to be those in the standard access agreement.</p> <p>Aurizon Network's intention in including this provision was to clarify that where other terms and conditions are considered appropriate for the requested access rights, they are to be provided by Aurizon Network.</p> <p>It also addresses any circumstance where the access agreement is to be completed based on a standard access agreement and some aspect of that standard access agreement is to</p>			<p>starting point to all negotiations rather than merely the fall back in the case of a dispute. To ensure open access, any alternative terms and conditions to those contained in the standard access agreement should be agreed by both parties. Aurizon Network should not be given the power to impose alternative terms and conditions on an access seeker. The amendment proposed by the QRC still allows Aurizon Network to propose and agree alternative terms and conditions with an access seeker but merely provides that the standard access agreement is the starting point for all negotiations.</p>

Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				<p>be completed by Aurizon Network but is not specifically listed in clause 4.9.2(a).</p> <p>An ability to propose alternative terms and conditions is consistent with the QCA Act.</p>			
67	"Non-Standard" modes of operation	4.9.2(c)		Clarity has been sought as to what mode of train operation will be considered "non-standard" and trigger an interface risk assessment. It has been suggested that this be done by reference to differences in the scope and standard of existing rail operations on the network.	Aurizon Network will amend the provision to include differences in the scope and standard of existing rail operations on the network as "non-standard".	Whilst the QRC agrees with Aurizon Network's proposed change, the QRC cannot fully assess the substance of this change until more clarity is provided in relation to what differences in the scope and standard of existing rail operations in the network are "non-standard".	<p>Aurizon Network has included additional drafting in this clause to provide examples on "non-standard" operations. These include:</p> <ul style="list-style-type: none"> <li>• Reversing/special shunting movements for trains</li> <li>• Change in driver methodology/occupancy</li> <li>• Change in proposed train speed</li> <li>• Change in operating direction including</li> </ul>

Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
							<p>loading/unloading direction of rollingstock</p> <ul style="list-style-type: none"> <li>• Inability to meet SRT's</li> <li>• Anything requiring a change to infrastructure e.g. open door sensors</li> <li>• Change in an operator's accreditation or safety management system</li> </ul>
68	Further evidence and information regarding utilisation of requested access rights	4.9.2(d)	It has been suggested Aurizon Network's ability to seek additional evidence or information about an access seeker's ability to utilise the requested access rights, should be limited.	It is considered reasonable to limit the additional information that Aurizon Network can request to what is reasonably required to finalise access agreements taking into consideration the matters in clauses 4.9.2 and 4.11(c).	Aurizon Network will amend this clause to reflect that the additional information is reasonably required in relation to the matters to be addressed during negotiation (clause 4.9.2);	<p>The QRC appreciates Aurizon Network's willingness to amend this clause to restrict requests for further information to information reasonably required.</p> <p>However, the QRC also considers that any information requests in relation to an access seeker's ability to</p>	Aurizon Network has redrafted this clause as per the Proposed Change.



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						<p>fully utilise the requested access rights should be limited to the factors set out in clause 4.11(c). The QRC does not consider this change unnecessarily restricts Aurizon Network from requesting information regarding an access seeker's ability to utilise access rights. Rather, the amendment merely provides additional certainty in relation to the type of information that may be requested from access seekers. If Aurizon Network considers that the factors set out in clause 4.11(c) do not accurately capture the evidence that may be required from access seekers, those</p>	

Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
						factors should be further refined.	
69	Revision of access application	4.9.2(e)	It has been proposed that amendments are made to allow an access seeker to review and revise their access application “on a good faith basis and for bona fide reasons”, provided that the access seeker cannot request an increase in capacity, a shorter term access agreement or substantially alter the nature of the access rights sought. It is also proposed to be clear on what will be considered reasonable and not a substantial alteration.	Aurizon Network considers it appropriate to provide transparency on the matters that will be considered a substantial alteration of the access rights.	Aurizon Network to consider amendments to clause 4.9.2(e) to clarify the circumstances under which an access seeker could (or could not) review and revise its access application during the negotiation period.	Whilst the QRC agrees with Aurizon Network’s proposal to allow circumstances in which an access seeker can review and revise its access application, the QRC cannot fully assess the substance of this change until more detail is provided by Aurizon Network. The QRC is willing to discuss this issue further with Aurizon Network.	Aurizon Network has redrafted to allow the access seeker to submit changes to the application unless it is a material variation. Refer to item 54 for details of what is a material variation.



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70	Right to levy a charge	4.9.2(f)		It has been expressed that Aurizon Network's proposal to include a right to levy an appropriate charge for the provision for further information to cover the cost of preparing and supplying that information as part of a negotiation process, should be removed. It is argued that these costs are already reflected in the access charge.	This clause reflects a similar provision in the 2010 DAU and is designed to cover additional or incremental costs that are not already included in the cost allocations to access charges.	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU	The QRC appreciates Aurizon Network's further explanation regarding its ability to charge additional costs associated with the supply of information. Despite that explanation, the QRC considers that the costs of negotiating access are already adequately covered in access charges. The QRC considers that Aurizon Network should not be afforded the right to charge an additional levy in addition to those access charges. Please see however the QRC's response to 4.11(e) (at Item 74).	Aurizon Network has deleted this clause.
71	Further information to be	4.9.2(g) (iii)		This clause contained some	This provision is on terms	Aurizon Network will amend	The QRC is agreeable to	Aurizon Network has redrafted this clause





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	developed during negotiations			<p>examples of what the parties may agree to include in a list of matters to be further developed during the negotiation phase. It has been proposed that the reference to the mechanisms in an access agreement or train operations agreement to address any subsequent cost or operating impacts arising in connection with the specified matters be deleted.</p> <p>Aurizon Network considers that this clause provides transparency in relation to the rights of access seekers and Aurizon Network to finalise certain matters after the execution of the access agreement and the matters that must be considered to give that effect.</p> <p>It is only intended that the access charge would be varied in the circumstances to compensate for any increased cost or risk to Aurizon Network</p>	<p>clause 4.9.2(g)(iii) to clarify that for matters that are to be finalised after the execution of the access agreement, the parties may agree to include mechanisms to address any subsequent cost or operating impacts that have not been considered as part of the reference train service or the original proposal.</p>	<p>reinstating clause 4.9.2(g)(iii) (which is 4.10.2(g)(iii) in the QRC's Mark-Up) provided that the reference to clause 4.10.2(b) is deleted. It is not reasonable to seek a mechanism for cost/operating impacts for the matters set out in clause 4.10.2(b) – which it should be noted was not provided for in UT3.</p>	<p>as per the Proposed Change.</p>



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				or any increased utilisation of capacity as compared to a reference train service. The deletion of the clause may result in all matters that could potentially have cost or operating impacts needing to be addressed prior to execution of an access agreement.			
E12	Train operators supported by customer	4.9(d),(e)				Aurizon Network has not responded to the QRC's proposal that UT4 should expressly restrict a rail haulage operator from applying for access, or holding access rights, unless this is done for a specified customer.	Aurizon Network agrees with the intent of the QRC's proposal, however has included this drafting as part of the negotiation cessation provisions in clause 4.12 rather than in the train operators provisions in clause 4.9.
E13	Train operators entering into train	4.9				Aurizon Network has not responded to the QRC's	As per item E12, changes have been made to clause 4.12



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	operations agreements					proposal to expand clause 4.9 to incorporate rail haulage operators contracting under a standard access agreement (operator).	to address this concern.
72	Right of end user to participate in negotiations	4.10(a)(ii)		It has been proposed that an end user should have the right to require Aurizon Network to permit the end user's train operator to participate in (and not just to be present at) all negotiations between Aurizon Network and the end user for access rights proposed to be utilised by that train operator.	Aurizon Network will amend the drafting so that an end user can require a train operator to participate in all negotiations with Aurizon Network in relation to the access rights to be utilised by that train operator.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
E14	Additional information and capacity information	4.10.2(a)(ii)				Aurizon Network has not responded to the QRC's proposal for Aurizon Network to strictly ensure any	Aurizon Network has amended this provision such that it must keep information current.

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						additional information and capacity information provided to access seekers is the most current available, rather than only using reasonable endeavours to do so.	
73	Grounds for cessation of negotiations	4.11(a)	It has been proposed that Aurizon Network's assessment that might lead to the cessation of an access negotiation should be based on a more objective test.	The onus is on Aurizon Network to demonstrate that it has reasonable grounds. This is effectively an objective test.	Aurizon Network will review the wording of this clause as to whether a more objective test is required.	The QRC supports Aurizon Network's proposal to reconsider the wording of the test for determining grounds for the cessation of negotiations. The QRC considers that an objective test would be better reflected by removing the references to Aurizon Network's " <i>reasonable opinion</i> ". The QRC's recommended amendments are set out at clause	Aurizon Network has redrafted this clause as per the Proposed Change.



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)	
						4.12 of the QRC's Mark-Up of Part 4.		
74	Timeframe to issue a negotiation cessation notice	4.11		A concern has been raised regarding the timeframe in which Aurizon Network can issue a negotiation cessation notice.	Timeframes for negotiation and consequently for cessation of negotiation are subject to the "Negotiation Period" (nominally 9 months unless the parties agree to extend the period or negotiations are ceased for reasons set out in this clause 4.11).	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU	The QRC agrees that no change is necessary.	No change.
75	Deletion of right to charge reasonable costs when negotiations cease	4.11(e)		It has been proposed that Aurizon Network's right to charge reasonable costs incurred in negotiations where it ceases negotiations (as permitted by clause 4.11) be deleted. This	Clause 4.11(e) of the 2013 DAU reflects the provision in the 2010 AU and seeks to provide a disincentive for parties making non-genuine access applications, the costs of which would otherwise	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU	The QRC accepts Aurizon Network's position.	No change.



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				<p>clause also acknowledges that the costs could include Aurizon Network's payments to third parties engaged in assessing the relevant access application and scoping and preparing for the provision of the requested Access.</p>	<p>be borne by all access holders. To the extent the access seeker does not consider the costs reasonable the matter can be referred to dispute resolution.</p>		
E15	<p>Factors relevant to determining likelihood of access seeker fully utilising access rights</p>					<p>The QRC has proposed to remove the ability of Aurizon Network to consider an access seeker's or rail operator's facilities (including rollingstock, provisioning facilities, maintenance facilities and storage facilities) when determining the likelihood of access rights being fully utilised. Aurizon Network</p>	<p>Aurizon Network considers that rail operator's Rollingstock and infrastructure availability is an important consideration as to whether the access rights will be able to be used. Hence, Aurizon Network has not made any changes to this provision.</p>



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
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has responded to a similar proposed change under Part 7 of UT4 but has not responded to this issue with respect to Part 4.

**Preliminary, Additional and Capacity Information [Schedule A]**

76	Preliminary Information	1					Aurizon Network will provide additional maps on the website to clarify segments of track relevant to renewing access seekers.
77	Additional Information	2					Aurizon Network has included minor drafting changes for clarity.
78	Capacity Information	3					Aurizon Network has included an obligation to ensure that any capacity information provided to access seekers do not breach Part 3 or confidentiality provisions.



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
<b>Access Application Information Requirements [Schedule B]</b>							
79	Renewal Application	new					Aurizon Network has included a list of information that is required to be included in an access application for renewal of existing access rights.
80	Transfer Application	new					Aurizon Network has included a list of information that is required to be included in an access application for transfer of existing access rights.
81	Ability to use access rights	2					Aurizon Network has redrafted to clarify the criteria and type of confirmation to be demonstrated to allow Aurizon Network to assess whether the access seeker has an ability to use the access rights.





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<b>Operating Plan Requirements [Schedule C]</b>								
82	Matters to be addressed in an operating plan	2					Aurizon Network has included minor drafting changes for clarity and to provide some structure around the operating plan.	
<b>Access Agreement [Part 5]</b>								
83	Standard Access Agreement as safety net	5.1(d)		It has been requested that, where a dispute arises in relation to the negotiation of terms and conditions that vary from the Standard Access Agreement, the QCA, or an expert, should resolve the dispute (instead of it being resolved under the terms of the Standard Access Agreement).	Consistent with the provisions of the QCA Act, Aurizon Network's approach has always been that Aurizon Network and an access seeker should be able to negotiate an access agreement. If the parties do not agree different terms, then the Standard Access Agreement is the safe harbour for both the access	Aurizon Network will amend the drafting to clarify that Aurizon Network will act in good faith in the relevant negotiations and will review the drafting to identify the circumstances where it is appropriate to act reasonably.	While the QRC agrees in principle with Aurizon Network's proposal, it cannot undertake a proper assessment until the further drafting foreshadowed by Aurizon Network is provided.	Aurizon Network has redrafted this clause as per the Proposed Change.



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					<p>seeker and Aurizon Network</p> <p>Industry's suggestion, however, would result in an expert or the QCA determining the provisions of non-standard access agreements, thereby effectively removing the safe harbour of the Standard Access Agreement if either party thought they may be able to do better through a third party dispute resolution process.</p> <p>Aurizon Network suggests that the most appropriate way to address this issue is to:</p> <p>confirm in the undertaking Aurizon Network's</p>		



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				<p>obligation to act in good faith in negotiating access agreements, including non-standard access agreements; and</p> <p>allow access seekers an express right to challenge Aurizon Network's conduct directly with the QCA under Part 11 of 2013 DAU, if Aurizon Network has failed to meet the 'good faith' standard in seeking to negotiate access agreements</p>			
84	Access Seeker's assurance that negotiations will not result in terms less favourable	5.1(d)	It has been suggested that where during negotiations, Aurizon Network and the access seeker cannot agree terms that are in variation to	The non-discrimination obligations in the undertaking and the QCA Act limit the ability of Aurizon Network and an access seeker to	No change is proposed based on the further information provided by Aurizon Network to assist with the	The QRC agrees that no change to clause 5.1(d) is necessary.  The QRC's position in relation to Aurizon Network's non-	No change.



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				<p>the Standard Access Agreement, the QCA or an expert should have regard to the terms Aurizon Network is offering to other access seekers and those terms should not be more favourable than those offered in the disputed agreement.</p>	<p>negotiate as flexibly as they might otherwise do in an unregulated environment.</p> <p>The QCA has audit / reporting powers to monitor Aurizon Network's compliance with its non-discrimination obligations to ensure that it is not offering terms to access seekers that unfairly differentiate between access seekers. To facilitate this, access agreements will be provided to the QCA under clause 10.3.1 of 2013 DAU.</p> <p>In addition, the QCA has the ability to require the provision of these</p>	<p>review of the 2013 DAU.</p>	<p>discrimination and auditing/reporting obligations are set out elsewhere in this table.</p>



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				agreements in any case.			
85	Intention of 5.2(a) and (b)	5.2, 5.2 (b)	Industry has questioned the rationale for the inclusion of clause 5.2(a) and 5.2(b).	<p>Clause 5.2(a) is intended to be a clarification provision to ensure that:</p> <p>there is a link between train service entitlement in the undertaking (and non-UT4 access agreements) and train services described in the 2013 DAU; and</p> <p>access agreements under the 2013 DAU are consistent with the common approach of including in a single access agreement a range of different "train service types" (i.e. trains with different origin/destination</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agrees that no change to clause 5.2 is necessary.	No change.



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s or other characteristics).

Clause 5.2(b) refers to access charges for train services and clarifies that access charges may be calculated by reference to each type of train service.

The definitions of train service entitlement and train service in the 2013 DAU are consistent with the provisions in the 2010 AU. The concept of train service type (which appears in agreements) was not introduced into the text of the undertaking as Aurizon Network considered this was unnecessary.

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86	Impact of introduction of train service type	5.2		<p>Feedback raised regarding the introduction of the train service type is that it:</p> <ul style="list-style-type: none"> <li>• will diminish the flexibility of access rights for an access holder;</li> <li>• allows Aurizon Network to control train operations; and</li> <li>• will impose additional cost on operators (e.g. variations to an interface risk management plan with each train service type).</li> </ul>	<p>The introduction of train service types does not change the way access rights are contracted. Access rights have always been granted for an origin-destination haul with a specified train service description, such as loading and unloading times, distance, dwell times etc. The use of "Train Service Types" does not include additional information to that previously required under a train service description.</p> <p>Pre-2013 DAU standard access agreements have been drafted on the assumption that only one train service from a single origin-destination haul</p>	<p>The train service type concept is discussed in more detail in section 4.13 of the main submission.</p>	<p>Not applicable (Aurizon Network explanatory note only).</p>	<p>No change.</p>



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				would be included, and that new access agreements would be entered into each time an access holder wanted a new origin-destination haul. That assumption is not consistent with many access agreements actually entered into. The definition of train service type is intended to correct this situation going forward so as to be consistent with actual practice and to avoid contractual uncertainty.			
87	Negotiations with Related Operator	n/a	Issues have been raised with the removal of clause 5.3 from the 2010 AU. It is requested that it be reinstated to ensure Aurizon	Aurizon Network has extensive non-discrimination obligations both under the QCA Act and Part 3 of the 2013 DAU.	No change is proposed based on the further information provided by Aurizon Network to assist with the	The QRC supports the reinstatement of clause 5.3 of the 2010 AU.  As discussed in the QRC's Main Submission and	Aurizon Network has not included any changes in Part 5. This is addressed in Part 3.



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				Network cannot negotiate more favourable terms with its related operator.	Hence, clause 5.3 of the 2010 AU is considered superfluous, as it simply duplicates what appeared in Part 3.	review of the 2013 DAU.	this table in relation to Part 3, the QRC does not support Aurizon Network's proposed relaxation of the confliction protections in UT4.	
88	Publication of Access Agreements	n/a	Issues have been raised with the proposed removal of clause 5.4 of the 2010 AU. It is requested that it be reinstated to ensure that Aurizon Network cannot negotiate more favourable terms with its related operator.	The access agreements are still confidentially provided to the QCA under clause 10.3.1 of the 2013 DAU.	Further matters identified in relation to the publication of access agreements are discussed at item 185.	The QRC's position in relation to the publication of Access Agreements is discussed at Item 185.	No change for Part 5. This is now addressed in Part 10. Refer to item 264 for further details.	
89	Differences between 2010 AU and 2013 DAU alternate form of access	n/a	Clarification is required about how the alternate form of access in the 2010 AU interacts with the provisions in the 2013 DAU.	As with other standard agreements, the approved alternate form of access for the relevant current undertaking is the standard agreement that	Aurizon Network has provided in Annexure B a comparison of changes in the alternate form of access between the 2010 AU and the 2013 DAU.	Not applicable (Aurizon Network explanatory note only).	No change.	



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					access seekers should consider during access negotiations. The alternate form of access agreements executed under the 2010 AU are binding until their expiry or termination.		
90	Removal of IRMP and EMP provisions from the 2013 DAU	n/a	Issues have been raised regarding the removal of the principles relating to the development and management of the Interface Risk Management Plan and Environmental Investigation and Risk Management Report. This is seen to increase the risk of inconsistent application and discrimination.	The standard access agreements set out the principles relating to the development and management of the Interface Risk Management Plan, which is proposed to cover both interface and environmental risks. These provisions assume that the Interface Risk Management Plan will be completed after execution of the	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC has no comment on this issue.	No change.



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					<p>access agreement.</p> <p>It is open to Aurizon Network and an access seeker to agree something that departs from the provisions in the standard access agreements in respect of Interface Risk Management Plans. However, Aurizon Network's ability to do so is limited by its non-discrimination obligations, and obligations to adhere to legislative and accreditation requirements.</p> <p>New clauses 4.9.2(b)-(c) have been included in the 2013 DAU in recognition of the fact that some access seekers may wish/need to commence the</p>		



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				<p>interface risk assessment process prior to the execution of an access agreement. This provides flexibility for access seekers who need to resolve these matters as part of the negotiation process prior to execution of an access agreement and reflects practically what occurs under the 2010 AU.</p>			
E16						<p>The QRC did not suggest any amendments to Part 5 of UT4 in its Main Submission. The QRC has however supported some of the changes proposed by other members of industry as set out in the QRC's responses to</p>	<p>Aurizon Network is separately considering the proposed amendments to the standard access agreement and will provide this to stakeholders in due course.</p>



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Aurizon Network's Annexure A.

The QRC provided a mark-up of the AHAA in its Main Submission. Aurizon Network responded to small portions of the QRC's mark-up in Annexure B.1 of its Response to Industry. The QRC's response to Aurizon Network's Annexure B.1 is in Annexure B to this New Submission. However, given the magnitude of the task, the QRC has not undertaken the exercise of listing all the matters that Aurizon Network has not addressed in the QRC's mark-up of the AHAA. To ensure meaningful progress can be made on the content of the standard access agreements, the QRC invites



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Aurizon Network to prepare a mark-up in response to the QRC's drafting.

**Pricing Principles [Part 6]**

91	Limits on price differentiation	6.2	Concerns have been expressed regarding the removal of restrictions on price discrimination, including for aggrieved access holders and related operators (clause 6.1.2 and 6.1.3 of the 2010AU).	<p>The 2013 DAU seeks to recast Aurizon Network's rights and obligations in relation to price differentiation in more positive language than that used in the 2010 AU. However, the intent of the drafting has not changed.</p> <p>In respect of clause 6.1.2 in the 2010 AU, this is a matter between Aurizon Network and an access holder and should be addressed in the relevant access agreement. The standard access</p>	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	<p>The QRC does not agree with Aurizon Network's position.</p> <p>The QRC considers limits on price differentiation to be an important protection for access holders.</p>	<p>Aurizon Network has included drafting in 6.2.2(b) to clarify that if a reference tariff does not apply to the particular service, the access charge formulated by Aurizon Network will only vary from the reference tariff to the extent that it needs to reflect the additional costs or risks.</p> <p>This is in addition to the non-discrimination provisions in Part 2 (refer to item 1).</p>
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Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
				<p>agreements include a 'most favoured nation' clause which addresses this issue.</p> <p>In respect of clause 6.1.3 in the 2010 AU, the QCA Act sets out Aurizon Network's obligations in relation to preventing or hindering access to the service.</p>			
92	Capacity multiplier	6.2.2(d)	Some submissions support a multiplier based on train performance, but did not agree to its "blanket application". Aurizon Network's calculations of the relevant multipliers and the basis for the line sections	<p>In the 2013 DAU, Aurizon Network has proposed to introduce an additional 'performance multiplier' to supplement the capacity multiplier.</p> <p>The capacity multiplier will continue to be determined based on the expected</p>	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC has no comment on this issue.	Aurizon Network has removed the option to levy a capacity multiplier based in the time over the critical section. This will simplify the application of the capacity multiplier.



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				selected should be justified.	<p data-bbox="1102 438 1281 747">difference between the reference train section run times and the scheduled section run times. It is not calculated with respect to actual train performance.</p> <p data-bbox="1102 763 1281 1331">The performance multiplier is levied only under the strict circumstance where an actual train service has failed to meet critical operational performance levels that would have the effect of reducing system capacity. The performance multiplier is a predetermined value based on relevant system capacity assumptions.</p>		



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
93	Price differentiation	6.2.3(b)		<p>It has been proposed that a 'Change in Market Circumstances' should be removed as a basis for price discrimination for new reference tariffs.</p> <p>It is not clear why a change in market circumstances is not an appropriate basis for price discrimination (as it could lead to a change in risk profile) and Aurizon Network would welcome further feedback on this matter.</p> <p>The intent of the drafting in the 2013 DAU is unchanged from the 2010 AU, which is to ensure Aurizon Network is able to price discriminate if the existing reference tariff would have a material effect on an access holder's ability to pay access charges.</p>	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	<p>The QRC does not agree with Aurizon Network's position.</p> <p>The QRC considers the concept of "Change in Market Circumstances" is too vague and should be removed.</p>	<p>Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU in regards to changes in market circumstances. Access seekers or access holders have an ability to dispute if necessary to the QCA if Aurizon Network has unfairly applied this provision.</p> <p>Aurizon Network has included examples for clarification of the types of services which may be differentiated e.g. same type of transport service, commodity etc.</p>

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94	QCA approval of reference tariff for every expansion	6.2.4(a)(i) to (iii)		<p>It is proposed that Aurizon Network must seek QCA approval of a new reference tariff for every expansion.</p> <p>Combined with proposed pricing objectives (refer below), the effect of this proposal is to require a new reference tariff to either 'average up or average down' based on the costs of the expansion. Application of the existing reference tariff to an expansion would have to be considered on a case by case basis.</p> <p>This matter has been discussed with the QRC and it has been agreed that a specific submission to the QCA should not be required for averaging down. Accordingly, the use of "may" in the 2013 DAU is appropriate.</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>The QRC does not agree with Aurizon Network's position that no change is required. However, the QRC is willing to continue to work with Aurizon Network on this issue.</p> <p>As outlined in its Main Submission, the QRC considers that the application of principles to specific expansion projects will require certain judgements to be made and it may not be possible to draft UT4 to a level of precision which deals with all possible cases. Accordingly, a process of QCA review of the application of principles is proposed whenever a new reference tariff is being established.</p>	<p>Following consultation with stakeholders, Aurizon Network has redrafted clause 6.2.4 to reflect the agreed pricing principles. These are:</p> <p>Principles and Features:</p> <ul style="list-style-type: none"> <li>• Provides consistent approach for new train services and expanding existing train services</li> <li>• It is critical that the methodology for determining reference tariffs is clear, transparent and fair</li> <li>• New/expanding users should generally pay an access charge which at least reflects the full incremental cost (capital and operating) of providing additional capacity</li> </ul>



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							<ul style="list-style-type: none"> <li>• If averaging the cost of an expansion across new/expanding users would increase access charges paid by existing users, then a new reference tariff should apply for expanding users, i.e. existing users should not experience a material increase due to an expansion, and new expanding users who pay an incremental tariff will not be required to make a contribution beyond full incremental cost</li> <li>• Where existing users receive a clear benefit from an expansion, an allocation of project costs to existing users (through reference tariffs) may be appropriate i.e. increase System Allowable</li> </ul>



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							<p>Revenue (SAR) commensurate with economic benefit</p> <ul style="list-style-type: none"> <li>• Where an expansion has a lower incremental cost than that of the existing reference tariff, or any previous tariff for an expansion, averaging down should apply to the existing reference tariff or most expensive previous expansion (i.e. the cost of the most expensive prior expansion is averaged down).</li> <li>• Once an expansion has been socialised with an existing tariff the cost of the expansion cannot be removed from the RAB for that tariff (i.e. once socialised, always socialised).</li> <li>• The undertaking would contain the</li> </ul>



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							<p>above principles, however, the QCA would consider specific circumstances on a case by case basis</p> <ul style="list-style-type: none"> <li>Higher (separate) reference tariff for an expansion will be socialised to a standard system reference tariff (i.e. combined with system reference tariff) after a period of 10 years (or sooner if incremental access charge becomes less than the system tariff or next most expensive expansion)</li> </ul> <p>Proposal for UT4</p> <p><i>Reference Tariff for an Expansion in an Existing System</i></p> <ul style="list-style-type: none"> <li>If there is an Expansion in an existing system and the change in System Allowable Revenue (during</li> </ul>



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							<p>the ramp-up phase or at maximum contracted level) associated with the Expansion would, (if socialised with the most expensive comparable existing reference tariff), result in an increase in that existing Reference Tariff, then</p> <ul style="list-style-type: none"> <li>• if the increase in the existing Reference Tariff is greater than [5%, materiality threshold], a new Reference Tariff is required only for the Train Services requiring the Expansion; or</li> <li>• Otherwise, an amended Reference Tariff (with the existing system tariff or tariff for the most expensive previous expansion) is</li> </ul>

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							<p>required for Train Services that utilise comparable infrastructure</p> <ul style="list-style-type: none"> <li>• The calculation to determine if an expansion is socialised with an existing system tariff will be based on forecast volumes for the existing tariff and a reasonable volume forecast for the Expansion. If pricing for an Expansion is being determined during the setting of tariffs for an undertaking period (4 years) and the Expansion would meet the 'socialisation' test on average over the undertaking period, a new Reference Tariff is not required.</li> <li>• If it is determined that an incremental tariff is applicable during the ramp-up</li> </ul>



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							<p>phase (prior to a socialised tariff at the maximum contracted level) the reference tariff for the Expansion will be based on contracted volumes for the Expansion and no system trigger test will be applicable for the purpose of calculating Take or Pay</p> <ul style="list-style-type: none"> <li>Aurizon Network will seek the QCA's pre-approval of the costing allocation associated with the proposed new or varied Reference Tariff. The QCA may publish Aurizon Network's proposal and seek comments from interested participants, to which Aurizon Network must have a reasonable opportunity to respond</li> </ul>



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							<ul style="list-style-type: none"> <li>• Asset Replacement Expenditure (other than replacement capital caused by expanding users) will be allocated to the lowest existing reference tariff group (e.g. existing system reference tariff). This may accelerate the merging of reference tariff groups</li> <li>• Notwithstanding the proposed principles, any new and/or amended Reference Tariff shall be approved by the QCA</li> <li>• New Reference Tariff for an expansion will be socialised with the system Reference Tariff 10 years after first endorsed by the QCA</li> </ul> <p><i>Private Spur (&gt;25km) connecting to CQC</i></p>

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							<p><i>(no Expansion of existing system)</i></p> <ul style="list-style-type: none"> <li>Any new/varied Reference Tariff (inclusive of Distance Discount) for a new spur connecting to the CQCN will be approved by the QCA in accordance with the principles contained in the Access Undertaking</li> </ul>
95	Expansion tariffs where there is a funding obligation						Aurizon Network has included a provision which allows the expansion cost to be included in a socialised reference tariff instead of an expansion tariff if Aurizon Network is required to fund the expansion.
96	Vote of industry participants to approve costing methodology	6.2.4(a)(iv) (also Sch E clause 2.1)	Concerns have been expressed regarding Aurizon Network's	The purpose of the proposal is to provide industry with the earliest opportunity to	Aurizon Network will review these provisions following	The QRC will continue to work with Aurizon	Following consultation with stakeholders, Aurizon Network has redrafted this clause



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				proposal to allow the cost allocation methodology for an expansion to be put to a customer vote. Some customers do not support the concept. Others do, but consider that this should occur via a different process. It has also been suggested that interested participants should include train operators.	provide input into the pricing methodology for an expansion. Recognising the concerns expressed in the submissions, Aurizon Network remains of the view that some sort of pre-approval option is needed to provide certainty for existing and new users as to the pricing methodology. For example, this could alternatively be sought via the QCA.	discussions with the QRC. '	Network on this issue.	such that the QCA will be requested to approve the cost allocation methodology for an expansion instead of undergoing an industry vote.
97	Reference tariff for customer specific branch lines and private connections	6.2.5	Concerns have been raised regarding consistency of the application of the pricing rules for owners of private infrastructure.	The purpose of the new provisions is to provide an alternative pricing methodology that is consistent between branch lines and private connections (strict	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC appreciates Aurizon Network's willingness to discuss concerns regarding this clause further. The QRC will continue to work with	Aurizon Network has consulted with stakeholders, and on the basis of the agreed pricing principles no changes are required to this clause. Refer to item 94 for the pricing principles.	



