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Dear Professor Menezes

### **Re: Queensland Rail 2025 Draft Access Undertaking (DAU3) – GrainCorp submission to QCA**

GrainCorp appreciates the opportunity to provide submissions to the Queensland Competition Authority (**the QCA**) which issued its draft decision on 6 June 2024 to refuse to approve Queensland Rail's (**QR**) application for its 2025 Draft Access Undertaking (**DAU3**) to replace the current Access Undertaking (**AU2**) and instead require QR to engage in genuine consultation with stakeholders further to resolve a number of unresolved matters.

QCA requested QR consult with its stakeholders in relation to a number of unresolved issues and provide a collaborative submission back to QCA by Friday 8 November 2024, as well as inviting further public submissions on its draft decision by the same date.

QR provided its submission dated 23 July 2024 to QCA in response to QCA's draft decision and indicated it would make a collaborative submission later in the year.

GrainCorp has reviewed both QCA's draft decision and QR's submission in response in relation to certain amendments to be made to the DAU3 including, but not limited to the West Moreton System reference tariff, treatment of MTP and DTP in the network management principles (Part 4 and Schedule F) and reporting on ad hoc planned possessions (Part 5).

GrainCorp has participated in industry wide consultation with QR in relation to the reporting requirements of the DAU3 in respect of the West Moreton System. GrainCorp looks forward to reviewing QR's collaborative submission once published. In the interim, GrainCorp continues to rely on its earlier submission provides this additional submission in response to QCA's draft decision and QR's response set out in the attached Annexure.

GrainCorp looks forward to continuing to work with QCA, QR and rail stakeholders to improve access to the Queensland Network.

Your Sincerely,



**Josh Connell**

Head of Supply Chain, Grains

## **Annexure 1 – Additional GrainCorp Submissions**

### **Overview of GrainCorp’s key areas of concerns**

GrainCorp’s concerns remain that the DAU3 requires further changes to ensure that there are effective protections in place to support a competitive and efficient market for access seekers for the provision of rail and ancillary services and infrastructure in the QR network, particularly for those access seekers who are from non-coal industries.

In its original submission, GrainCorp didn’t specifically make submissions in relation to the West Moreton System but its previous submissions in relation to congestion and capacity issues applicable to the network including this section continue to increase, not decrease during the DAU3 process.

GrainCorp has participated in industry wide consultation with QR targeting the reporting regime in respect of the West Moreton System, however this consultation is in relatively early stages. Consultation on the reporting improvements have focussed on the on time performance of the network and speed restrictions. GrainCorp would like to see further progress in this area, and respectfully submits that given this is still in early stages, the consultation process should be continuing. GrainCorp is aware the capability of QR’s systems and resourcing might be driving delays, and we are hopeful that a solutions focussed consultation can occur in order for stakeholders to understand what can be done to bring the network’s operations in line with industry expectations.

GrainCorp restates and extends its previous submission in relation to:

1. Reporting regime and quarterly reporting requirements
2. Preserved pathing, capacity and network management principles
3. Take it or leave it approach to commercial negotiations by QR

### **Reporting regime and quarterly reporting**

As noted above, GrainCorp has been included in industry wide consultation on the reporting regime, but the process so far has seen limited progress. It is important that this consultation and reporting regime improvement continue, with more reporting achieved, and GrainCorp stresses the importance of continued industry consultation including after finalisation of the DAU3.

### **Preserved pathing, capacity and network management principles**

The QR non-coal freight network is important to GrainCorp as it relies on this route for grain transport between the regional rail network to the ports in Queensland. GrainCorp, and other bulk grain handlers, rely on an efficient grain train achieving a predictable and reliable cycle time from silo to port (or mill). Planning, management and operation of grain trains can be plagued or stopped as a result of congestion, lack of priority of pathing, clunky interfaces between rail networks and network managers, speed restrictions, inefficiencies in maintenance or lack of knowledge of the state of existing track infrastructure assets.

Whilst QCA indicates that the DAU3 recognises legislatively preserved train path obligations for grain users of the network, GrainCorp’s current experience is that the inflexibility and priority of the MTP continues to adversely impact the inherent daily variability needs of grain trains. Grain trains are naturally unable to reliably meet rigid MTP times and pathing for coal trains continues to take priority and precedence over preserved pathing for grain trains.

As previously submitted, there has been a shift in the past few years in applying the principles of the preserved pathing (to ensure 16 non-coal paths were available per week), by completing the programming of grain trains via the DTP methodology.

GrainCorp has previously submitted to QCA that QR prioritises trains in the MTP over trains programmed in the DTP as a matter of course. Under normal network operational conditions, that is when the network is operating with spare capacity between the MTP commitments and when there are no track work/possession impacts, this appears to achieve the results and access that grain trains need. The previously raised concerns, namely how this works in a highly congested network and how this works during periods of track work, remains very relevant and a concern.

When GrainCorp, through our rail operator Watco, has approached QR for MTP pathing, to make use of this higher priority through peak periods and track work, the process has been very slow. Requests lodged in middle of 2024 have

taken months to progress to being able to be included in the MTP, and then MTP change can only occur in 6 months time on 17<sup>th</sup> March 2025. That's getting close to 10 months from lodging an MTP request for pathing to paths being granted – an unreasonable and untenable time for a seasonal commodity like grain. This performance should have minimum standards, and performance to those standards should be included in the improved reporting initiatives.

GrainCorp respectfully submits and restates its position that the DAU3 should directly address this issue and provide specific protections for non-coal trains, regardless if they are pathed via the DTP or the MTP, to ensure the clearly established legislative protections are applied appropriately.

#### **Fair access terms and operational decision-making**

As previously submitted, terms and conditions and operational decisions imposed on access seekers such as GrainCorp can have immediate and long-term commercial ramifications on GrainCorp's ability to meet its operational targets and not suffer significant commercial imposts. Fair and commercial risk allocation should be reflected in commercial terms of access agreements and other contractual documents. Further, there is a clear and significant need to provide transparency around terms and conditions for key customers and stakeholders.