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				<p>interpretation of the 2010 AU results in an inequitable outcome for owners of private infrastructure).</p> <p>Aurizon Network would be willing to discuss specific concerns regarding application of this clause with customers and the QCA.</p>		Aurizon Network on this issue.	
98	Minimum revenue contribution (MRC) and distance discount	6.2.4, 6.2.5, Part 12: Definitions	<p>Feedback received is that the drafting of this section is unclear and should be amended.</p> <p>A number of matters are raised concerning the application of clause 6.2.4 and 6.2.5 and the definitions of minimum revenue</p>	<p>Aurizon Network acknowledges the concerns regarding the drafting and improvements will be made for clarity. In addition, reference is made to the example calculations for mines of varying distances in section 9.7 of</p>	<p>Aurizon Network will review these provisions following discussions with the QRC.</p>	<p>The QRC will continue to work with Aurizon Network on this issue.</p>	<p>Aurizon Network has consulted with stakeholders and has reviewed the drafting of clause 6.2.5 to clarify the application of minimum revenue contribution and distance discount. A minor correction has been included in the formula for distance discount. Defined terms have been updated to reflect the new pricing principles (see item 94 for</p>



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				contribution and the distance discount.	Volume 2 of the UT4 proposal.		details on the pricing principles).
99	Reference tariff reference point	6.2.5	Clarification has been requested to ensure that the 'existing' reference tariff is the highest reference tariff for an equivalent train service.	<p>This proposal is based on the 'averaging up' principle proposed by the QRC.</p> <p>Aurizon Network has been reviewing the practical application of clause 6.2.4 and 6.2.5 with the QRC and the final drafting will reflect the outcome of these discussions.</p>	Aurizon Network will review these provisions following discussions with the QRC.	The QRC will continue to work with Aurizon Network on this issue.	Aurizon Network has addressed this through the redrafting of clause 6.2.4 for pricing of expansions consistent with the agreed pricing principles. Refer to item 94 for more details.
100	QCA consideration of costing methodology (Pricing objectives)	6.2.6(b)	It is proposed to include a set of "key propositions" with respect to the QCA's acceptance of a new Reference Tariff. These	Aurizon Network considers that a more prescriptive set of principles to those provided in clause 6.2.6(b) should not be necessary. Rather, a case-by-case approach to	Aurizon Network will review these provisions following discussions with the QRC.	The QRC will continue to work with Aurizon Network on this issue.	Aurizon Network has addressed this through the redrafting of clause 6.2.4 for pricing of expansions consistent with the agreed pricing principles. Refer to item 94 for more details.



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				<p>propositions would:</p> <ul style="list-style-type: none"> <li>not allow increases in Reference Tariffs for existing users ('averaging up');</li> <li>cover temporary impacts (such as ramp-up volumes) and special risks (such as greenfield development risks);</li> <li>allocate costs associated with the benefits accruing to existing users.</li> <li>It has also been suggested that this should be subject to:</li> <li>the acceptance of immaterial increases in reference tariffs, with the</li> </ul>	<p>expansion pricing, including averaging up, is appropriate subject to a vote of Interested Participants on, or QCA approval of, the cost allocation methodology based on prudence requirements.</p> <p>However, Aurizon Network is prepared to work with industry to develop a set of principles which:</p> <ul style="list-style-type: none"> <li>protect users from being materially worse off;</li> <li>align long run access prices for similar services;</li> <li>allocate costs associated with benefits accruing to</li> </ul>		

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				<p>QCA to determine the threshold; and</p> <ul style="list-style-type: none"> <li>that the methodology for allocating costs between expansion users and existing users be fully disclosed to the relevant industry participants.</li> </ul>	<p>existing users; and</p> <ul style="list-style-type: none"> <li>does not limit the QCA's ability to assess any application in accordance with the QCA Act.</li> </ul>		
101	Development of Reference Tariffs	6.2.6 (also Sch F - clause 5.1)	It is suggested that the removal of the obligation for Aurizon Network to submit a Reference Tariff variation if requested by the QCA, is problematic.	The drafting in the 2010 AU reflected the circumstances of the 'old' Queensland Rail network, which included non-coal sections not subject to a reference tariff. This drafting has been removed reflecting the constriction of the 2013 AU to coal sections.	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC agrees with Aurizon Network that no change is required provided that it is clear that the QCA must apply the pricing objectives.	No change.



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				<p>Reference tariffs are not necessary for non-coal traffic on coal sections on the basis that:</p> <p>it would not be in the public interest as revenues are immaterial; and</p> <p>Aurizon Network must still negotiate access charges in accordance with Part 6. The QCA would continue to have oversight.</p>			
102	Pricing limits for individual train services	6.3.3(e)	An objection has been made to the use of Depreciated Optimised Replacement Cost (DORC) as the basis for a price ceiling for any coal carrying train service.	Under the 2013 DAU the RAB value will continue to form the basis of calculating the Maximum Allowable Revenue (MAR) for an individual coal system. The provisions do not allow for revaluation of the RAB and Aurizon	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC agrees that no change is required.	No change.





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				<p>Network's total allowable revenue will not exceed the amount applicable to the aggregate CQCR RAB value.</p> <p>It is noted that any new reference tariff must be still be approved by the QCA having regard to the matters in the QCA Act. The objective of this proposal is to provide the QCA broader discretion in approving a variation to a tariff which requires a MAR that is higher than an individual coal system's RAB value, if this is necessary to meet the objects of the QCA Act.</p>			

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103	Rail infrastructure utilisation	6.4.1		<p>The requirement in clause 6.3.1(b) of the 2010 AU for Aurizon Network to conduct an assessment of network utilisation before applying the Maximum Access Charge should be reinstated.</p> <p>Aurizon Network confirms that there is no change to the intent of the drafting between the 2010 AU and the 2013 DAU. It would still assess whether available capacity is sufficient to meet an access request.</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>Restoring the relevant provisions would clarify that the intent of the drafting in the 2013 DAU has not changed from the 2010AU.</p>	<p>Aurizon Network has amended this clause to clarify that it does not apply to coal carrying train services.</p>
104	Negotiations of nonstandard arrangements (Commercial Terms)	6.9		<p>Concerns have been expressed regarding the inclusion of an explicit provision allowing Aurizon Network to negotiate 'Commercial Terms' in relation to access rights that require an expansion or a customer specific branch line. Issues have also been identified with the lack of prescription and transparency.</p> <p>Aurizon Network and access seekers are permitted to negotiate non-standard arrangements and this is included in the revenue Aurizon Network is entitled to earn for the purpose of the revenue cap.</p> <p>Aurizon Network is prevented from treating access seekers inconsistently due to the price</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>The QRC's position with regard to this clause is set out at Item 96 below.</p>	<p>No change included in Part 6. The ability for Aurizon Network to seek commercial terms is covered in Part 8.</p>



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					<p>discrimination provisions in Part 6. Aurizon Network also has obligations prohibiting unfair discrimination. Relevant non-standard arrangements would be subject to negotiation and agreement with the relevant customer.</p> <p>Aurizon Network would also be permitted to allocate capacity to an access seeker based on the willingness of that access seeker to agree to standard or non-standard terms.</p> <p>On the issue of transparency, this could serve as a disincentive for customers to seek non-standard terms and conditions</p>		



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				where those arrangements are then made known to other users. Full transparency would, however, be afforded to the QCA.			
105	Negotiations of non-standard arrangements (Commercial Terms)	6.9(b)	Further to Item 104 above, while some support is also provided for the concept, it was proposed that amendments be made to prevent Aurizon Network from agreeing Commercial Terms: <ul style="list-style-type: none"> <li>• where an Expansion is funded by Aurizon Network;</li> <li>• it involves Aurizon Network funding a Pre-Feasibility or</li> </ul>	The 2013 DAU does not include an obligation to fund expansions. This is a matter that remains subject to negotiation with customers. This is similarly the case in relation to the second point regarding the funding of a pre-feasibility or feasibility study. This is an important part of the expansion process, which is also currently being developed with customers. The final drafting of the 2013 DAU will be aligned	Aurizon Network will review these provisions pending the outcomes of current discussions with customers.	The QRC's position with regards to expansion funding is set out in its Main Submission, New Submission and Mark-Up. As has been noted in those submissions the process for negotiating 'Commercial Terms' is of great concern to industry. The QRC is willing to work with Aurizon Network to develop these provisions in line with the outcome of discussions in relation to the expansion	No change included in Part 6. The ability for Aurizon Network to seek commercial terms is covered in Part 8.



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				Feasibility Study; or <ul style="list-style-type: none"> <li>it requires that a Related Party receives a haulage or port agreement.</li> </ul>	with the outcomes of the discussions on these two matters. Aurizon Network agrees with the third point in principle.	framework under UT4.	

E17						<p>Given the detailed Pricing Submission provided and that a significant amount of discussion in Aurizon's Response to Industry is at an in principle level, we have not attempted to identify all of the missing pricing matters.</p>	<p>Aurizon Network has addressed this through the redrafting of clause 6.2.4 for pricing of expansions. Refer to item 94 for more details. Aurizon Network is willing to discuss any specific matters at the QCA's request.</p> <p>Further amendments to drafting may arise out of ongoing consultation with the QRC.</p>
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**Regulatory Asset Base [Schedule E]**

106							<p>Aurizon Network has made changes throughout Schedule E to reflect the future</p>
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Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
							requirement to have user funded assets included in the regulatory asset base. Aurizon Network may include further changes to Schedule E once the current 2010 DAAU process for SUFA is finalised.
107	RAB adjustment - acceptance by QCA	1.1(b)	Questions have been raised regarding the inclusion of a provision which requires that the QCA is bound to accept the amount which Aurizon Network proposes to deduct from the RAB based on the net proceeds of a disposal.	<p>It is not Aurizon Network's intention to limit the QCA's approval of deductions from the RAB.</p> <p>Aurizon Network has reviewed clause 1.1(b) and is satisfied that the drafting does not affect the QCA's ability to accept (or reject) the values determined so long as it is done so in accordance with clause 1.1(a).</p>	Not change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	<p>The QRC does not agree with Aurizon Network's proposal to make no change.</p> <p>The QRC's position is set out in its Main Submission and Mark-Up of Schedule E.</p>	Aurizon Network has further considered stakeholders' comments and has redrafted to clarify for the avoidance of doubt that the value is subject to QCA acceptance without limitation.

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108	RAB adjustment – write-downs of assets (demand and bypass)	1.2(c) and (d)	Aurizon Network has re-drafted the provisions that limit the QCA's optimisation of the RAB to certain circumstances. It removed the circumstances where demand has deteriorated to such an extent that pricing on an un-optimised asset would result in a further decline in demand, and where there is a possibility of actual by-pass. There has been opposition to the removal of these circumstances.	<p>The intent of the drafting in the 2013 DAU has not changed from the 2010 AU. The QCA must still approve variations in Reference Tariffs via the annual reset process in Schedule F. Relevant parties can comment on these matters including the extent to which access charges should be amended.</p> <p>As reference tariffs are approved for the term of the access undertaking any reduction in the RAB value would occur in the approval of the undertaking and not during its term. The provisions also did not describe what would</p>	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	<p>The QRC does not agree with Aurizon Network's proposal to make no change.</p> <p>The QRC considers that restoring the relevant UT3 provisions would clarify that the intent of the drafting.</p>	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU. Aurizon Network considers that the drafting is sufficient to address the issues raised. In order for Aurizon Network to consider reinstating the drafting as per 2010 AU, additional process drafting would be required to clarify the process for reinstating an asset in the RAB where demand recovers.



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				happen to the assets once removed, when they could be reinstated and at what value.			
109	RAB adjustment - write-downs of assets (Condition Based Assessments)		Aurizon Network has not included the obligations from the 2010 AU relating to the Condition Based Assessments in the 2013 DAU. Some customers have requested that this be reinstated.	<p>Aurizon Network has made a commitment to industry to enhance the transparency on performance. As such, Aurizon Network will periodically provide a report on the condition of the asset, providing it is not linked to the RAB value, and the costs of the report are included in the reference tariff.</p> <p>Aurizon Network considers transparency on the condition and performance of the asset is part of a wider discussion in</p>	Aurizon Network will provide transparency on the asset condition provided it is not linked to the RAB value (or has any other financial impact on the business).	The QRC seeks to ensure that Aurizon Network is incentivised to adequately maintain the network, and cannot earn excess returns by underspending the maintenance budget reflected in tariffs. The Condition Based Assessment with a link to RAB value was one means of achieving this. The QRC is willing to discuss alternative mechanisms with Aurizon Network.	Aurizon Network has included alternative provisions on condition based assessments in Part 10 (see item 267 for further details). As such, no change has been made to Schedule E.



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				relation to the Draft Incentive Mechanism and provisions in the contracts in relation to contracted service levels.			
110	Capital expenditure report - timing	1.3	<p>It is considered that the proposed timeframe for submission of the capital expenditure report (within four months from the end of the relevant year) is too short.</p> <p>This was not raised in the customer submissions but in a QCA working group session held following the lodgement of the UT4 proposal.</p>	To allow for audit of the capex report and approval by the QCA Board, the QCA have suggested that a six month timeframe may be more appropriate than the current four months.	Aurizon Network will amend the timeframe for lodgement of the capital expenditure report to be within six months of the relevant year.	The QRC agrees with the proposed time frame of six months. However, the QRC considers that the capital expenditure report should be submitted as soon “as reasonable practicable and no later than 6 months” from the end of the relevant year.	Aurizon Network has further considered stakeholders’ request and has redrafted the timeframe in line with the QRC’s proposed amendment of as <i>reasonable practicable and no later than 6 months</i> .
111	Capital Expenditure - definitions	1.3	It has been suggested that the terms of reference for the		Aurizon Network will include a definition of capital	The QRC will provide further comment once Aurizon Network	Aurizon Network has included amendments to clause 3.2 of



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				<p>review of the annual capex report would be streamlined if the undertaking included definitions of capex and asset renewal.</p> <p>This was not raised in the customer submissions but in a QCA working group session held following the lodgement of the UT4 proposal.</p>	expenditure in the 2013 DAU.	provides a draft of its proposed definition.	Schedule E to provide a more robust definition of capital expenditure, including specifically linking to the concept of accounting standards.
112	RAB reporting	1.3(a)		It has been suggested that the capital expenditure report distinguishes between user funded and Aurizon Network funded expenditure.	Aurizon Network will amend this provision to distinguish between capital expenditure funded by Aurizon Network and capital expenditure funded by users.	The QRC agrees with Aurizon Network's proposed change in principle but is unable to provide further comment until Aurizon Network provides a draft of its proposed amendments.	Aurizon Network has redrafted this clause as per the Proposed Change.

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113	RAB adjustment - equity raising costs	1.2(b) and 1.5		There is some support in principle for Aurizon Network's proposed recovery of equity raising costs in the RAB, subject to a review of prudence by the QCA. It has also been proposed that a clear allocation should be made between <i>"each Reference Tariff, each User Funded Project and for any relevant group of Access Holder paying a premium..."</i> .	Aurizon Network is willing to explore the specific concerns raised here with customers and/or the QCA and review the drafting accordingly.	Aurizon Network will amend this provision to make it clear that the QCA must review and approve the proposed costs. Further amendments to reflect any specific concerns will be further investigated.	Whilst the QRC agrees in principle with Aurizon Network's proposal, it cannot undertake a proper assessment until the further drafting foreshadowed by Aurizon Network is provided.	Aurizon Network has further considered stakeholders' request and has redrafted the relevant clauses to clarify that equity raising costs are only allocated to RAB assets funded by Aurizon Network.
114	RAB roll forward report	1.4(a)		It has been proposed that: <ul style="list-style-type: none"> <li>the timeframe required for submission of the RAB roll forward report</li> </ul>	While the removal of the time period for providing the roll-forward report to the QCA may create some uncertainty about	Aurizon Network will amend this clause to remove the time period for providing the roll-forward report to the QCA.	The QRC agrees with Aurizon Network's proposed change, however, also considers that UT4 should expressly provide that the	Aurizon Network has further considered stakeholders' request and has redrafted this clause to remove the time period, and also to clarify that this applies for



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				<p>should be removed; and</p> <ul style="list-style-type: none"> <li>the report should not only be for each Coal System, but for “each Reference Tariff, each User Funded Project and for any relevant group of Access Holder paying a premium”.</li> </ul>	<p>timing, this is acceptable to Aurizon Network.</p> <p>Some further granularity of reporting can be provided, as in certain circumstances duplicate RABs will be required. These changes can be effected through the RAB roll-forward report without further amendments to the 2013 DAU.</p>		<p>RAB roll forward report should be for “each Reference Tariff, each User Funded Project and for any relevant group of Access Holder paying a premium”.</p> <p>reference tariffs and user funded project groupings.</p>
115	Maintenance Standards		<p>Aurizon Network has not retained clause 1.5, Schedule A of the 2010 AU in the 2013 DAU, which required it to “<i>maintain the Rail Infrastructure in a condition which is fit for the purpose of provision of contracted Train Service</i>”</p>	<p>Aurizon Network has removed this clause from the 2010 AU as it is included in the standard access agreements. Aurizon Network believes that the appropriate place for this obligation is those agreements, as remedies are available to</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>The QRC does not agree with Aurizon Network’s proposal to make no change.</p> <p>The QRC considers that this clause should be included in UT4 as well as the access agreements. Aurizon Network owes this obligation to</p>	<p>Aurizon Network has further considered stakeholders’ request, however no change has been made to the 2014 DAU. Aurizon Network notes that there is no limitation on the QCA reasonably reflecting a breach of maintenance standards more broadly via its</p>

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				<p><i>Entitlements to Access Holders.</i>" Some customers have requested the reinstatement of this clause in the 2013 DAU.</p>	<p>access holders in the event of a breach.</p>	<p>individual access holders (as properly reflected under an access agreement). However, this maintenance obligation also operates more broadly to affect Aurizon Network's pricing work. In that regard, the provision should be expressly incorporated in the undertaking.</p>	<p>assessment of Aurizon Network's maintenance allowance.</p>	
116	Prudency tests - vote on standard of works	2.1(c) and (d)		<p>It has been suggested that it is not appropriate to extend the scope of the customer vote to the standard of works.</p>	<p>Whilst Aurizon Network believes that it would be more appropriate for industry to have a say on such matters, to the extent this is not supported by industry, Aurizon Network will amend the 2013 DAU accordingly.</p>	<p>Aurizon Network will amend this clause to remove the standard of works from the scope of the customer vote.</p>	<p>The QRC agrees with Aurizon Network's proposed change.</p>	<p>Aurizon Network has redrafted this clause as per the Proposed Change.</p>
117	Prudency tests - QCA acceptance	2.1(c), 3.2(b), 4.2(a) and 5.3(e)		<p>It has been proposed that Aurizon Network</p>	<p>The reason for the requested</p>	<p>No change is proposed based on the further</p>	<p>The purpose of the QRC's proposal to substitute "may" for</p>	<p>Unless Aurizon Network may seek customer's approval</p>



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				<p><u>must</u> seek QCA approval of prudency of scope, standard and cost.</p>	<p>change is unclear.</p> <p>This clause does not alter the treatment between the 2010 AU and the 2013 DAU, in that Aurizon Network may seek the QCA's approval.</p>	<p>information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>"<i>must</i>" is to make it clear that the QCA's approval must be sought even if a user vote is undertaken. As was the case under UT3, UT4 should require Aurizon Network to obtain the QCA's approval following completion of a user vote. The QRC's position in relation to this issue is further explained at Section 8.6 of Part 8 of the QRC's Main Submission.</p>	<p>under Part 8, no capital expenditure can be added to the RAB without seeking prudency of scope from the QCA. Hence, Aurizon Network will consider drafting to firm up this obligation. Aurizon Network may amend prudency tests further to ensure alignment with the proposed pre-approval process being discussed for the standard user funding agreement.</p>
118	Acceptance of expenditure on Studies	2.2(b)(i)(B)	It is proposed to qualify the drafting of this clause so that the QCA will accept expenditure on a concept, pre-feasibility or feasibility study if it is prudent.	It would be reasonable to expect that any expenditure would be prudently incurred. Aurizon Network is therefore willing to review the drafting to reflect this intent.	Aurizon Network will amend this clause to include a requirement for this expenditure to be prudent.	The QRC agrees with Aurizon Network's proposed change.	<p>Aurizon Network has redrafted this clause as per the Proposed Change.</p> <p>Clarification has been included that where Aurizon Network has undertaken studies for expansion projects, these will be treated as capital expenditure for the</p>	



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							purpose of inclusion in the regulatory asset base.	
119	Acceptance of capital expenditure	2.2(f) and 2.3(a)(i)(C)		It is proposed to include an additional provision in this clause providing that nothing should prevent the QCA from holding a public consultation process on any decision, and the QCA should consider the information obtained during such a process.	It would be reasonable to expect that the QCA would consult on any significant issues and take reasonable comments into account. However, where the matter before the QCA is a matter that has been the subject of successful vote by interested participants, it is not considered reasonable for further consultation with a view to re-opening those matters.	Aurizon Network will amend the drafting to provide that nothing in this clause should prevent the QCA from holding a public consultation process on any decision, unless it has been the subject of a successful vote by interested participants. If consultation is undertaken the QCA should consider the information obtained during such a process.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
120	Acceptance of capital expenditure	2.2(i)		This provision addresses circumstances under which the	While Aurizon Network considers that a change in scope	Aurizon Network will amend this clause to make clear that	The QRC agrees with Aurizon	Aurizon Network has redrafted this clause



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				QCA's acceptance of a change is sought in relation to expenditure that has already been accepted by the QCA or customers (via a customer vote). It is proposed to amend 'material change' to make it clear that this includes a change in scope or standards.	or standard is already accommodated under this provision, it will make this clarification.	material change includes a change in scope or standard.	Network's proposed change. as per the Proposed Change.
121	Assessing prudence of capital expenditure	Sch E clause 2.3(a)(i)(B)		It is proposed that the words "as soon as reasonably practicable" be removed from the requirement for the QCA to provide advice from independent experts prior to any decision on prudence.	It is not considered in line with the principles of natural justice for industry to require that the QCA withhold expert advice from Aurizon Network until after it has made its determination,	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC agrees with Aurizon Network's proposed change. No change.
122	Assessing prudence of	2.3(b), 2.3(d), 2.4(e)(iii) and 6.1(f)(i) and (iii)		The 2013 DAU includes specified time	Aurizon Network's rationale for	No change is proposed based on the further	The QRC does not agree with Aurizon Network's proposal. Aurizon Network will discuss the issue of timeframes further





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	capital expenditure			limits for the QCA to respond to various requests by Aurizon Network. It has also proposed that acceptance of a proposal by Aurizon Network is deemed to have occurred if a response is not provided within a certain timeframe. There has been some opposition to the inclusion of these timeframes.	including these timeframes was provided in the UT4 proposal. Delays in the decision making process may result in delays in infrastructure investment or the ability to achieve a return on that investment.  Aurizon Network will discuss with the QCA a reasonable application of timeframes.	information provided by Aurizon Network to assist in the review of the 2013 DAU.	to make no change.  The QRC considers it is inappropriate to impose the proposed timeframes on the QCA, which if not complied with will result in a deemed approval. Providing for deemed approval circumvents the true role of the QCA.	with the QCA if this is a concern. At this point, no drafting changes have been made.
123	Prudency tests - Asset Management Plan	2, 3 and 4		The 2013 DAU provides that the QCA must accept the scope, cost and standard of asset replacement expenditure as prudent if consistent with an approved asset management plan. It has been proposed that	The purpose of this drafting is to replace a general set of criteria in the 2010 AU which can be consolidated within the asset management plan.  As the QCA continues to approve both the asset	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's proposal to make no change.  As outlined in its Main Submission, the QRC considers that an asset management plan should be only one of the factors taken into account in determining	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU. Aurizon Network expects that if the asset management plan is not sufficiently detailed to address these factors then



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				this should be deleted.	management plan itself - subject to a decision by Aurizon Network to lodge an asset management plan - and that the expenditure is consistent with the asset management plan, the intent of the drafting in the 2013 DAU should be consistent with the 2010 AU.		prudency. An asset management plan is a high level document which, by itself, does not contain sufficient detail to determine the prudency of a capital expenditure.	the QCA should not approve it.
124	Asset Management Plan	2.4	A number of amendments have been proposed to the provisions in the 2013 DAU addressing the asset management plan, including: <ul style="list-style-type: none"> <li>Aurizon Network must submit an asset</li> </ul>	The asset management plan is designed to improve the process for the QCA's acceptance of asset renewal expenditure. It is a voluntary obligation, as is the case in the 2010 AU. Aurizon Network is incentivised to have an asset management	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's proposal to make no change. <p>As acknowledged by Aurizon Network, the development of an asset management plan improves the process for the QCA as well as benefiting Aurizon Network. Accordingly, the</p>	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU. Aurizon Network will discuss this issue further with the QCA if it is a concern.	

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				<p>management plan;</p> <ul style="list-style-type: none"> <li>• Aurizon Network must update the plan annually and have the update approved by the QCA;</li> <li>• nothing limits the QCA from holding a public consultation on the asset management plan.</li> </ul>	<p>plan approved as it reduces investment risks. However, it does not accept that this should be a mandatory obligation.</p> <p>Aurizon Network will discuss the development of an asset management plan framework with the QCA.</p>		<p>QRC does not understand Aurizon Network's resistance to being subject to a mandatory obligation in this regard.</p>
125	General process for acceptance of works - Safety Management System	4.2(c)(v)	As currently drafted this clause provides that the QCA must have regard to whether Aurizon Network's design standards are contained within the Safety Management System in determining whether the	Under the <i>Transport (Rail Safety) Act 2010 (Qld)</i> it is not clear that a Safety Management System is "accepted", or indeed that any amendments from time to time to that Safety Management System are	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC agrees that no change is required.	No change.



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				standard of works is prudent. It has been proposed that this should be amended to state that the Safety Management System must have been accepted by the Safety Regulator.	“accepted” by the Safety Regulator. Accordingly, the proposed amendment could result in Aurizon Network’s Safety Management System not being a relevant factor to be considered by the QCA, notwithstanding that the Safety Management System is closely linked to Aurizon Network’s accreditation. It is therefore not considered appropriate to make this amendment.			
126	General process for acceptance of prudence of costs - procurement strategy	5.2(b)		This clause lists the factors that would require the QCA to accept costs as prudent where there is an accepted procurement strategy, if certified as such	Aurizon Network’s concern with this proposal is that even a trivial or minor non-compliance, or a non-compliance that is rectified or that does not	Aurizon Network will give further consideration to the proposed drafting in relation to compliance with contract provisions, in the context of	The QRC appreciates Aurizon Network’s willingness to consider the QRC’s proposal further. However, the QRC does not consider its proposed drafting	Aurizon Network has further considered stakeholders’ request and has included drafting such that where it has breached a procurement contract and this results in a material increase in



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				<p>by the auditor. It is proposed to include an additional requirement that the auditor certifies that Aurizon Network has complied with the relevant provisions of the contract.</p>	<p>result in any additional capital expenditure by Aurizon Network, may cause Aurizon Network to fail to comply with this requirement. This seems too harsh an outcome and may create enough uncertainty to render a procurement strategy approach to capital expenditure unworkable.</p> <p>However, Aurizon Network will consider drafting which addresses the intent of the proposal but is consistent with the other tests in clause 5.2(b).</p>	<p>assessments of prudence of costs where there is an approved procurement strategy.</p>	<p>to produce “<i>too harsh an outcome</i>”. The QRC notes that a similar provision exists in the DBCT Access Undertaking.</p> <p>The QRC considers Aurizon Network’s compliance with a particular contract is a relevant factor in determining the prudence of amounts incurred under that contract. In particular, the QRC does not consider it prudent to include costs that result from a breach of contract.</p> <p>The QRC is unable to provide substantive comment on Aurizon Network’s proposal until it communicates how it intends to ensure the drafting of clause 5.2(b)</p>	<p>the capital cost it will not pass the prudence test.</p>



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						reflects the QRC's proposal to ensure that contractual compliance is a relevant consideration to prudence.	
127	Procurement strategy	6.1(b)(i)	<p>Amendments have been proposed to the requirements that if satisfied, would require the QCA to accept a procurement strategy proposed by Aurizon Network. These are:</p> <p>Aurizon Network's procurement strategy be approved by the QCA if "comprehensive".</p> <p>the QCA appoints an auditor to assess compliance.</p>	<p>The requirement for a strategy to be 'comprehensive' was not required in the 2010 AU. It is not clear what "comprehensive" means in respect of a procurement strategy.</p> <p>In relation to the second point, Aurizon Network undertakes an audit as part of its annual capital expenditure claim submitted to the QCA. Aurizon Network notes that the QCA also approves its own auditor to review this claim.</p>	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC agrees no change is required.	No change.



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<b>Reference Tariffs [Schedule F]</b>							
128	Reference Tariff inputs, forecasts etc						Aurizon Network has not included any changes in the 2014 DAU to pricing inputs. Aurizon Network will remodel the reference tariffs and update these figures following a revenue determination from the QCA.
129	Entire Schedule F – new pricing principles						Aurizon Network has made relevant drafting changes to allow Schedule F to work in conjunction with the new pricing principles included in Part 6.
130	Reference Train Characteristics						Aurizon Network has included a new reference train characteristic to clarify that a reference train travels the most direct route between

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131	Reference Trains – capital costs	1.3(b)(vii)		Feedback received is that there is a lack of clarity around the treatment of capital costs in the operational characteristics of reference services.	The drafting in the 2013 DAU addresses an error in the 2010 AU with respect to the inclusion of capital costs associated with new expenditure. There is no change in the intent or the practical application of the principles contained in the 2010 AU. However, Aurizon Network will amend the drafting if it is seen as unclear.	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	<p>The QRC does not agree with Aurizon Network's position.</p> <p>The QRC's concerns remain. Capital costs incurred in respect of the train service may not be reflected in the relevant reference tariff for a range of reasons. This should not necessarily mean (as it appears from the drafting) that the relevant service is not a "Reference Train Service".</p>	its origin and destination.
132	Electric Charge (EC)	2.2 (and removal of Endorsed Variation Event)		Concerns have been expressed around the lack of transparency regarding the setting of EC.	The proposed EC rate will be based on Aurizon Network recovering all relevant costs associated with on-selling of electricity as per	No change is proposed based on the further information provided by Aurizon Network to assist in the	<p>The QRC notes and thanks Aurizon Network for its explanation. The QRC considers that the definition of "EC" should be amended to reflect the explanation</p>	Aurizon Network has further considered stakeholders' request and amended the definition of EC to provide clarity.



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				<p>its exemption under s.20Q of the <i>Electricity Act 1994</i>.</p> <p>The QCA continues to have oversight through the audit processes to ensure:</p> <ul style="list-style-type: none"> <li>• Aurizon Network is recovering only those costs associated with procurement and on-selling of electricity;</li> <li>• Aurizon Network has not breached its non-discrimination obligations to charge the same EC rate to related and non-related operators under the same circumstances; and</li> </ul>	<p>review of the 2013 DAU.</p>	<p>which has been given by Aurizon Network. As currently defined in clause 2.2, there is little guidance as to how "EC" is to be determined after the "Commencement Date".</p>	



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133	Reference tariffs - components	2.1 and 2.2	Concerns have been raised regarding a lack of alignment between the 2013 AU and the standard access agreement regarding the application of reference tariff parameters (gtk, rtp, ntk, egtk).	<ul style="list-style-type: none"> <li>the environmental competitive neutrality amounts included in AT2-4 reflect those costs passed on by an electricity retailer.</li> </ul> <p>The drafting in the 2013 DAU is unchanged from the 2010 AU and is not as prescriptive as the standard access agreement with respect to gtk, egtks and nts where a trade certified weighbridge is not available (such that nominal weights are required).</p> <p>Additional drafting can be included to</p>	Aurizon Network will revise the drafting to clarify the distinction between actual and nominal weights, as per the standard access agreement.	The QRC will assess Aurizon Network's proposed amendments when the drafting foreshadowed by Aurizon Network is provided.	Aurizon Network has redrafted this clause as per the Proposed Change.

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				address this situation.			
134	Cross System Traffic	2.3	<p>Aurizon Network has revised the drafting for the pricing of cross-system traffics. It has been requested that Aurizon Network clarifies:</p> <ul style="list-style-type: none"> <li>• that it does not result in cross subsidies; and</li> <li>• how the proportion of distance the cross system service travels on a system is taken into account.</li> </ul>	<p>The intent of this clause has not changed since UT3. Neither of the methodologies in the 2010 AU or 2013 DAU result in cross-subsidies between systems.</p> <p>As per the 2010 AU, the distance is by reference from the origin to the system boundary, and from the system boundary to the destination. Proportions are not required as information is available from the billing system to apply the actual distance travelled.</p> <p>Aurizon Network would be willing</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>The QRC does not agree with Aurizon Network's proposal to make no change.</p> <p>The QRC's position in relation to this issue is set out to its Main Submission and its Mark-Up of Schedule F.</p>	<p>Aurizon Network has further considered stakeholders' request and agrees to align the cross-system rules stakeholders' position except one component, being to:</p> <ul style="list-style-type: none"> <li>• Leave AT1, AT2 unchanged from UT3.</li> <li>• Leave AT3 per the UT4 proposal.</li> <li>• Amend AT4 to origin from destination system, the UT4 proposal was in error as it is inconsistent with the proposed rules for cross-system revenue allocation.</li> <li>• Leave AT5 and EC, proposed to be changed for UT4, unchanged from UT3.</li> </ul>



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				to discuss these issues with the QCA and customers if requested.			Aurizon Network has included this revision in the draft.
135	Cross-system traffic - AT5	2.3(a)(v)	Aurizon Network has proposed to change the allocation of AT5 from being based on the egtks in each system to the destination system.	The impact of this change is not material. Aurizon Network is therefore willing to revert to the treatment in the 2010 AU.	Aurizon Network will amend this clause so that the allocation of AT5 for a cross-system service will be based on the egtks attributable to the origin and destination system.	The QRC agrees with Aurizon Network's proposed change.  An example of appropriate drafting amendments are set out in the QRC's Mark-Up of Schedule F.	Aurizon Network has redrafted this clause as per the Proposed Change. In addition, Aurizon Network has included additional drafting to correct minor errors in this provision.
136	Take or Pay						Aurizon Network has included drafting for clarification to the process for calculating take or pay.  In line with the changes to Part 6 for expansion pricing principles, changes have been included for calculation of take or pay for expansion tariff users. This includes limiting the



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							<p>take or pay trigger test to apply only for system reference tariffs, and providing clarity around when an access holder is deemed to be entitled to use access rights and when they become subject to take or pay.</p> <p>Further amendments may be required once the capacity trading mechanism for short term transfers is finalised.</p>
137	Operator Capping						<p>Aurizon Network has proposed new drafting in the definition of Take or Pay Grouping to require an operator to have its customer's approval for the groupings for operator capping. This is to provide greater comfort to the end user around how its operator will be able to use the end users access rights</p>

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							for take or pay reduction benefits.	
138	Capital expenditure carryover account adjustment	3		This clause is a provisional clause to allow for an adjustment to be made for finalisation of the capital expenditure carryover account balance for the period ending 30 June 2013. It is requested that this clause be deleted if the adjustment is finalised prior to the approval date for UT4.	Aurizon Network agrees that any provisions that are not required should be removed.	Aurizon Network will remove clause 3 if the capital expenditure carryover account balance can be finalised prior to the UT4 approval date.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has removed this provision as the 2012/2013 capital expenditure claim has now been approved.
139	Annual Review of Reference Tariffs	4, Sch E - clause 7		It is proposed to change the smoothed approach to the derivation of reference tariffs. Specifically, that there is an annual reset of not only volumes but also capital	The drafting of the 2013 DAU is consistent with the 2010 AU, other than for the short run marginal cost (SRMC) adjustment.	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position.  The QRC's position in relation to this issue is set out in its Main Submission and Mark-Up of	No change is proposed on the basis that there is no material net benefit for access holders and Aurizon Network associated with an annual variation of capital and maintenance costs. In further discussions



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				and maintenance allowances.	Aurizon Network does not support an annual reference tariff variation process which includes matters other than volumes (which includes SRMC). The annual review needs to be able to occur in a timely manner.	Schedule E and Schedule F.	with the QCA and stakeholders, Aurizon Network considers that smoothing is beneficial to all and has retained this.
140	Short Run Marginal Cost (SRMC) adjustment	4.1 (b)(iii) and (viii) and 4.3(b)(viii)	There is opposition to the SRMC adjustment as the existing treatment (loosely) provides a volume incentive, as well as an incentive to reduce costs.  It has also been queried as to whether the adjustment is the wrong way around in the drafting of clause 4.1(b)(iii).	This proposal more closely aligns to changes in Aurizon Network's maintenance costs for changes in network utilisation. As AT1 is explicitly linked to the maintenance allowance, Aurizon Network does not consider the arrangements promote efficiency as forecast AT1 revenue changes	Aurizon Network will amend this clause to make it clear that SAR will be increased if the revised system forecast is above the approved forecast and vice versa.	4.3(b)(iii) does not relate to the SRMC adjustment. The QRC objects to 4.3(b)(iii) for the reasons set out in its Main Submission, including that the adjustment assumes that Aurizon Network has no costs which vary with volumes in the short term.  In regard to the SRMC adjustment, the QRC supports development of a mechanism for	Aurizon Network has redrafted this clause as per the Proposed Change.  Aurizon Network is willing to discuss the proposed short run marginal cost adjustment with the QCA.



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				<p>may be reflected in maintenance planning.</p> <p>The intent of the drafting is for SAR to be increased if the revised system forecast is above the approved forecast (reflecting the increase in maintenance costs for the higher volumes based on the SRMC rate) and vice versa.</p>		<p>updating maintenance allowances on an annual basis, but does not consider that the mechanistic approach proposed is optimal.</p>	
141	System Allowable Revenue - Cross System Traffics	4.2(b)	<p>Questions have been raised regarding alignment between cross-system pricing rules and determination of SAR.</p>	<p>Aurizon Network has reviewed the consistency between SAR and TAR associated with cross-system traffics.</p> <p>It agrees that the drafting of clause 4.2(b)(i)(A) is inconsistent in that it reflects the minimum</p>	<p>Aurizon Network will revise the drafting to reflect the minimum revenue contribution relevant to the destination system.</p>	<p>The QRC will assess Aurizon Network's proposed amendments when the drafting foreshadowed by Aurizon Network is provided.</p>	<p>Aurizon Network has redrafted this clause as per the Proposed Change.</p>





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				contribution to common costs (as per the 2010 AU) rather than the minimum revenue contribution.			
142	SAR adjustments - environmental compliance charges	4.3(b)(iii)	<p>Aurizon Network has proposed an annual adjustment to SAR for the recovery of charges incurred by Aurizon Network from electricity retailers in relation to compliance with environmental initiatives.</p> <p>Instead, feedback provided is that these costs should be included within EC.</p>	<p>The recovery of charges for environmental compliance through AT1-4 (previously recovered via EC) reflects that they are a general overhead cost. They are not directly related to EC consumption. It is therefore not considered appropriate to recover these costs via EC.</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.</p>	<p>The QRC does not agree with Aurizon Network's proposal that no change is required.</p> <p>These charges are not a general overhead cost, rather, they are directly related to electricity consumption. The quantum of such charges varies directly with the volume of electricity consumed.</p> <p>In the event that energy retailers are, in the future, required to collect general taxes on behalf of any level of government and levy these charges</p>	<p>Aurizon Network has further considered stakeholders' requests and has redrafted this clause to reflect the recovery of costs for compliance with environmental initiatives via EC.</p>



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						in a way which is not linked to the electricity consumed by the customer, the QRC would accept that this is a general overhead and that UT4 should be amended.		
143	SAR adjustments - audit costs	4.3(b)(v)		Some customers have opposed Aurizon Network's inclusion of an adjustment to SAR for the difference between actual and forecast audit costs. It was also suggested that these costs be borne by the QCA.	Aurizon Network is unable to reasonably control total audit costs. The nature and extent of the scope is related to the audit scope approved by the QCA, and in some cases requested by the QCA.	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC has no comment on this issue.	No change.
144	Calculation of total actual revenue (TAR)	4.3(c)		It has been proposed that TAR is determined as per the relevant standard access agreement to	TAR (i.e. billings) is in accordance with the relevant standard access agreement unless where specified in the	Aurizon Network will revise the drafting to clarify the distinction between actual and nominal weights as per	The QRC will assess Aurizon Network's proposed amendments when the drafting foreshadowed by	Aurizon Network has redrafted this clause as per the Proposed Change.



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				ensure tonnages reflect billing arrangements.	revenue cap submission. Whilst, the intent of the drafting has not changed from the 2010 AU, Aurizon Network will amend the drafting to clarify this.	the standard access agreement.	Aurizon Network is provided.
145	Calculation of TAR	4.3(c)	Feedback received has requested the inclusion of (1) overload charges, and (2) ancillary revenues, within TAR.	While Aurizon Network does manage safety risks in relation to overloads, for practical reasons, Aurizon Network does not currently apply overload charges in the CQCN (even though it retains the ability to do so). In future, any overload charges are expected to be immaterial.  Ancillary revenues relating to the maintenance connections to	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's proposal that no change is required.  It is not clear to the QRC that costs relating to these services are excluded from the UT4 maintenance and opex forecasts. The QRC remains concerned that a number of costs incurred by Aurizon Network are recoverable outside of reference tariffs, and that exclusion of such costs from	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU. Aurizon Network is willing to discuss the treatment of these costs with the QCA.



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				private infrastructure have traditionally been immaterial. The associated maintenance costs have been excluded from the UT4 maintenance forecast.		the opex and maintenance forecasts is problematic.	
146	Approval of revenue adjustment amounts	4.3(g)	It is proposed that TAR should be reconciled to Aurizon Network's actual revenue.	<p>The QCA can request reconciliations of billing and actual revenues via its review of the billing models supporting TAR.</p> <p>It should be noted that any reconciliation via the revenue cap submission (which is made public) would potentially include matters not subject to regulation and which accordingly</p>	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	The QRC has no comment on this issue.	No change.



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				cannot be disclosed.			
147	Approval of revenue adjustment amounts	4.3(k)(ii)	Concerns have been expressed with the proposal to limit consultation on revenue adjustment amounts and increments to access holders and access seekers.	<p>The intent of the drafting between the 2010 AU and the 2013 DAU has not changed.</p> <p>The intent is that the consultation is focussed upon those parties affected by the Reference Tariff variation. This should include current and potential customers of access holders and access seekers. Aurizon Network will restore the drafting from the 2010 AU to confirm this.</p>	Aurizon Network will amend the drafting to allow the QCA to invite and consider comments from relevant industry participants regarding the revenue adjustment amounts and increments.	The QRC agrees with Aurizon Network's proposed change, subject to reviewing the proposed drafting.	Aurizon Network has redrafted this clause as per the Proposed Change.
148	Performance incentives/draft incentive mechanism	4.4	<ul style="list-style-type: none"> <li>There is consistent support for some form of incentive mechanism. A</li> </ul>	The May 2012 submission made by Aurizon Network	No further change has been proposed at this stage, pending further discussions with	The QRC does not agree that no change is required. The QRC views in relation to this	Aurizon Network has not made any change at this stage. Aurizon Network will consider this further following feedback



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			<p>range of comments were including:</p> <ul style="list-style-type: none"> <li>• should exclude SRMC/ AT1 adjustment in the revenue cap;</li> <li>• rejection of the increment and supply chain performance incentive as per Aurizon Network's May 2012 submission;</li> <li>• support for a transparent incentive-based mechanism similar to the electricity transmission and distribution industries;</li> <li>• support for a symmetrical incentive framework to align Aurizon Network with industry's</li> </ul>	<p>proposed three mechanisms:</p> <ul style="list-style-type: none"> <li>• a symmetrical service quality regime with up to 1% of allowable revenue 'at risk'; and</li> <li>• two positive incentives to improve supply chain performance.</li> </ul> <p>Aurizon Network has only proposed the two positive increments. The first was withdrawn subject to the QCA's decision on this submission.</p> <p>Breach and negligence provisions continue to apply to Aurizon Network's revenue cap.</p>	<p>industry regarding transparency and the QCA's decision on the May 2012 submission.</p>	<p>issue are as set out in its Main Submission. The QRC is willing to discuss this issue further with Aurizon Network.</p>	<p>from the QCA on the May 2012 submission.</p>



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				<p>performance metrics;</p> <ul style="list-style-type: none"> <li>support for a symmetrical mechanism linked to performance, contract entitlements and regulatory outcomes.</li> </ul>				
149	Recovery of revenue adjustment amounts	4.5		It has been proposed to accelerate the recovery of revenue adjustment amounts via an adjustment charge, providing for an immediate adjustment instead of the current two year lag.	Aurizon Network recognises the benefits for both customers and Aurizon Network and is prepared to implement a more immediate adjustment.	Following further discussions with the QRC, Aurizon Network will propose revised drafting to allow for the more immediate recovery of revenue adjustment amounts.	The QRC agrees with Aurizon Network's proposal and looks forward to further discussions on this change.	Aurizon Network will discuss this issue with the QCA before proposing drafting changes.
150	Review event - requirement to submit application	5.1(b)		It is proposed that the QCA should be able to direct Aurizon Network to submit a review event application,	Aurizon Network considers that for most of the matters covered by a review event, it is incentivised to	Following further discussions with the QRC, Aurizon Network will propose revised drafting to allow the QCA to direct	The QRC welcomes this revision and looks forward to reviewing Aurizon	Aurizon Network has redrafted this clause as per the Proposed Change.



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				<p>in addition to an endorsed variation event.</p> <p>submit its own application (unlike Endorsed Variation Events).</p> <p>Notwithstanding, Aurizon Network will amend the 2013 DAU to implement this proposal.</p>	<p>Aurizon Network to submit a review event application, in addition to an endorsed variation event.</p>	<p>Network's revised drafting.</p>	
151	Review event - maintenance costs	5.3(b) and (c)	<ul style="list-style-type: none"> <li>Two review events that were included in the 2013 DAU related to adjustments for changes to maintenance costs (subject to a 2.5% threshold), arising from:</li> <li>a change in maintenance practices reasonably requested by an access holder or customer;</li> <li>the engagement by</li> </ul>	<p>The 2.5% threshold applies to the maintenance cost impact where the base cost for non-electric is net of AT1 for the relevant system. Electric does not require an equivalent deduction as such the threshold is 2.5% of the base cost for electric. The drafting can be reviewed to confirm these principles.</p>	<p>Aurizon Network will revise the drafting of this clause to combine the maintenance cost review events (no change to threshold) and to clarify application.</p>	<p>The QRC supports Aurizon Network's proposal to revise the drafting of these clauses.</p> <p>The QRC considers that following the proposed revision, the redundancy of clauses 5.3(b) and (c) will be clear. That is, the events which can trigger a review under these clauses are simply examples of the events covered under clause 5.3(a). On this basis, the QRC does not</p>	<p>Aurizon Network has redrafted this clause as per the Proposed Change.</p>





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				<p>competitive tender of a third party, or an Aurizon party on arm's length terms, and the costs will exceed the approved allowance.</p> <ul style="list-style-type: none"> <li>It is proposed that these be deleted. Questions have also been raised as to how the 2.5% is applied.</li> </ul>	<p>Clauses 5.1(a) to (c) may cover the same events, Aurizon Network will consider revised drafting which combines them.</p>		<p>understand the need to add these review events.</p>	
152	Review event force majeure	5.3(e)		<p>Submissions have highlighted issues with regard to:</p> <ul style="list-style-type: none"> <li>the definition of Incremental Costs (the bring forward of costs from future years);</li> <li>"act of God" (it has been suggested that paragraph (e) of the definition</li> </ul>	<p>Aurizon Network agrees that the use of incremental costs (as defined) may not be appropriate for the relevant review event. Aurizon Network is prepared to consider revised drafting to confirm that the costs allowed cannot otherwise</p>	<p>Aurizon Network will review the drafting of the review event provisions relating to force majeure following further discussions with customers.</p>	<p>The QRC appreciates Aurizon Network's willingness to review this issue further and looks forward to discussing appropriate amendments with Aurizon Network.</p>	<p>Aurizon Network will discuss this issue with stakeholders and the QCA before proposing drafting changes.</p>



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				<p>of Force Majeure be deleted); and</p> <ul style="list-style-type: none"> <li>insurance.</li> </ul>	<p>be included in an approved reference tariff.</p> <p>For review events associated with a force majeure event, the definition should be aligned with the standard access agreement. "Act of God" is a general catch-all provision and is not unusual to be included in an agreement alongside related, defined events.</p> <p>Aurizon Network will discuss with customers an alternative application of review events that are wholly or partly covered by insurance, and whether insurance arrangements can be changed.</p>		

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153	Approval process for proposed reference tariff variation	5.5(c)		It is suggested that this clause should be amended to make it clear that the list of matters to be considered by the QCA in approving a proposed reference tariff variation should not be exhaustive.	The intent of the drafting in the 2013 DAU is unchanged from the 2010 AU. The matters under this section, including the QCA's consideration under the QCA Act, are not exhaustive. Aurizon Network is willing to amend this provision to make this clear.	Aurizon Network will amend this clause to make it clear that the list of matters to be considered by the QCA in approving a proposed reference tariff variation is not exhaustive.	The QRC will assess Aurizon Network's proposed amendments when the drafting foreshadowed by Aurizon Network is provided.	Aurizon Network has redrafted this clause as per the Proposed Change.
154	Adjustment Charges	6.1(a)(ii) and 6.3(c)(i)		It is suggested that amendments are required to clarify QCA approval of a reference tariff which has a past application date.	The intent of the drafting in the 2013 DAU is unchanged from the 2010 AU.  Aurizon Network is willing to amend the drafting to clarify the QCA approval of a reference tariff which has a past application date in the context of	Aurizon Network will amend the 2013 DAU to make it clear that an adjustment charge could be applied where the QCA approves a variation of a reference tariff in accordance with clause 5 and that variation applies or takes effect on a date prior to the	The QRC generally agrees with Aurizon Network's proposal, however, is unable to undertake a substantive review until the proposed drafting foreshadowed by Aurizon Network is provided.	Aurizon Network has redrafted this clause as per the Proposed Change.

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155	Reference trains - electric	7 and 8	Industry has suggested that it is inappropriate for the specification of the reference train in Blackwater and Goonyella to be only electric, rather than either diesel or electric.	<p>adjustment charges.</p> <p>Aurizon Network's proposal is consistent with:</p> <ul style="list-style-type: none"> <li>• tariff modelling; and</li> <li>• section run times associated with the reference train,</li> <li>• in place for the 2010 AU.</li> </ul> <p>Notwithstanding, specification of a diesel or electric consist is not necessary for pricing purposes (for tariff modelling a predominant consist is still required). Accordingly, the drafting from the 2010 AU can be restored.</p>	<p>date on which the QCA approves the variation.</p> <p>Aurizon Network will amend the reference train characteristics for the Blackwater and Goonyella systems to be either diesel or electric.</p>	The QRC welcomes Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.

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156	Reference tariffs - Newlands BRTT	10.1(c)		Concerns have been raised regarding the increase in the below rail transit time in Newlands from 124% to 160%.	The drafting reflects the DAAU for GAPE approved by the QCA in September 2013.	No change is proposed based on the further information provided by Aurizon Network to assist in the review of the 2013 DAU.	<p>The QRC does not agree with Aurizon Network's proposal that no change is required.</p> <p>The QRC's position remains as set out in its Mark-Up of Schedule F.</p>	Aurizon Network has not made any change on the basis that the below rail transit time for Newlands has been approved by relevant customers and the QCA and is included in access agreements with relevant access holders. Aurizon Network is currently discussing with customers additional infrastructure enhancements which could result in a lower BRTT. Following the outcome of this process, Aurizon Network will make any required adjustments.
157	AT2	7, 8, 9 and 10		The following matters have been raised regarding the proposed changes to AT2:	Aurizon Network has proposed an increase in AT2 associated with higher expansion costs, offset by a decrease as follows:	No change is proposed based on the further information provided by Aurizon Network to assist in the	<p>The QRC does not agree with Aurizon Network's position.</p> <p>The QRC's position in relation to this issue is set out in its Main Submission and</p>	No drafting change is proposed on the basis that methodology for determining AT2 is consistent with prior regulatory periods. Aurizon Network will



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				<ul style="list-style-type: none"> <li>• the size of the relative impact for Stanwell;</li> <li>• the “rebalancing”, concern around the impact of the increase in AT2 on take or pay;</li> <li>• the size of the increase.</li> </ul>	<ul style="list-style-type: none"> <li>• for Newlands, AT4; and</li> <li>• for all other systems, 50% allocated between AT3 and AT4.</li> </ul> <p>There is no impact on the revenue that Aurizon Network is entitled to earn from each system (only an impact on relativity between mines due to the distance taper).</p> <p>Stanwell continues to receive a significant discount to the Blackwater reference tariff in UT4. Aurizon Network would be willing to consider a higher discount subject to acceptance by other access holders in Blackwater and</p>	review of the 2013 DAU.	Mark-Up of Schedule F.	consider the quantum of the AT2 charge following release of the QCA’s pricing position paper. Aurizon Network is willing to discuss this issue further with the QCA.



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				approval by the QCA.  With respect to take or pay, Aurizon Network recognises that an unintended consequence of the AT2 proposal is that, relative to UT3, an access holder's exposure to UT1 take or pay will reduce relative to other access holders. However, any effect is currently insignificant, and in future negligible, as most of the remaining UT1 access agreements will expire during the UT4 period.			
158	Nominal payloads	6, 7, 8, 9 and 10	It has been requested that Aurizon Network provides clarity as to how the	Aurizon Network proposes nominal payloads (in tonnes) for each system.	No change is proposed based on the further information provided by Aurizon Network	The QRC appreciates the further information provided by Aurizon Network, however, the QRC	Aurizon Network has included nominal train payload as a defined term.



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				nominal payloads are prescribed.	Tonnages are based on the reference train configuration for each system inclusive of a 98% loading efficiency. These tonnages are aligned with the assumptions supporting the tariff modelling.	to assist in the review of the 2013 DAU.	requires further information in relation to how the nominal payloads are prescribed. The QRC is willing to discuss this issue further with Aurizon Network.	
159	Loading facilities						Aurizon Network has updated loading facilities included for particular Reference Tariffs.	
<b>Available Capacity Allocation and Management [Part 7]</b>								
160	Provision of mechanism for short term transfers	n/a		Customers want more flexibility to manage contracted capacity through a mechanism for short term transfers that allow for some transfers to be approved within	Aurizon Network is proposing to introduce a short term swapping mechanism to provide access holders with more flexibility in managing their short term	Aurizon Network will amend the drafting to include a short-term swapping mechanism that includes features such as: <ul style="list-style-type: none"> <li>transfer requests of up to 12 months</li> </ul>	There are too many caveats to Aurizon Network's proposal. In particular, the caveats that Aurizon Network is not worse off and that there is no need for a capacity analysis. It is	Aurizon Network is developing a capacity trading mechanism in conjunction with stakeholders. No drafting changes have been included in the 2014 DAU. The mechanism will need to be





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				48 hours. The mechanism should allow an access holder to schedule train paths in excess of contract where traded capacity is available.	capacity requirements.	<p>which can be submitted in conjunction with train orders for an intermediate train plan;</p> <ul style="list-style-type: none"> <li>• a requirement that no other access holder or Aurizon Network is made worse off;</li> <li>• a requirement for confirmation from relevant service providers in the supply chain that the transfer can be accommodated ; and</li> <li>• no requirement for Aurizon Network to perform a capacity analysis.</li> </ul>	uncertain as to what is meant by no worse off – for example, if there is a transfer of capacity from BHPB to a junior mining company, is Aurizon Network worse off?	incorporated at the conclusion of consultation with stakeholders.

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161	Demonstration of the utilisation of access rights	7.1(a)(i)		It is suggested that the 2013 DAU include an obligation for Aurizon Network to act reasonably when deciding to refuse access rights where they cannot be fully utilised.	The intention of clause 7.1(a) is to list up front, the matters and the associated clauses dealt with in Part 7. The substance of the matters is included in those clauses.	Aurizon Network will amend the drafting of clause 7.1(a)(i) to reflect the obligation in clause 7.2.	The QRC appreciates Aurizon Network's willingness to amend this provision and considers this issue can be easily resolved by the parties.	Aurizon Network has redrafted this clause as per the Proposed Change.
162	Allocation of capacity must be independent of funding arrangements	7.1(a)(v)		It has requested that clarification be provided to confirm that priority in allocating capacity is independent of how an expansion will be funded.	Industry has raised similar concerns in relation to Part 4 and Part 8.	Aurizon Network will include a general obligation in the 2013 DAU that it will not have regard to whether any relevant expansion is, or may be, user funded or funded by Aurizon Network when: <ul style="list-style-type: none"> <li>• negotiating or entering into an access agreement;</li> <li>• allocating available capacity under Part 7; or</li> </ul>	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.

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					<ul style="list-style-type: none"> <li>granting a provisional capacity allocation under clause 8.6(o).</li> </ul>			
163	Subjective nature of matters to be assessed to demonstrate full utilisation of access rights	7.2		Feedback received is that the principles around Aurizon Network's ability to refuse access rights if certain conditions (such as supply chain rights, a contract for rail haulage, and sufficient facilities) are not met are subjective and potentially allows for discrimination.	Clause 7.2 is an objective test. Aurizon Network must act reasonably in deciding whether it is satisfied the access seeker can fully utilise the relevant access rights. Whether the access seeker can fully utilise the relevant access rights will largely be a question of fact and can ultimately be disputed if necessary.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agrees that no specific change is required in relation to this matter but the QRC considers clause 7.2 should be amended in the manner shown in the QRC's Mark-Up of Part 7. This includes the amendments discussed at Items 118, 119, 120 and the inclusion of an obligation of good faith on Aurizon Network in deciding whether to refuse to allocate capacity.	Aurizon Network has amended this provision such that it will need to make decisions in good faith.
164	Inclusive versus determinative list of matters covering whether an access seeker	7.2		It has been suggested that the inclusive list of factors which Aurizon Network	Aurizon Network agrees in principle with the	Aurizon Network will amend the drafting of clause 7.2 to make it a determinative	Whilst the QRC agrees with Aurizon Network's proposed change, the QRC is unable	Aurizon Network has amended this provision to include:

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	can fully utilise access.			could take into account when deciding whether an access seeker can fully utilise requested access rights, should be a determinative and exhaustive list.	proposed amendment.	and exhaustive list, subject to a review of the matters included.	<p>to comment on the substance of this change until Aurizon Network provides further detail of the matters that it requires to be included to make the list determinative and exhaustive.</p> <ul style="list-style-type: none"> <li>• An obligation for Aurizon Network to act in good faith</li> <li>• Consideration of whether an operator access seeker has a customer for the requested rights</li> <li>• Clarification of which items are already captured under the supply chain rights concept.</li> </ul> <p>In consolidating these provisions, Aurizon Network has also made some amendments to the definition of Supply Chain Rights.</p>
165	Requirement to demonstrate 'reasonable likelihood' in demonstrating ability to use requested access.	7.2		It has been requested that an amendment be made to acknowledge that at the time of allocating available capacity, an access seeker must	The 2013 DAU includes a "reasonable likelihood" criteria for supply chain rights and a rail haulage provider in Schedule B.  Aurizon Network agrees that the	Aurizon Network will amend the drafting to confirm that the consideration of matters in clause 7.2 will be based on the reasonable likelihood of utilisation at the	The QRC agrees with Aurizon Network's proposed change.  Aurizon Network has redrafted this clause as per the Proposed Change.



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				demonstrate a reasonable likelihood of satisfying the requirements listed in clause 7.2 by the time the access rights are to commence.	consideration of the matters in 7.2 should be in relation to the reasonable likelihood of the access seeker satisfying the matters listed, at the time the access rights are expected to be used.	time the access rights are expected to be used.	
166	Matters duplicated in definition of supply chain rights	7.2	It has been submitted that the criterion in clause 7.2(a) regarding the ability to load and unload train services and the criterion regarding sufficient facilities (clause 7.2(d)) are encompassed within the definition of supply chain rights and are therefore unnecessary.	It is not explicit that the definition of supply chain rights contemplates the existence of the right to load and unload train services and the availability of rollingstock and other facilities necessary to run trains.  Aurizon Network agrees to amend the definition of supply chain rights to ensure these matters are	Aurizon Network will review clause 7.2 and the definition of supply chain rights to remove any duplication.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change. Refer to item 165 for further details.



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				expressly included.			
E18	Capacity allocation	7.2				Aurizon Network has not responded to the QRC's proposal for Aurizon Network to be subject to a general obligation of good faith with respect to the allocation of capacity.	Aurizon Network has amended this clause, refer to item 165 for further details.
167	Reinstate the replacement mine concept	7.3(a)	It has been requested that the replacement mine concept from the 2010 AU be reinstated for renewals.	Aurizon Network agrees to reinstate the 2010 AU drafting in relation to replacement mine. However the definition of replacement mine needs to be refined to reflect the intention that a replacement mine is a new mine that utilises the same capacity as the existing mine.	Aurizon Network will reinstate the 2010 AU replacement mine concept but will refine the definition to reflect the intention that it must be a new mine utilising the same capacity as the existing mine (that is, branch line and main line path).	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change. For clarity, a map will be provided on Aurizon Network's website to clarify which locations will be considered to be replacement mines for the purpose of renewing access rights.

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168	Requirement that Aurizon Network negotiate renewals promptly	7.3(c) and (d)		<p>It has been requested that Aurizon Network be required to promptly negotiate with a renewing access seeker given the renewal needs to be finalised by a fixed date.</p>	<p>Aurizon Network considers it cannot, without failing to comply with the undertaking or the QCA Act, maliciously or recklessly delay negotiations in respect of a renewal, with the result that an access agreement for a renewal is not executed at least 12 months prior to the expiry of the access rights being renewed.</p> <p>Aurizon Network will amend the drafting to clarify this in relation to access applications for renewals.</p>	<p>Aurizon Network will amend the drafting to expressly reinforce its negotiation obligations in respect of access applications for renewals.</p>	<p>The QRC agrees with Aurizon Network's proposed change.</p>	<p>Aurizon Network has redrafted this clause as per the Proposed Change.</p>
E19	Priority of a renewing access seeker lost where access agreement not finalised 12	7.3(c)(iv)				<p>The QRC proposed that a renewing access holder should not be at risk of losing its priority due to a</p>	<p>Aurizon Network has included an obligation for both parties to act in good faith to complete the negotiation of the</p>	

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	months prior to expiry of existing access rights					failure to execute an access agreement at least 12 months prior to the expiry of the access rights, where that failure is caused by an act, omission or delay by Aurizon Network. Aurizon Network has failed to respond to this proposed amendment.	renewal agreement in a timely manner.
169	Priority for renewing access seekers	7.3(e)	A new clause has been requested which seeks to give renewing access seekers priority by expressly stating that they have a right to receive access “without re-submitting an Access Application or joining a queue”.	<p>Clause 7.3 provides a renewing access seeker an express priority in relation to their proposed renewal.</p> <p>The access application is the mechanism that gives rise to the provisions of the negotiation framework under Part 4 of the undertaking. This existing process ensures that</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	Whilst the QRC appreciates Aurizon Network’s further explanation, it disagrees that the current drafting of clause 7.3 is sufficient to ensure renewing access holders maintain priority. Clause 7.3 provides that an access holder only has priority to renew an access agreement if a new agreement is executed at least 12 months prior to the expiry of the	Aurizon Network has further considered stakeholders’ request, however no change has been made to the 2014 DAU. Aurizon Network is developing a “short form” access application for renewals to specifically contain the information required from the renewing access seeker. Schedule B has been amended to reflect the required information. This will





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				<p>sufficient information is provided to Aurizon Network to negotiate an access agreement for a renewal.</p> <p>The obligations under 7.3 and the negotiation framework balance Aurizon Network's requirement for current information to assess a renewing access application, whilst providing greater certainty that access rights will be available for the life of mine.</p>		<p>access holder's existing access rights. The QRC considers that a renewing access holder should not be at risk of losing its priority due to a failure to execute an access agreement at least 12 months prior to the expiry of the access rights, where that failure is caused by an act, omission or delay by Aurizon Network.</p> <p>The QRC also disagrees that a fresh access application should be required for renewing access holders. The QRC is unable to see any benefit in requiring a renewing access seeker to provide an access application, except where renewal is for capacity below the level currently</p>	<p>streamline the process for submitting the application.</p>



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						<p>contracted. The negotiation framework set out in Part 4 of UT4 may still be triggered in relation to the negotiation of a new access agreement by virtue of an access holder issuing a renewal notice (please refer to clause 7.3(g) of the QRC's Mark-Up of Part 7). Requiring a fresh access application will result in unnecessary costs and will delay the renewal process.</p> <p>The QRC considers that a renewal notice is sufficient to ensure Aurizon Network is able to obtain current and sufficient information prior to a renewal. Aurizon Network also has the ability to request further information from a</p>	



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						renewing access holder in accordance with the negotiation framework.	
170	Sunset clause on priority of renewals	7.3(f)	It has been suggested that the requirement for a renewal application to be at least 12 months prior to the expiry of the relevant Access Rights be removed.	<p>Aurizon Network must balance the needs of existing access holders (ability to renew) with that of new access holders (request for new access rights). The removal of the deadline for renewal applications could affect the ability of other access seekers to contract for the access rights.</p> <p>In addition, if capacity is uncontracted when it is available either Aurizon Network will not earn a return or, where the revenue cap applies, existing access holders</p>	No proposed change. Aurizon Network considers the obligations under clause 7.3 achieve an appropriate balance in respect of the relevant competing interests.	The QRC does not consider it is necessary to require a renewal application in relation to existing access rights to be issued at least 12 months prior to the expiry of those existing access rights. The interests of new access seekers are adequately protected by clause 7.3(c) which provides that a renewing access seeker loses its priority in relation to relevant access rights if it fails to enter into a new access agreement with Aurizon Network at least 12 months prior to the expiry. If an access agreement has not	Aurizon Network has redrafted to provide that the 12 month timeframe for finalising the access agreement can be varied by agreement.



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				<p>may be faced with increases in access charges.</p> <p>The 12 month period is a reasonable compromise in relation to all of the relevant competing interests.</p>		<p>been entered into by Aurizon Network and the renewing access seeker at least 12 months prior to the expiry of the existing access rights, Aurizon Network may enter into an access agreement in relation to the relevant capacity with another person (refer to clause 7.3(c) of the QRC's Mark-Up of Part 7 of UT4). Accordingly, it is unnecessary to require all renewing access applications to be made at least 12 months prior to the expiry of existing access rights in order to balance the interests of new access seekers.</p>	
E20	Obligation to execute an	7.3(f)(i)				Aurizon Network has not responded to the QRC's	Aurizon Network has redrafted to clarify that execution of an



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	access agreement					proposal to delete <i>"Nothing in this clause 7.3 obliges Aurizon Network to execute an Access Agreement for Renewal"</i> .	access agreement for a renewal is subject to the provisions of Part 4 and Part 5 of the 2014 DAU.
E21	Priority where transfers of access rights	7.4.2(a)				<p>Aurizon Network has not responded to the QRC's proposal with respect to the transfer of access rights under clause 7.4.2(a).</p> <p>The QRC has proposed that if a transfer is for the same term of the existing access agreement, is submitted in the form of a standard access agreement and the transferee can demonstrate a reasonable likelihood of being able to fully utilise the relevant access rights, Aurizon Network should be required to execute an</p>	Aurizon Network has redrafted this provision to provide greater clarity. Aurizon Network's intent is similar to that proposed by the QRC.



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						<p>access agreement for available capacity with the transferee. This allows a transferee to have priority over other access seekers (other than renewing access seekers) to the extent of the access rights the subject of the transfer. For this reason, the QRC has also proposed that the consideration of other access applications should be removed to avoid confusion.</p>	
						<p>On the other hand, where a transferee makes an access application for the transferred access rights and ancillary access rights, and another access seeker is already in the process of negotiating with Aurizon Network, the transferee will not have priority</p>	



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						and the mutually exclusive access applications mechanism will apply.	
E22	Public notification of access holders indicating intention to transfer access rights	7.4.2(f)				Aurizon Network has not responded to the QRC's proposal for Aurizon Network to maintain a register of access holders who have indicated an intention to transfer their access rights.	Aurizon Network has not made any change at this point, however will address this through the capacity trading mechanism. Refer to item 161 for more detail.
171	Expedited transfer arrangements	n/a	Feedback received is that there is a need to include an obligation for Aurizon Network to expeditiously complete the negotiation process for transfers, and in particular to use an abbreviated Part 4 process for short term transfers.	Aurizon Network currently provides responses well within the regulatory timeframes. It is willing to make an amendment to report its performance in this area.	Aurizon Network will include an obligation in the compliance report in Part 10 to report on the average negotiation period for transfers.	The QRC supports Aurizon Network's proposed change. In addition to that change, the QRC considers Part 7 should include an obligation on Aurizon Network to promptly negotiate transfers and comply with an abbreviated Part 4 negotiation process for short term transfers.	Aurizon Network has included drafting in Part 10 as per the proposed change. In addition, Aurizon Network is developing a "short form" access application for transfers to specifically contain the information required from the transferring access seeker. Schedule B has been amended to reflect the required



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						<p>Merely reporting on Aurizon Network's performance is not sufficient. Aurizon Network's willingness to expeditiously negotiate transfers should be reflected in the transfer process set out in Part 7.</p> <p>The QRC considers that the timeframes which apply under Part 4 in respect of a new application for access rights are not an appropriate reflection of the timing reasonably required for the negotiation of transferred access rights. Aurizon Network should be obliged to comply with shorter timeframes rather than merely reporting on its ability to do so, particularly in the</p>	<p>information. This will streamline the process for submitting and assessing the application.</p>





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						case of short term transfers.	
172	Customer Initiated Capacity Transfer	New					Aurizon Network has included transitional provisions in Part 12 to outline the customer initiated capacity transfer process for pre UT4 access agreements.
E23	Notification of mutually exclusive access applications	7.5.1(a)				Aurizon Network has not responded to the QRC's proposal to place a strict obligation (rather than a reasonable endeavours obligation) on Aurizon Network to identify and advise access seekers of mutually exclusive access applications.	Aurizon Network has redrafted in accordance with the proposed drafting from the QRC.
173	Other works required for access rights	7.5.2(b)(iii)		It is suggested that the wording of this clause, in relation to which mutually exclusive access	The 2013 DAU drafting intended that access negotiations would proceed except in the	Aurizon Network will amend the clause to include other works or activities required	The QRC supports Aurizon Network's proposal to identify other activities that may impact on capacity, however, Aurizon Network has redrafted this clause as per the Proposed Change.



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				<p>applications Aurizon Network will enter into negotiations with, is too broad. It is suggested that the exclusion of access applications that are subject to <i>"other works or expenditure by Aurizon Network relating to the Rail Infrastructure"</i>, is removed.</p>	<p>case were the access rights would be subject to activities such as expansions and Customer Specific Branch Lines, as well as other activities that will impact on capacity. An example of this is, operational changes that do not require capital expenditure.</p>	<p>to enhance capacity.</p>	<p>it is unable to undertake a proper assessment of this change until further detail is provided.</p>	<p>Drafting has been included to clarify the interaction between Part 7 allocation of mutually exclusive capacity and the process in Part 8 for expansions.</p>
E24	Term of a proposed access agreement where mutually exclusive access applications exist	7.5.2(b)(v)				<p>Aurizon Network has not responded to the QRC's proposal that it should be required to negotiate with an access seeker, where mutually exclusive access applications exist, provided that the access seeker's proposed term is at least 10 years or <i>"the remaining life of the mine"</i>.</p>	<p>Aurizon Network has redrafted in accordance with the proposed drafting from the QRC.</p>	

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E25	Obligation of good faith regarding negotiations where mutually exclusive access applications exist	7.5.2(c)				Aurizon Network has not responded to the QRC's proposal that it should be subject to an obligation to act reasonably and in good faith in relation to its negotiations for access agreements, where mutually exclusive access applications exist.	Aurizon Network has redrafted in accordance with the proposed drafting from the QRC.
174	Consideration of Aurizon Network's legitimate business interests	7.5.2(d)	It is requested that the criteria for determining how to allocate capacity be changed by removing the reference to Aurizon Network's legitimate business interest, revenue adequacy and the ability to allocate capacity to the highest marginal value.	The pricing principles in s 168A of the QCA Act include a requirement for revenue adequacy, which is reflected in the pricing principles in Part 6 of the 2013 DAU. As revenue adequacy is a fundamental element of the regulatory regime, Aurizon Network does not	Aurizon Network will amend this clause to remove the reference to legitimate business interests and will consider whether any more matters are required to be listed for an exhaustive list.  Aurizon also agrees to remove the reference to the highest marginal value.	The QRC agrees with Aurizon Network's proposal to remove " <i>legitimate business interests</i> " and " <i>highest marginal value</i> " from, but keep " <i>revenue adequacy</i> " in, the criteria for determining how to allocate capacity.  The QRC supports Aurizon Network's willingness to make the criteria listed in clause	Aurizon Network has redrafted this clause as per the Proposed Change.  The additional considerations which have been added to make this an exhaustive list are: <ul style="list-style-type: none"> <li>• Community concerns</li> <li>• Environmental, health or safety matters</li> <li>• Term of the access rights sought</li> </ul>



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				In addition, it is sought to restrict Aurizon Network to specified criteria in clause 7.5.2(d) by making it an exhaustive, rather than an inclusive list.	agree to its removal. Aurizon Network agrees to remove the reference to legitimate business interests, which results in the matters to be considered becoming an exhaustive list.	7.5.2(d) exhaustive but is unable to undertake a proper assessment of that criteria as a whole until Aurizon Network communicates any additional matters it requires to be included.	
175	Mandatory priority of coal train services	7.5.2(d)	It has been requested that a mandatory obligation be imposed on Aurizon Network to treat a proposed access agreement for coal carrying train services as having a higher priority than for non-coal carrying train services.	Clause 7.5.2(d)(ii) in effect acknowledges the price differential between coal and non-coal services, and allows Aurizon Network to use a simple test, that is whether the service is a coal or non-coal service, to streamline capacity allocation	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC maintains that clause 7.5.2(d)(ii) should be amended, however, the QRC is unable to comment fully on this issue until it receives Aurizon Network's proposed mark-up in relation to Item 157 above, as Items 157 and 158 are intrinsically linked.  Further, given Aurizon Network's acknowledgement	Aurizon Network has redrafted this provision to clarify that Aurizon Network will prioritise coal services unless it is required by legislation to allocate capacity first to a non-coal service.



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				<p>process where appropriate.</p> <p>Aurizon Network considers it appropriate to be able to distinguish between coal and non-coal services but not to mandate one type of service over the other.</p>		<p>in Item 157 that it will remove the reference to “<i>legitimate business interest</i>”, some change will be necessary to 7.5.2(d) to make the drafting work.</p>	
176	Capacity allocation - date of acknowledgment	7.5.2(f)(iv)	It has been requested that the 3 year criterion for determining date priority for access applications be removed.	In determining the date priority, Aurizon Network agrees to amendments to require it to act reasonably in forming its opinion as to whether or not it is practical to determine the priority between two or more competing applications. In doing so, Aurizon Network considers the date priority should reflect the	Aurizon Network will make amendments to require it to act reasonably.	<p>The QRC agrees with Aurizon Network’s proposal to make amendments to require it to act reasonably, however, the QRC considers that the 3 year criterion for determining date priority should also be removed.</p> <p>Aurizon Network has agreed to allow an access application to be made up to 5 years before the relevant access rights are</p>	Aurizon Network has redrafted this clause as per the Proposed Change. In addition, the 3 year timeframe has been removed and new drafting clarifies how suspended access requests are treated.



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				provisions in Part 4 in relation to its obligation to negotiate access agreements.		to commence in certain circumstances (refer to Item 44(g)). On the basis of this change, it seems inconsistent to include a 3 year criterion for determining date priority for access applications. In all cases, priority should be determined on the basis of the date an acknowledgement notice was issued. If Aurizon Network considers an access application is made too far in advance of the commencement date of the relevant access rights, Aurizon Network can choose not to negotiate with that access seeker in accordance with Part 4.	

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177	Agreements to be executed	7.5.2.(f)(ii)		It has been suggested that the removal of the reference to a user funding agreement be removed, as, the execution of an access agreement in this circumstance is covered in Part 8.	The reference to a user funding agreement was included to provide an example of the types of agreements that the parties must be willing to execute in order to be allocated capacity under the date order test.	Aurizon Network will remove reference to a user funding agreement.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
178	Removal of queue	7.5.2		It has been suggested that the capacity queue should be reinstated on the basis that removal of the queue reduces the objectivity around capacity management, and may lead to discrimination. Reinstatement of queuing provisions as per section 7.3.3 and 7.3.4 of the 2010 AU is requested.	The queue was removed on the basis that it did not promote the optimal allocation of scarce capacity. Practically, if capacity becomes available, the framework allowed the queue to be re-ordered and provided to the party ready to execute an agreement. The	Aurizon Network will prepare process diagrams for inclusion in the undertaking to aid understanding of the process for allocating capacity.	The QRC agrees with the removal of the queuing mechanism and welcomes Aurizon Network's proposal to provide process diagrams to aid understanding of the capacity allocation process.	Aurizon Network has provided for a new Schedule I which will contain the process diagrams. At this point only preliminary process diagrams have been included in Schedule I. Aurizon Network will further develop these at a later point in time when the drafting of the capacity allocation process is agreed with stakeholders.



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				<p>revised process now provides 'yes'/ 'no' tests and is considered a more efficient allocation of resources.</p> <p>Access Seekers have the ability to utilise the dispute mechanism if they disagree with the application of the criteria.</p> <p>Aurizon Network proposes to include diagrams in the undertaking to make this process clear.</p>			
179	Compliance with network management principles	7.6.1(a)	It is considered that the undertaking should impose an obligation on Aurizon Network to comply with the network management principles and that the QCA	The obligation to comply with the network management principles is included in the access agreement. The QCA does not have the power under the QCA Act to interpret	No change is proposed. Aurizon Network considers the obligation to comply with the NMP rightly sits in the Access Agreement. However, Aurizon Network will review the	The QRC is willing to review the amendments foreshadowed by Aurizon Network in relation to Part 3, however, it is unable to undertake a proper assessment until	Aurizon Network has included a new provision in Part 7 to clarify the obligation to comply with the Network Management Principles.



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				<p>should ensure such compliance.</p> <p>and enforce common law contracts..</p> <p>However, the facts giving rise to the dispute in question may offend a provision in either the QCA Act or the undertaking over which the QCA does have power - thus, triggering a separate dispute process. For example, if there is a breach of the NMP that involves disclosure of protected information to the marketing division, then Aurizon Network offends against multiple obligations (the contract, the undertaking and the QCA Act), each with their</p>	<p>drafting of the undertaking to ensure that access holders are able to access the complaints handling (clause 3.22) and audit process (clause 10.7 and 10.8) in relation to Aurizon Network's obligations under Part 3, for example the protected information obligations of the undertaking.</p>	<p>further drafting is provided.</p> <p>Regardless, the QRC considers that Aurizon Network's obligation to comply with the network management principles should be incorporated into UT4 rather than only under an access agreement. As identified by Aurizon Network, this will ensure the QCA has the ability to enforce the network management principles (which is not otherwise the case if the obligation merely arises under a private contract with an access holder).</p> <p>For this reason, the QRC also considers a dispute between an access holder</p>	

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				own enforcement requirements.		and Aurizon Network should be capable of being dealt with in accordance with the dispute resolution process set out in UT4, as well as that set out in the relevant access agreement.	
180	Initial System Rules	7.6.3	It is been requested that mandatory System Rules be developed for every system.	Aurizon Network agrees with industry views and has submitted draft System Rules to the QCA for Northern Bowen Basin (GAPE, Newlands and Goonyella) and Capricornia (Moura and Blackwater).	Aurizon Network will amend the drafting to require each system to have System Rules.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has amended drafting to clarify that each system (or combination of systems) will have system rules developed where at least 60% of access holders for a coal system (based on train paths) has requested system rules be developed.
E26	Public submissions on draft system rules	7.6.3(c)				Aurizon Network has not responded to the QRC's proposal to allow the QCA to decide, at its discretion, to request and consider public	Aurizon Network has redrafted in accordance with the intent of the proposed drafting from the QRC.

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						submissions on Aurizon Network's draft system rules.	
E27	Obligation to resubmit amended draft system rules to the QCA	7.6.3(d)(ii)				Aurizon Network has not responded to the QRC's proposal to place an obligation, rather than merely a right, on Aurizon Network to resubmit draft system rules to the QCA (with amendments) where the QCA refuses to approve the first draft.	Aurizon Network has redrafted in accordance with the intent of the proposed drafting from the QRC.
181	Annual review of System Rules	7.6.4	Feedback received is that Aurizon Network should be obliged to review the System Rules at least annually or in certain circumstances such as where: <ul style="list-style-type: none"> <li>there is an increase of least 30% of</li> </ul>	Aurizon Network has committed in the Capricornia and Northern Bowen Basin System Rules to an annual review of the System Rules and will amend the 2013 DAU to reflect this. In addition, it is appropriate to	Aurizon Network will include a commitment to conduct a review of the System Rules at least annually and in the event of a greater than 30% change in GTKs.	The QRC agrees with Aurizon Network's proposal to include a commitment to conduct a review of the system rules at least annually and in the event of a greater than 30% change in GTKs. The QRC also considers that Aurizon Network should be required	Aurizon Network has redrafted to provide that it will review the system rules: <ul style="list-style-type: none"> <li>At least annually; or</li> <li>if at least 60% of access holders for a coal system (based on train paths) has requested a review.</li> </ul>

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				<p>the GTKs in that system;</p> <ul style="list-style-type: none"> <li>• a new coal basin is connected to the system;</li> <li>• a new unloading terminal is developed;</li> <li>• a change in the System Operating Assumptions occurs; or</li> <li>• at least 60% of access holders in the system request it.</li> </ul>	<p>review the System Rules in the event there is a greater than 30% change in GTKs over a relevant period.</p>	<p>to review and amend the system rules where it is formally requested to do so by at least 60% of the access holders in a coal system. The QRC considers this is a reasonable requirement which will assist in ensuring system rules are kept relevant and up to date.</p>	<p>Aurizon Network did not include a criteria based on a 30% change in GTKs as it considers the other 2 criteria will be sufficient to pick up such changes.</p>
E28	Proposed amendments to system rules	7.6.4				<p>Aurizon Network has not responded to the QRC's proposal that the systems rules may only be amended with the QCA's approval, and the QCA should have the right, at its discretion, to seek public submissions.</p>	<p>Aurizon Network has redrafted to provide a role for the QCA approving amendments to the system rules.</p>



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E29	Review of system rules	7.6.5(c),(d) and (e)				Aurizon Network has not responded to the QRC's proposal that any review of the system rules must be subject to the QCA approval, with the right for the QCA to seek public submissions.	Refer to item E28 for details.	
<b>Network Management Principles [Schedule G]</b>								
182							Aurizon Network has included a new overarching provision in regards to the requirement to meet confidentiality and ringfencing obligations when providing information to access holders in accordance with either the Network Management Principles or the System Rules.	
183	Master train plan	3.1		It has been requested that	The intention is that the master	Aurizon Network will amend the	The QRC agrees with Aurizon	Aurizon Network has introduced a new

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				<p>more transparency of information in the master train plan be provided. In addition, each train path in the master train plan must be practically achievable, taking into account headways. The maximum number of usable round trips must not exceed the practical utilisation ceiling of any track sections.</p>	<p>train plan must demonstrate Aurizon Network's ability to meet contractual commitments, taking into account planned possessions, known outages and other network traffic. In practice, this is achieved through train diagrams of system paths (specific origin to port).</p>	<p>network management principles to better describe the relationship between the master train plan, intermediate train plan and daily train plan.</p> <p>Aurizon Network will amend the provisions to clarify that the master train plan will include train service entitlements for up to 2 years.</p> <p>Aurizon Network will revise the drafting in clause 3.2 (b) of Schedule H to clarify that Aurizon Network can only provide the master train plan to access holders to the extent it can do so while not breaching its ring fencing obligations.</p>	<p>Network's proposed change.</p>	<p>Strategic Train Plan which will cover the time period of not less than 12 months and up to 2 years. Clarification has been included that the Master Train Plan will cover a period of time up to 3 months and will be in a tabular form.</p>



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184	Infrastructure Service Providers	n/a		It is suggested that the network management principles require Aurizon Network to notify or consult with adjacent network providers in relation to amendments to the master train plan, intermediate train plan and daily train plan.	This is considered reasonable.	Aurizon Network will amend the drafting to include an obligation for notification and consultation with adjacent network providers where relevant.	The QRC agrees with Aurizon Network's proposed change. Aurizon Network has redrafted this clause as per the Proposed Change.
185	Master train plan	3.3 (b) (iii) and 6.3	It is considered that Aurizon Network's ability to alter the master train plan without consultation should mean that existing access holders are able to obtain sufficient train service entitlements under their agreements. This provision should be subject to any	For cyclic traffic, the master train plan's starting point is train service entitlements contracted under access agreements. Consequently, an ability to alter the Master Train Plan to obtain sufficient train service entitlements is not considered necessary.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position that no change should be made. The QRC considers that Aurizon Network's ability to alter the master train plan without consultation should be subject no other access holder being materially disadvantaged. Where an access holder would be	Aurizon Network considers the existing drafting sufficiently covers the QRC's concern around ensuring other access holders are not disadvantaged. As such, no change has been made.



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				changes not being allowed unilaterally where there is any possibility that another access holder is materially disadvantaged.	The 2013 DAU restricts Aurizon Network's ability to alter the intermediate train plan for new or additional train service entitlements without consultation when train services have been scheduled.		materially disadvantaged, Aurizon Network should be required to undertake consultation.
186	Daily train plan	5.3(a) and (b), 5.4(a)	Industry considers planning arrangements should include a lock down 48 hour plan that is scheduled at least one business day prior to the day of which the daily train plan relates. A default 48 hour lock down period should be the shortest possible timeframe, with provision for a	Aurizon Network acknowledges discussions with industry on this issue in relation to the System Rules. It will amend the network management principles to include a 'lock down period' as per the System Rules or in the absence of the System Rules, then 48 hours prior to day of operation.	Aurizon Network will amend the network management principles to include a 'lock down period' as per the System Rules or in the absence of the System Rules, then 48 hours prior to day of operation. In addition, Aurizon Network will change the references to Business Days in	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change. In addition, new drafting has been included to clarify the process for an access holder requesting a variation to the ITP.





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				longer period by agreement.	scheduling to 'days'.  Aurizon Network will also correct a drafting error in clauses 5.3 (b) (ii) and 5.4 (a) (i) of Schedule H to ensure that additional train service cannot result in and Access Holder's scheduled Train Services not being met.		
187	Daily train plan	5.3(c)(iii)					Aurizon Network has removed the timeframes for providing information to access holders of a requested modification to the ITP when scheduling the DTP on the basis that the timeframes didn't practically work in the 48 hour prior to operation space.
188	Incident management	7.4 (c)		Feedback received is that there should be a	The 2013 DAU drafting includes a 'reasonable	Aurizon Network will include an obligation to keep	The QRC agrees with Aurizon  Aurizon Network has redrafted this clause

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				limit on Aurizon Network's ability to depart from the traffic management decision making matrix following an incident to situations where there is no other choice. There needs to be a maximum time period that departure from the schedule can occur.	endeavours' obligation to return to normal train control procedures as soon as reasonably practical. In practice it would be difficult to apply a maximum limit that would apply in all circumstances given that it will depend on the nature and effects of the incident or force majeure event.	the relevant access holder informed of the progress to remove the incident or force majeure event and the return to normal train control procedures.	Network's proposed change.	as per the Proposed Change.
189	Contested Train Path - objective to maximise system throughput.	8.1 & 8.2	Feedback received is that another objective should be included for the Contested Train Path decision making process, namely to maximise the capacity and throughput of each coal system. In addition, the	The objectives of the contested train path decision making process are outlined in clause 8.1 of Schedule H. The contested train path decision making process is fundamentally about meeting contractual entitlements and	No change is proposed The objective of maximising system performance in relation to the contested train path decision making process is indirectly met through the objective of meeting Aurizon Network's	The QRC does not agree with Aurizon Network's position that no change should be made. The QRC considers maximising capacity and throughput of each coal system is a valid objective that should be incorporated into the contested train	Aurizon Network has included a third objective "System throughput is maximised, taking into consideration Train Service Entitlements" for the contested train path decision making process.	



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				objectives should be ranked.	<p>providing a transparent process for differentiating between access holders in respect of the use of those entitlements.</p> <p>The NMP will indirectly assist in achieving the maximisation of system performance by establishing a process to meet contractual entitlements in a transparent, consistent and fair manner.</p>	contractual obligations in a transparent, consistent and fair manner.	<p>path decision making process. Given Aurizon Network considers this objective is indirectly met through the inclusion of the objective of meeting Aurizon Network's contractual obligations, the QRC sees no reason why it should not be expressly included as a relevant objective.</p>
190	Reporting						Aurizon Network has included an obligation to provide to access holders each month a report on train service entitlements used and a comparison against the master train plan.

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191	TSE reconciliation reporting	8.2	<p>Feedback received has included that:</p> <p>there is a need for more robust and transparent access services and operational performance data;</p> <p>there should be a requirement in Schedule H for Aurizon Network to report on train service entitlement allocation and consumption, including Aurizon Network's non-performance; and</p> <p>the TSE Reconciliation Report should detail the cause for non-performance including aggregated and individual information.</p>	<p>The drafting of Schedule H in the 2013 DAU includes an obligation to provide a TSE reconciliation report to access holders. There is a separate process for recording and communicating cancellation cause identification, which is made available to access holders under their access agreement.</p>	<p>Aurizon Network will review the reports provided to access holders with a view to consolidating and making them available in the secure customer portal to increase transparency.</p>	<p>The QRC agrees with Aurizon Network's proposed change, however, is unable to comment on the substance of that change without further information of the specifics of that change.</p>	<p>No change to drafting required.</p>

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192	Contracting for zero train services	8.2		<p>It has been suggested that the contracting regime should allow for zero train service entitlements to allow for allocation to any origin.</p> <p>Current arrangements do not preclude ad hoc services from operating. However, these services have a lesser priority for path allocation. In the event of a contested path, contracted train service entitlements will be given preference over ad hoc services.</p> <p>Aurizon Network considers ad hoc services provide the flexibility sought by customers.</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agrees no change is necessary.	No change.
193	Contested Train Path Process	8.3		<p>Industry is seeking greater flexibility. This includes through allocation of contested paths on an access holder's portfolio of total access rights rather than origin/destination</p> <p>The contested train path decision process in the 2013 DAU is intended to provide increased flexibility for access holders taking into consideration</p>	<p>Aurizon Network will review clauses 8.3(a)(vii) and (viii) to assess whether an appropriate test under the Contested Train Path process is who is the most</p>	<p>The QRC agrees with Aurizon Network's proposal to review clause 8.3 of Schedule H, however, the QRC is unable to comment on the substance of any proposed changes without Aurizon</p>	<p>Aurizon Network has included changes to the contested train path allocation principles for administrative simplicity.</p>



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				<p>pairings and a wider ability to substitute train entitlements.</p>	<p>contractual obligations.</p> <p>Aurizon Network's view is that the priority should be contractual obligations in terms of an individual train path, followed by an ability to mitigate Aurizon Network Cause. This is followed by three rules designed to provide greater flexibility for access holders to manage their portfolio of access rights. The remaining rules are then intended to allow access holders to 'catch up' previous underutilisations of their access rights.</p> <p>It is Aurizon Network's understanding</p>	<p>behind on the basis of a portfolio of train paths.</p>	<p>Network communicating the results of any such review and the details of any changes which result from it.</p>



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				<p>that concerns in respect of the limitations on flexible management of access rights relate to the clause 8.3(a)(vii) and (viii) (for which the equivalent provisions under the 2010 AU were not entirely clear). This is now clarified as relating to individual train paths for an origin-destination-D pair.</p> <p>Whilst Aurizon Network is prepared to consider widening this to a portfolio of train paths (i.e. going beyond an origin-destination pair) it should be made clear that access holders will retain contractual</p>			

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				obligations in relation to underutilisation of train paths and take or pay.			
194	Clarification of Pooling of entitlements	8.2 (c) (iii) and 8.3 (iv)	It has been requested that further clarification be provided on what pooling of entitlements entails.	<p>Aurizon Network considers the pooling of entitlements, occurs based on the following principles:</p> <ul style="list-style-type: none"> <li>a pool consists of contracted access rights of an access holder;</li> <li>there is a separate pool relating to each relevant system;</li> <li>the pool relates to the access rights for mainline paths in the relevant system;</li> </ul>	Aurizon Network will review the drafting to clarify that the Pooled Entitlement concept is the portfolio or aggregate of total access rights.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
195	Calculation of train service entitlement	2	It has been suggested that Schedule H include how train service	Aurizon Network recognises that industry is seeking greater information in	Aurizon Network will amend the preliminary information to include an	The QRC supports Aurizon Network's proposal to provide an information sheet or manual on	No change to Schedule H. The calculation methodology is included in the draft





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				<p>entitlements are calculated, taking into account the expected availability and capacity of the network for planned and unplanned maintenance, outages, variability and speed restrictions</p>	<p>relation as to how train service entitlements are calculated and how capacity is impacted by planned and unplanned maintenance.</p> <p>The train service entitlement calculation is currently included in the draft Northern Bowen Basin and Capricornia System Rules. Rather than including this information in the network management principles, it may be appropriate for an information sheet to be publicly available on the website as part of preliminary information.</p>	<p>information sheet or manual on the calculation of train service entitlements and capacity generally and remove information from System Rules.</p>	<p>the calculation of train service entitlements and capacity generally, however, the QRC will need to review the detail.</p>	<p>standard access agreements for UT4. Aurizon Network will ensure that it is clear for all access holders how train service entitlements are determined.</p>



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196	Reference Train Service			Some industry participants want the definition of a reference train to reflect monthly railings not weekly.	The intention in the 2013 DAU is for the reference train service to be based on 'even railings' over the year.	Aurizon Network will delete reference to a weekly period in the reference train service definition.	The QRC agrees with Aurizon Network's proposed change.	No change to Schedule G. This has been addressed in Schedule F.
E30						The QRC did not suggest any amendments to Schedule H of UT4 in its Main Submission. The QRC has however supported some of the changes proposed by other members of industry as set out in the QRC's responses to Aurizon Network's Annexure A.	Noted by Aurizon Network.	
<b>Expansion Process [Part 8]</b>								
197			Aurizon Network has removed the obligation to fund projects which				The concept of a limited obligation to fund is included on a provisional basis, although Aurizon	



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			was included in UT3				<p>Network has not decided whether to include this obligation and, if so, what limits would apply to it. Aurizon Network is considering this in parallel with other key factors in the 2014 DAU.</p> <p>Direction provided by the QCA in the Pricing Position Paper and the UT4 Draft Decision will assist Aurizon Network to determine the extent to which a voluntary obligation can be offered.</p>
198			<p>Greater clarity required around Aurizon Network's obligation to undertake an Expansion</p>				<p>The obligation to undertake an expansion is now specified clearly in the attached indicative draft; including greater clarity around "legitimate business interests".</p>



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199			Greater clarity required around Aurizon Network's obligation to fund Asset Replacement Expenditure				Aurizon Network has clarified this in the Expansion process, including defining Asset Replacement Expenditure.
200			It is not clear that Aurizon Network must enter into Access Agreements for capacity created				Aurizon Network has included drafting to address stakeholder concerns.
201			Expansions, Prefeasibility and Feasibility Studies should only be funded by parties other than the Customer where the relevant Customer has agreed				In an attempt to address stakeholder concerns various changes are made throughout the Expansion Process. These include: <ul style="list-style-type: none"> <li>• The ability for Aurizon Network to fund up to the Prefeasibility Study</li> <li>• Clarity that parties that are allocated capacity are to fund Feasibility Studies - funded by coal producers or</li> </ul>



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							<p>consumers (or their nominee)</p> <ul style="list-style-type: none"> <li>• The ability for Expansions to be funded Aurizon Network or other users</li> <li>• Inclusion of a requirement to link capacity allocation to actual expansion projects that create the capacity</li> </ul>
202			<p>Aurizon Network should not favour an Access Seeker under the Expansion Process based on funding or not funding or on account of any other agreement</p>				<p>Aurizon Network has included drafting changes to address stakeholder concerns.</p>
203			<p>Non-coal Expansions should not be subject to the majority of the Expansion Process</p>				<p>Aurizon Network has included a provision in the Expansion Process to restrict the majority of Part 8 to coal traffic.</p>



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204			There should be a process to reallocate scope between sequential expansions				Aurizon Network has included a provision in the Expansion Process to provide for reallocation.
205			The outcome of the Demand Assessment must be disputable				<p>Substantial change and structure has been provided in the Expansion Process around the Demand Assessment including:</p> <ul style="list-style-type: none"> <li>• triggers</li> <li>• clarity around information and</li> <li>• a specific dispute mechanism</li> </ul>
206			Certain disputes should go to the QCA and not an expert				<p>Included in this indicative draft of the Expansion Process are changes to include more disputes being referred to QCA for resolution.</p> <p>Aurizon Network will coordinate disputes which impact more</p>



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							than one Access Seeker and ensure that all impacted Access Seekers have the opportunity to participate in such disputes.
207			Aurizon Network should not be excused from complying with the Expansion Process due to lack of resources				Aurizon Network has included drafting to specify the process.
208			There should be a requirement to conduct a Concept Study to meet incremental demand that has been identified in a Demand Assessment				Aurizon Network has included changes to clarify the obligation to conduct a Concept Study to meet incremental demand, if and to the extent that meeting that incremental demand is not already being studied under another Concept Study.
209			Concept study details should be				Aurizon Network has included an



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			provided to access seekers In a similar manner as for Prefeasibility and Feasibility				obligation to provide concept study conclusions to relevant stakeholders.
210			Aurizon Network should only fund Prefeasibility Studies in certain circumstances				Aurizon Network has included drafting to provide a limitation on Aurizon Network funding.
211			The Expansion Process should include specific criteria to decide who can participate in Prefeasibility rather than general criteria				Aurizon Network has included detailed criteria in the drafting, along with a structured dispute resolution process.
212			It should be made clear where Aurizon Network decisions/positions are able to be disputed; including additional dispute				Aurizon Network has included drafting to provide clarity and detail around dispute resolution in multiple areas of the expansion process.





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			resolution processes				
213			Aurizon Network should not be able to fund Feasibility Studies				The Aurizon Network funding option is removed.
214			There should be greater specificity around the circumstances where Provisional Capacity Allocation can be withdrawn  Where it is withdrawn Aurizon Network should seek to find a replacement, but not be able to materially delay others				Aurizon Network has included greater clarity around circumstances where Provisional Capacity Allocation can be withdrawn, treatment of replacements and management of delays.
215			Where Aurizon Network delays unreasonably the commencement of a study,				Aurizon Network has included step in rights subject to a notification requirement and opportunity for Aurizon Network to



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			<p>fundere should be able to step in</p> <p>Similarly where Aurizon Network is not reasonably expected to complete a study within a reasonable time, funder(s) should be able to step in</p>				rectify prior to step in occurring.
216			Where Aurizon Network notifies a willingness to fund an expansion on Commercial Terms, it should provide details of those terms				Aurizon Network has included an obligation to advise of Commercial Terms.
217			Where Aurizon Network is late in advising whether it is prepared to fund, it should not impact the access seekers right to fund				Aurizon Network has included additional drafting for clarity.



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218			Any capacity allocation should not have regard to whether the expansion is to be user funded.				Aurizon Network has included additional drafting for clarity.
219			<p>Aurizon Network should conduct a vote for preapproval of prudence, or otherwise seek QCA approval where use funders require.</p> <p>Aurizon Network should seek inclusion of User Funded assets into the RAB.</p>				Aurizon Network has included obligations in the draft.
220			SUFA should be reviewed after the first User Funded project, or after completion of the first good faith negotiation of a SUFA. The review should reflect amendments to				Aurizon Network has included drafting to address this concern.



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			improve the workability of SUFA				
221			Where Aurizon Network funds projects the scope should be able to be disputed if not agreed				<p>Aurizon Network has included drafting to provide dispute resolution on scope for some circumstances where Aurizon Network funds.</p> <p>Where this determines a scope other than proposed by Aurizon Network, Aurizon Network will seek QCA preapproval of the prudence of the Expansion. Where this is not received, the Expansion will not progress</p>
222			The exclusion for Aurizon Network not being required to comply with the capacity shortfall obligations is too broad				Aurizon Network has included modified positions in the draft to reflect stakeholders concerns.

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223			Aurizon Network should fund a Shortfall Expansion where the Capacity Shortfall was caused by Aurizon Network.				Aurizon Network has included drafting to address this concern.
<b>Coal Supply Chain Coordination, Network Development Plan and Voting Process [Part 8]</b>							
224	Objective in relation to supply chains	8.8.1	It has been requested that a provision be included requiring Aurizon Network to use reasonable endeavours to maximise throughput in each supply chain.	Clause 2.2(e)(iv) of the 2013 DAU refers to the intent of UT4 being, amongst other things, to achieve an appropriate balance between various specified matters. One of those matters is: "cooperation between all elements of coal supply chains (in respect of which Access forms a part) to seek to maximise the performance of those supply chains".  Aurizon Network considers that the provisions in the 2013 DAU are consistent with the intent set out in clause 2.2.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC disagrees with Aurizon Network's proposal not to make any change. The QRC's proposal to require Aurizon Network to use reasonable endeavours to maximise throughput in each supply chain is consistent with the intent of UT4 as set out in clause 2.2(e)(iv).	Aurizon Network has redrafted to provide a link back to clause 2.2(e).
225	Principles in relation to coal supply chains	2.2	Aurizon Network has removed a specific requirement	The intent of this part of the 2013 DAU is to set the objectives of the undertaking. The remainder of the	No change is proposed based on the further information	The discussion provided by Aurizon Network at this Item appears	Aurizon Network considers the development of principles and

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			<p>present in the 2010 AU to establish principles and processes to guide cooperation of all elements of coal supply chains on an annualised basis.</p> <p>Given that take or pay commitments are assessed annually, feedback received is that it is considered appropriate for the requirement to establish principles and processes to guide cooperation of the coal supply chain be on an annualised basis.</p>	<p>undertaking relates to the operative provisions.</p> <p>Aurizon Network considers the timeframes in relation to the participation in the coal supply chain is appropriately dealt with in Part 8.</p>	<p>provided by Aurizon Network to assist with the review of the 2013 DAU.</p>	<p>to have been mistakenly repeated from Item 4.</p>	<p>processes is the responsibility of all supply chain participants. In practice, this is currently achieved through the various supply chain forums, not all of which are run by Aurizon Network but which Aurizon Network does participate in. Hence, no drafting changes have been included.</p>
226	Aurizon Network as central co-ordinator	8.8	<p>Issues have been raised with Aurizon Network having a central co-ordinating role in the coal supply chain.</p>	<p>Aurizon Network does not intend that the 2013 DAU provide it with a central coordinating role in the supply chain.</p> <p>Aurizon Network has an appropriate role in relation to (including the network management principles and System Rules, the contractual obligations in the</p>	<p>change is proposed based on the further information provided by Aurizon Network to assist with the</p>	<p>The QRC has no comment on this issue.</p>	<p>No change.</p>

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				access agreements, obligations in the capacity negotiation process set out in Part 4 of UT4, and in obligations around the capacity allocation processes in Part 7. It is not reasonable or practical to suggest that Aurizon Network not have a key role in each of these areas. The basis of industry's concern is also not articulated.	review of the 2013 DAU.		
227	Alignment of supply chain obligations with objectives of the QCA Act	8.8.1	<p>Comments have been made regarding Aurizon Network's interpretation of the object of Part 5 of the QCA Act. It has been submitted that the "economically efficient operation of, use of and investment" in the CQCN cannot be isolated from the efficiency of the wider coal chain.</p> <p>It is also stated that Aurizon Network must be prevented from using its position to prevent industry participants from</p>	<p>Clause 8.8.1 outlines Aurizon Network's commitment to participate in supply chain coordination in the context of meeting the object of Part 5 of the QCA Act in promoting the efficient use of, and investment in, significant infrastructure with the effect of promoting effective competition in related markets.</p> <p>Fundamentally, the access framework is directed at improving the efficient use of the below rail asset by ensuring that dependent markets (particularly the above rail market) are contestable. The 2013 DAU does not (and cannot) aim to provide a framework for control of the entire supply chain.</p>	change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agree that no change is required.	No change.



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			developing arrangements that deliver greater flexibility and efficiency across the supply chain. Clause 8.8.1 of the 2013 DAU is not seen as promoting economically efficient operation of, use or investment in, Aurizon Network's network.				
228	No obligation to make binding commitment as a result of participation in supply chain group	8.8.1(b)-	This clause clarifies that Aurizon Network is not obliged to make any binding commitment or take any action as a result of participation in a supply chain group. It is requested that this be removed.	Consistent with Aurizon Network's responsibility as a network/infrastructure manager to make its own decisions, Aurizon Network cannot accept any binding obligation in the 2013 DAU to take any action based on the decisions of a Supply chain group or other participants in the supply chain.  However, nothing prevents Aurizon Network from agreeing to a particular action which may be developed in consultation with supply chain participants.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agree with Aurizon Network.	No change.



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229	System Operating Assumptions						Aurizon Network has updated the drafting throughout to replace System Operating Assumptions with System Operating Parameters is this title better reflects how they are developed and used.
230	Parties who can make submissions on system operating assumptions	8.8.2 (a)(i)&(ii)	In reviewing the system operating assumptions for a coal system, it has been suggested that Aurizon Network should be required to notify (in addition to the applicable supply chain group) the QCA and relevant access holders. It must consider submissions from access holders (in addition to the applicable supply chain group).	<p>The terms in the 2013 DAU are similar to the 2010 AU. However, Aurizon Network is willing to notify access holders of a review of the system operating assumptions and consider submissions from them.</p> <p>Likewise in item 174 Aurizon Network has agreed to notify private infrastructure owners that connect to the rail infrastructure.</p>	Aurizon Network will amend this clause to provide that, in addition to notifying the Supply Chain Group, Access Holders are also notified of a review of the System Operating Assumptions. Aurizon Network will consider submissions of the Supply Chain Group and Access Holders when reviewing the System Operating Assumptions.	The QRC agrees with Aurizon Network's proposal to notify access holders in addition to notifying the supply chain group in relation to a review of the system operating assumptions. Aurizon Network has not responded to the QRC's proposal to also notify the QCA. As discussed at Item 154, the QRC consider the QCA should be notified in relation to any review of the	Aurizon Network has redrafted this clause as per the Proposed Change, with the addition of also providing a notification to the QCA.



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						system operating assumptions.	
231	Objective of system operating assumptions	8.8.2(a) & (b)	It has been commented that the provisions in clause 8.8.2 effectively result in the system operating assumptions for a coal system are being effectively determined by Aurizon Network. While there is input from other parties there is no obligation on Aurizon Network to incorporate the views of these other parties.	Aurizon Network will develop system operating assumptions for each coal system in consultation with relevant supply chain groups. This is consistent with Aurizon Network's responsibility as a network/infrastructure manager to make its own decisions regarding system operating assumptions for its network. While the views of industry participants will be taken into account, there is no (and should be no) obligation on Aurizon Network to vary the system operating assumptions based on the submissions received.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agrees that no change is required in relation to this issue.	No change.
232	QCA approval of changes to system operating assumptions	8.8.2	It is suggested that a new provision be included in this clause providing that any amendment or change to system operating assumptions must be approved by	In the 2013 DAU the system operating assumptions are not approved by the QCA. This is consistent with the position in the 2010 AU.  However, Aurizon Network does consider it appropriate that system operating assumptions be required to reflect good engineering practices.	Aurizon Network will include an obligation for the system operating assumptions to reflect good engineering practices.	The QRC disagrees with Aurizon Network's proposal not to make any amendment to, or review of, the system operating assumptions subject to QCA approval. The	Aurizon Network has redrafted this clause as per the Proposed Change. Aurizon Network will discuss with the QCA the idea of QCA approval being required for changes to the



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			the QCA. It has also been suggested that independent oversight is required for system operating assumptions.			system operating assumptions will have an impact on capacity and any amendment to those assumptions should be subject to the prior approval of the QCA. The QCA as an independent regulatory body is best equipped to review any proposed changes to the system operating assumptions.	system operating assumptions.
233	Capacity assessments	8.8.3(a)					Aurizon Network has reviewed the requirements for completion of a capacity assessment, and as such has removed the link between development of the Network Development Plan and capacity assessments as the Network Development Plan will not in itself trigger

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							the requirement for a new capacity assessment.
234	Annual capacity reviews	8.8.3	The 2013 DAU provides Aurizon Network with discretion as to when it undertakes a capacity review. Feedback received is that capacity reviews should be undertaken no less than annually.	Aurizon Network acknowledges that capacity reviews completed at least annually will provide greater the certainty to sought by industry.	Aurizon Network will amend this provision to require it to undertake a capacity review at no more than 12 monthly intervals.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
235	Consultation on capacity reviews	8.8.3	It has been suggested that Aurizon Network should be obligated to consult on capacity reviews for the system, including with access holders, and involve an independent expert.	The 2013 DAU proposes that capacity reviews will be undertaken when necessary. No provision for consultation with access holders, or the use of an independent expert, has been included.  However, Aurizon Network acknowledges the concerns raised by industry participants in not having the opportunity to have input into such a review, and is therefore willing to amend this clause to allow for consultation.	Aurizon Network will amend this clause to include an obligation that it must use reasonable endeavours to consult with access holders in undertaking a capacity review.	The QRC agrees with Aurizon Network's proposed change, however, the QRC considers Aurizon Network's obligation to consult should be an absolute obligation (not a reasonable endeavours obligation). Placing a strict obligation to consult on	Aurizon Network has redrafted this clause as per the Proposed Change, with the change from "reasonable endeavours" to "must".

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						Aurizon Network will allow for a better understanding of coal chain impacts. It is unclear why it is necessary for an obligation to consult to be a reasonable endeavours obligation only.	
236	Consideration of certain factors in undertaking a capacity review	8.8.3	It is suggested that in undertaking a capacity review, Aurizon Network must have regard to good engineering practices, the goal of achieving reasonable maximum capacity, access agreements and interfaces with other facilities.	Aurizon Network is willing to consider whether amendments can be made to include factors that Aurizon Network must have regard to in undertaking a capacity review. Aurizon Network does not consider the matters proposed by industry participants are entirely relevant to a capacity review and so will consult further with industry participants on this matter.	Aurizon Network will consider appropriate amendments regarding relevant factors that it must have regard to in undertaking a capacity review after further consultation with industry participants.	The QRC appreciates Aurizon Network's preparedness to engage on this issue and is willing to discuss this issue with Aurizon Network. The QRC is committed to developing appropriate factors for Aurizon Network to consider in undertaking a capacity review.	Aurizon Network has included in the list of relevant factors access agreements and interfaces with facilities.
237	Independent expert review of Capacity Review	8.8.3	It has been submitted that Aurizon Network must be required	Aurizon Network may engage an independent expert to peer review the capacity review as a part of the process. However, Aurizon Network	Aurizon Network will amend this clause to provide it to make the	The QRC agrees with Aurizon Network's proposal to make available	Aurizon Network has redrafted this clause

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			<p>to provide its capacity review, and reasonable reasons for its capacity review (supported by the opinion of an independent expert) to the QCA, all relevant access holders and their customers and access seekers.</p> <p>It has also been suggested that Aurizon Network should be obliged to engage an independent expert to assess capacity and provide a copy of that expert's report to access holders and access seekers.</p>	<p>does not consider it necessary to prescribe an independent expert review process in the 2013 DAU.</p> <p>However, Aurizon Network is willing to make an amendment to make the outcomes of the capacity review available to relevant parties.</p>	<p>outcome of a capacity review available to access holders, access seekers and customers.</p>	<p>the outcome of a capacity review. However, the QRC does not agree with Aurizon Network's decision not to prescribe an independent expert review process.</p> <p>The QRC considers that Aurizon Network should be required to engage an independent expert to assess capacity. Capacity modelling is highly technical and requires a high degree of impartiality. Merely allowing, but not requiring, Aurizon Network to engage an independent expert to peer review a capacity review will not ensure that all capacity reviews are undertaken impartially by Aurizon Network.</p>	<p>as per the Proposed Change.</p> <p>In response to the QRC's concern, Aurizon Network has provided that if &gt;60% of relevant access holders (weighted according to contracted access rights) request an independent peer review, Aurizon Network will have this completed. Access holders will have one (1) month following the provision of the capacity assessment by Aurizon Network to determine whether they wish to have the independent review completed.</p>

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238	Greater prescription of content and form for network development plan	8.9	While there has been support from industry participants of the concept of the network development plan, it has been commented that the network development plan should be more prescribed in both content and form. In addition a number of suggestions were made with regard to what the network development plan should include.	Aurizon Network is willing to continue to discuss the requirements of customers further with them.	Aurizon Network will continue discussions with industry participants and give further consideration to amendments to the 2013 DAU regarding the form and content of the network development plan.	The QRC appreciates Aurizon Network's preparedness to engage on this issue and is willing to discuss this issue further with Aurizon Network.	Aurizon Network has included the following for clarity of what is contained in the network development plan: <ul style="list-style-type: none"> <li>• Existing Network - Review of the existing network capacity and constraints</li> <li>• Option identification - Overview of opportunities for increasing capacity across the network</li> <li>• Corridor development plans – Comparison of opportunities for each corridor</li> <li>• Further studies – Planned studies and investigations to inform the next issue of the NDP</li> </ul>
239	Frequency and public availability of network development plan	8.9	It is noted that Aurizon Network need only use "reasonable endeavours" to	Aurizon Network acknowledges the importance of keeping customers and other relevant industry participants informed of the current outlook for capacity in each system. It is therefore	Aurizon Network will amend clause 8.9(a) by deleting the reference to	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.

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			keep its most recent version of the Network Development Plan available. It is commented that a stronger obligation is needed.	willing to remove the reference to 'reasonable endeavours' in committing to make the most current Network Development Plan available on its website.	'reasonable endeavours' in respect of keeping the most current Network Development Plan available on its website.		
240	Expanding the scope of user voting	8.10.1(a)	<p>Comments on the scope of the voting process have been mixed. On one hand, it has been suggested that it should be restricted only to assessing the scope of a project.</p> <p>On the other hand, it has been suggested that a vote must relate to <u>all</u> of scope, standard and cost allocation - it is not appropriate for Aurizon Network to be able to 'cherry pick'. Including the additional matters would require</p>	<p>Reference is made to Volume 2 of the UT4 proposal for an explanation of Aurizon Network's objectives in relation to the voting process and how it intends it to operate.</p> <p>As outlined in the comments on Part 6, Aurizon Network is reviewing the provision in relation to the proposal to put the cost allocation methodology for an expansion to a vote.</p> <p>Reference is also made to Aurizon Network's comments on the role of the vote in prudence tests under Schedule E.</p>	Refer to item 57 for Aurizon Network's response on the voting process for a cost allocation methodology.	The QRC appreciates Aurizon Network's preparedness to engage on this issue and is willing to discuss this issue further with Aurizon Network.	Aurizon Network has removed cost allocation for expansions and standard of work from the voting arrangement in Part 8. Aurizon Network will revisit the voting processes following further discussion with the QCA on the SUFA pre-approval process.





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			another level of detail to be considered by users, resulting in further complexity in the voting process.				
241	QCA Involvement in voting process	8.10.3	<p>Some industry participants have expressed concerns with the removal of the QCA's involvement in deciding whether a user is entitled to vote in the case of a disagreement.</p> <p>In particular, issues have been raised with the proposal in the 2013 DAU to provide that a party that has been excluded from participating in a vote on a capital expansion and believes it is entitled to participate, may request</p>	<p>Clause 8.10.7 of 2013 DAU is a detailed compliance provision that, amongst other things:</p> <p>allows Interested Participants or persons entitled to be an Interested Participant to notify Aurizon Network of concerns regarding compliance with clause 8.10;</p> <p>Aurizon Network may take whatever action is reasonably required to address any concerns to achieve substantial compliance;</p> <p>Aurizon Network must procure an audit of its compliance with clause 8.10 in respect of the vote;</p> <p>if the auditor identifies flaws in the calculation of Access Train Paths, Aurizon Network may recalculate the Access Train Paths consistent with the auditor's findings and recount the vote;</p> <p>the auditor must prepare an audit certificate;</p> <p>Aurizon Network must, where it is relying on a vote under clause 8.10 for</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.</p>	<p>The QRC disagrees with Aurizon Network's proposal. Whilst the QRC appreciates the further information provided by Aurizon Network, it does not consider that information to justify Aurizon Network's decision not to make any change.</p> <p>The audit process is not a sufficient safeguard of the rights of interested participants in relation to the voting process for the following reasons:</p> <ul style="list-style-type: none"> <li>Aurizon Network is only required</li> </ul>	<p>Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU. Aurizon Network would like to discuss with the QCA the UT3 process and the implications for project timeframes prior to making any changes.</p> <p>Aurizon Network will revisit the voting processes following further discussion with the QCA on the SUFA pre-approval process.</p>

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			<p>participation from Aurizon Network, which will use 'reasonable endeavours' to accommodate that party. It has been submitted that this allows Aurizon Network an unchecked ability to exclude certain persons from the voting process and that this is unreasonable and could provide Aurizon Network with the ability to manipulate user voting.</p>	<p>prudence of scope or standard, provide to the QCA in the relevant capital expenditure report under clause 1.3, Schedule E of the 2013 DAU an audit certificate that indicates that the conduct of the vote was in all material respects compliant with clause 8.10.</p> <p>Aurizon Network believes its proposed compliance regime is sound. It does not allow Aurizon Network an unchecked ability to exclude persons from voting or to manipulate voting.</p> <p>Comments made in the context of Part 10 include that the auditor must be 'independent'. Any changes made to the audit requirements in this Part in relation to the independence of the auditor will be mirrored here.</p>		<p>to take "whatever action is reasonably required", according to its own standards, in response to any concerns raised by interested participants.</p> <ul style="list-style-type: none"> <li>• Where an auditor identifies flaws in the calculation of the access train paths, clause 8.10.7(e) provides Aurizon Network "may", but is not obliged to, recalculate the access train paths and recount the votes consistent with the auditor's findings.</li> <li>• Whilst an audit may identify flaws in a voting process, even where such flaws would be expected to</li> </ul>	



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						<p>change the outcome of the vote, there is no obligation on Aurizon Network to redo the voting process. Rather clause 8.10.7 provides that in such circumstances "Aurizon Network may, but is not obliged to, redo the voting process".</p>	
						<p>The QRC therefore disagrees with Aurizon Network's submission that its proposed compliance regime is sound. Rather, the QRC considers that the QCA's ability to decide whether a user is entitled to vote in the case of a disagreement should be reinstated. The QCA is an independent body that is well suited to determine any</p>	

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						such disagreements between Aurizon Network and a user.	
242	QCA Involvement in voting process	8.10.3	<p>It has been suggested that the requirement for QCA pre-approval following a successful user vote should be reinstated. Although the audit (clause 8.10.7) is stated to be 'independent', Aurizon Network has a significant involvement. For example, where a user has a concern regarding the voting process, this concern must be reported to Aurizon Network who is then required to communicate that concern to the auditor.</p>	<p>Reference is made to Volume 2 of the UT4 proposal for more information regarding the rationale and operation of this process. In particular, the proposed new audit obligation is seen as reducing the need for QCA involvement in the voting process, which should allow the process to be completed more efficiently and in a shorter timeframe (which is important in the context of a project development path).</p> <p>Aurizon Network is obliged under clause 8.10.7(d)(i) to provide to the auditor copies of all concerns notified to Aurizon Network under clause 8.10.7(c). Aurizon Network will be obliged to provide directly to the auditor a copy of the actual notice, letter or other document provided by the relevant person under clause 8.10.7(a).</p> <p>It therefore cannot somehow dilute or vet the contents of a concern.</p>	<p>No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.</p>	<p>The QRC disagrees with Aurizon Network's proposal. Whilst the QRC appreciates the additional information provided by Aurizon Network, it does not consider that information to justify Aurizon Network's proposal to make no change.</p> <p>The QRC disagrees that the efficiency of an audit process justifies the removal of the QCA's involvement in the voting process. The involvement of the QCA provides a much more effective safeguard</p>	<p>Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU. Aurizon Network would like to discuss with the QCA the UT3 process and the implications for project timeframes prior to making any changes.</p> <p>Aurizon Network will revisit the voting processes following further discussion with the QCA on the SUFA pre-approval process.</p>



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			<p>It has also been suggested that the 2010 AU provision in relation to the exclusion of votes should be reinstated (which only allowed a vote to be excluded following QCA approval). On this basis that this provides a more reasonable safeguard.</p>			<p>of user rights. The need to protect user rights greatly outweighs any time or efficiency benefits that may be achieved by substituting the QCA's approval for an audit process. As stated in Section 8.6 of Part 8 of the QRC's Main Submission, and for the reasons provided above at Item 162, the QRC is not convinced that the auditing process is truly transparent or independent. Rather, the QRC considers the requirement for QCA approval should be reinstated to provide a more effective safeguard of the user voting process.</p> <p>Aurizon Network raised the industry's concern in relation to the</p>	



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						exclusion of votes in this Item 163, however, did not respond to this concern. Accordingly, this issue will be dealt with under Item 165.	
243	Operator involvement in voting provisions	8.10.3	It has been requested that operators are included as “Interested Participants” on the basis that they too are impacted by capital expenditure projects. Although operators may not be funding a capital expenditure project, their operations and business model may be impacted by the capital expenditure. In such instances the operator should have at least a right to put their views	Aurizon Network acknowledges these concerns and is willing to amend this clause to allow for the participation of operators in the voting process.	Aurizon Network will amend the provisions to provide for circumstances where operators can be involved in the voting process.	The QRC will review Aurizon Network’s amendments to this provision once detail is provided as to the circumstances in which operators can be involved in the voting process.	Aurizon Network has redrafted this clause as per the Proposed Change. The key consideration is to ensure there is no “double dipping” when operator and its customer disagree.



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			forward to the voters.				
244	Treatment of "No" votes	8.10.5	<p>There has been some support for the proposed requirement for a user to provide reasons as to why a project is not supported - as this will equip Aurizon Network with information allowing it to address user concerns in relation to a specific project. However, it is not considered that the requirement to provide reasons supporting a 'no' vote should impact the validity of that vote.</p> <p>Other concerns have been expressed regarding the discretion that Aurizon Network has in the ability to exclude a 'no'</p>	<p>While Aurizon Network has acknowledged the need to provide sufficient information and detail to users for the purposes of the user vote process, Aurizon Network considers there is also an opportunity for users to improve the quality and detail of information they provide, particularly in the event of a 'no' vote. Specifically, if a user votes no they should be required to provide information on their reasons for not supporting the project. If a vote from an interested participant is not received, Aurizon Network's intent in deeming it a 'yes vote' is to encourage the lodgement of a vote either way.</p> <p>As outlined above, the audit process is intended to provide a protection mechanism for customers as to the integrity of the voting process and Aurizon Network's compliance with its obligations as set out in this Part.</p> <p>Interested participants are protected by this provision, but are not subject to the constraints of the undertaking or to the audit. Consequently, Aurizon Network must ensure that interested participants cannot block approval through lack of consideration of the issues or through intentionally or unintentionally seeking</p>	<p>Aurizon Network will review this clause to provide greater clarity as to the circumstances under which it will exclude a vote from the process</p>	<p>The QRC agrees that a user which votes 'no' should be required to provide reasons for that vote. For the reasons discussed in Section 8.4 of Part 8 of the QRC's Main Submission, the QRC does not agree that a 'no' vote should be capable of being deemed invalid because of the corresponding reasons for that vote. The QRC welcomes Aurizon Network's proposal to review this clause further, however, is unable to comment on the substance of its proposed changes until Aurizon Network provide a better indication of the circumstances under which it will</p>	<p>Aurizon Network has redrafted this clause as per the Proposed Change. The intent is to allow the QCA to consider whether Aurizon Network has been reasonable in excluding no votes.</p>



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			<p>vote. There must be no limitation on the reasons for a 'no' vote and no discretion for Aurizon Network to determine which votes are counted.</p> <p>Issues have also been raised with the position that the abstinence of a vote is deemed to be a 'yes' vote, particularly in circumstances where there is insufficient information, as a user may be reluctant to actually vote no.</p> <p>It is also suggested that any failure to vote should be treated as an abstention (neither 'yes' or 'no'), and any uncertainty should be deemed to be a 'no' vote. This is considered justified given that</p>	<p>to restrict growth of competing coal developments.</p> <p>However, Aurizon Network is willing to review the drafting of this clause, with a view to providing further clarity on the reasons for exclusion.</p>		<p>exclude a vote from the voting process.</p> <p>As stated in Section 8.4 of Part 8 of the QRC's Main Submission, the QRC supports the reinstatement of the UT3 provision in relation to the exclusion of votes, which only allowed a vote to be excluded following QCA approval. As currently drafted, UT4 affords Aurizon Network too much discretion regarding the exclusion of 'no' votes and for the reasons set out at Item 162 above, the QRC does not consider the audit process to be a sufficient safeguard of user rights.</p>	





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			Aurizon Network retains the right to seek QCA approval irrespective of the outcome.				
245	Improving the level of information provided to users	8.10.6	<p>It has been submitted that customers should be provided with the ability to request additional information from Aurizon Network during the voting process. This will allow users to obtain all necessary information to facilitate informed decision making.</p> <p>It has also been suggested that if a majority of interested participants wish to have the vote postponed to allow them to take further advice on the project, they</p>	The intention as set out in clause 8.10.6 is for Aurizon Network to provide a range of ways for interested participants to obtain information about the relevant capital expenditure, including via peer review of Aurizon Network's capacity planning inputs and processes and capacity models (subject to appropriate confidentiality constraints). Aurizon Network has also committed to develop working papers to inform a customer vote.	Aurizon Network will amend this clause to include an ability for interested participants to request further information from Aurizon Network that is relevant to the vote. It will also include an ability for Aurizon Network to extend the voting period if a majority of interested participants (by number) request such an extension.	The QRC agrees with Aurizon Network's proposed change.	<p>Aurizon Network has redrafted this clause as per the Proposed Change.</p> <p>The ability for participants to request an extension of the voting period has been included in clause 8.10.5. For consistency with other majority requests, Aurizon Network has proposed a trigger of 60%, with votes from interested participants containing the same weighting as defined for the voting rights for the project.</p>



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			should be able do so.				
246	Compliance with voting process	8.10.7	This provision refers to the term 'substantial compliance' in determining whether Aurizon Network may need to re-do a voting process where issues have been identified in the audit. The use of the term "substantial compliance" has been questioned. It is unclear who decides whether 'substantial compliance' has been achieved or whether remedying a flaw would be expected to change the outcome of the vote.	Aurizon Network acknowledges the concerns that have been raised regarding the use of the term 'substantial compliance'. It is therefore proposed to make an amendment to clarify this.	Aurizon Network will amend this clause to clarify what is meant by "substantial compliance".	The QRC supports Aurizon Network's proposal to clarify what is meant by " <i>substantial compliance</i> ". The QRC cannot fully assess the substance of this change until Aurizon Network identifies what will constitute " <i>substantial compliance</i> ".	Aurizon Network has redrafted this clause as per the Proposed Change. The general intent is that if the initial non-compliance has no impact on the voting process outcome then Aurizon Network has substantially complied.
E31						The QRC has provided a mark-	Aurizon Network has reviewed the QRC's



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						up of Aurizon Network's revised Part 8 draft in Annexure D. The QRC's proposed changes which remain unanswered by Aurizon Network are reflected in that mark-up.	<p>detailed drafting and has made the following amendments:</p> <ul style="list-style-type: none"> <li>Removed reasonable endeavours from the obligation to review system operating assumptions when Aurizon Network becomes aware of a permanent change, and update on Aurizon Network's website</li> </ul> <p>Aurizon Network agrees to provide to access holders initial system operating assumptions</p>
<b>Connecting Infrastructure [Part 9]</b>							
247	Parties who can connect private infrastructure	9.1	Part 9 only permits a private infrastructure owner to connect private infrastructure to the Rail Infrastructure	Part 9 only addresses the situation where an access seeker proposes to construct and own private infrastructure which will connect to the Rail Infrastructure, in order to allow the access seeker's train services to exit and enter the Rail Infrastructure.	Aurizon Network will amend this clause so that the term 'Access Seeker' is replaced with: any party that owns, or	In principle, the QRC agrees with Aurizon Network. The QRC will need to review the drafting proposal.	Aurizon Network has redrafted this clause as per the Proposed Change.

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			<p>where the private infrastructure owner is an access seeker.</p> <p>Concerns have been expressed that this is an unnecessary restriction and that any party that meets certain requirements and is willing to comply with the standard rail connection agreement, should be permitted to connect.</p>	<p>The equivalent provision under the 2010 AU applies to access seekers and also access holders. The reference to access holders was not included in the 2013 DAU as the connection arrangements should have been entered into contemporaneously with the relevant access agreement.</p> <p>However, Aurizon Network will amend the drafting to broaden the reference from access seeker to anyone that proposes to connect to the network in order to enable access to the declared service.</p>	<p>proposes to develop and ultimately own, private infrastructure, and which is seeking to connect to the rail infrastructure so that the users of the private infrastructure obtaining access to the declared service.</p>		
248	Obligation to enter Standard Rail Connection Agreement	9.1(a)	<p>It has been suggested that the reference to 'a consent to connection' be framed as an obligation on Aurizon Network to negotiate.</p> <p>It is noted that the form of Aurizon Network's consent in respect of a</p>	<p>Aurizon Network has adopted the approach from the 2010 AU which refers to "consent". That being said, Aurizon Network will amend this provision to clarify that it will "permit" a connection subject to the agreed conditions.</p> <p>It is noted that clause 9.1(a)(viii) addresses the requirement for the negotiation of a rail connection agreement with the standard rail connection agreement acting as a safety net. An executed connection</p>	<p>Aurizon Network will amend the drafting to replace "consent" with "permit".</p>	<p>The QRC does not agree with Aurizon Network's position.</p> <p>In the QRC's view, Aurizon Network's proposed amendment fails to address the various issues raised in Section 3 of Part 9 of the QRC's Main Submission.</p>	<p>Aurizon Network has redrafted the provision to make it explicit that an executed connection agreement is the form of consent, noting that other agreements may be necessary to facilitate the construction of the connection.</p>

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			connection is not specified and therefore is open to interpretation including the requirements for agreements (which is not defined). It is submitted that consent should be in the form of a standard rail connection agreement and a construction agreement.	agreement is a right to connect and the form of consent for the connection. Inclusion of an additional form of consent is unwarranted and unnecessarily adds complexity to the undertaking.		The QRC does not consider the framing of Part 9 as an obligation on Aurizon Network to negotiate, to be unreasonable. It is important to the industry that the overarching ambiguity present in the current drafting (as conceded by Aurizon Network in the "Industry Response" column) is resolved. The QRC invites Aurizon Network to reconsider its position in relation to this issue by reference to both Part 9 of the QRC's Main Submission and the QRC's Mark-Up of Part 9.	Aurizon Network has included an obligation for it to advise in writing the proposed connection is permitted subject to maintaining the conditions required being met.
249	Duplication of conditions to be met	9.1(a)	It has been highlighted that a number of conditions which can give rise to	The purpose of these provisions is to allow Aurizon Network to either not enter into, or cease, negotiations with a party (subject to dispute resolution) where the conditions are not met,	No change is proposed based on the further information provided by	The QRC does not agree with Aurizon Network's position.	Aurizon Network has amended drafting to remove duplicated conditions which are



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			<p>Aurizon Network refusing consent are matters already covered by the standard rail connection agreement. Accordingly, it is proposed that the list of these conditions can be substantially reduced.</p>	<p>regardless of whether that party wishes to contract on the standard terms or not.</p>	<p>Aurizon Network to assist with the review of the 2013 DAU.</p>	<p>The duplication of conditions results from the precondition that the parties must first enter a Rail Connection Agreement (which itself contains a number of the conditions currently listed in Part 9).</p> <p>Further, and despite Aurizon Network's contention to the contrary, there is no reference in the existing drafting to negotiation between the parties (or similar). As outlined at Item 169, the QRC supports the re-framing of Part 9 so to impose an obligation on Aurizon Network to negotiate. The QRC has provided further comment on this issue in Part 9 of the</p>	<p>covered by the standard rail connection agreement.</p>



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						QRC's Main Submission.	
250	Expert Determination of whether criteria has been met	9.1	<p>It is suggested that provisions should be included which oblige Aurizon Network to notify the QCA and the relevant access seeker the reasons as to why Aurizon Network believes it is not obliged to negotiate with an access seeker or a third party for rail connection in accordance with the requirements of clause 9.1(a).</p> <p>If the parties cannot reach agreement on a rail connection agreement and relevant construction agreement, either party may refer the matter to an</p>	Aurizon Network will agree to notify the relevant access seeker or third party as to the decision, and to provide that party with written reasons for the decision.	Aurizon Network will amend this clause to provide notice to an access seeker or third party that Aurizon Network does not believe that the conditions in clause 9.1(a) have been complied with.	The QRC acknowledges Aurizon Network's commitment to providing notice to an access seeker or third party as to its decision and to provide written reasons for that decision. The QRC considers that such a clause should be coupled with a right for the parties to refer the matter for dispute resolution if the parties cannot agree on the terms of a Rail Connection Agreement or construction agreement (as per the drafting proposed in the QRC's Mark-Up of Part 9 (see clauses 9(b) and 9(c)). The QRC cannot properly assess Aurizon Network's	Aurizon Network has redrafted this clause as per the Proposed Change. Disputes on a construction agreement are out of the scope of the 2014 DAU, hence no changes have been made to accommodate this.

Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
			expert for determination.			proposal until detailed drafting is provided.	
251	Delays entering a Connecting Infrastructure Agreement	9.1	It has been submitted that Aurizon Network should be responsible for any loss suffered by a party where Aurizon Network unreasonably delays entering into a rail connection agreement.	<p>It is necessary to differentiate between delays in entering a rail connection agreement and delays associated with Aurizon Network's obligations under an executed agreement.</p> <p>The 2010 AU incorporated a requirement that where connecting infrastructure is constructed by an access seeker or access holder, Aurizon Network must do all things necessary, and in a timely manner, to ensure that the connecting infrastructure is physically connected to the rail infrastructure and to facilitate movement of trains between the connecting infrastructure and the Rail Infrastructure (clause 8.3(b)(i)).</p> <p>It is appropriate that the access agreement addresses any delays once an agreement is executed.</p> <p>Aurizon Network considers that the delay issues sought to be addressed in the 2010 AU are mitigated as a result of the inclusion of a standard rail connection agreement. If access seekers consider Aurizon Network has unreasonably hindered access, remedies are available through the undertaking or the QCA Act.</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	<p>The QRC does not agree with Aurizon Network's position.</p> <p>The comments made by the QRC in its Main Submission were specifically in relation to delays by Aurizon Network in entering into a connection agreement only. Accordingly, for present purposes, the distinction drawn by Aurizon Network is not relevant.</p> <p>Aurizon Network has not explained the basis for excluding from UT4 the acknowledgement contained in UT3 that Aurizon Network is responsible for any</p>	Aurizon Network has included an obligation not to unreasonably delay the development of the connecting infrastructure.





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						loss suffered by a party where Aurizon Network unreasonably delays entering into a connection agreement. In the QRC's view, it is appropriate for this acknowledgment to be reinstated as it functions as an important mechanism to prevent Aurizon Network from delaying entry into connection agreements.	
252	Delays developing connecting infrastructure	9.1	Feedback received is that Aurizon Network should be responsible for any loss suffered by a party where Aurizon Network unreasonably delays the development of connecting infrastructure.	The 2010 AU includes a provision that, subject to the terms and conditions of any agreement, where Aurizon Network constructs the connecting infrastructure, the access seeker or access holder must pay the reasonable costs incurred by Aurizon Network. This is providing that Aurizon Network would pay the reasonable costs (excluding consequential loss) incurred by the access seeker or access holder where Aurizon Network has unreasonably delayed the development of the connecting infrastructure. (clause 8.3(d)).	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC has no comment on this issue.	No change.



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				The standard rail connection agreement that has now been approved by the QCA includes provisions similar to the obligations in the 2010 AU regarding Aurizon Network's liability for its delays once an agreement is executed.			
E32	Conditions to be met for entry into a Rail Connection Agreement	9.1(a)				Aurizon Network has not responded to the QRC's proposal to amend various of the conditions for entry into a Rail Connection Agreement, including the conditions in relation to the proposed standard of connecting infrastructure, the impact of the connecting infrastructure on supply chain capacity and the recovery of Aurizon Network's costs.	Aurizon Network has amended drafting to address this concern. See item 249 for more details.
253	Consultation on changes to	SRCA and 8.8.2	It is suggested that Aurizon Network should	Aurizon Network has agreed to similar notification requirements in connection negotiations with third parties. Given	Aurizon Network will amend the drafting of the	The QRC agrees with Aurizon	No change to Part 9. Drafting has been



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	system operating parameters		be required to consult with a private infrastructure owner where Aurizon Network proposes to modify its rail infrastructure and/or operating rules in a way that may require changes to the private infrastructure.	this is essentially a contractual matter, Aurizon Network does not consider that amending 8.8.2 is warranted. However, Aurizon Network agrees to amend the standard rail connection agreement to include a notice provision in relation to changes to the system operating parameters.	standard rail connection agreement to include a notice provision in relation to changes to the system operating parameters.	Network's proposed change.	included in the standard rail connection agreement.

## Reporting and Audit [Part 10]

254	Reduction in the time to publish details of material error	10.1.2(b) and 10.1.3(d)	Industry has requested a shortening of the time within which Aurizon Network must publish details of any material error in its annual compliance report and annual maintenance cost report. The change proposed is moving from "as soon as	<p>The inclusion in the 2013 DAU of the obligation to report material errors as soon as practical, but in no case later than six months after becoming aware of the error, aligns with the obligation in the 2010 AU with regard to the annual maintenance cost report.</p> <p>To account for the circumstances where the identification of a material error may require a further audit of the report, Aurizon Network will require more than a month to publish the details of the material error.</p> <p>Aurizon Network therefore proposes to align the timeframe to publish details of</p>	Aurizon Network will amend clause 10.1.2(b) and 10.1.3(d) to require the publication on the website of material errors "as soon as practicable, but in no case later than three months after becoming aware of the error".	The QRC agrees with Aurizon Network's proposed change. This change should also be applied to clause 10.1.5(f).	Aurizon Network has redrafted this clause as per the Proposed Change.
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			practicable, but in no case later than six months after becoming aware of the error”, to simply one month after becoming aware of the error.	material errors as soon as practical but in no case later than 3 months after becoming aware of the error.			
255	Immediate notification to QCA of errors	10.1.2(b), 10.1.3(d) and 10.1.5(f)	It has been requested that an obligation be imposed on Aurizon Network to immediately notify the QCA of any errors in a number of the reports once it becomes aware of the error.	Aurizon Network accepts as reasonable the desire to reflect in the drafting a requirement to notify the QCA of any errors in a timely manner.	Aurizon Network will amend clause 10.1.2(b), 10.1.3(d) and 10.1.5(f) to include a requirement to notify the QCA “as soon as practicable after Aurizon Network becomes aware of the relevant error”.	Consistent with the approach taken by Aurizon Network in Item 175, the QRC would prefer a hard deadline back-stop for the notification of errors to the QCA. The QRC proposes that clauses 10.1.2(b), 10.1.3(d) and 10.1.5(f) be amended to include a requirement on Aurizon Network to notify the QCA “as soon as reasonably practicable, but in no case later than ten (10) Business Days after Aurizon Network becomes	Aurizon Network has redrafted this clause as per the Proposed Change.

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						<i>aware of the relevant error".</i>	
E34	Reporting on compliance with training requirements	10.1.2(d)(x)				Aurizon Network has not responded to the QRC's proposal to insert an obligation on Aurizon Network to report on the number and percentage of Aurizon Group staff that have successfully undertaken the minimum training requirements under Part 3.	Aurizon Network has included an obligation to report on the number of employees which have undertaken training as required in Part 3.
256	Reporting number of breaches of ultimate holding company support deed	10.1.2(d)(xi) and (xii)	It is suggested that Aurizon Network's the reporting obligations be altered so that they include not just a report of the number of complaints regarding alleged breaches of one or more of the ringfencing obligations in Part	The proposed requirement to report breaches of the ultimate holding company support deed is beyond the scope of the QCA Act.  Aurizon Network considers that the consequences of the ultimate holding company failing to comply with the ultimate holding company support deed are significant as "the Undertaking will cease to authorise the disclosure of Protected Information to any person or entity outside Aurizon Network." (clause 3.3(b)) This would therefore include not only employees of the	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position.  In the QRC's view, the consequences of a breach of the ultimate holding company support deed are not relevant to the issue of compliance reporting on the number of	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
			3, but also complaints where the holding company has breached the ultimate holding company deed.	<p>ultimate holding company providing support or governance services to Aurizon Network but also external consultants and contractors.</p> <p>To the extent that a party considers the ultimate holding company has breached its obligations, that party can make a complaint under clause 3.22 in relation to whether Aurizon Network has complied with the requirement to not disclose the protected information as per clause 3.3(b).</p> <p>On this basis enforcement options are also available under the QCA Act (Div 8, Part 5) in relation to a failure by Aurizon Network to comply with clause 3.3(b).</p> <p>In addition, there is nothing to prevent the party from notifying the QCA of concerns in relation to Aurizon Network's compliance with clause 3.3(b) and for the QCA to consider the need for, and where appropriate request, a compliance audit under clause 10.7.</p>		<p>breaches of the deed. For example, under Part 3 of UT4, the undertaking only ceases to authorise the disclosure of protected information until the ultimate holding company rectifies its non-compliance with the ultimate holding company support deed. Accordingly, a breach of the deed may be of little practical consequence where the ultimate holding company rectifies the breach expeditiously. This however does not make the breach any less serious and should not absolve Aurizon Network from reporting the breach.</p> <p>Consistent with the QRC's position in</p>	



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						relation to Part 3 of UT4 (as reflected in the QRC's Main Submission and the QRC's Mark-Ups of Part 3 and Part 10), the QRC considers transparency through stronger compliance reporting obligations to be central to a meaningful protection against conflicts regime.	
257	Reporting number of complaints - confidentiality agreements	10.1.2(d)(xi) and (xii)	It has been suggested that Aurizon Network be required to report the number of complaints with regard to a breach by Aurizon Network of a confidentiality obligation under a separate confidentiality agreement with a customer.	Aurizon Network considers that reporting of the number of complaints or breaches of a confidentiality agreement does not provide any information in relation to Aurizon Network's compliance with the 2013 DAU. Aurizon Network considers that it is appropriate for a breach of a confidentiality agreement to be addressed as between the parties to the relevant confidentiality agreement.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position. Consistent with the QRC's position in relation to Part 3 of UT4 (as reflected in the QRC's Main Submission and the QRC's Mark-Ups of Part 3 and Part 10), the QRC considers transparency through stronger compliance reporting	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.



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						obligations to be central to a meaningful protection against conflicts regime.	
258	Average complaint handling time	10.1.2(d)(xiii)	It has been stated that Aurizon Network should be required to report on the average complaint handling time recorded in days from when a complaint is lodged to when it is resolved.	Aurizon Network does not consider that reporting on the average complaint handling time provides relevant information to assess Aurizon Network's timely resolution of matters. The time taken to resolve a complaint is dependent on the nature of the complaint and the level of forensic investigation required. However, it will include an obligation to investigate complaints in a timely manner.	Aurizon Network will include an obligation in clause 3.22(d) to investigate complaints in a timely manner.	The QRC does not agree with Aurizon Network's position. The QRC considers that Part 3 of UT4 needs to be wholly re-written (as per the QRC's Mark-Up of Part 3). In the QRC's view, Aurizon Network should be obliged to promptly investigate all complaints and advise the complainant and the QCA of the outcome of that investigation within 20 business days of receiving the complaint, unless an extension has been granted by the QCA. Reporting of average complaint	No change to Part 10. Aurizon Network has proposed clause 3.22(d) to require Aurizon Network to investigate and report on a complaint within 20 business days of receiving the complaint. Aurizon Network has included additional drafting to allow an extension to this timeframe if agreed with the complainant.





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						handling times is therefore important in assessing Aurizon Network's compliance with this process.	
E3 4	Reporting on errors in bills	10.2.2(d)(xiv)				Aurizon Network has not responded to the QRC's proposal to broaden the scope of Aurizon Network's obligation to report on errors in bills by deleting the word "materially" in clause 10.1.2(d)(xiv).	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.
259	Reporting on errors in bills	10.1.2(d)(xv)	It has been requested that Aurizon Network be required to report "the number of instances in which Aurizon Network made errors in bills, including reasonable details of such errors".	The standard access agreement includes the obligations in relation to the resolution of billing errors. The reporting of errors in bills is not a matter that relates to the regulation of access to a declared service.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position. In the QRC's view, obliging Aurizon Network to report on the number of errors in bills is an important means of enabling Access Holders to gauge the administrative efficiency of	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.



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						Aurizon Network's operation of the declared service.	
E3 5	Format of reports	10.1.3(a), 10.1.6(a)				Aurizon Network has not responded to the QRC's proposal to include a requirement for the format of all reports required under UT4 to be approved by the QCA in advance.	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.
260	Increased transparency of maintenance costs and impact	10.1.3(b) and 10.1.3(c)	Feedback received is that additional information is sought on the performance of the network, including in relation to maintenance. Including "comprehensive details of the actual scope of maintenance compared to the forecast scope accepted by the QCA for the purpose of	Aurizon Network has committed to the QRC working group to provide greater transparency and is currently reviewing a range of matters, including reporting formats and information that can be made available to access seekers on the secure customer portal.	Aurizon Network understands the need for and is committed to providing greater transparency in relation to maintenance and performance of the service.	The QRC acknowledges Aurizon Network's commitment to providing increased transparency and is willing to discuss this issue further with Aurizon Network. The QRC will assess Aurizon Network's proposal when further detail (including updated drafting) is provided.	Aurizon Network is currently assessing the maintenance reporting options including the provision of periodic reports and industry symposiums.

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			determining Reference Tariffs” and a requirement for Aurizon Network to report on “the effect on the completion of planned maintenance work action taken to restore Rail Infrastructure after derailments”.				
261	Provision of operational data quarterly	10.1.5	It has been requested that the publication of annual operational data reports revert to quarterly reports as per the 2010 AU.	<p>Industry’s concerns with regard to the change in the frequency of reporting of operational data from quarterly to annually, appear to reflect a desire for greater information regarding contractual performance.</p> <p>Aurizon Network is committed to increasing transparency in relation to performance and is reviewing a range of matters, including the information provided contractually and for each system, and the format of reports. (Refer provisions in relation to incentive mechanism).</p>	<p>In addition to the publication of the annual operational data report, Aurizon Network will provide operational data on a more frequent basis, at least quarterly, to access holders via a secure portal.</p> <p>Aurizon Network will continue to work through the information required with customers.</p>	<p>The QRC acknowledges Aurizon Network’s commitment to providing increased transparency and is willing to discuss this issue further with Aurizon Network. The QRC will assess Aurizon Network’s proposal when further detail (including updated drafting) is provided.</p>	<p>Aurizon Network has updated drafting to reinstate the quarterly reports. Aurizon Network may request an extension of time from the QCA for the publication of the quarterly report where there are ASX listing implications.</p>

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262	ASX listing rules exception	10.1.5(a)	It has been submitted that the timing exception to the reporting requirement for the ultimate holding company based on ASX listing rules be removed.	<p>It is recognised in the ASX Listing Rules that the disclosure obligation needs to be balanced against information being provided prematurely or where it would be inappropriate to do so.</p> <p>Aurizon Network considers that both the publication of quarterly performance data and other information prior to publication to security holders may not be representative of actual performance for the entire financial year. Aurizon Network considers it inappropriate for the 2013 DAU to require the publication of information that may be misleading.</p> <p>As noted above, it is looking at improving the provision of operational information to customers on a quarterly basis, but this would be provided confidentially.</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	<p>The QRC does not agree with Aurizon Network's position.</p> <p>The QRC's position in relation to balancing Aurizon Network's operational reporting obligations and the ASX listing rules is as set out in Section 2 of Part 10 of the QRC's Main Submission and in the QRC's Mark-Up of Part 10. The QRC considers that the combination of the ASX continuous disclosure and interim disclosure requirements on AHL, supports the argument that operational information can and should be publically disclosed on a quarterly basis.</p>	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.

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263	Annual operational data report - safety	10.1.5	It is suggested there is a need for an obligation to report on safety incidents that have been reported to the Safety Regulator.	Aurizon Network considers that this is a reasonable request.	Aurizon Network will include in the annual operational data report the number of major reportable incidents in that year, as reported to the safety regulator.	The QRC agrees with Aurizon Network's proposal to include reported safety incidents into reported operational data.	Aurizon Network has redrafted this clause as per the Proposed Change.
E36	Content of operational data reports	10.1.5(a)(i)(B)				Aurizon Network has not responded to the QRC's proposal to expand Aurizon Network's obligation to report on the number and percentage of Train Services that do not reach their destination within the Allotted Time Threshold by deleting the word "solely" in clauses 10.1.5(a)(i)(B)(1) and (2).	Aurizon Network has redrafted this clause to reflect the stakeholder comments.
E37	Content of operational data reports	10.1.5(a)(vii)(E)				Aurizon Network has not responded to the QRC's proposal to include	Aurizon Network is willing to include other measures that would be of benefit to



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						an obligation on Aurizon Network to report on information reasonably requested by a Supply Chain Group in relation to a Coal System in its operational reports.	a supply chain group. However, these measures should be agreed up front to give Aurizon Network certainty around information and system requirements to capture and develop these reports. As such, no change has been made at this point.
E38	Accuracy of information reported	10.1.5(d)				Aurizon Network has not responded to the QRC's proposal for Aurizon Network to be subject to a strict obligation to ensure that information contained in operational reports is accurate, rather than only using reasonable endeavours to do so.	Aurizon Network has redrafted to provide a strict obligation to ensure that reports are accurate.
E39	Accuracy of information reports	10.2(b)				Aurizon Network has not responded to the QRC's proposal to delete	Aurizon Network has further considered stakeholders' request, however no

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264	Requirement to publish 'below rail aspects' of access agreements unless confidentiality claim is approved by the QCA	10.3.1	The 2013 DAU allows Aurizon Network to withhold information contained in the access agreements before it is provided to the QCA. Issues have been raised with this, particularly given that the access agreements will not be published.	<p>The previous obligation for the publication of terms other than "confidential" below rail aspects of access agreements, provides limited benefit to customers in being able to determine whether there has been any discrimination between access seekers and access holders.</p> <p>It is the provision of all of the confidential information to the QCA, together with the audit and information gathering powers, which will provide the assurance to access seekers and access holders that the terms to related parties are not more favourable.</p>	Aurizon Network will amend 10.3.1 to provide the requested executed Access Agreement to the QCA.	the exception to Aurizon Network providing a breach report to the QCA.	change has been made to the 2014 DAU.
						The intended effect of Aurizon Network's proposed amendment to clause 10.3.1 is not clear to the QRC. As set out in Section 2 of Part 10 of the QRC's Main Submission, the QRC seeks the reinstatement of the disclosure regime contained in UT3 which enables the QCA to publish details of the "Below Rail" aspects of a signed access agreement, other than for parts nominated by a party (and accepted by the QCA) as containing confidential information. The QRC considers the	Aurizon Network has redrafted this clause as per the Proposed Change. For clarification, this change requires Aurizon Network to provide the full copy of the access agreement to the QCA.
							Aurizon Network is continuing consultation with Rail Operator in regards to the provision of information, and may make further changes following these discussions.



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						public disclosure of access agreement details to be a significant mechanism for providing access seekers and access holders with confidence about non-discriminatory treatment by Aurizon Network.	
E40	Disclosure of Access Agreements	10.3.1(b)				Aurizon Network has not responded to the QRC's proposal to reinstate the disclosure regime in UT3 which enabled the QCA to publish details of the "Below Rail" aspects of an Access Agreement other than for parts nominated by a party (and accepted by the QCA) as containing confidential information.	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU. Refer to item 264 for more information.



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265	Refusal to provide information	10.3.2(b)	It has been commented that Aurizon Network may refuse to provide information requested by the QCA if it has a reasonable excuse for non-compliance.	<p>Clause 10.3.2(b) is consistent with and intended to reflect a position that is repeated several times under the QCA Act.</p> <p>For example, under s150AA, the QCA may, by written notice, require Aurizon Network to give the QCA (within a specified time) information about Aurizon Network's compliance with its approved access undertaking. Under s 150AA(3), Aurizon Network is required to comply with that requirement within the relevant time, unless Aurizon Network has a "reasonable excuse".</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC has no comment on this issue.	Aurizon Network will redraft this clause to provide greater clarity relating a 'reasonable excuse'.
266	Compliance Officer obligation	New clause 10.4(a)(iii)	Feedback received is that the obligations of the compliance officer should be expanded to take all steps to ensure Aurizon Network is able to meet any obligation or activity imposed on Aurizon Network by the 2013 DAU.	<p>Aurizon Network recognises the role of the compliance officer in providing confidence in the access regime.</p> <p>Aurizon Network agrees in principle with the inclusion of a provision that recognises that the compliance officer is the single point of contact with responsibility for implementing and maintaining appropriate systems and practices within Aurizon Network's governance framework and to ensure Aurizon Network's compliance with its obligations under the 2013 DAU.</p>	Aurizon Network will replace clause 10.4 with an obligation for Aurizon Network to nominate a compliance officer. This obligation will outline the matters relevant to the compliance officer's ability to ensure Aurizon Network is able to comply with its obligations in the 2013 DAU, including that:	The QRC supports the inclusion of additional obligations on the Compliance Officer (including an obligation on the Compliance Officer to take all steps necessary to ensure Aurizon Network is able to meet the obligations imposed by UT4) and is willing to consider alternative drafting to clause 10.4.	Aurizon Network has redrafted this clause as per the Proposed Change.



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					<p>the compliance officer will be sufficiently resourced;</p> <p>the compliance officer will be responsible for the management of the governance framework that will include systems and practices reasonably required to ensure Aurizon Network is able to meet its obligation;</p> <p>the governance framework will include the requirement to notify Aurizon Network's Executive Officer of breaches and the remedial action taken or to be taken.</p> <p>In addition Aurizon Network will include an obligation to</p>	<p>The QRC will assess Aurizon Network's proposed amendments when the drafting foreshadowed by Aurizon Network is provided.</p>	



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					notify the QCA of the person nominated as the compliance officer at the commencement of the 2013 DAU and during the term of the 2013 DAU if at any time that nomination changes.		
267	Conditions Based Assessment						Aurizon Network has included drafting which requires the completion of at least one Conditions Based Assessment of the rail infrastructure during the term. Aurizon Network will make the results of the assessment available.
268	Regulation of internal business practices	10.4	It has been suggested that the following obligations be included:	The suggestions made by industry refers to examples of some of Aurizon Network's internal business practices for risk management and compliance, which is a natural part of a large business. Despite this, Aurizon	No change is proposed based on the further information provided by Aurizon Network	The QRC has no comment on this issue.	No change.



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			<ul style="list-style-type: none"> <li>a regular internal audit;</li> <li>a confidential reporting line (whistleblowers line) available to parties internal and external to the Aurizon group;</li> <li>an issues register that can be viewed by the auditors and the QCA;</li> </ul> <p>internal compliance declaration from the CEO and all key senior managers across Aurizon.</p>	<p>Network does not consider sufficient grounds exist to warrant their being hardwired into the 2013 DAU. The fact that Aurizon Network has internal risk management and compliance practices is not of itself a basis for seeking to have those practices prescribed in the 2013 DAU.</p> <p>In addition, Aurizon Network considers that the requirement for additional internal business practices would be identified through the audit process. Should a systemic failure be identified, and if those measures were considered a necessary and proportionate response, it is reasonable to assume that they would be included in the audit recommendation.</p>	to assist with the review of the 2013 DAU.		
E41	Provision of expert advice	10.5(c)				Aurizon Network has not responded to the QRC's proposal to include an obligation on Aurizon Network to disclose any expert advice relied upon by its Executive Officer in providing a certification	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.



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						required under UT4 if requested to do so by the QCA.	
269	Frequency of report auditing	10.6(a)	It has been requested that the audit of Aurizon Network's compliance with its reporting obligations be conducted annually, and as is otherwise required by the QCA.	Aurizon Network considers it appropriate to limit the number of audits of its reporting obligations to once per year. This is because the reporting obligations are more procedural in nature, with established processes and timeframes.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC does not agree with Aurizon Network's position. As drafted, report auditing is only triggered under clause 10.6(a) of UT4 at the request of the QCA. In the QRC's view, the requirement for annual audits should be reinstated in UT4 (as reflected in the QRC's Mark-Up of Part 10). The QRC considers annual audits to be a critical means of providing increased transparency and preserving access holder confidence.	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.
270	Compliance audit of matters prior to	10.7(a)	The question has been raised that if a compliance audit is required	The audit provision, as drafted, will not extend to the conduct and decisions under past undertakings (except in the limited circumstances where they are	No change is proposed based on the further information	The QRC has no comment on this issue.	No change.

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	current term of undertaking		to investigate a matter which occurred prior to the term of the 2013 DAU, would this provision give the power to request an audit.	deemed to have occurred under the 2013 DAU). The 2013 DAU is, in this regard, consistent with the approach under past access undertakings and the QCA Act.	provided by Aurizon Network to assist with the review of the 2013 DAU.		
271	Frequency of compliance Audits	10.7(a)	Comments have been made that the drafting of the 2013 DAU limits the QCA's ability to request an audit and therefore the requirement for an annual compliance audit should be reinstated.	The intention of the 2013 DAU is that the QCA may request a compliance audit at any time provided that the QCA has reasonable grounds to believe the audit is necessary, the QCA advises Aurizon Network of the grounds for the audit and the audit costs over and above what is included in the approved operating cost allowance are recovered through the annual revenue adjustments.	Aurizon Network will review and amend the drafting of the audit provisions to ensure the QCA is not limited in its ability to request an audit.	The QRC will assess Aurizon Network's proposed amendments when the drafting foreshadowed by Aurizon Network is provided. However, as set out in the QRC's Main Submission (and above at Item 189), it is the QRC's view that annual audits should be reinstated in UT4.	Aurizon Network agrees to reinstate the requirement for an annual compliance audit, and has redrafted to include this. There is also an ability for the QCA to request an audit to be undertaken outside of the annual compliance audit.
272	Recovery of audit costs	10.7(d)	It has been requested that the QCA be required to approve the	A forecast of audit costs will be provided in setting the system allowable revenues. If the actual audit costs differ from the forecast audit costs, this will be reflected in the adjusted system allowable revenue	No change is proposed based on the further information provided by Aurizon Network	The QRC does not agree with Aurizon Network's position. The QRC considers that	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014

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			recovery of audit costs.	<p>calculated in clause 4.3, Schedule F. The QCA will have regulatory oversight of those revenue cap related adjustments.</p> <p>Given the audits are conducted by external parties, the cost will reflect the efficient costs of providing the service.</p> <p>The QCA will have oversight and significant control of the audit costs given they will approve both the auditor (see below) and the audit plan.</p>	to assist with the review of the 2013 DAU.	where Aurizon Network is seeking to recover its costs of completing compliance audits undertaken on the instruction of the QCA, such costs should be approved by the QCA. The QRC considers this necessary to ensure that Aurizon Network's cost recovery is reasonable in the circumstances.	DAU. Aurizon Network welcomes any further comments from the QCA about audit costs.
273	Consultation with above rail operators by auditor	10.8	<p>It is suggested that the prescriptive list of matters that must be audited annually be reinstated in the 2013 DAU to protect against conflicts of interest.</p> <p>In addition it is suggested that the auditor should be required to consult with all</p>	Aurizon Network considers that the flexibility of the QCA to require an audit supports the ability of third parties to engage with the QCA directly on the need for an audit and removes the need for a prescriptive list of matters that must be audited annually.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	<p>The QRC does not agree with Aurizon Network's position.</p> <p>As set out in Section 7 of Part 3 of the QRC's Main Submission, the QRC considers an annual audit of Aurizon Network's compliance with conflict protections to be appropriate. The QRC proposes the incorporation of the</p>	Aurizon Network has included drafting such that the QCA will set the scope of the audit required, taking into account all aspects of the undertaking. As such, a prescriptive list is not required. The drafting includes the QCA being expressly permitted to consult with access seekers and access holders when



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			above rail operators in relation to the scope of the audit.			provisions of clause 3.7 of UT3 into a new clause 10.8 (as reflected in the QRC's Mark-Up of Part 10). In the QRC's view, it is difficult to see how parties outside the Aurizon Group would be sufficiently informed to be able to identify a complaint against Aurizon Network for non-compliance with UT4 conflict protections, without mandatory auditing.	determining the audit scope.
274	Review of prior year audit recommendations	10.8	Suggestions have been made that each audit should assess whether the previous year's recommendations have been effectively implemented and require Aurizon Network to address any non-	Aurizon Network has an obligation to implement recommendations by the auditor as soon as reasonably practicable (clause 10.8(j)). The QCA has in the past, included in the scope of the audit the implementation status of the previous year audit recommendations.  Aurizon Network anticipates that the QCA will continue to include in the audit plan, Aurizon Network's	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agrees that no change is necessary.	No change.





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			compliances identified.	compliance with previous audit recommendations.			
275	QCA dissatisfaction with Audit	10.8	It has been requested that a provision be included that allows the QCA to require the audit to be redone if it is not satisfied with the rigour of the audit.	<p>In practice it is preferable for any issues regarding the 'rigour' of the audit to be addressed during the course of the audit. There are two mechanisms that should prevent the need for a second audit. Firstly, prior to commencing the audit, the auditor must agree an audit plan with Aurizon Network and obtain the QCA's approval of that plan. Secondly, every audit plan must provide for the establishment of an audit liaison group, which includes the QCA, to provide a forum for the resolution of any audit issues that arise.</p> <p>Regardless, nothing in clause 10.7 prevents the QCA from requiring another audit if the QCA has reasonable grounds to believe an audit is necessary.</p> <p>This is consistent with the approach taken under UT3.</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agrees that no change is necessary.	No change.
E42	Conflicts audit	10.8				Aurizon Network has not responded to the QRC's proposal to include an annual audit of Aurizon Network's compliance with its	Aurizon Network considers the amendments made to audit requirements, and giving the QCA the role of setting an audit scope (refer to

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						obligations under Part 3 of UT4. Aurizon Network has not responded in substance to the drafting proposed by the QRC in new clause 10.8.	item 273) is sufficient to cover a conflict audit as suggested by the QRC. Hence no specific drafting changes have been included.
276	Removal of the ability of the QCA to approve auditor	10.8(a)	It is submitted that the 2013 DAU should retain the QCA approval of the auditor due to perceptions of conflict.	Aurizon Network and the QCA have discussed the issues regarding perceived conflicts of interest. Aurizon Network has agreed to reinstate the 2010 AU provision to give the QCA ability to approve the auditor.	Aurizon Network will amend the 2013 DAU to provide that the appointment of an auditor by Aurizon Network is subject to QCA approval.	The QRC supports Aurizon Network's proposal to reinstate QCA involvement in the appointment of auditors. Clause 10.9 of the QRC's Mark-Up of Part 10 incorporates this concept.	Aurizon Network has redrafted this clause as per the Proposed Change. The auditor will be appointed for the duration of UT4. There will be an ability to reassess the appointed auditor and appoint a different auditor due to: <ul style="list-style-type: none"> <li>• Negligence</li> <li>• Impropriety or</li> <li>• Conflict of interest not known at the time of appointment.</li> </ul>
277	Obligation to implement the	10.8(j)	It has been suggested that an appropriate remedy for	Under clause 10.8(j) Aurizon Network must use reasonable endeavours to	No change is proposed based on the further information	The QRC agrees that no change is necessary.	No change.

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	audit recommendations		discrimination is an absolute obligation for Aurizon Network to implement the recommendations of the auditor, including amending the undertaking where required.	implement any recommendations made by the auditor.  To the extent the audit recommendations identify that the undertaking is not consistent with the QCA Act, the QCA has the ability to require an amending access undertaking under s.139 of the QCA Act. It would be outside the QCA's power to require that a provision be included in the 2013 DAU to allow the QCA to amend or require the amendments of an approved undertaking as suggested.	provided by Aurizon Network to assist with the review of the 2013 DAU.		
278	Provide QCA with expanded powers in the undertaking.	Part 10	It has been recommended that an Infringement Penalty regime operated by the QCA be introduced, similar to that enforced by the ACCC. It is also suggested that the 2013 DAU should include a requirement to comply with a QCA order, including changes to the undertaking and/ or changes	Division 8 sets out various provisions for the enforcement of Part 5 of the QCA Act including compliance with approved access undertakings. The QCA has investigation powers and the ability to bring an enforcement proceeding. The QCA does not have powers to issue penalties or to make or enforce an order.  The QCA has very limited powers under the QCA Act to require amendments to an approved undertaking. The circumstances outlined in submissions would not constitute a circumstance where the QCA can require an amendment.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC has no comment on this issue.	No change.



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			to Aurizon's compliance program				
279	Information included in Auditor's letter	10.8(i)	It is requested that a summary of issues from the audit is made publicly available. Examples provided as precedent included ARTC's or Queensland Rail's recent audit letters.	Aurizon Network and the QCA have included in the scope of the 2012/13 audit the requirement for a summary audit report that can be made publicly available. The audit plan is considered the best mechanism to continue to ensure this as part of each audit.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC supports the industry comment.	Aurizon Network has redrafted to include an ability for the QCA to determine what should be included in the audit report and the permissible audience to which it can be distributed to.
E43	Independence of auditor	10.9(b)(i), 10.9.(f)(ii)				Aurizon Network has not responded to the QRC's proposal to include a requirement that the auditor be independent of Aurizon Network and all other Aurizon Parties.	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU. Aurizon Network is concerned about the practicality of this request.
E44	Costs of the auditor	10.9(c)				Aurizon Network has not responded to the QRC's proposal for the	Aurizon Network has further considered stakeholders'



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						costs of the auditor to be initially paid for by the QCA and recovered by the QCA through the QCA levy.	request, however no change has been made to the 2014 DAU. Aurizon Network is willing to discuss this proposal with the QCA.
280	Prompt negotiation of transfer arrangements	n/a	Feedback received is that there is a need to include an obligation for Aurizon Network to expeditiously complete the negotiation process for transfers, and in particular to use an abbreviated Part 4 process for short term transfers.	Aurizon Network currently provides responses well within the regulatory timeframes. It is willing to make an amendment to report its performance in this area.	Aurizon Network will include an obligation in the compliance report in Part 10 to report on the average negotiation period for transfers.	The QRC supports Aurizon Network's proposed change. In addition to that change, the QRC considers Part 7 should include an obligation on Aurizon Network to promptly negotiate transfers and comply with an abbreviated Part 4 negotiation process for short term transfers. Merely reporting on Aurizon Network's performance is not sufficient. Aurizon Network's willingness to expeditiously negotiate transfers should be reflected in the transfer	Aurizon Network has included an obligation to report on the timeframe for negotiation of transfers of access rights.



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process set out in Part 7.

The QRC considers that the timeframes which apply under Part 4 in respect of a new application for access rights are not an appropriate reflection of the timing reasonably required for the negotiation of transferred access rights. Aurizon Network should be obliged to comply with shorter timeframes rather than merely reporting on its ability to do so, particularly in the case of short term transfers.

**Dispute Resolution and Decision Making [Part 11]**

281	Narrowing of availability resolution of disputes	11.1.1(a)	It has been submitted that the 2013 DAU narrows the scope of the dispute	Aurizon Network acknowledges the comments made in submissions and considers the availability of an effective and timely dispute process in relation to obligations and decisions included in	Aurizon Network will review the 2013 DAU including the drafting of clause	The QRC appreciates Aurizon Network's preparedness to engage on this	Aurizon Network has amended the drafting for clarity.
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			resolution procedure. In particular, it is stated that there is no longer a 'umbrella' provision for dispute resolution to apply to any dispute or question in relation to the access undertaking's operation.	<p>the undertaking is of significant importance to the operation of the undertaking.</p> <p>Aurizon Network's intention is that the dispute resolution mechanism will apply to any provision of the undertaking. The drafting of the clause is intended to ensure train operators have access to the dispute resolution process and to give effect to clauses in the undertaking that directly refer matters to expert determination. It is not intended to reduce the range of matters on which access disputes may be referred to the QCA under the QCA Act.</p> <p>The resolution of disputes is discussed further at section 4.5 in the main submission.</p>	11.1.1 and the related definitions (for example Access Seeker and Access Agreement) with the benefit of the submissions to clarify where necessary the application of the dispute resolution mechanism.	issue and is willing to discuss this further. The QRC's proposed amendments to overcome this issue can be found in the QRC's Mark-Up of Part 11 at clause 11.1.1(a).	
282	Parties to a dispute	11.1.1(a)	Industry has sought to expand the list of parties that can dispute matters under the undertaking to Access Holders, and third parties.	<p>The 'umbrella' provision in the dispute mechanism in the 2010 AU effectively provided that any party, regardless of whether they may be affected by a decision in the undertaking could raise a dispute.</p> <p>Aurizon Network acknowledges in certain circumstances it may be appropriate for a customer of an access seeker or access holder to also have certain rights under the undertaking. Aurizon Network has sought to acknowledge these rights within the applicable clauses. For example Part 6 and 8 explicitly refer to</p>	Aurizon Network will review the 2013 DAU to clarify, where necessary, the application of the dispute resolution mechanism and the complaints handling process under the 2013 DAU to parties other than access seekers	The QRC supports Aurizon Network's proposed change and will assess the substance of that change once further detail is provided by Aurizon Network.	Aurizon Network has reviewed Part 11 and the standard access agreements to ensure dispute mechanisms are adequate and has made minor changes for consistency.

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				customers of access seekers and access holders.	or train operators.		
283	Access Agreement disputes	11.1.1 (b)	It is suggested that the dispute process outlined in the undertaking should take precedence over the dispute process in any access agreement or SUFA.	<p>As with the 2010 AU, unless otherwise agreed by the parties, disputes in connection with an access agreement or other contract should be dealt with in accordance with the provisions of that agreement.</p> <p>Aurizon Network notes that the facts that give rise to a dispute under the access agreement may potentially give rise to a non-compliance with the undertaking (or the QCA Act), thus triggering a separate dispute or enforcement process. For example, if Aurizon Network breaches a confidentiality agreement, and that breach involves disclosure of protected information to the Marketing Division, then Aurizon Network may potentially have failed to comply with both the confidentiality agreement and the undertaking, each with their own dispute or enforcement requirements.</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agrees no change is required.	No change.
284	Written consent to participate in alternate form of access disputes	11.1.1(c)	It has been suggested that in relation to disputes regarding a Train Operations Agreement or End User Access	It should be noted that where there is a dispute involving a Train Operations Agreement, the other party that is provided with an opportunity to participate does not include any other train operator using the access rights	No change is proposed based on the further information provided by Aurizon Network to assist with the	The QRC agrees no change is required.	No change.





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			Agreement, written consent should be given by the party submitting the dispute before details are shared with the corresponding party that is train operator or end user.	<p>included in the same End User Access Agreement (clause 11.1.1 (c)(iii))</p> <p>In any other circumstance, and given the interdependent nature of End User Access Agreements and Train Operations Agreements, it is not expected that industry will support the withholding of information in respect of a dispute where either the end user or train operator may have an interest and could be adversely affected.</p> <p>Aurizon Network proposes to maintain the current position in the 2013 DAU as it aligns to that which the QCA recently approved for the alternate form of access agreement under the 2010 AU.</p>	review of the 2013 DAU.		
285	Process for mediation	11.1.3	It has been identified that the drafting of the undertaking states that parties “may agree” to mediation whereas the explanatory document states that “if both parties agree” they may go to mediation.	<p>The intention of the 2013 DAU is that mediation and expert review provisions are included in the dispute resolution process as a way to expedite dispute resolution.</p> <p>Under the 2013 DAU, a dispute that is not resolved by CEOs may be referred to mediation by either party to the dispute (unless the dispute is expressly required, or is agreed by the parties, to be referred to an expert). The referral to mediation was drafted this way to be as consistent as possible with the mediation process under the QCA Act.</p> <p>A dispute can only be referred to an expert where the 2013 DAU requires it</p>	Aurizon Network will amend the 2013 DAU such that the referral of a dispute in relation to mediation can only occur by agreement of both parties.	The QRC agrees with Aurizon Network’s proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.



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				to be referred to, or the parties agree to refer it to an expert for determination.			
286	Process for mediation	11.1.3	It is commented that the provisions in relation to mediation seem to bypass the QCA Act and the ability of the QCA to resolve dispute by mediation.	<p>Aurizon Network's intent was to provide a clear dispute resolution process in that where the parties agree to mediation, this would be considered an attempt to resolve the dispute by mediation for the purposes of the QCA Act (clause 11.1.3).</p> <p>If the dispute is then referred to the QCA, then logically it seems unlikely that the QCA would need to seek a further mediation. It is not Aurizon Network's intent to limit the application of the legislation, nor the QCA's powers to resolve disputes.</p>	Aurizon Network will delete clause 11.1.3(a).	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
287	Timeframe to resolve dispute by mediation	11.1.3 -	It has been suggested that a provision be included that requires any dispute unresolved by mediation within 5 Business Days to be referred to the QCA for dispute resolution.	<p>Aurizon Network considers that the time limit proposed by Industry may be too short for a mediation depending on what is in dispute and inconsistent with the QCA Act.</p> <p>Aurizon Network considers that the proposal in the 2013 DAU is generally consistent with requirements under the QCA Act. In addition, the timely resolution of disputes is indirectly addressed by amendments discussed above where referral of a dispute to mediation must be agreed by both parties.</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	<p>The QRC does not agree with Aurizon Network's proposal to make no change to clause 11.1.3.</p> <p>The QRC has not proposed for a time limit of 5 business days to apply to the mediation of a dispute. Rather, the QRC has proposed that a 5 business day</p>	Aurizon Network has redrafted to reflect the intent of the QRC's requested drafting change.



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						<p>period should apply for the parties to attempt to agree on expert determination prior to referring the dispute to the QCA for determination. This time period is to commence after mediation has concluded and prior to the dispute being escalated to the QCA. The purpose of this proposal is to encourage the parties to pay proper consideration to expert determination as a possible means of resolving the dispute. The QRC considers 5 Business Days an appropriate timeframe in this regard.</p> <p>In relation to the escalation of a dispute from mediation, the QRC has proposed</p>	



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						<p>to supplement Aurizon Network's drafting. Clause 11.1.3(c) originally provided that a dispute could not be referred past the stage of mediation until the expiry of 4 months. The QRC considers that the requirement to spend 4 months attempting to mediate the dispute may cause inefficiencies and fail to promote a timely resolution of the dispute. In particular, preventing a party from escalating a dispute for 4 months may result in time wasting where it is obvious one party, or both parties, have no interest in achieving a mediated outcome. The QRC considers it more appropriate for a dispute to be</p>	



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						<p>escalated after referral to mediation on the earlier of any of the following occurring:</p> <ul style="list-style-type: none"> <li>• the mediator considers the parties cannot achieve a mediated resolution;</li> <li>• the mediator considers that a party to the mediation fails to participate in good faith; or</li> <li>• the parties fail to resolve the dispute within 4 months of referral.</li> </ul> <p>The QRC considers this proposal better promotes the timely resolution of disputes.</p> <p>The QRC's recommended drafting in relation to the above is shown in clause 11.1.3(c) of the</p>	



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						QRC's Mark-Up of Part 11.	
288	Administration of mediations	11.1.3	It is suggested that consideration be given to the administration of mediations by the Australian Commercial Dispute Centre (ACDC) in accordance with their current ACDC guidelines.	This proposal is acceptable to Aurizon Network.	Aurizon Network will amend the provisions such that a mediation will be administered by the ACDC in accordance with their current ACDC guidelines.	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
E45	Escalation of a dispute following referral to mediation	11.1.3(c)(ii)				Aurizon Network has not responded to the QRC's proposal to allow the escalation of a dispute from mediation on the earlier of any of the following occurring: <ul style="list-style-type: none"> <li>the mediator considers the parties cannot achieve a mediated resolution;</li> <li>the mediator considers that a party to the</li> </ul>	Aurizon Network has redrafted this provision. Refer to item 287 above.



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						<p>mediation fails to participate in good faith; or</p> <ul style="list-style-type: none"> <li>the parties fail to resolve the dispute within 4 months of referral.</li> </ul>	
289	Confidentiality of communications in disputes	11.1.2 and 11.1.3(e) —	it is has been requested that provisions be included which make communications between the parties as part of an attempt to resolve a dispute, subject to an obligation of confidentiality. The amendments would also expressly state that such communications will be made on a “without prejudice” basis.	The proposed amendments are acceptable to Aurizon Network.	Aurizon Network will amend the dispute provisions to include obligations that communications attempting to resolve a dispute will be confidential and without prejudice.	The QRC agrees with Aurizon Network’s proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.



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290	Process for mediation	11.1.4	Clarification has been requested as to why the chief executive of the Institute of Arbitrators and Mediators (IAMA) will recommend an expert rather than the Institute of Engineers as per the 2010 AU.	<p>Aurizon Network's advice is that the Institute of Engineers no longer makes these recommendations.</p> <p>Notwithstanding, Aurizon Network is pleased to consider other bodies. The IAMA has available a range of dispute resolution professionals, from a range of relevant professional backgrounds (law, engineering, etc).</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agrees that no change is required.	Aurizon Network reviewed this provision against the standard access agreements to ensure consistency. As such minor amendments have been made. In addition, Aurizon Network has included process drafting to clarify how the mediator is appointed.
E46	Relationship of expert to the parties of a dispute	11.1.4(b)(iii)				The QRC has proposed that a person should be prohibited from acting as an expert where it has provided services to any of the parties (or their related parties) within the previous 12 months. Aurizon Network has not responded to this proposed amendment.	Aurizon Network has redrafted to reflect the intent of the QRC's requested drafting change and to ensure consistency with the provisions in the standard access agreements.





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291	Priority of QCA resolution of disputes	11.1.5	It has been suggested that a QCA determination should have priority over expert determination and mediation	<p>Aurizon Network has clarified its intent that the referral to mediation is by the agreement of both parties. This effectively results in a dispute that is not resolved by CEOs being referred to a QCA determination if both parties do not agree to either a mediation or expert determination, the exception being when the undertaking prescribes that a matter be resolved by expert determination.</p> <p>The express requirement for resolution by expert determination is in relation to matters that are technical in nature and it is reasonable to rely on an expert determination. The direct referral will then reduce the timeframe to resolve the dispute.</p>	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	<p>The QRC agrees with Aurizon Network's explanation of the dispute resolution process. The QRC supports Aurizon Network's clarification that referral to mediation is by the agreement of both parties such that if no agreement is made the dispute will be referred to the QCA (unless expert determination is expressly required).</p> <p>However, the QRC does not agree that where UT4 expressly requires a dispute to be determined by expert determination, there is no need to first refer the matter to the chief executives. Rather, the QRC considers that all disputes should be referred</p>	Aurizon Network has redrafted as per stakeholders' proposal to have all disputes firstly go to CEOs for discussion.



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						in the first instance to the relevant chief executives for resolution. This should apply regardless of whether there is an express requirement for expert determination. As discussed in Section 2.2 of Part 11 of the QRC's Main Submission, the QRC considers initial referral to the respective chief executives is commercially sensible and encourages the parties to resolve the dispute prior to formal escalation.	
292	Determination by QCA in accordance with Act	11.1.5	It has been submitted that a dispute referred to the QCA for determination should reflect the provisions of the 2010 AU, that is Division 5 of Part 5 of the QCA Act	Aurizon Network agrees to this amendment.	Aurizon Network will include a provision stating that any determination by the QCA will be done in accordance with its obligations under Division 5	The QRC agrees with Aurizon Network's proposed change.	Aurizon Network has redrafted in accordance with the proposed drafting from the QRC.



Item	Issue	Cl.	Industry Response (October 2013)	Original Proposal and Discussion	AN Proposed Change (November 2013)	Stakeholder Response (January 2014)	AN Response (August 2014)
			shall apply and to the extent of any discrepancy between Part 11 and the QCA Act, the provisions of the QCA Act will prevail.		of Part 5 of the QCA Act and to the extent of any inconsistency between Part 11 and the QCA Act, the provisions of the QCA Act will prevail.		
E47	Determination by QCA	11.1.5(b)				Aurizon Network has not responded to the QRC's proposal that any costs imposed by the safety regulator should be borne by the parties in the proportion determined by the QCA, rather than equally.	Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.
E48	Prejudice to the land or rail infrastructure tenure of Aurizon Network	11.1.5(f)				Clause 11.1.5(f) is a new provision which seeks to prohibit the QCA from making a determination that could prejudice the land or rail infrastructure tenure of Aurizon Network. The QRC proposed this	Aurizon Network has proposed additional drafting to clarify process and intent of this clause. Of key concern, if Aurizon Network was required by the QCA to do something that would prejudice the land or rail

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						clause should be removed, however, Aurizon Network has not responded to this proposal.	infrastructure tenure, this could result in Aurizon Network being unable to operate the network.
293	Time and cost responsibility	11.1.7	It has been requested that a new clause be included which requires the parties to use their reasonable endeavours to resolve a dispute so as to not “impact” a mine project that is likely to be delayed as a result of a dispute.	Aurizon Network considers the obligation on the parties to use reasonable endeavours to resolve a dispute in a timely fashion is independent of whether the dispute will impact on a mine development project.	Aurizon Network will include an obligation on the parties to a dispute to use reasonable endeavours to resolve the dispute in a timely manner.	The QRC agrees with Aurizon Network’s proposed change.	Aurizon Network has redrafted this clause as per the Proposed Change.
294	Rules applied to QCA decisions	11.2	It has been suggested that Aurizon Network delete the list of requirements that replicate provisions that apply in judicial review cases and which applies them to decisions of the QCA under the Undertaking. It	The <i>Judicial Review Act 1991</i> will not apply to the Undertaking as decisions in relation to the Undertaking are not made “under an enactment”. That is why the drafting in the 2013 DAU spelt out the “rules” that would normally apply under judicial review and expressly applied them to the undertaking.	No change is proposed based on the further information provided by Aurizon Network to assist with the review of the 2013 DAU.	The QRC agrees that no change is necessary.	No change.



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is sought to replace the express requirements with a provision that any resolution of the dispute not be inconsistent with the QCA Act, the *Judicial Review Act 1991* or any common law rules and natural justice requirements "to the extent they apply".

E49 Prompt enforcement of a QCA decision 11.2(d), (e)

Aurizon Network has not responded to the QRC's proposal to place an obligation (with cost implications) on the parties to promptly enforce QCA decisions.

Aurizon Network has further considered stakeholders' request, however no change has been made to the 2014 DAU.

### Definitions and Interpretation [Part 12]

295 Allowable Revenue 12.1

Inclusion of new definition to replace the previous term "System Allowable"

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							Revenue". This is related to the new pricing principles.
296	Asset Replacement Expenditure	12.1					Inclusion of a new definition to give clarity for what is asset replacement.
297	Capacity Multiplier	12.1					Deletion of this definition due to change in the Part 6 for rtp calculation.
298	Class	12.1					Inclusion of a new definition relevant to the expansion process for studies.
299	Comparative Length	12.1					Inclusion of a new definition to give clarity to how the comparative length of a rollingstock configuration is calculated.
300	Concept Study	12.1					Definition amended in accordance with



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							updated expansion process.
301	Costing Manual	12.1					Definition amended to provide flexibility in the revision of the Costing Manual. Aurizon Network would like to further engage with the QCA on the Costing Manual.
302	Demand Assessment	12.1					Inclusion of new definition relevant to the expansion process.
303	Destination Tariff	12.1					Inclusion of a new definition to assist interpretation of the cross system pricing rules in Schedule F.
304	Distance Discount	12.1					Definition amended as the calculation has been moved to Part 6 for ease of reading.

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305	Electricity Retailers	12.1					Deletion of this definition as no longer required.
306	Environmental Initiatives	12.1					Deletion of this definition as no longer required.
307	Existing Capacity	12.1					Definition amended to clarify that capacity is measured considering below rail constraints.
308	Expansion Tariff	12.1					Inclusion of new definition due to the new pricing principles.
309	Feasibility Study	12.1					Inclusion of a new definition relevant to the expansion process for studies.
310	General Track Maintenance	12.1					Inclusion of a new definition to give clarity for what is



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							included in track maintenance.
311	gtk	12.1					Definition amended to clarify that distance travelled is calculated in accordance with distances set out in access holders' access agreements.
312	Gtk Forecast	12.1					Inclusion of new definition to replace the previous term "System Forecast". This is related to the new pricing principles.
313	Interface Coordination Plan	12.1					Deletion of this definition as no longer required.
314	JORC Code	12.1					Inclusion of a new definition relevant to the expansion process.

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315	Mainline Path	12.1					Inclusion of a new definition to provide clarity of which sections of the infrastructure are designated as mainline paths.
316	Material Variation	12.1					Inclusion of a new definition to provide details around allowable changes to access requests during the negotiation process.
317	Minimum Revenue Contribution	12.1					Definition amended as the calculation has been moved to Part 6 for ease of reading.
318	ntk	12.1					Definition amended to clarify that distance travelled is calculated in accordance with distances set out in access holders' access agreements.



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319	Origin Tariff	12.1					Inclusion of a new definition to assist interpretation of the cross system pricing rules in Schedule F.
320	OTCI	12.1					Inclusion of a new definition for track condition reporting provided under Part 10.
321	Potential Feasibility Funders	12.1					Inclusion of a new definition relevant to the expansion process.
322	Potential Pre-feasibility Funders	12.1					Inclusion of a new definition relevant to the expansion process.
323	Prefeasibility Study	12.1					Inclusion of a new definition relevant to the expansion process for studies.



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324	Preliminary information	12.1					Definition amended for clarity.
325	Projected Cost	12.1					Inclusion of a new definition relevant to the expansion process.
326	Prudent Practices	12.1					Deletion of this definition as no longer required.
327	Reference Tariffs	12.1					Definition amended to reflect the new pricing principles.
328	Standard Studies Funding Agreement (Feasibility) and Standard Studies Funding Agreement (Prefeasibility)	12.1					Definitions combined as there is now only one Studies Funding Agreement which will be used for both prefeasibility and feasibility.
329	Static Length	12.1					Inclusion of a new definition to give clarity to how the static length of a



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							rollingstock configuration is calculated.
330	Supply Chain Rights	12.1					Definition amended to work in conjunction with changes made to the capacity allocation provisions and negotiation process.
331	System Reference Tariff	12.1					Inclusion of new definition due to the new pricing principles.
332	Take or Pay Grouping	12.1					Definition amended to provide End Users more certainty around the grouping allocated by operators for the take or pay operator capping process.
333	Tariff Based Access Agreement	12.1					Inclusion of new definition due to the new pricing principles.



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334	Tariff Take or Pay	12.1					Inclusion of new definition due to the new pricing principles.
335	Track Segment	12.1					Inclusion of a new definition to provide clarity of which sections of the infrastructure are designated segments for the purpose of being a replacement mine in an access rights renewal process. Refer to item 167 for more details.
336	Train Orders	12.1					Definition amended to clarify that operators should consider constraints on other sections of the supply chain when placing orders in the ITP process in Schedule G.
337	Train Service	12.1					Definition amended for clarity.



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338	Train Service Change	12.1					Inclusion of new definition to replace "Train Service Time Change". This is to clarify that cyclic traffic does not have a repeatable time of operation.
339	Customer Initial Capacity Transfer	12.4					Aurizon Network has included provisions to clarify how pre-UT4 access agreements can undertake a customer initiated capacity transfer. See also item 172 for more details.